Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2018

Bratislava
Table of contents

List of charts .................................................................................................................. 6
List of tables .................................................................................................................... 7
List of figures ................................................................................................................... 7
List of maps ..................................................................................................................... 7
List of Acronyms .............................................................................................................. 8
Introduction ..................................................................................................................... 13
Executive Summary ......................................................................................................... 15
1. Attitude of the European Union and of the Slovak Government to SME support ........... 19
2. Development of the economic environment of SMEs .................................................... 25
   2.1 Macroeconomic framework ................................................................................... 25
   2.2 Quantitative SME indicators ................................................................................ 29
3. Support programmes, measures and initiatives for SMEs .......................................... 36
   3.1 Overview of the financial support provided to SMEs from the point of view of the forms of financing and the sources of funds .................................................... 36
      3.1.1 State institutions ......................................................................................... 37
      3.1.2 Non-state institutions ................................................................................... 67
      3.1.3 Financial institutions ..................................................................................... 71
      3.1.4 Universities .................................................................................................. 85
   3.2 SME support by Slovak Business Agency .............................................................. 89
4. Legislative development and proposals for decreasing the regulatory burden ............ 108
   4.1 Summary of the most significant legislative changes which had an effect on the business environment in 2018 .......................................................... 108
   4.2 Proposals for improving the regulation in favour of SMEs ..................................... 118
5. Summary of conclusions from performed analyses and surveys ................................ 121
   5.1 Summary of performed analyses ........................................................................ 121
   5.2 Summary of performed surveys ......................................................................... 126
Conclusion ....................................................................................................................... 141
Annexes: Infographics .................................................................................................... 144
List of charts

Chart 1 Year-on-year GDP development in SR and EU ................................................................. 25
Chart 2 Development of the average number of employed persons and of the unemployment rate in SR ................................................................. 27
Chart 3 Development of average interest rates of corporate loans and of the inflation in SR .......... 28
Chart 4 Number of SMEs in the period 2014-2018 .................................................................. 30
Chart 5 Sectoral structure of SMEs in 2018.............................................................................. 30
Chart 6 Establishment, disestablishment and net increase of business entities in 2018.................. 31
Chart 7 Gender structure of NPs - entrepreneurs in 2018 ....................................................... 32
Chart 8 Age structure of NPs – entrepreneurs in 2018............................................................. 32
Chart 9 Number of persons employed in SMEs and share of SMEs in employment in business economy...................................................................................... 34
Chart 10 Employment in business economy: by size category of enterprise in 2018.................. 34
Chart 11 Development of value added of SME-LP non-financial corporations (in millions of EUR) . 35
Chart 12 Value added growth by size category of SMEs and share in total value added in 2018 ...... 35
Chart 13 SME export development (in millions of EUR) ............................................................. 35
Chart 14 Territorial structure of exports of SMEs in 2018 ......................................................... 35
Chart 15 Proportion (%) of the state aid provided to SMEs in 2018 as per the provider ............... 38
Chart 16 Selected attitudes of the Slovak population to entrepreneurship according to GEM (% of affirmative responses) ................................................................................. 128
Chart 17 Obstacles to the availability of public support for SMEs ............................................... 129
Chart 18 Assessment of satisfaction with the provided public support........................................ 129
Chart 19 Planned type of public support in the future................................................................ 130
Chart 20 SME activities in trade, innovation and implementation of environmentally responsible measures.................................................................................................................... 132
Chart 21 Index of obstacles to youth entrepreneurship in Slovakia in 2018............................... 133
Chart 22 Motivation of young entrepreneurs in business........................................................... 134
Chart 23 Obstacles to the functioning and further growth of the business................................. 135
Chart 24 Compliance with laws in business............................................................................... 136
Chart 25 Relevant sources of financing for SMEs in Slovakia and the EU ................................ 137
Chart 26 Purposes of use of acquired financial resources of SMEs in Slovakia and EU-28........... 138
Chart 27 Evaluation of Factors Affecting Company Investments in Slovakia............................... 139
Chart 28 Index of investment barriers by EU countries.............................................................. 140
List of Tables

Table 1 Number of active enterprises by size category of enterprises in 2018 ........................................ 29
Table 2 Amounts allocated to SMEs in 2018 by form of financing ................................................................. 36
Table 3 Summarization of allocated funds as per individual programmes and sub-programmes ............ 47
Table 4 Implementation of selected ALMMs in 2018 for all business entities ........................................... 52
Table 5 Employment aid .................................................................................................................................. 53
Table 6 Amount of the state aid provided in 2018 as per the enterprise size ............................................ 54
Table 7 Amount of the aid provided in 2018 as per the enterprise type ......................................................... 54
Table 8 Amount of the aid provided in 2018 as per the enterprise type ......................................................... 55
Table 9 Investment aid provided to investors in 2018 from national resources (state budget of SR) .......................................................................................................................... 55
Table 10 Overview of ALMM national projects implemented in 2018 .......................................................... 56
Table 11 Calls under the OP QE in 2018 for business entities .................................................................. 64
Table 12 Direct credits for SMEs in the period 2015-2018 ............................................................................ 72
Table 13 Bank guarantees provided to SMEs in the period 2015-2018 ......................................................... 72
Table 14 Development of assets exposures of EXIMBANKA SR in 2017-2018 (in EUR thousand) .......... 74
Table 15 Share of exposures towards SMEs in the total exposures of EXIMBANKA SR as of 31 December for 2017 – 2018, broken down according to insurance of marketable and non-marketable risks ............................................................................................................. 75
Table 16 Receivables from the provided direct credits and guarantees to SME clients as of 31 December for 2014-2018 (in EUR thousand) .................................................................................. 76
Table 17 Percentage of the export support by EXIMBANKA SR to EU countries and other countries, broken down according to client size (in %) ............................................................................. 76
Table 18 Credits from EIF sources .................................................................................................................. 77
Table 19 Information on sales of EU MIKROcredits ..................................................................................... 77
Table 20 Basic information on individual types of OTP EU MIKROcredits ................................................. 78
Table 21 Basic information on investment credits from SlovSEFF III ......................................................... 79
Table 22 Basic conditions of commonly provided credits ............................................................................. 82
Table 23 Selected indicators of implementation of the Microcredit Programme .......................................... 105
Table 24 Funds provided for microcredits as per individual industries ......................................................... 105
Table 25 Numbers and amounts of investments approved as per individual funds ...................................... 106
Table 26 Numbers and amounts of investments made as per individual funds .......................................... 106
Table 27 Overview of the number and amount of partial and total divestments in 2018 .......................... 107

List of figures

Figure 1 Better Regulation Centre activities ................................................................................................. 103
Figure 2 Business environment regulation in 2018 ..................................................................................... 118

List of maps

Map 1 Rate of business activity within districts of SR in 2018 .................................................................. 33
### List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEAs</td>
<td>Temporary employment agencies</td>
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<tr>
<td>ALMMs</td>
<td>Active labour market measure</td>
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<td>Active labour market policy</td>
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<tr>
<td>CEB</td>
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<td>CIP</td>
<td>Competitiveness and Innovation Framework Programme</td>
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<tr>
<td>COSME</td>
<td>EU Programme for the Competitiveness of Small and Medium-Sized Enterprises</td>
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<td>Slovak Credit Bureau s.r.o.</td>
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<td>Contentious Civil Procedure Code</td>
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<td>LTU JSs</td>
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<td>Long-term unemployed population</td>
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<td>EaSI</td>
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<td>European Bank for Reconstruction and Development</td>
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<td>Enterprise Europe Network</td>
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<td>European Institute of Innovation &amp; Technology</td>
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<td>Eco-Management and Audit Scheme</td>
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<td>INKLUPOD</td>
<td>Project promoting inclusion in entrepreneurship of selected disadvantaged</td>
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<td></td>
<td>groups in Slovakia</td>
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<td>IROP PO3</td>
<td>Integrated Regional Operational Programme, Priority Axis 3</td>
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<td>Simplified joint stock company</td>
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<td>Single Point of Contact</td>
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<td>SMEs</td>
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<td>National Contact Point</td>
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<td>NEET</td>
<td>not in employment, education or training</td>
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<td>NUTS</td>
<td>Nomenclature of Units for Territorial Statistics</td>
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<td>OECD</td>
<td>Organization for Economic Co-operation and Development</td>
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<td>LP</td>
<td>Operational Programme</td>
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<td>Operational Programme Fisheries</td>
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<td>RES</td>
<td>Renewable energy sources</td>
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<td>p. b.</td>
<td>percentage point</td>
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<td>PO</td>
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<td>BC</td>
<td>Business Centre</td>
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<td>APA</td>
<td>Agricultural Paying Agency</td>
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<td>PRSL</td>
<td>Portfolio Risk Sharing Loan</td>
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<td>Acronym</td>
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<td>OHS</td>
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<td>Research &amp; Development</td>
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<td>SAFE</td>
<td>Survey on the Access to Finance of Enterprises</td>
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<td>SARIO</td>
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<td>Small Business Act for Europe</td>
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<td>Intermediate Body</td>
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<td>SCCI</td>
<td>Slovak Chamber of Commerce and Industry</td>
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<td>Slovak Republic</td>
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<td>STU</td>
<td>Slovak University of Technology</td>
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<td>SEP</td>
<td>Self-employed person</td>
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<td>SZRB</td>
<td>Slovenská záručná a rozvojová banka, a. s.</td>
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<td>SASTCW</td>
<td>Slovak association of self-employed trade and craft workers</td>
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<td>SO</td>
<td>Specific Objective</td>
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<td>SHDF</td>
<td>State Housing Development Fund</td>
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<td>SOSR</td>
<td>Statistical Office of the Slovak Republic</td>
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<td>Technical University of Košice</td>
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<td>Job seeker</td>
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<td>EAS</td>
<td>Entrepreneurs Association of Slovakia</td>
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<td>ROSR</td>
<td>Representative Office of the Slovak Republic</td>
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<td>AfNRFC</td>
<td>Application for non-repayable financial contribution</td>
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Act against bureaucracy – Act no. 177/2018 Coll. on certain measures to reduce administrative burdens through the use of public administration information systems and on amendments to certain acts

Act on Social Economy and Social Enterprises - Act no. 112/2018 Coll. on the social economy and social enterprises and on amendments to certain acts

Public Procurement Act - Act no. 343/2015 Coll. on public procurement and on amendments to certain acts

Cadastral Act - Act no. 162/1995 Coll. on the Land Register and on the registration of property and other rights to real estate

Act on Non-life Insurance Tax - Act no. 213/2018 Coll. on insurance tax and on amendments to certain acts

VAT Act - Act no. 222/2004 Coll. on Value Added Tax, as amended

Labour code – Act no. 311/2001 Coll. Labour code as amended

Vocational Education and Training Act - Act no. 61/2015 Coll. on vocational education and training and on amendments to certain acts
Introduction

In long term perspective, the position of small and medium-sized enterprises (hereinafter referred to as the "SMEs") in the national economy is significant, especially in terms of contributions to total employment, added value and support for economic development. In this respect, support for development is also understood at the regional or local level and the related decreasing of disparities. In the reference year of 2018, the relatively high pace of economic growth, which was driven primarily by domestic demand and investment activity of both the private and public sectors, had a positive impact on SME business. The year-on-year increase in investment demand creates favourable conditions for further growth in economic activity in the future. The growth of the Slovak economy in 2018 had a positive impact on employment, which was reflected in a decrease in the unemployment rate in all regions of Slovakia. This recorded positive economic development was reflected in the positive development of the SME sector. As part of the value added of SMEs, the growth was highest on record in the last 8 years. Other economic indicators of SMEs also increased in the period under review (e.g. an increase in gross production, pre-tax profit and a year-on-year increase in the growth rate of SME exports). On the other hand, the investment activity of small and medium-sized enterprises did not follow the positive trend observed in recent years.

The submitted publication follows up on the series of Reports on the state of SMEs with current information about the positions and trends observable in the Slovak SMEs environment that has been elaborated since 1993. The Report on the State of SMEs in the SR in 2018 (hereinafter referred to as the “Report”) provides information on the current legislative framework from the perspective of approved and expected or implemented initiatives supporting the development of SMEs in the EU and SR (Chapter 1) and on the development of the economic environment and the position of SMEs in the SR (Chapter 2). Next part of the Report is focused on the assessment of implemented measures, initiatives and programs in course of 2018 aimed at supporting SMEs in Slovakia (Chapter 3) and assessment of significant legislative changes affecting SMEs (Chapter 4). The Report also includes an assessment of the conclusions of the analyses and surveys conducted by the Slovak Business Agency (Chapter 5). In view of the findings under consideration, the present Report aims to provide relevant recommendations in relation to improving the business environment in the SME sector and supporting the dynamics of their growth.

The assessment of the business situation of SMEs in Slovakia in 2018 also includes the presentation of the results of the Global Entrepreneurship Monitor (GEM), which represents a major global study on business dynamics. The report contains various tables and charts, which are included in the Report in different chapters, representing a selection of more detailed assessments of individual aspects of SMEs in the framework of specific thematic analyses and studies published by the SBA.

The evaluation of the state and development trends of SMEs is used as a basis for an analysis of the state of the Slovak business environment that is submitted to the Slovak government annually as a part of the Report on the State of the Business Environment in the Slovak Republic under the Resolution No. 792 of the Government of SR of 17 July 2002. The Report is used as a basis for activities of the SME Envoy. The document is also used as a data base for informing EU institutions, OECD and other entities and for preparation of analyses and studies of the Slovak business environment.

Similarly to previous years, the Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2018 is available to the public through the SBA website. Authors of the document thank their collaborators from state and public administration organizations,
business unions and associations as well as non-governmental organizations for the submitted documents which helped elaborate the Report in the required scope and quality.
Executive Summary

The submitted Report on the State of Small and Medium Enterprises in the SR in 2018 presents a comprehensive view of the state and development of the business environment in the sector of small and medium-sized enterprises and support of SMEs in the period under review. The objective of Report is to highlight the developmental trends and the most significant legislative changes in course of the year, which have an impact on SMEs. It also seeks to highlight the existing barriers, together with proposals for measures to improve the business environment for the benefit of SMEs.

The importance of small and medium-sized enterprises in the Slovak economy may be described using several indicators. In 2018, they represented 99.9% of the total number of business entities in the Slovak economy. SMEs employed approximately three quarters (73.2%) of the active labour force in corporate economy and helped to create more than half of the added value (54.6%). Compared to 2017, the employment in SMEs increased by 1.4%, the added value by 11% with the year-on-year growth being the most significant in the last 8 years. The pre-tax profit generated increased year-on-year by 18.4% and the gross production of SMEs by 7.8%. According to preliminary results of the SO SR, the year-on-year growth rate of SME exports also increased by 3.6%. Despite the positive development in several indicators, small and medium-sized enterprises were not successful in following the previous positive development in investment activity. The decline in investment shows a possible slowdown in the economic performance of SMEs in the future.

According to records of the Statistical Office of SR (hereinafter referred to as “SOSR”), the number of active business entities in 2018 reached 560,521, while SMEs represented 559,841 out of the above-stated figure. Compared to 2017, the number of active SMEs increased by 1.3%. Out of the total number of enterprises, microenterprises represented 96.8% (542,525), small enterprises 2.6% (14,328) and medium-sized enterprises 0.5% (2,988) and large enterprises 0.1% (680). The position of the category of micro-enterprises in Slovakia is more significant in comparison with EU countries, given their achieved share in Slovakia.

In recent years, the number of micro-enterprises has oscillated around 97% of the total number of business entities. In the year 2018, their number decreased slightly (by 1.4%), mainly due to a decrease in the number of active self-employed persons as well as continuous growth of employment in SMEs in the last three reporting periods, which led to the transfer of business entities to higher business categories (with a higher number of employees).

In 2018, there was a positive trend in the number of established small and medium-sized enterprises with their number increasing by almost one fifth (19.4%) year-on-year to 78,075 entities. The most significant was the year-on-year increase in the self-employed category. Another positive fact in 2018 was a decrease in the number of disestablished business entities by 0.8%, i.e. 52,168 entities. The net increase in business entities was twice the amount compared to last year (25,907 business entities).

The position of women in the business sector in Slovakia did not change significantly in 2018. Nevertheless, their share increased by 0.2 pp compared to 2017, i.e. to 29.2%.

The development of the age structure of natural persons - entrepreneurs, has recently been characterized by an increase in the representation of entrepreneurs in younger age categories of less than 30 years of age. On the contrary, after the previous increase in 2018 the share of

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1 According to SOSR, an economically active entity is an entity which had employees, generated revenues or made investments in the reference period under review. In order to determine their activeness, SOSR used also data on health insurance payers from administrative sources.
natural persons - entrepreneurs aged 60 and over decreases. In the period under review, most entrepreneurs were included in the age group from 30 to 49 years.

More than three-quarters (76.4%) of small and medium-sized enterprises in Slovakia performed their main business activities in the following four sectors: business services, trade, construction and industry. In terms of the sectoral structure of small and medium-sized enterprises, more than one quarter (26.7% meaning 149,528 entities) were small and medium-sized enterprises operating in the business services sector. Almost one fifth of SMEs (19% meaning 106,643 entities) performed their core business in the trade sector. This was followed by the construction sector, with a share of 17% (95,315) of active SMEs. In the industrial sector, a total of 76,454 small and medium-sized enterprises (SMEs) performed their core business and their share in terms of sectoral structure reached 13.7%. The share of other sectors in the monitored category of SMEs did not exceed 10%, while the lowest share in the long term was reported by the agriculture sector (4.1%) together with the accommodation and catering sector (3.3%).

As for the foreign-trade exchange of goods, large enterprises have maintained their long-term dominant position. According to the preliminary results of the SO SR, the growth rate of SME exports increased by 3.6% in 2018, which means that it is also the highest growth rate recorded in the last 3 years. On the other hand, due to a stronger acceleration in the growth of large enterprise exports compared to SMEs, there was a year-on-year decrease in the share of SMEs in total exports (27.4% in 2018) which means the lowest share since 2010 in terms of SME monitoring. There was also an increase in the SME passive balance, which has been observed continuously for the fifth monitoring period.

The business environment in Slovakia is characterized by frequent legislative changes affecting, among other things, obligations and requirements with an impact on the SME sector. In 2018, a number of major legislative changes affecting SMEs were recorded. The most important of these are adoption of the Act against bureaucracy, adoption of the Act on social economy and social enterprises, amendment to the Act on Public Procurement referring to the introduction of reserved contracts, extensive amendment to the Land Registry Act and legal enshrinement of new tax on non-life insurance. The Value Added Tax Act introduced a reduction in the tax rate on accommodation services, and a new provision regulating the recreational vouchers for employees was added as part of the Act on Support of Tourism.

The adoption of the Act against bureaucracy, which came into force on 1 September 2018, can be considered a positive. The aim of the adopted Act is to reduce the administrative burden of natural and legal persons and to exempt them from the obligation to submit the most frequently requested extracts from registers in the most common life situations in which citizens communicate with the state.

Another positive fact is the adoption of the Social Economy Act, which entered into force on 1 May 2018. The Act is part of the overall strategy of social economy development in the Slovak Republic and establishes social economy entities, social enterprises, organizations of the social economy sector, providing support for enterprises in the wider area of social economy, defines the social economy sector and state administration in the social economy sector. The aim of the law is to create space for a socially oriented economy as an integral part of the public economy, by defining the conditions for the creation of social economy entities and their support. Social economy entities should focus on meeting societal objectives by achieving measurable positive social impact. The Act, in its wording, distinguishes the positive social impact by fulfilling the public or community interest. The Act specified the conditions for granting the status of “registered social enterprise” while stipulating that a registered social enterprise is obliged to meet the conditions of the granted status at all times. Registration has
the effect of obtaining state support (in direct or indirect form). The use of direct forms of support in the form of investment and compensatory financial assistance is graded depending on the social economy entity. In addition, a registered social enterprise can receive aid in the form of support for demand in the form of service vouchers, income tax relief (from that part of the profit it decides to use to achieve its main objective), a reduced VAT rate of 10% (after fulfilment of the condition that 100% of its profits will be invested in the fulfilment of the main objective) and support in the form of substitute fulfilment.

Furthermore, it was an extensive amendment to the Cadastral Act, the purpose of which is to accelerate and improve the registration of real estate, as well as to create legislative conditions reflecting the requirements of application practice. Currently, it is possible to request a list of real estate, which is a summary of data on all properties located in the territory of the Slovak Republic owned by one person.

Another positive fact also includes the reduction of the VAT rate on accommodation services, from the original 20% to 10%, effective from 1 January 2019. This reduced tax rate applies not only to hotel and similar accommodation services but also to accommodation services in student homes or dormitories or accommodation in workers’ dormitories and the like.

On the other hand, during the monitoring period, the formation or extension of several obligations occurred together with legal introduction of a new insurance tax. The subject of the tax is insurance in the non-life insurance sectors, which are listed in the annex to the relevant Act. Insurance tax does not apply to mandatory-contracting-insurance (MCI). The tax base rate is 8% for the relevant insurance.

In 2018, support for SMEs was mainly provided from the resources of the European Structural and Investment Funds (hereinafter referred to as “ESIF”) and from the state budget. Non-repayable assistance in the form of grants prevailed. Based on the documents received from individual institutions, the number of funds disbursed through SMEs amounted to EUR 686,846,194. In 2018 the disbursements reached the volume seen two years ago. Non-financial form of assistance included providing business-related information and consultancy, business education, organizing and supporting participation in exhibitions, national, international or cooperation events or other activities focused on promoting enterprising. A more detailed overview of the assistance provided to SMEs in the previous year is provided in Chapter 3. Support programs, measures and initiatives in relation to SMEs.

In 2018, the Slovak Business Agency continued to meet the objectives of providing comprehensive assistance focused on the SME sector, while continuing to support them through the implementation of several national or international projects. In the previous monitoring year, the SBA launched several national projects funded by the OP Research and Innovation, offering a wide portfolio of services for SMEs and business enthusiasts, whether in Bratislava or in individual regions of the Slovak Republic.

SBA also actively assessed materials and provided its opinions and commentaries through the Better Regulation Centre (hereinafter referred to as “BRC”). In 2018, the BRC assessed (from the content and procedural point of view) the reality of the captured impacts in all the Business Environment Impact Analysis (143 in total with impact on the business environment) and provided detailed opinions containing suggestions for better capturing the impacts of the new regulation on business environment. Impact assessment was carried out through the SME test (ex ante and ex post). At the same time, the BRC has been actively and on its own initiative involved in providing content-related comments on new regulatory proposals (consultations), which have resulted in the incorporation of some important BRC initiatives, which has somewhat reduced the regulatory impact on SMEs.
As part of the Bureaucratic Nonsense of the Year poll, the Better Regulation Centre expertly evaluated the collected suggestion, quantified the extent of their impact on the businesses concerned, and drafted material measures to optimize the regulatory burden. At the same time, it participated in the preparation of the training manual for the SME Test of the Uniform Methodology, especially in order to increase the importance of the development of the SME Test as well as the actual updating of the Uniform Methodology. Furthermore, BRC’s proposals contributed to the development of the 2nd and 3rd package of the Proposal for measures to Improve the Business Environment. In addition to the above, BRC won the national European Enterprise Promotion Award in 2018 in the Business environment support category and participated in several conferences and seminars with an emphasis on entrepreneurship, informing about the content of these via social networks.

The submitted Report on the State of Small and Medium Enterprises in the SR in 2018 contains also comprehensive proposals and recommendations for further improvements of the business environment in the SME sector the main goal of which is to support positive trends and to contribute to a growth of the SME sector and its dynamics and in particular to enhance its competitiveness

In line with the needs of SMEs, it is necessary to continue to streamline support for SMEs. At the same time, however, it is necessary to continue in a systematic cooperation and coordinated approach of all relevant departments, as well as taking into account the proposals and recommendations of individual entities. Improving business conditions should contribute to the overall improvement of the quality of the business environment in Slovakia.
1. Attitude of the European Union and of the Slovak Government to SME support

The aim of this chapter is to provide a brief overview of selected SME support programs established at European and national level. The European Union has set up several programs to support SMEs, with the aim of encouraging natural persons to become more involved in business activities. Through its activities, the Government of the Slovak Republic intends to support SMEs through several support measures consisting of the approval of legislative changes and in improving access to finance for SMEs.

Europe’s programme for small and medium-sized enterprises (COSME)

Through Europe’s programme for small and medium-sized enterprises (COSME), the European Commission has set itself the objective of promoting entrepreneurship and improving the business environment for SMEs so that these can successfully start their business in the current globalized economy. The COSME program was designed for the period from 2014 to 2020 with an overall budget of EUR 2.3 billion. The support provided to SMEs is designed primarily to: improve access to finance, promote internationalization and market access, create an environment supporting competitiveness, and stimulate the development of the business culture. The COSME program is implementing the “Small Business Act”, which reflects the Commission's willingness to recognize the central role of SMEs in the EU economy.

The aim of the support program is to provide SMEs with better access to finance at different stages of the business life cycle, i.e. during establishing of the business, its expansion or transfer. Through the loan guarantee facility, the program provides guarantees and counter-guarantees to financial institutions (e.g. guarantee companies, banks, leasing companies) in order to provide SMEs with more loans and leasing financing.

The objective of the support measures is to raise awareness of the possibilities available to start and expand their business in international markets. In support of the internationalization of SMEs, the COSME program provides support to European businesses in order to benefit from the EU single market and make the most of the opportunities offered by markets outside the EU. Furthermore, the program provides funding for the Enterprise Europe Network, which consists of more than 600 branches in over 50 countries and helps SMEs find business and technology partners, understand EU legislation and gain access to EU funding.

The COSME program improves the framework conditions for the functioning of businesses, in particular SMEs, by reducing unnecessary administrative and regulatory burdens. Improving the conditions for SMEs is achieved by measuring the impact of relevant Union law on SMEs, developing smart and business-friendly regulations and enhancing the application of the “Think Small First” principle in policy making at national and regional level.

The Entrepreneurship 2020 Action Plan - 3 Steps to unlock Europe’s business potential

The primary role of the Entrepreneurship 2020 Action Plan (hereinafter referred to as the “Action Plan”) is to revitalize the business culture in Europe. The Action Plan entitled “Re-stimulating the business spirit in Europe” aims to support entrepreneurs who are seen as having an important role to play in boosting employment, growth and a stronger economy.

The European Commission aims to change the attitudes of European citizens to entrepreneurship by encouraging citizens to become more interested in business activities and to prefer entrepreneurship over employment. Member States are encouraged to include business and entrepreneurship education in the compulsory curriculum at all levels of school
education. The Action Plan addresses a number of obstacles faced by SMEs, including inadequate education and training, complex access to credit and markets, difficulties in transferring businesses, fear of failures and subsequent consequences, and excessive bureaucracy.

In order to achieve this goal, the European Commission has also chosen to support specific groups that are underrepresented among entrepreneurs or who are not addressed by traditional entrepreneurship support programs, such as women, the elderly, migrants, the unemployed and young people especially through training, counselling and support programs.

**Small Business Act for Europe Initiative**

The Small Business Act for Europe Initiative was endorsed by the Commission more than a decade ago, demonstrating the Commission's will to recognize the key role of SMEs as pillars of Europe's economy. The Small Business Act consists of a set of 10 principles.

The objective of the initiative is to anchor the “think small first” principle in European policy and administration, which in turn would provide better conditions for SMEs to create new jobs. The initiative is designed to help businesses grow stronger and faster by implementing a number of specific measures designed for SMEs (e.g. various concessions on business financing, improving access to public procurement, encouraging women to set up businesses).

**National Reform Programme of the Slovak Republic 2019**

In April 2019, the Ministry of Finance of the Slovak Republic published the National Reform Programme of the Slovak Republic 2019, which describes the structural measures that the Government of the Slovak Republic plans to implement mainly in the next two years. The document examines and identifies the continuing business and societal problems in 2018. The text below describes the selected activities of the Government of the Slovak Republic aimed at supporting SMEs in the period in question.

According to the Government of the Slovak Republic, the fight against tax evasion contributes to improvements in tax collection rates. In the area of increased collection of excise taxes, the legislative process for labelling mineral oils with a marker (so-called nanomarker) has been successfully completed. In December 2018, legislation was adopted to regulate the online interconnection of electronic cash registers with financial management systems (so-called eKasa). During 2019, all business will gradually join the eKasa system. The Financial Administration implemented an internal assessment of the reliability of tax subjects. In October 2018, legislation was approved introducing annual social insurance clearing, which will be carried out for the first time in 2023 (for the year 2022). Legislation on the side of the Social Insurance Company is currently being implemented, which will be key to launching the annual settlement into practice.

Several measures are being taken to reduce the administrative burden on the business environment. The expansion of support for electronic and automated communication with the financial administration, implementation of measures from already approved anti-bureaucratic business packages, and further optimization of business register services are moving ahead. Since September 2018, the once and enough principle has been put into practice, i.e. the abolition of the obligation to repeatedly submit paper extracts of several kinds to public authorities. The Ministry of Finance plans to prepare a draft law on income tax, which should make it easier for SMEs to meet their tax obligations. The R&D tax super-deduction will also increase from the current 100% to 150% in 2019 and 200% in 2020. The Ministry of Economy continues to coordinate legislation audits with focus of eliminating the identified unjustified regulatory burden on businesses.
The amendment to the Act regulating the conditions of professional education and training enhanced the motivation to participate in the dual education system. By providing a contribution to compensate part of the costs of implementing dual education, the conditions for SMEs to enter into this system have improved. The administrative procedure for verifying employers' ability to provide practical training has been simplified, and the possibility of receiving practical training outside the employer's own capacities has been introduced. The option for various employers to create one practical training workplace was also introduced. The shortening of the normative for practical education for secondary schools was removed, which was one of the main barriers to their participation in the system. The new regulation on the number of secondary school students responds to the needs of the labour market, and the obligatory criteria for determining the highest number of first year students for individual study disciplines within self-governing regions were defined.

The Action Plan for the Implementation of New Measures for Courts was prepared on the basis of a CEPEJ report in September 2018, when it was also submitted as one of the outputs of the AUDIT project to the managing authority (MV SR). The Action Plan builds on the seven priority topics on which the Justice Department has focused and addresses the current state of play of the topics in progress and the envisaged follow-up procedure with its schedule. Key topics include the preparation of a court map and a proposal for the specialization of courts and judges, or the solution of old enforcements proceedings.

Tackling labour shortages is also supported by facilitating the employment of workers from third countries. In 2018, up to a third of new job openings were filled by workers from third countries. Under the amendment of the Employment Services Act, the conditions of employment of third country nationals in selected professions have been gradually simplified since May 2018. This includes professions where there is evidence of a lack of skilled labour and in districts with an average registered unemployment rate of less than 5%. The Strategy of Labour Mobility of Foreigners in the Slovak Republic has been prepared, which proposes measures focused on reducing administrative barriers to the employment of third country workers. The first approved amendment from the end of 2018 presents the shortening of the processing of seasonal work permits and temporary residence in the case of a labour shortage or technology centre.

Further action plans to reduce the regulatory burden on business have been approved. In May 2018, the Government of the Slovak Republic approved a second anti-bureaucratic business package containing 23 measures, with the objective to facilitate family business or to simplify the process of environmental impact assessment. The amendment to the VAT Act with effect from January 2019 significantly removes the administrative and financial burden of future taxpayers. Based on the analysis prepared by the Financial Administration, the prepared changes include, for example, the elimination of obligation to provide a tax guarantee upon registration as a VAT payer.

Programme Declaration of the Government of the Slovak Republic for years 2016-2020

In accordance with the Program Declaration of the Government of the Slovak Republic for 2016 - 2020, the Government and the Ministry of Economy consider small and medium-sized enterprises to be a key prerequisite for economic growth and development in the regions. In support of improving conditions for SMEs, the Government's goal is to focus primarily on improving the legislative and administrative conditions, the services provided and creating incentives for business support.

The intention of the government is to create specific measures to ensure access to SME financing not only through grant programs but also by introducing new repayable forms of financing using the Slovak Guarantee and Development Fund and the Slovak Investment
Holding. In its Programme Declaration, the Government committed itself to support the development of business service centres in an effort to increase the share of employees in the area of services with higher added value. The Government endeavours to continue to create adequate conditions for the active use of the principles of the Small Business Act for Europe Initiative and the Entrepreneurship Action Plan 2020.

An important element of SME support is the systematic monitoring of the business environment in order to identify market failures and assess the effectiveness of implemented support measures. The intention of the government is to create conditions for a systematic improvement of the Slovak Republic's position vis-à-vis OECD and EU countries in the assessment of the business environment, for example, the position of the Slovak Republic in Doing Business ranking.

In line with the wording of the Programme Declaration, the Government will continue to adopt comprehensive solutions to reduce the administrative burden on business. It intends to finalize the audit of the legislation in force in terms of excessive regulatory burdens so that it is substantially reduced. It is also necessary to improve the quality of approved documents in a transparent legislative process. The analytical basis for the legislative process must objectively assess the level of administrative burden in relation to the effect achieved by the proposed regulation. The government intends to amend the strategy paper for better regulation (“RIA 2020”) and to adopt a long-term strategy to reduce the regulatory burden on business in the Slovak Republic.

When transposing European legislation, it is still required to distinguish the content necessarily required by the EU from the content included from own initiative. In order to foster economic growth, the government will take action in relation to the internal market. An important element is the continuing issue of availability of information for business and service recipients on modern means of communication, extending the functionality of the electronic single point of contact, physical single points of contact for business and the use and expansion of the EU internal market information system.

2nd anti-bureaucratic package of measures

On May 16, 2018, the Slovak Government Resolution no. 228/2018 approved the 2nd anti-bureaucratic package of measures to improve the business environment as a result of a broad consensus of central government authorities.

The aim of these 23 measures is to reduce the regulatory burden on businesses by almost EUR 7.4 million per year. The basis for the preparation of the material was a total of 200 suggestions coming from the business environment and different departments. The most beneficial measures approved as part of the Government Resolution no. 228/2018 include the following measures (as considered by entrepreneurs):

- “in cooperation with the representatives of all central governmental authorities, in a simple form (e.g. pictogram) and in a uniform format, list the forms and documents on the information boards and their websites, including the number of originals required and the need for the signature verification required for the application;
- ensure that state institutions no longer require the most frequently requested extracts, certificates and other documents pursuant to the wording of measure no. 14 of that material;
- simplify the access to information on the assigned tax identification number on the Financial Administration portal;
- analyse the current procedures for granting temporary stays of foreigners in order to propose technical and organizational measures to improve conditions for the stay of
Individual adopted measures consist of minor legislative changes. However, such steps also help to reduce the administrative burden on entrepreneurs and improve the business of SMEs in Slovakia.

**Regional investment aid of the Ministry of Economy of the Slovak Republic**

Regional investment aid is designed to promote competitiveness and reduce regional disparities. The priority of the Ministry of Economy of the Slovak Republic is to support investments which use technologies of smart industries and enhance research and development in the Slovak Republic. In line with the strategy of the Slovak Government, the same level of priority includes the support of job creation in the least developed districts. In 2018, a new Act No. 57/2018 Coll. on regional investment aid and amending certain acts was approved and came into effect on April 1, 2018 along with several legal regulations related to the topic.

Regional investment aid can be requested by any business entity (natural person - entrepreneur, legal entity) registered in Slovakia, whose investment project meets the requirements for granting investment aid under the Act on Regional Investment Aid. The investment plan must successfully pass the process of assessing an application for investment aid and approving regional investment aid. The aforementioned Act regulates the granting of regional investment aid, the rights and obligations of the recipient of investment aid and the authority of the state administration in providing investment aid and controlling its use.

**Family business support scheme for 2017 – 2020 (De Minimis Aid Schemes)**

One of the projects under the Program for the Support of Structural Reforms 2017-2020 is the support of family business in Slovakia. The content of the Family Business Support Scheme (2017 - 2020) of the Ministry of Economy of the Slovak Republic is to raise awareness of family business, including transfers, removing barriers, etc. The aim of the scheme is to support the development of family business and to create suitable conditions for the generational exchange process within family businesses.

A significant part of SMEs consists of family businesses, which create conditions for the growth of jobs and employment of disadvantaged social groups. However, in the case of family businesses, their sustainability is the key factor. The scheme, therefore, focuses on strengthening the competitiveness and growth of family businesses operating in a regional, national or international area. Thanks to the support provided under this scheme, family businesses will be better prepared to adjust their business plans economically. It is also expected that the scheme will help reduce the risk of business failure during (or as a result of) a generation or ownership transfer.

**Better Regulation Strategy – RIA 2020**

The long-term continuous priority of the Government of the Slovak Republic is to facilitate business by eliminating unreasonable regulatory barriers and bureaucracy, which cause additional financial costs or time burden. This effort is part of a broader agenda of better regulation, which is not only aimed at entrepreneurs but through the optimizing of regulatory environment also on all Slovak citizens.
At the beginning of 2018, the Government of the SR adopted the Better Regulation Strategy - RIA 2020 to improve the quality of laws and eliminate redundant regulation. The strategic material contains a series of tools, analyses and measures related to the removal and prevention of gold plating, review of regulations and their creation through behavioural approaches, and one-in-one-out method (for each new regulation one should be removed). The aim is to ensure a thorough assessment of the impact of laws on entrepreneurs and to put pressure on reducing the direct costs caused by legislation. Its main aspects include improving the regulatory cycle of laws and strategy papers by systematically applying the principles of openness, simplicity, public involvement in their preparation and decision-making based on information.
2. Development of the economic environment of SMEs

2.1 Macroeconomic framework

Gross domestic product

The Slovak economy grew faster in 2018 compared to the previous year. Thanks to increased year-on-year dynamics, the Slovak economy achieved almost double the growth rate compared to the EU or Eurozone economy. The high economic growth achieved also positively influenced the development of the business sector.

According to preliminary data of the SO SR, Slovakia’s gross domestic product (GDP) increased by 4.1% year-on-year in 2018. Compared to 2017, the Slovak economy achieved higher economic growth by 0.9 p.p. Economic growth accelerated from 3.7% in the first quarter to 4.6% in the third quarter of 2018. GDP growth rate declined to 3.6% in the last quarter.

The growth of the Slovak economy in 2018 was positively influenced mainly by domestic demand, which increased by 4.2%. It was driven primarily by consumer and investment demand. Growing household incomes and favourable labour market situation led to a 3.0% increase in final household consumption. Gross capital formation increased by 8.9%. The year-on-year increase was also recorded for the final consumption of public administration (by 1.9%) and non-profit institutions serving households (by 1.4%). Compared to previous years, net exports had a dampening effect on GDP growth.

Investment activity of the private and public sectors also contributed significantly to the achieved economic growth. Gross fixed capital formation increased its growth rate to 6.8%. Increased investment activity creates favourable conditions for further growth of economic activity in the future. Investment activity in the non-financial corporations’ sector increased by 9.0% year on year. The growth of the private sector investment was supported by investments related to the start of production in the new car factory. In 2018, investment activity also increased significantly in the public sector. From a sectoral perspective, the positive developments in investment, in addition to industrial production, were also evident in transport and storage and selected services.

Chart 1 Year-on-year GDP development in SR and EU

Source: Eurostat, processed by SBA

Within other V4 countries, Slovakia achieved higher economic growth only in comparison with the Czech Republic (3.0%). On the other hand, Slovakia was lagging behind Hungary (4.9%) and Poland (5.1%). In the EU - 28 as a whole, according to Eurostat data, economic
performance increased by 2%, while GDP growth in Germany reached only 1.4%, the lowest figure for growth in the last 5 years.

From the point of view of the sectoral structure of the economy, the achieved growth of the Slovak economy was related mainly to the higher production in industry (growth by 4.5%). The main driver was the production of vehicles, which increased by more than one fifth (21.4%). For this sector, the fourth car plant of Jaguar Land Rover was expected to start production at the end of 2018. Growth was also recorded in manufacture of machinery and equipment (by 10.0%), manufacture of electronic equipment (by 1.9%) and manufacture of metals and fabricated metal products (by 1.2%). On the other hand, the production of computer, electronic and optical products showed a decline (by 9.4%).

Construction production increased its dynamics, with year-on-year growth by 8.5% (in 2017 by 3.0%). The growth of the construction sector in 2018 was positively influenced by the completion of the construction of the Jaguar Land Rover production plant and in particular by the commencement of construction works of the Bratislava bypass project. In recent years, the performance of the construction sector has also been influenced by the stronger development of housing construction projects, which have been driven by more accessible mortgages and rising incomes of the population. Sales in the sector services (including trade) also increased year-on-year with growth by 8.2%. The main impact of the growing demand for services was the increase in real incomes of the population.

Foreign Trade

The growth in aggregate demand in 2018 was also driven by external demand. However, it slowed compared to the previous year, in contrast to domestic demand, which recorded a higher rate of growth than in the previous year. The volume of exports of goods and services increased year-on-year by 4.8% at constant prices, while the growth was lower than in the previous year (5.9%). Exports of goods from Slovakia increased by 6.7% at current prices year-on-year, mainly due to stronger external demand for new passenger cars. Total imports increased by 7.8%. Faster growth in imports compared to exports resulted in a decrease in the external trade surplus to EUR 2.5 billion. The export performance of the economy, which represents the share of exports of goods and services in GDP, increased to 97.3%. The import intensity, representing the share of imports of goods and services in GDP, was 95.1%.

From the territorial point of view, the increase among the most important trade partners was recorded for Germany (by 15.3%), the Czech Republic (by 9.8%), Poland (by 5.8%), France (by 6.7%), Italy (Austria (by 1.6%) and the United States (by 25.3%). On the other hand, when compared year-on-year exports fell for Hungary (by 1.8%), the United Kingdom (by 6.9%) and the Netherlands (by 8%). Within the main economic groups, exports of goods increased to EU and OECD countries (both by 6.5%).

Labour market

The achieved economic growth had a positive impact on the labour market situation. Last year, the Slovak economy managed to generate 44,000 new jobs (according to the quarterly corporate reporting of the SO SR). The number of new employees in the SME segment was 19.5 thousand. In relative terms, total employment increased year-on-year by 1.9%.

This increase in employment was naturally reflected in the decrease in the unemployment rate, which fell by 1.5 p.p. to 6.6% (according to methodology of LFS SO SR). The number of unemployed decreased by 19.9% year-on-year to 179.5 thousand. The decrease in unemployment was recorded in all regions of the SR, with the most significant decrease in the number of unemployed in the Prešov region (by 22.9%). Despite this, the region reached the highest number of unemployed persons (40.0 thousand).
Due to the lack of skilled labour force companies are forced to recruit workers from abroad more significantly. The number of employed foreigners increased to 69 thousand in 2018. Of the third-country nationals, our employers were most interested in employees from Serbia and Ukraine.

In 2018, the average nominal monthly wage of an employee in the Slovak economy reached EUR 1,013. In year-on-year comparison, nominal wage increased by 6.2%, while real wage growth reached 3.6%. Wage growth was driven mainly by a lack of spare capacity in the labour market, on the one hand, linked to economic and employment growth, and on the other hand by the unfavourable demographic situation manifested by an aging population and insufficient influx of new labour into the labour market.

From a sectoral point of view, the highest wage was achieved in the financial and insurance sector (EUR 1,857) and information and communication sector (EUR 1,849). On the other hand, the lowest is recorded in hotels and restaurants sector (EUR 595), in other activities (EUR 672) and in construction (EUR 713). In a year-on-year comparison, the average wage increased in the whole spectrum of industries. Employees working in the Bratislava region received the highest average wage (EUR 1,272) from all regions of the Slovak Republic. In other regions, the average wage ranged from EUR 775 (Prešov Region) to EUR 952 (Trnava Region). The highest year-on-year increase in the average nominal wage was recorded in the Košice Region (by 8.8%) and in the Banská Bystrica Region (by 7.6%).

Chart 2 Development of the average number of employed persons and of the unemployment rate in SR

<table>
<thead>
<tr>
<th>Year</th>
<th>Average number of employed persons</th>
<th>Unemployment rate in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2,176,631</td>
<td>12.1%</td>
</tr>
<tr>
<td>2010</td>
<td>2,151,987</td>
<td>14.4%</td>
</tr>
<tr>
<td>2011</td>
<td>2,192,539</td>
<td>13.6%</td>
</tr>
<tr>
<td>2012</td>
<td>2,161,251</td>
<td>14.0%</td>
</tr>
<tr>
<td>2013</td>
<td>2,176,053</td>
<td>14.2%</td>
</tr>
<tr>
<td>2014</td>
<td>2,204,666</td>
<td>13.2%</td>
</tr>
<tr>
<td>2015</td>
<td>2,236,671</td>
<td>11.5%</td>
</tr>
<tr>
<td>2016</td>
<td>2,254,296</td>
<td>9.7%</td>
</tr>
<tr>
<td>2017</td>
<td>2,308,030</td>
<td>8.1%</td>
</tr>
<tr>
<td>2018</td>
<td>2,360,204</td>
<td>5.6%</td>
</tr>
</tbody>
</table>

Source: SO SR, processed by SBA

Price development

Price development was characterized by inflation also in 2018. The average inflation rate increased from 1.3% in 2017 to 2.5% in 2018. Inflation was largely related to rising food prices. Consumer food prices increased by 4.2%. Core inflation reached 2.8%. Regulated prices also recorded growth, up by 1.3% year on year. Compared to 2017, industrial producer prices also increased (by 2.5%). The price level of exported industrial products increased by 1.1%. The construction industry was characterized by a rise in prices of construction works (by 3.4%) and building materials (by 4.4%).
Provision of bank loans

According to the information of the National Bank of Slovakia\(^2\), the **year 2018 was also characterized by the increasing use of bank loans by the corporate sector**. The favourable economic environment, as well as the optimistic outlook for the corporate sector, were the main factors influencing the demand for loans. Interest in the use of bank loans was also supported by persisting low interest rates, even though these showed a slight increase at the end of 2018. The growth in corporate loans was driven mainly by loans with maturities of over one year, mainly of investment nature. In terms of size categories of enterprises, increased lending activity was recorded on the part of large enterprises. The use of SME loans in the first half of the year was characterized by a decline, with a stronger recovery seen only in the second half of the year. Increased lending activity was apparent in all major sectors of the economy. The strongest growth rate of loans was recorded in the trade sector. The lending activity of business entities in the industrial sector showed lower levels of growth during most of the year but increased significantly at the end of the year. The construction sector also recorded significant year-on-year growth in loans. In 2018, standards for provision of loans were characterized by a slight tightening of conditions compared to the previous period. The tightening of standards for provision of loans was mainly influenced by the perception and tolerance of risk by the banking sector. Interest rates on new business loans increased. The rise in interest rates was characteristic mainly for lending to large corporations. However, interest rates for small and medium-sized enterprises also recorded moderate growth. Despite the fact that the indebtedness of the corporate sector has not changed significantly, in comparison with the countries of Central and Eastern Europe, the Slovak business sector ranks among the higher indebted ones. The share of bad loans continued to decline in 2018.

**Chart 3** Development of average interest rates of corporate loans and of the inflation in SR

![Chart](image)

*Source: NBS, SO SR, processed by SBA*

**Expected performance of the Slovak economy in 2019**

The growth rate of the Slovak economy is expected to slow down in 2019. According to national institutions (MF SR, Infostat), economic growth should oscillate around 2.5%, which...

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\(^2\) Source: NBS, Analysis of the Slovak Financial Sector 2018
represents the lowest growth rate in the last six years. The lower economic growth is caused mainly by the weaker performance of our main economic partners, especially Germany. Employment is also expected to record lower growth in 2019. The creation of new jobs will be particularly characteristic for the service sector. A significant increase in new jobs is also expected in construction sector. On the contrary, in the export-oriented industry, it is expected that job creation will not follow previous positive developments from previous years. It is expected that average wage growth will continue to reach higher levels, mainly due to salary increases in public administration employees. The external risks of further development include a deteriorating outlook for the global economy, declining sentiment in several countries, effects of Brexit and the increasing trend of adopting protectionist measures in global trade policy.

2.2 Quantitative SME indicators

Number of SMEs

The number of small and medium-sized enterprises is one of the basic quantitative indicators characterizing the state of the SME sector. According to the Statistical Office of the SR, the number of active small and medium-sized enterprises decreased by 1.3% to 559,841 in 2018, after a previous two-year increase. In absolute terms, the number of active SMEs decreased by 7,290 business entities. In terms of individual size categories of enterprises, the decrease in the number of small and medium-sized enterprises was related mainly to the decrease in the number of microEnterprises (by 1.4%). The number of small (10-49) and medium-sized enterprises (50-249) increased compared to the previous year (by 1.2% and 1.1% respectively). The decline in the number of microEnterprises was due to a decline in the number of active sole traders, as well as the continuous growth in employment in SMEs over the last three years, which led to the transfer of business entities to categories of enterprises with higher numbers of employees.

<table>
<thead>
<tr>
<th>Size category</th>
<th>total number</th>
<th>in %</th>
<th>Index 2018/2017</th>
<th>total diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>MicroEnterprises (0-9)</td>
<td>542,525</td>
<td>96.8%</td>
<td>98.6</td>
<td>-7,491</td>
</tr>
<tr>
<td>Small enterprises (10-49)</td>
<td>14,328</td>
<td>2.6%</td>
<td>101.2</td>
<td>169</td>
</tr>
<tr>
<td>Medium enterprises (50-249)</td>
<td>2,988</td>
<td>0.5%</td>
<td>101.1</td>
<td>32</td>
</tr>
<tr>
<td>Large enterprises (250 and more)</td>
<td>680</td>
<td>0.1%</td>
<td>102.7</td>
<td>18</td>
</tr>
<tr>
<td><strong>SME in total</strong></td>
<td><strong>559,841</strong></td>
<td><strong>99.9%</strong></td>
<td><strong>98.7</strong></td>
<td><strong>-7,290</strong></td>
</tr>
<tr>
<td><strong>Enterprises in total</strong></td>
<td><strong>560,521</strong></td>
<td><strong>100.0%</strong></td>
<td>98.7</td>
<td><strong>-7,272</strong></td>
</tr>
</tbody>
</table>

Source: SO SR, processed by SBA

MicroEnterprises (96.8%) still account for the largest share of the total number of active business entities. Significantly lower share was achieved by small (2.6%) and medium-sized enterprises (0.5%). In the sectoral structure of SMEs, the largest share of SMEs is operating in the service sector (46.1%; 258,298). Almost one fifth (19.0%; 106,643) of active SMEs were active in the trade sector. Of the total number of SMEs, 17.0% (95,315) were active in the construction sector, 13.7% in industry (76,454) and 4.1% in agriculture (23,131). The long-term development of the SME sectoral structure is characterized by increasing representation of the service sector, which is accompanied by a decline in the trade sector.
The rate of entrepreneurial activity of SMEs, which expresses the number of active small and medium-sized enterprises per 100 economically active inhabitants in Slovakia, reached 20.4%. Compared to other EU countries, Slovakia ranks among the countries with the highest number of small and medium-sized enterprises per total population.

The structure of SMEs, according to legal forms, is still dominated by natural persons - entrepreneurs with a share of 59.0%, despite a continuous decline in their representation. The share of SMEs - legal persons in the total number of SMEs reached 41.0%. The number of active natural persons - entrepreneurs, decreased by 5.2% year-on-year to 330,377 entrepreneurs. The drop in the number of natural persons - entrepreneurs was mainly related to the decrease in the number of sole traders (by 6.2%), especially in the area of trade. The number of self-employed farmers also declined (by 29.7%) and the number of liberal professions increased (by 18.8%). The increase in the number of active sole traders due to the introduction of tax licenses can be expected only in the data for 2019. The total number of small and medium-sized enterprises - legal persons increased by 4.9% to 229,464 entities. Limited liability companies (91.6%) achieved the highest share of individual legal forms of SME-LP, which are also characterized by dynamic growth in the long-term.

Establishment and disestablishment of business entities 3

According to data processed from the Register of Organizations of the SO SR in 2018, the number of established small and medium-sized enterprises increased by almost one fifth (by 19.4%) to 78,075 entities. Compared to 2017, the number of the established SMEs increased in all legal forms, with the most significant year-on-year increase in self-employed persons (by 24.8%). The increase in the number of new sole traders is mainly related to the change in the use of flat-rate expenses, which has made the above-mentioned legal form of business more attractive. In contrast to the number of established entities, the number of disestablished business entities decreased year-on-year basis by 0.8% to 52,168 entities. The decline in the number of disestablished business entities was present for all legal forms except for the liberal professions, which recorded year-on-year growth.

3 Data is processed based on the date of establishment and disestablishment of the entity from the total number of active and inactive business entities.
The increase in the number of disestablished liberalized professions was mainly caused by the disestablishment of business activities in the field of insurance ancillary activities and pension provision, a field in which the conditions for professional competence of financial intermediaries were tightened. The above-mentioned trends of established and disestablished entities have resulted in a double increase in the net increase of business entities to 25,907 entities.

The positive year-on-year development of disestablished business entities is also evident from the data of the Ministry of Justice of the Slovak Republic on the number of bankruptcies declared and permitted restructuring procedures. According to the above figures, in 2018 the number of bankruptcies declared decreased by more than one third to 259. The number of permitted restructuring procedures decreased to 12, from 31 in 2017.

According to Eurostat data, Slovakia is ranked among the countries with the highest share of disestablished entities in the total number of business entities. Slovakia lags slightly behind the EU countries even in the case of the rate of business entities after two years of its establishment.

Gender and age structure of NPs - entrepreneurs

A positive increase in the representation of women among natural persons - entrepreneurs continued in 2018. The share of women increased by 0.2 p.p. year-on-year to 29.2%. Men accounted for more than two thirds (70.8%) of the total number of active natural persons - entrepreneurs.

More than half (51.1%) of natural persons - entrepreneurs are aged 30 to 49 years. In the age category of 50-59, more than one fifth (21.6%) of natural persons - entrepreneurs were active in 2018. The category of less than 30 years accounted for 16.9% of the entrepreneurs and 10.4% of the entrepreneurs were included in the age category of 60 and over. The development of the age structure of natural persons - entrepreneurs, has been characterized in recent years by an increase in the representation of entrepreneurs in younger age categories of less than 30 years of age. On the contrary, after the previous increase the share of natural persons - entrepreneurs aged 60 and over decreased in 2018.

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4 Adoption of amendment to Act no. 282/2017 Coll. Amending and supplementing Act no. 186/2009 Coll. on Financial Intermediation and Financial Advisory Services as amended
Regional aspects of SME business

The regional structure of SMEs has long been characterized by a dominant representation of business entities based in the Bratislava Region. In 2018, approximately one in five (21.9%) of all active small and medium-sized enterprises were based in this region. Other regions contribute to the total number of SMEs substantially more evenly, from 9.5% (Trenčín region) to 13.7% (Žilina region). A year-on-year decrease in the number of SMEs was recorded in almost all regions of Slovakia. The number dropped most significantly in the Bratislava region (by 3.1%). The number of SMEs increased year-on-year only in the Prešov region (by 2.2%) and in the Žilina region (by 0.5%). The highest level of entrepreneurial activity, which expresses the number of active small and medium-sized enterprises per 100 economically active inhabitants in Slovakia, is recorded in the districts of Bratislava, Košice and in selected districts of northern Slovakia. Higher levels of entrepreneurial activity are generally characteristic for the regions of western and northern Slovakia, while the low level of entrepreneurial activity is seen in eastern Slovakia and southern central Slovakia.
Map 1 Rate of business activity within districts of SR in 2018

Map background © Office of Geodesy, Cartography and Cadastre of the Slovak Republic.
Source: Register of organizations SO SR and COLSAF SR. The business activity rate is calculated as the ratio of the number of SMEs to the total number of economically active population in %.

SMEs employment

From the point of view, employment, small and medium-sized enterprises have a dominant position in the field of job creation in the Slovak economy. In 2018, the share of small and medium-sized enterprises in employment in the business economy reached 73.2% and in the total employment in the Slovak economy, this figure was 58.8%. Employment in the SME sector increased year-on-year by 1.4% (by 19.7 thousand persons) to 1,407,324 employed persons. The employment growth achieved by SMEs was identical to that in 2017. Employment increased in all size categories and legal forms except for micro-enterprises, which recorded a decrease in the number of persons employed by 0.5%. In relative terms, the most significant increase in employment was recorded for small enterprises (by 8.7%). Employment of medium-sized enterprises and natural persons - entrepreneurs stagnated (increase by 0.1% and 0.2% respectively).

From a sectoral point of view, SME-LPs have the highest share in employment in the sector of agriculture (93.3%), hotels and restaurants (91.6%) and construction (88.1%). Approximately two thirds of jobs are created by SME-LPs in the sectors of trade (68.6%), business services (67.6%) and other services (61.9%). More than half of employment (53.8%) is created by SME-LPs in sectors of transport and information and communication activities.

Compared to other EU countries, Slovakia is characterized by an above-average share of SMEs in employment.
Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2018

SME economic indicators

The favourable development of the Slovak economy in 2018 was also reflected in the positive results of the economic indicators of the SME sector. The value added of (non financial) small and medium-sized enterprises increased by 11.0% year-on-year to EUR 24,179.0 million. The value added growth achieved by SMEs has been most significant recorded in the last eight years. More than two thirds of SMEs' value added was created by businesses operating in sectors of industry, trade and business services (SK NACE - K to N sections). The share of SME - legal persons in the created value added in the non - financial business sector increased to 54.6%. The share of SMEs currently recorded is the highest in the last six years.

However, in comparison with other EU countries, Slovak SMEs continue to lag behind in their share of value added. The lower level of economic performance of the Slovak SME sector is also confirmed by labour productivity. In the EU-28 countries, labour productivity of SMEs is almost two and a half times higher (EUR 42.3 thousand) than in Slovakia (EUR 17.8 thousand).

In absolute value, other economic indicators of SMEs also increased - gross production (by 7.8%) and profit before tax (by 18.4%). By contrast, the investment activity of small and medium-sized enterprises in 2018 did not follow the positive developments observed in previous years. The gross fixed capital formation of SMEs decreased year-on-year by 9.5% to EUR 6,590.7 million. The declining investment volume indicates a possible slowdown in the economic performance of SMEs in the future.
Foreign trade of SMEs

According to preliminary results of the SO SR, the year-on-year growth rate of SME exports increased by 3.6% in 2018. The growth was the highest recorded in the last three years. In absolute value, SMEs exported goods worth EUR 18,795.6 million. Export growth was achieved in all size categories of SMEs in 2018, with the most significant increase in small enterprises (by 8.2%). However, the most significant impact on the year-on-year development of total exports of the Slovak Republic was brought by large enterprises, which increased the value of exports by 6.9%. As a result of a stronger acceleration in the growth of exports by large enterprises (by 6.9%) compared to SMEs (by 3.6%), the share of SMEs in total exports fell year-on-year to 27.4%, the lowest share since 2010. The territorial structure of exports of small and medium enterprises is characterized by a high representation of the EU common market. Only 9.0% of total SME exports went to countries outside the EU. Compared to other EU countries, SMEs from Slovakia are characterized by the lowest share of exports to third country markets, indicating the need for stronger support for SMEs in this area.
3. Support programmes, measures and initiatives for SMEs

3.1 Overview of the financial support provided to SMEs from the point of view of the forms of financing and the sources of funds

Support for small and medium-sized enterprises in the Slovak Republic is implemented by several entities (from central state administration bodies, specialized agencies, banking institutions and funds, as well as interest, union and professional organizations), while financial support can take various forms. The following table provides an overview of the form and sources of funding for SME support in the reference year.\(^5\)

In 2018, in terms of the structure of financing forms, the most significant form was the EU grants with a share of 35%, followed by credits from the state budget with a share of 19.7% and SME aid for employment support for COLSAF SR with a share of 13.5%. EU-supported credits accounted for a significant share of SME financing in that year with a share of 11.2% of the total amount of funds drawn to support SMEs. The total amount of support for SMEs reached almost the amount drawn two years ago.

Table 2 Amounts allocated to SMEs in 2018 by form of financing

<table>
<thead>
<tr>
<th>Form of financing</th>
<th>Amount (EUR)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU grants (^6)</td>
<td>240,152,332</td>
<td>35.0%</td>
</tr>
<tr>
<td>Credits from the state budget</td>
<td>135,391,199</td>
<td>19.7%</td>
</tr>
<tr>
<td>SMEs aid to support employment for COLSAF SR(^7)</td>
<td>92,600,000</td>
<td>13.5%</td>
</tr>
<tr>
<td>EU-supported credits</td>
<td>76,906,175</td>
<td>11.2%</td>
</tr>
<tr>
<td>Support as a part of the Common Agricultural Policy</td>
<td>51,204,511</td>
<td>7.5%</td>
</tr>
<tr>
<td>Guarantees</td>
<td>38,789,000</td>
<td>5.6%</td>
</tr>
<tr>
<td>Incentives, tax and custom relief(^8)</td>
<td>23,209,274</td>
<td>3.4%</td>
</tr>
<tr>
<td>Grants from the state budget</td>
<td>23,193,693</td>
<td>3.4%</td>
</tr>
<tr>
<td>Venture capital</td>
<td>5,400,010</td>
<td>0.8%</td>
</tr>
<tr>
<td>Total</td>
<td>686,846,194</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Source: SBA, processed on the basis of delivered materials from the addressed or cooperating institutions

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\(^5\) The data in the table is the result of the background documents collected from the relevant institutions, which are included in the sub-chapter on the Description of aid provided. The results are limited by the documentation provided, so the total financial use may differ from the actual situation.

\(^6\) ESIF Funds; within the OPR&D, data for the EU source (ERDF) are given in the above form of financing for the MH SR. Co-financing from the state budget is not provided, each beneficiary (enterprise) is obliged to finance part of the project from its own resources, or de minimis. The given amount for the MH SR includes only data for demand-oriented projects and did not include the amounts for national projects for SBA, SARIO, SIEA, which are calculated separately in this form of financing. The amounts for the aforementioned NPs include the EU and state budget resources as well as other items which are included in the form of EU Grants funding.

\(^7\) Assistance to SMEs was implemented through active employment and labour market policies. In previous issues of the Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic the item is listed as Measures of Active Labour Market Policy.

\(^8\) The item Incentives, tax and custom relief includes incentives for research and development pursuant to Act No. 185/2009 Coll. on incentives for research and development and on the amendment of Act no. 595/2003 Coll. on Income Tax, as amended. Following the modified internal methodology, this item includes tax and customs relief which was included in the Grants from the state budget in the previous year. Therefore, in the case of the original quantification of the form of financing, the Grants from the state budget would reach a higher share in the total allocation of aid for SMEs.
In terms of funding, support under the Common Agricultural Policy represented 7.5% for SME support. Guarantees contributed 5.6% to SME support and 3.4% to incentives, tax and customs relief. Grants from the state budget amounted to 3.4% of total SME support. The year-on-year decrease in the share of grants from the state budget is primarily due to the fact that in the reference year the drawing for the monitored programs/projects was not implemented through several programs in comparison with the implemented funding in 2017.

**Description of the aid provided**

**Description of the aid granted from the perspective of each institution:**

The individual institutions and their activities in the form of support programs aimed at supporting small and medium-sized enterprises in 2018 are divided into the following subchapter:

- State institutions,
- Non-state institutions,
- Financial institutions (at the EU level, state and commercial banks operating in the territory of the Slovak Republic) and
- Universities.

The activities of the Slovak Business Agency for their particularly detailed structure are assessed in a separate subchapter.

**3.1.1 State institutions**

According to data published in the *Report on State aid granted in the Slovak Republic for the year 2018*\(^9\), the share of SMEs in the total amount of state aid granted reached 34.77%.\(^10\) Eur. Total volume of state aid granted to small and medium-sized enterprises was EUR 159.27 million. In a year-on-year comparison, the share of SMEs in the total amount of state aid increased by 8.48 percentage points.

The highest share of total state aid for SMEs was provided in 2018 by the following departments: the Ministry of Economy with share of 38.05% (EUR 60.60 million); Ministry of Agriculture and Rural Development with share of 28.64% (EUR 45.61 million); Ministry of Education, Science, Research and Sport with share of 10.35% (EUR 16.48 million). Share of the state aid granted by the Audiovisual Fund to SMEs amounted to 5.96% (EUR 9.50 million). The share of state aid provided by the Environmental Fund was 3.38% (EUR 5.39 million). Share of other providers of state aid granted did not exceed 3% of the total state aid to SMEs.

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\(^10\) According to the data in the report on State aid granted in the Slovak Republic for the year 2018 given the percentage does not include the distribution of state aid granted to SMEs for investment incentives.
Chart 15  **Proportion (%) of the state aid provided to SMEs in 2018 as per the provider**

Source: SBA, processed on the basis of data from the Report on State Aid Provided in the SR for 2018

**Ministry of Economy of SR (MH SR)**

MH SR is the most important institutional actor in support of SMEs, acts as a guarantor and coordinator of many activities.

- **Operational Programme Research and Innovation (OP R&I)**

  In 2018, a total of 726 SMEs were supported within the OP R&D, of which 34 projects were exceptionally closed (they did not contribute to the objectives of the Operational Program). As a part of the programme, 406 micro-enterprises were supported, of which 34 projects were exceptionally closed; 231 small enterprises, of which 11 were exceptionally closed and 89 medium-sized enterprises, of which 1 project was exceptionally closed. According to the data provided by MH SR, 109.5 jobs were created in 62 projects in course of 2018. In view of the ongoing implementation of projects by the supported SMEs, it is not yet possible to assess the effectiveness of the aid granted. The actual impact of the aid granted will be evaluated after the completion of the projects by means of the achieved measurable indicators.

  In 2017, the total allocation of funds for SMEs amounted to EUR 167,173,139.20 (out of that for EUR 87,484,138.21 for microenterprises, EUR 50,680,362.13 for small enterprises and EUR 29,008,638.83 for medium-sized enterprises), while EUR 16,356,363.10 was actually drawn (out of that EUR 8,873,847.17 for microenterprises, EUR 5,197,570.67 for small enterprises and EUR 2,284,945.26 for medium-sized enterprises).

- **Investment aid as referred to in the Act No. 561/2007 Coll. on Investment Aid**

  In 2018, the Government of the Slovak Republic approved investment aid for 5 beneficiaries meeting the SME criterion at the time of granting, of which 3 were small enterprises, and 2 were medium-sized enterprises. The total amount of investment aid for beneficiaries was EUR 2,760,282.
- **Investment aid in the form of a subsidy**
  
  Investment aid in the form of a subsidy for acquired tangible fixed assets and intangible fixed assets was drawn by 4 entities qualified as SMEs (of which 2 were small and 2 medium-sized enterprises) in the total amount of EUR 1,117,196.56.

- **Innovation Fund, n. f.**
  
  Innovation Fund is a non-investment fund established by the Ministry of Economy of SR. The purpose of the fund is to support the sustainable development of intellectual values in the area of science, research and development and thus accelerate the innovative development in the Slovak Republic. The fund pays particular attention to supporting development and conceptual studies, identifying the main areas of application of the results of scientific, research and development solutions. It also contributes to access to domestic and foreign scientific, technical, economic and financial information, supports the protection of domestic intellectual property and know-how of Slovak entities, and the development of support tools for technical policy. Since its establishment, the fund has supported the implementation of 38 projects of development and innovation mainly in the field of engineering, electrical and chemical industry. In 2018, no innovative projects were supported by the Innovation Fund resources.

- **Clusters development support**
  
  The aim is to enhance the competitiveness of members of industrial clusters by increasing the efficiency of their cooperation as well as to strengthen industrial clusters internationally. On 27 March 2018, the MH SR announced a call for applications for subsidies to support industrial cluster organizations. At its meeting, the Commission approved all 5 applications with a total subsidy volume of EUR 155,580.25.

- **Support international cooperation in the area of industrial research and experimental development**
  
  Announcement of calls within the subsidy program in the field of industrial research and experimental development, in particular with the State of Israel, opens special opportunities for international application of the results of Slovak research, development and implementation of innovations. The aim of the support is to intensify cooperation of Slovak and Israeli companies in solving joint projects in the field of industrial research and experimental development.

  In October 2018, the 3rd call for applications was announced for subsidies for joint industrial research and experimental development projects between eligible entities in the Slovak Republic and the State of Israel with an allocation of EUR 1,127,000. The minimum subsidy per project was EUR 50,000 and the maximum EUR 330,000. In total 6 requests were received.

- **Innovation vouchers**
  
  Innovation vouchers are focused on direct connection of the business sector with selected expert R&D workplaces in order to support the business entities with the potential to increase their competitiveness through innovation of their own products, services or processes, mainly in the fields of:

  a) engineering and automation;
  b) food and biochemistry;
  c) social innovation;
  d) construction,
  e) chemistry and agro-chemistry;
  f) electrical / electronic and information and communication technologies.
On 11 May 2018, the Ministry of Economy of the Slovak Republic announced a call for applications for assistance to support cooperation between business entities and scientific and research workplaces in the form of Innovative Vouchers. The nominal value of the voucher was EUR 5,000 with a maximum aid intensity of 100% of the eligible expenditure. At its meeting, the Commission for assessment of applications approved 25 projects. However, during the implementation of the project, two beneficiaries withdrew from the contract due to time constraints. Overall 23 SMEs were supported with a total amount of aid of EUR 115,000 (of which EUR 55,000 went to micro-enterprises, EUR 30,000 to small enterprises and EUR 30,000 to medium-sized enterprises).

- **Smart City – Promoting innovative urban solutions**

  Implementation of innovative solutions in cities represents a significant business opportunity for Slovak companies and at the same time offers a valuable data source. The MH SR wants to provide assistance to entrepreneurs and cities and to this end it has prepared a Scheme to support small and medium-sized enterprises in the implementation of innovative solutions in cities (de minimis aid scheme). This scheme aims to support the implementation of the Smart City concept in Slovak cities. Pilot projects in smaller scope will not only help in a more precise and responsible approach to nationwide solutions but can also motivate other residents and key city representatives. The proposed support mechanism aims to mediate and initiate the first contact of the municipality with the business entity and consequently to support pilot solutions in the urban environment. The scheme is implemented in two phases. The first phase is aimed at preparation of a feasibility study to assess and analyse the potential of the project and assist in decision-making by objectively and rationally identifying the strengths and weaknesses of the project, its potentials and risks, as well as identifying the resources needed for its implementation and sustainability. The maximum amount provided in Phase 1 aid is EUR 20,000. The second phase focuses on supporting the implementation of a specific project in Slovak cities, which will contribute to increasing the competitiveness of the beneficiary through the application of innovations into practice. The project will also help improve the infrastructure and conditions/quality of life in cities. The maximum amount of aid for beneficiaries under Phase 2 is EUR 150,000.

  On 11 May 2018, the MH SR announced a pilot call for projects with an allocation of EUR 595,000. The maximum subsidy per project for Phase I of the project was EUR 10,000, and for Phase II this was EUR 50,000. A total of 23 applications were received. At its meeting, the Commission for assessment of applications approved 10 projects in total amount of EUR 34,080 as part of Phase I.\(^{11}\)

**Slovak Investment and Trade Development Agency (SARIO)**

SARIO is an agency receiving contribution from the state budget and is under the auspices of the Ministry of Economy of the Slovak Republic focused on supporting the inflow of investments and supporting export activities of Slovak companies. It provides services to small and medium-sized enterprises from Slovakia and abroad interested in investments or internationalization. The Agency is funded from the state budget funds as well as EU resources (National Project “Support for the Internationalization of SMEs”). The national SARIO project is exclusively supporting Slovak SMEs based outside of the Bratislava region. For the implementation of the project SARIO is partnered with the Slovak Business Agency (SBA).

\(^{11}\) Approval under the II. implementation phases and the overall results of the pilot scheme implementation have not been evaluated until the processing of background documentation.
Activities for the support of SMEs in course of 2018

As part of the concluded contract (between the MH SR and the SARIO agency) on the provision of a non-repayable financial contribution intended for the implementation of the national project “Support for the Internationalization of SMEs” in Slovakia for the period between 2017 and 2023, 190 SMEs were supported in 2018 (of which 77 were micro-enterprises, 70 small enterprises and 43 medium-sized enterprises), while the actual drawdown of funds in this period was EUR 932,057.33. The main objective of the project is to strengthen the internationalization capacities of SMEs, including the presentation of business potential and to provide free presentation, cooperation and advisory services to SMEs in order to increase their participation in international cooperation.

SMEs are supported through the following activities:

- supporting the participation in national stalls at foreign fairs and exhibitions,
- enhancing the effectiveness during performance of business activities through participation in business missions both in Slovakia and abroad,
- enhancing the cooperation with foreign partners which would lead to strengthening the position, sustainability and competitiveness of SMEs through participation in sourcing and cooperation events,
- increasing the expert capacities of SMEs through participation in seminars of the Export Academy,
- clarifying the situation in supplier chains in individual areas of industry and services in Slovakia by creating a comprehensive interactive system. In 2018, SARIO also worked on the development of a clear interactive system (map) of suppliers to individual industries and services, which will also serve as an online marketing tool for companies themselves to promote their production in global markets.

Slovak Innovation and Energy Agency (SIEA)

SIEA acts as an intermediate body and implementing agency for EU Structural Funds. Within the programming period 2014-2020 it implements two operational programs - OP Quality of Environment (hereinafter “OP Environment”) and OP Research and Innovation (hereinafter “OP R&I”).

- Operational programme Research and Innovation, priority axis 1- Research and Innovation

As a part of the specific goal 1.2.2 Growth of research and development and innovation capacities in industry and services (OPVaI-MH/DP/2016/1.2.2-02), the aim of the support was to increase the quality and efficiency of production and technological processes, to support (technological and non-technological) research, development and innovation activities in companies and/or company clusters. Support was provided nationwide, with the exception of the Bratislava Region, for areas such as the automotive industry, consumer electronics, information and communication products and services, and iron production and processing. The target group of the support included legal persons registered in the Business Register, persons performing their business activities based on a Trade License in the above-stated areas in the entire territory of the Slovak Republic with the exception of NUTS II - Bratislava Region. Total funds allocated for 2018 amounted to EUR 133,080 thousand while EUR 60,763 thousand was actually drawn.

As a part of the specific goal 3.1.1 increase in the establishment of new, competitive SMEs (OPVaI-MH/DP/2016/3.1.1-03) a total of 214 SMEs were supported in course of 2018. The aim of the aid was to support new and start-up SMEs. Aid was provided within the whole territory.
of the Slovak Republic except the Bratislava Region in the industry with high, medium and low technological level, as well as the service sector (knowledge-intensive services). The target group of the support included legal persons registered in the Business Register, persons performing their business activities based on a Trade License in the above-stated areas in the entire territory of the Slovak Republic with the exception of NUTS II - Bratislava Region. Total funds drawn for 2018 amounted to EUR 5,072 thousand while EUR 2,819 thousand came from EU sources.

- **Operational programme Quality of Environment**

  As part of priority axis 4 – Energy efficient low-carbon economy in all sectors and specific objective 4.2.1. Reducing energy intensity and increasing the use of areas of ecological interest in companies (OPKZP–PO4-SC421-2017-30) a total of 66 SMEs were supported, of which 15 were micro-enterprises, 35 were small enterprises, and 16 were medium enterprises. The target area of support included the energy audits, reconstruction and modernization of buildings and reduction of their energy intensity. The support has an impact on the reconstruction and modernization of heating/climate systems, preparation systems, but also on the improvement of the thermo-technical properties of building structures, reconstruction and modernization of lighting systems in buildings, reconstruction and modernization of compressed air production and distribution systems and implementation of measurement and control systems, including energy and environmental management systems, in particular EMAS. Support was provided throughout the Slovak Republic except for the Bratislava Region in the framework of low-carbon economy in all sectors. The amount of actual use of funds in 2018 was EUR 62,982 thousand, of which EUR 53,534.70 thousand came from EU sources.

  As part of the specific objective 4.5.1. Development of more efficient centralized heat supply systems based on the demand for usable heat (call code: OPKZP-PO4-SC451-2017-20) a total of 29 enterprises of SME size category were supported, of which 6 were micro enterprises, 11 small enterprises and 12 medium enterprises. The support was aimed at promoting the use of high-efficiency heat and electricity cogeneration based on the demand for usable heat. Support was provided within the whole territory of the Slovak Republic except for the Bratislava region in the framework of low-carbon economy in all sectors. The target group of support included the natural and/or legal persons authorized to do business and associations of natural or legal persons. The amount of actual use of funds in 2018 was EUR 14,213 thousands, of which EUR 11,177 thousand came from EU sources.

- **National project inovujme.sk**

  In 2017, SIEA started implementing a national project called with the aim to raise awareness of the importance of innovation among Slovak micro, small and medium sized enterprises and also among high school and university students in all regions. Its main task is to increase the innovation potential of Slovakia. In order to achieve the intended goal it uses tools focused on individual target groups:

  - Regional consultation centres – consultants in Bratislava, Košice, Žilina, Nitra and Banská Bystrica are available for Slovak entrepreneurs, who mentor the entrepreneurs in implementing their innovative ideas.
  - All-day Inovujme.sk conference focused on various topics from the world of innovation;
  - Seminars and workshops;
  - Analyses and forecasts with the aim to identify any barriers preventing development and to compare the innovation culture of Slovakia with other countries.
Ministry of Finance of SR (MF SR)

In 2018, the Ministry of Finance carried out the following activities in support of SMEs:

- **Activities supported by the European Structural and Investment Funds 2007-2013**

  In relation to the approved document (Government Decree No. 400/2018 of 5 September 2018) “Report on the results of the implementation of the JEREMIE initiative in the Slovak Republic in the 2007-2013 programming period and use of the experience gained in the current and future period” the MF SR may allocate funds for investments provided the conditions of the financial operation are met and to decide on the mandate for the group of Slovak Investment Holding, as (SIH) to manage the resources invested from public and private investors. As part of its activities, SIH identified new opportunities for providing financing to the Slovak economy and established a subsidiary Slovak Asset Management (SAM), which was granted a license from the NBS in June 2018 to create and manage alternative investment funds. The first fund to be set up under SAM management is the Venture to Future Fund (VFF) specialized on venture capital. VFF will primarily focus on SMEs with innovative technological potential operating in Slovakia or with a link to Slovakia, with the main focus on the Bratislava region, where there is the greatest growth potential. With the use of recycled funds of JEREMIE, the plan is to allocate EUR 5 million and the Ministry of Finance undertook to invest EUR 25 million to VFF through SIH.

- **Activities supported by the European Structural and Investment Funds 2014-2020**

  In the current programming period 2014-2020, Slovak Investment Holding (SIH) manages funds from the European Structural and Investment Funds (ESIF) allocated to financial instruments through the National Development Fund II. (NDF II.). SIH implements financial instruments through financial intermediaries aimed at supporting small and medium-sized enterprises (SMEs). As part of the Operational Program Research and Innovation, two public tenders were concluded in 2018 for the selection of financial intermediaries for the guarantee (EUR 12 million + option) and credit facility (EUR 24 million + option) to develop and strengthen competitiveness and growth of SMEs. At the end of 2018, public procurements were completed to select 3 fund managers for the venture capital financial instrument (EUR 3 million + option) to support start-ups and public procurement was launched to select 2 financial intermediaries for the guarantee instrument (EUR 49 million) in order to support SMEs in the area of research, development and innovation. The control phase of both procurement procedures is currently underway. In 2018, SIH from the resources managed under NDF II. has supported three innovative SMEs in the form of direct capital investments. As part of the Operational Program Human Resources, public procurement procedure was launched in 3Q 2018 for the selection of financial intermediaries for the guarantee instrument (EUR 11.7 million) for SMEs in the social economy. The public procurement was completed in January 2019, and its control phase is currently underway.

- **Cooperation activities with international financial institutions**

  In order to support Slovak entrepreneurs, the Ministry of Finance of the Slovak Republic has created the Rozvojmajstri tool (Public Sector Liaison Officer PSLO). Their role is to provide direct and targeted support to businesses in their efforts to participate in tenders of international financial institutions (IFIs) and international organizations. During 2018, the Rozvojmajster team provided Slovak companies with specific coaching, helped to identify specific tender opportunities, etc. A matchmaking event (Rozvojarmok) took place in November 2018. This created an opportunity for direct connection of the Slovak business sector, MFIs and representatives of partner countries and space for discussions on specific business opportunities.
Pursuant to the *Report on State Aid Provided in the Slovak Republic for 2018*, the financial administration authorities provided aid through tax authorities as well as customs authorities. In 2018, the **tax authorities** provided state aid in the total amount of EUR 17.81 million. The total share of state aid provided to SMEs in 2018 was 1.74% of the total state aid provided by tax authorities (EUR 0.31 million). In 2018, the **customs authorities** provided state aid in the total amount of EUR 126.30 million. The total share of state aid provided by customs authorities under the state aid schemes to SMEs was 7.26% (EUR 9.17 million).

According to the data of the *Financial Directorate of the Slovak Republic*, as part of the individual activities and projects aimed at supporting SMEs in 2018, the following was provided:

- **Tax relief for investment aid beneficiaries - SMEs**
  
  A total of 5 small and medium-sized enterprises were supported, of which 1 was a small enterprise, and 4 were medium-sized enterprises. The total tax relief for investment aid beneficiaries for SMEs was EUR 311,934.71, of which EUR 42,106.95 was for one small enterprise and EUR 269,827.76 for 4 medium-sized enterprises.

- **Relief granted to SMEs on the basis of the minimum aid scheme DM 12/2018 - De minimis aid scheme for tax relief or remission of tax arrears under Article 70 or in the form of a relief or remission of a penalty pursuant to Article 157 of Act no. 563/2009 Coll. on Tax Administration (the Tax Code) and on amendments to certain acts as amended**

  In total, 55 entities belonging to the SME size category were supported under this minimum aid scheme DM 12/2018, of which 36 were micro-enterprises, 15 were small enterprises, and 4 were medium-sized enterprises. The total amount of the relief granted to SMEs was EUR 301,376.94, of which EUR 62,623.77 was for micro-enterprises, EUR 59,622.57 for small enterprises and EUR 63,130.60 for medium-sized enterprises.

- **Deduction of R&D expenditure**

  A total of 133 SMEs (including 36 micro-enterprises, 60 small enterprises and 45 medium-sized enterprises) were supported by the deduction of R&D expenditure scheme in 2018. The total amount of R&D expenditure deductions for SMEs was EUR 11,054,452.68, of which EUR 478,345.40 was represented by micro-enterprises, EUR 4,426,014.90 by small enterprises and EUR 6,150,092.38 for medium-sized enterprises.

**Ministry of Culture of SR (MK SR)**

**Grant system 2018**

The Ministry of Culture established a stable and transparent system of financing for cultural and artistic activities through an additional system of the Ministry. In 2018, the grant system of the Ministry of Culture of SR supported 82 SMEs in the form of grants from the state budget in the total amount of EUR 932,177. The grant system in 2018 consisted of the 3 following programmes:

- **Let’s renovate our house**

  In course of 2018, an overall of 32 SMEs (owners and administrators of national cultural monuments and organisers of public cultural events) were supported within the programme in the form of grants totalling EUR 587,000. The impact on SMEs was mainly through the support of projects of systemic approach to protection of national cultural monuments, preparing and performing restoration and recovery of national cultural monuments, presenting and supporting
restoration projects of national cultural monuments in accordance with their conservation values and promoting restoration projects of national cultural monuments labelled as the European Cultural Heritage.

- **Culture vouchers**
  
  This programme supported 49 SMEs in the form of grants in course of 2018. The amount of actual drawdown of funds during 2018 amount to EUR 343,177. The programme aims to increase the active involvement of cultural institutions in education of pupils and in cultural activities and services held or provided at elementary or secondary schools which are of a cultural or cultural and educational nature.

- **Culture of disadvantaged groups**
  
  As part of the programme 1 SMEs (organizer of public cultural events, publishers) was supported. The amount of actual drawdown of funds amounted to EUR 2,000. The programme is intended to support equal treatment and opportunities in culture and facilitating the access of disadvantaged population groups to culture with the aim to fulfil the cultural rights of people threatened by poverty and social exclusion; their integration into society; cultural activities focused on preventing and eliminating all forms of violence, discrimination and xenophobia; supporting tolerance and acceptance of differences; strengthening of social cohesion and intercultural dialogue as well as strengthening the gender equality policy.

**Integrated Regional Operational Programme, priority axis 3 - Mobilizing creative potential in the regions**

As the intermediate body for IROP PA3, in 2018 the Ministry of Culture of SR organized the performance of tasks related to implementation of the specific goal 3.1. - Stimulating the promotion of sustainable employment and job creation in the cultural and creative industry by creating a conducive environment for the development of creative talent and nontechnological innovation. A call coded IROP-PO3-SC31-2016-5 (decentralized support) for submitting applications for non-repayable financial contributions (hereinafter referred to as “AfNRFC”) was closed on 12 April 2017. A total of 619 AfNRFCs were submitted with a total volume of funds requested amounting to EUR 94,804,252.79 (EU sources + state budget). After the administrative verification process, a total of 476 AfNRFCs with a total amount of requested funds of EUR 72,193,514.65 were advanced to expert evaluation process. The phase of the completed expert evaluation will be in 2019.

**Slovak Film Institute**

- **Eurimages**
  
  The aim of the programme is to support the film art and film and audio-visual sector. Six SMEs were supported in the form of a state aid (all were small enterprises). This support results in an increased active participation of cultural institutions in education at elementary or secondary schools. The amount granted to the SMEs reached EUR 1,320,000 in 2018.

- **Creative Europe - Culture and MEDIA sub-programmes**
  
  The programme supports theatre and visual arts, cultural heritage, film and audio-visual sectors and the inter-sectoral area. 34 SMEs (6 small and 28 medium-sized enterprises) were supported as a part of the state aid. The amount granted to SMEs reached EUR 636,449 (out of that EUR 138,440 for small enterprises and EUR 498,009 for medium-sized enterprises).
Audio-visual Fund

In 2018, the Audio-visual Fund supported a total of 177 SMEs through grants. The amount of actual drawdown was 5,471 thousand, while the individual entities were supported through the following programs:

• **Creation and performance of Slovak audio-visual works**
  
  54 SMEs, of which 51 were micro-enterprises, 1 was small enterprise and 2 were medium enterprises) were supported by the programme in the form of grants. The allocation of funds for SMEs in 2018 amounted to EUR 6,622 thousand, while the actually drawn amount reached EUR 3,670 thousand (of which EUR 3,615 thousand was for micro-enterprises, EUR 16 thousand was for small enterprises and EUR 39 thousand was for medium-sized enterprises).

• **Distribution and other display of audio-visual works in the public**
  
  92 SMEs (of which 33 were micro, 24 small and 1 was medium-sized enterprise) – distributors of audio-visual works and organisers of public audio-visual cultural events - were supported by the programme during 2018. The total allocation of funds for SMEs amounted to EUR 1,674 thousand, while the actually drawn amount reached EUR 1,382 thousand (out of that EUR 897 thousand for microenterprises, EUR 231 thousand for small enterprises and EUR 254 thousand for the medium-sized enterprise).

• **Research, education and editorial activities in the field of audio-visual culture**
  
  16 SMEs (of which 13 were micro, 1 was small enterprise, and 2 were medium-sized enterprises) – publishers and organisers of educational and training events - were supported by the programme during 2018. The total allocation of funds for SMEs amounted to EUR 218 thousand, while the actually drawn amount reached EUR 119 thousand (EUR 86 thousand for the microenterprises, EUR 3 thousand for the small enterprises and EUR 30 thousand for medium-sized enterprises).

• **Development of audio-visual technology in the Slovak Republic**
  
  13 SMEs (4 micro, 6 small enterprise and 3 medium enterprises) – operators of technical equipment for cinema projection (cinemas) - were supported by the programme in the form of grants in course of 2018. The total allocation of funds amounted to EUR 297.0 thousand, while the actually drawn amount reached EUR 83.0 thousand (of which EUR 4.0 thousand for microenterprises and EUR 79.0 thousand for the small enterprise)

• **Support of audio-visual industry in the Slovak Republic**
  
  In 2018, this program supported a total of 2 SMEs (both were micro-enterprises) in the form of grants. Allocation of funds for SMEs amounted to EUR 323 thousand. The amount of actual drawdown for the 2 micro-enterprises was EUR 217 thousand.

The effectiveness of the provided programmes is evaluated from the point of view of increasing the competitiveness and supporting the development, production, distribution and promotion of audio-visual works and promoting cultural events, supporting expert research, training, education and editorial activities in the area of audio-visual culture and industry as well as preserving the cultural heritage. The target group of the support included limited liability companies and sole traders nationwide.
Slovak Arts Council

The Slovak Arts Council has been established based on the Act No. 284/2014 Coll. on the Slovak Arts Council and on amendments and supplements of the Act No. 434/2010 Coll. on Provision of Grants in the Competence of the Ministry of Culture of the Slovak Republic, as amended by the Act No. 79/2013 Coll., as a public institution promoting artistic activities, culture and creative industry.

The year 2018 was the second year that the Council provided funds to support artistic activities, culture and creative industry as well as to create material conditions for their public presentation and spreading in the Slovak and/or international cultural or artistic context. The Council provides funds based on written requests of applicants, in the form of grants as non-repayable financial aid, in the form of credits as repayable financial aid which the applicants must repay within 5 years, or in the form of scholarships provided only to natural persons to develop creation, education and expert research in the area of art, culture and creative industry, while the Council’s financial resources come from statutory contributions which MK SR annually pays to the Council together with a specific contribution from the state budget. The funds were allocated within the following programmes and sub-programmes: Programme 1 Art, Programme 2 Cultural events, activities and magazines, Programme 3 Research and educational activities, Programme 4 Folk culture and cultural and public enlightenment activities, Programme 5 Memory institutions and councils and Programme 6 Capital of culture.

Table 3 Summarization of allocated funds as per individual programmes and sub-programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>Year 2018</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Micro</td>
<td>Small</td>
<td>Medium-sized</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of applications</td>
<td>Amount granted EUR</td>
<td>Number of applications</td>
<td>Amount granted EUR</td>
</tr>
<tr>
<td>1. Art</td>
<td>878</td>
<td>5,517,262.00</td>
<td>24</td>
<td>119,205.00</td>
</tr>
<tr>
<td>2. Events, cultural centres and magazines</td>
<td>94</td>
<td>2,701,465.00</td>
<td>15</td>
<td>451,000.00</td>
</tr>
<tr>
<td>3. Research and educational activities</td>
<td>134</td>
<td>651,992.00</td>
<td>6</td>
<td>20,500.00</td>
</tr>
<tr>
<td>4. Traditional culture and cultural and public enlightenment activities</td>
<td>199</td>
<td>809,430.00</td>
<td>17</td>
<td>48,700.00</td>
</tr>
<tr>
<td>5. Memory institutions and councils</td>
<td>20</td>
<td>52,200.00</td>
<td>71</td>
<td>321,356.00</td>
</tr>
<tr>
<td>6. Capital of culture</td>
<td>20</td>
<td>150,790.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>1,345</td>
<td>9,883,139.00</td>
<td>133</td>
<td>960,761.00</td>
</tr>
</tbody>
</table>

Source: Ministry of Culture of the Slovak Republic

In 2018, a total of 1,537 SMEs were supported through the above mentioned programs, including 1,345 micro-enterprises, 133 small enterprises and 59 medium-sized enterprises. Amount of actual drawdown of funds as of 31.12. 2018 amounted to EUR 10,605,406.

Fund for the support of the Culture of National Minorities

Fund for the support of the culture of national minorities (hereinafter referred to as “Fund”) is established by the Act no. 138/2017 Coll. on the Fund for the Promotion of the Culture of National Minorities and on the Amendment and Supplement of Certain Acts (hereinafter referred to as “Fund Act”) as a public body for the purpose of:

a) preservation, expression, protection and development of the identity and cultural values of
national minorities,
b) education and training on the rights of persons belonging to national minorities,
c) ensuring intercultural dialogue and understanding between citizens of Slovak nationality and citizens belonging to national minorities and ethnic groups.

In 2018, the Fund provided financial funds for the first time. The Fund shall distribute the number of funds allocated for support activities among the expert councils of culture for individual national minorities in the proportion as stipulated in Article 22 par. 1 of the Fund Act. According to Article 7 par. 3 the expert council shall determine, in their area of activity, the priorities of support for the relevant calendar year and the focus of the submitted projects.

In 2018, the Fund supported 795 SMEs in the total amount of EUR 6,861,242, which were financed from the state budget. The amount of actual drawdown of funds in 2018 cannot be quantified yet due to the fact that not all of projects for which subsidies were granted in that year were concluded.

- **Support for cultural, enlightenment and educational activities, science and research activities**
  
  In 2018, 464 SMEs were supported through the program, of which 387 were micro-enterprises, 65 small and 12 medium-sized enterprises. The aim of the program was to support the culture of national minorities. The target group of support was the culture sector from the target group concerning national minorities. In 2018, the actual drawdown of funds for SMEs was EUR 3,095,269 of which EUR 2,833,733 for micro-enterprises, EUR 180,891 for small enterprises and EUR 80,645 for medium-sized enterprises.

- **Support for literary, editorial and publishing activities**
  
  In 2018, 142 SMEs were supported through the program, of which 113 were micro-enterprises, 24 small and 5 medium-sized enterprises. The aim of the program was to support the culture of national minorities. The target group of support was the culture sector from the target group concerning national minorities. In 2018, the actual drawdown of funds for SMEs was EUR 1,900,482 of which EUR 1,673,002 for micro-enterprises, EUR 209,680 for small enterprises and EUR 17,800 for medium-sized enterprises.

- **Support for theatrical, musical, dance, visual and audio-visual arts**
  
  In 2018, 142 SMEs were supported through the program, of which 123 were micro-enterprises, 23 small enterprises and 1 was medium-sized enterprise. The aim of the program was to support the culture of national minorities. The target group of support was the culture sector from the target group concerning national minorities. In 2018, the actual drawdown of funds for SMEs was EUR 1,652,387 of which EUR 1,536,107 for micro-enterprises, EUR 91,200 for small enterprises and EUR 25,080 for medium-sized enterprises.

- **Support for ensuring intercultural dialogue and mutual understanding between Slovak nationals and citizens belonging to national minorities and ethnic groups**
  
  In 2018, 42 SMEs were supported through the program, of which 34 were micro-enterprises and 8 small enterprises. The aim of the program was the same as mentioned for the programmes above. In 2018, the actual drawdown of funds for SMEs was EUR 213,104 of which EUR 170,374 for micro-enterprises and EUR 42,730 for small enterprises.
Ministry of Agriculture and Rural Development of the Slovak Republic (MPRV SR)

State aid

In 2017, MPRV SR provided state aid totalling EUR 49.96 million (consisting of EUR 34.72 million provided from EU resources, representing 69.5% and EUR 15.25 million from the state budget representing 30.5%). Compared to 2017, the provided state aid decreased by 15.35%. The slight decrease in the number of funds was caused by a slight change in the structure of supported measures. The total proportion of state aid provided to SMEs in 2018 represented 91.29% (EUR 45.61 million) of the total state aid provided by the Ministry.

Integrated Regional Operational Programme

In connection with the Specific Objective 3.1 of the Integrated Regional Operational Programme “3.1 Stimulating the promotion of sustainable employment and job creation in the cultural and creative industry by creating a conducive environment for the development of creative talent and non-technological innovation”, and the call which was published for submitting applications for non-repayable financial contributions on 17 October 2016 with an emphasis on supporting the access to tangible and non-tangible assets of SMEs in the cultural and creative sector for the purpose of job creation, the expert assessment stage was concluded in 2018. Within the aforementioned call, a total of 619 AfNRFCs were submitted with the total amount of the requested funds of EUR 94,804,252.79. The expert assessment 466 AfNRFCs occurred from 12 September 2018 until 30 March 2019. The issuing of decisions is expected to start in April 2019 and the contracting process should start in May 2019.

Agricultural Paying Agency (PPA)

Rural Development Programme of SR 2014 – 2020

- Measure 4.2 - Aid for investments for processing/launching and/or developing agricultural products

The support was targeted at property investments related to marketing and processing of agricultural products in relation to launching the production of new as well as traditional products, new equipment/technology as well as supporting the building of small consumption points where agricultural products and products resulting from processing primary agricultural production are supplied.

99 SMEs were supported as a part of the Programme in 2018 (out of that 32 micro, 45 small and 22 medium-sized enterprises) with creation of 65 new jobs (13 in the micro, 22 in the small and 30 in the medium-sized enterprises). The impact was seen in the development of business activities in the countryside which will offer new work opportunities for the unemployed and particularly for young people; this will boost the economic growth, help stabilize and strengthen the rural economy and create new jobs. The support was targeted at NPs and LPs performing their business activities in the area of processing the products of primary agricultural production and/or food production (with the exception of fish products) and at NPs and LPs performing their business activities in the area of primary agricultural production as well as processing their own production, namely in the entire Slovak Republic. The amount allocated in 2018 was EUR 3,838,938 (out of that EUR 919,716 for microenterprises, EUR 999,753 for small enterprises and EUR 1,919,469 for medium-sized enterprises), while the amount of EUR 27,082.37 thousand was actually drawn (out of that EUR 7,903,647 for microenterprises, EUR 10,923,377 for small enterprises and EUR 8,255,335 for medium-sized enterprises).
• **Measure 6.1 - Aid for young farmers to start business activities**

The aid was provided in order to support a young farmer start a business in the field of livestock and specialized crop production and to implement the business plan. A total of 336 SMEs, specifically micro-enterprises, were supported as part of the program. The program has an impact on the development of rural entrepreneurship, which will provide new jobs for the unemployed and especially young people, thereby promoting economic growth, stabilizing and strengthening the rural economy and generating new jobs. The target group of support were NPs and LPs which focus on special crop and/or livestock production in the territory of the SR. Allocation of funds in the reference year amounted to EUR 1,800 thousand, specifically for micro-enterprises. The actual drawdown of funds in the reference year was EUR 11,655 thousand.

• **Measure 6.4 Aid for investments in the creation and development of non-agricultural activities**

The support was targeted at the following activities:

- **Activity 1**: activities related to rural tourism and agrotourism focused on creating conditions for recreational and relaxation activities, including creation of conditions for providing education and creating conference premises.

- **Activity 2**: activities related to provision of services for the target groups: children, the elderly and persons with reduced mobility, including therapies (hippotherapy, animal assisted therapy), forest education, etc. which contribute to recovery, better integration in the social life or improvement of the target group’s mobility.

- **Activity 3**: processing and launching such products on the market the processing output of which does not fall under the Annex I of the Treaty on the Functioning of the European Union (TFEU).

48 SMEs were supported as a part of the Programme in 2018 (out of that 40 micro, 7 small and 1 medium-sized enterprise) while 38 new jobs were created (31 in the micro and 7 in the small enterprises). The support was targeted at the development of business activities in the countryside what will offer new work opportunities for the unemployed and particularly for young people; this will boost the economic growth, help stabilize and strengthen the rural economy and create new jobs. The target group of the support included NPs and LPs performing their business activities in the area of primary agricultural production, NPs and LPs managing forests owned by private owners and associations, municipalities and associations and the church as well as NPs and LPs performing their business activities in the area of farm fishing (aquaculture).

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12 Eligible applicant (beneficiary) is a Young Farmer - natural or legal person (micro or small enterprise pursuant to the Commission Recommendation 2003/361/EC) who performs agricultural production as a continuous and self-employed activity under his/her own name, under his/her own responsibility and in order to achieve profit, which is the main source of income, who at the time of submission of the AfNRFC, is not more than 40 years old, has the appropriate professional skills and abilities and first establishes an agricultural enterprise as its top representative. In the case of an applicant who is a legal person (age, education and first establishing a agricultural enterprise), the definition of a young farmer must comply with the person who establishes, controls and manages the enterprise and at the same time, the following provision is fulfilled: “Where a young farmer does not establish an enterprise as its sole representative, whatever its legal form, it must be proven that such person controls and manages the enterprise, i.e. has decision-making powers relating to management, profit and financial risk and his/her share in the business is min. 2/3.”
The allocation of funds for SMEs amounted to EUR 7,986,268, while the amount of EUR 11,889,389 was actually drawn in 2018 (out of that EUR 9,448,818 for microenterprises, EUR 2,136,906 for small enterprises and EUR 303,662 for medium-sized enterprises).

Eligible applicants (end beneficiaries) are enterprises as referred to in the Article 107 of TFEU, i.e. NPs and LPs - microenterprises and small enterprises in rural areas as referred to in the Annex I of the EU Commission Regulation No. 651/2014 performing their business activities in the area of forestry production, farm fishing - aquaculture and primary agricultural production.

- **Operational Programme Fisheries 2014-2020**

  As part of the call no. OPRH-AKVA-2.2.1-A2-2017-02 – modernization of existing aquaculture plants (sub-measure 2.2.1) 2 micro-enterprises were supported in 2018. The total amount of approved contributions was EUR 272,802.91.

  As part of the call no. OPRH-AKVA-2.3.1-A2-2017-02 – recycling systems (sub-measure 2.3.1) one micro-enterprise was supported in 2018. The total amount of approved contributions was EUR 304,949.05.

**Agroinštitút Nitra**

For the year 2018, a framework contract was concluded between Agroinštitút Nitra and MPRV SR pursuant to Article 296 par 2 of the Commercial code and this contract was financed by the state budget. Total amount of allocated funds was EUR 39,310 and the whole sum was fully drawn.

The support was focused on development of the domestic market, informatization and job creation. 583 SMEs were supported within the programme and 162 new jobs were created. The support is provided throughout the Slovak Republic in the agriculture and food sector, without any consideration of the legal form.

The impact can be seen in the following areas:
- ensuring the transfer of knowledge and information related to the system of the geo-spatial form of application for aid,
- distribution of knowledge and information related to the control of the farmer's electronic access to the Central Register of Livestock as a result of the digitization and modernization of the system,
- creating new jobs for beginners, especially young farmers, as well as distilleries for fruit alcohol distillation.

**Ministry of Labour, Social Affairs and Family of SR**

**Central Office of Labour, Social Affairs and Family**

- **Tools for active labour market measures (ALMM)**

  Under ALMP such measures, programmes, projects and activities are implemented and supported which facilitate integration and reintegration of JSs, particularly groups of persons disadvantaged on the labour market, through active labour market measures (hereinafter referred to as “ALMMs”). In addition, ALMMs also contribute to development of business activities by supporting creation of new jobs and maintaining the existing ones as well as employees in such supported jobs, and by supporting the investment aid for investors. They also provide help to support education of JSs and employees.

  The individual ALMMs can be classified according to their focus on measures and
contributions increasing the employability of JSs, increasing employment by supporting the creation of new jobs and measures and contributions supporting the maintenance of existing jobs. The following table shows selected contributions by ALMMs made in 2018. For comparison of the year-on-year increase (decrease) in the number of assigned JSs and the number of drawn funds, data for 2017 are also shown.

Table 4 Implementation of selected ALMMs in 2018 for all business entities

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of contribution as part of ALMM</td>
<td>Number of employed JSs/persons or number of supported jobs/JSs/persons</td>
<td>Drawn funds (EUR)</td>
<td>Number of employed JSs/persons or number of supported jobs/JSs/persons</td>
<td>Drawn funds (EUR)</td>
</tr>
<tr>
<td>Allowance for self-employment (Section 49)</td>
<td>2,667</td>
<td>9,543,242</td>
<td>2,123</td>
<td>9,063,813</td>
</tr>
<tr>
<td>Allowance for employment of disadvantaged job seekers (Section 50)</td>
<td>2,699</td>
<td>5,807,186</td>
<td>1,383</td>
<td>6,160,863</td>
</tr>
<tr>
<td>Contribution to job creation in the first regularly paid employment (Section 51a)</td>
<td>1,986</td>
<td>9,976,281</td>
<td>632</td>
<td>4,514,453</td>
</tr>
<tr>
<td>Allowance for creation of new jobs (Section 53d)</td>
<td>452</td>
<td>4,589,322</td>
<td>830</td>
<td>2,445,053</td>
</tr>
<tr>
<td>Projects and programmes (Section 54)</td>
<td>112,164</td>
<td>72,743,230</td>
<td>114,686</td>
<td>94,237,768</td>
</tr>
<tr>
<td>Allowance for establishment of sheltered workshops or sheltered workplaces (Section 56)</td>
<td>242</td>
<td>607,551</td>
<td>167</td>
<td>682,252</td>
</tr>
<tr>
<td>Allowance for self-employment for persons with disabilities (Section 57)</td>
<td>77</td>
<td>393,154</td>
<td>76</td>
<td>379,297</td>
</tr>
<tr>
<td><strong>Selected tools for increasing employment</strong></td>
<td><strong>120,287</strong></td>
<td><strong>103,659,966</strong></td>
<td><strong>119,897</strong></td>
<td><strong>117,483,499</strong></td>
</tr>
<tr>
<td>Contribution to education and training of employees for the labour market (Section 47)</td>
<td>249</td>
<td>925,103</td>
<td>225</td>
<td>1,453,754</td>
</tr>
<tr>
<td>Allowance for maintaining jobs (Section 50k)</td>
<td>178</td>
<td>47,895</td>
<td>0</td>
<td>42,937</td>
</tr>
<tr>
<td>Allowance for maintaining disabled persons employed (Section 56a)</td>
<td>21</td>
<td>31,180</td>
<td>22</td>
<td>32,195</td>
</tr>
<tr>
<td>Allowance for activities of a work assistant (Section 59)</td>
<td>1,077</td>
<td>4,916,625</td>
<td>1,128</td>
<td>5,801,578</td>
</tr>
<tr>
<td>Allowance for settlement of operating costs incurred by sheltered workshops or sheltered workplaces and for settlement of transport expenses of employees (Section 60)</td>
<td>9,763</td>
<td>28,467,161</td>
<td>9,433</td>
<td>30,051,864</td>
</tr>
<tr>
<td><strong>Selected tools for maintaining the existing jobs</strong></td>
<td><strong>11,288</strong></td>
<td><strong>34,387,964</strong></td>
<td><strong>10,808</strong></td>
<td><strong>37,382,328</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>131,575</strong></td>
<td><strong>138,047,930</strong></td>
<td><strong>130,705</strong></td>
<td><strong>154,865,827</strong></td>
</tr>
</tbody>
</table>

**Source:** COLSAF SR
• **State aid provided**

*Employment support aid*

The aid provided to SMEs to support employment in 2018 was compliant with the EU legislation, in particular:

- Commission Regulation (EU) No. 1407/2013 which is the legal basis of the *de minimis aid scheme to support employment no. 16/2014* (hereinafter referred to as “*de minimis scheme no. 16/2014*”);
- Commission Regulation (EU) No. 1408/2013 which is the legal basis of the *de minimis aid scheme to support employment in the area of primary agricultural production no. 7/2015* (hereinafter referred to as “*de minimis scheme no. 7/2015*”);
- Commission Regulation (EU) No. 651/2014 which is the legal basis of the *state aid scheme to support education and help in hiring and employing disadvantaged and disabled employees* (hereinafter referred to as “*SA.40975 (2015/X) scheme*”)

The state aid and *de minimis aid* was provided from public financial resources, mostly from the European Social Fund and, to a lesser extent, from the state budget of the Slovak Republic. The total amount of the state aid granted by the Central Office of Labour, Social Affairs and Family in 2018 reached EUR 96.48 million, out of which EUR 92.60 million was granted to SMEs, representing 95.98% of the total state aid granted. State aid was implemented through active employment and labour market policy, which implements and supports active labour market measures (ALMM), which, in addition to supporting disadvantaged people, also help to develop business by supporting the creation of new jobs and maintaining existing jobs and employees in these supported locations.

**Table 5 Employment aid**

<table>
<thead>
<tr>
<th>Aid to enterprises</th>
<th>State aid total</th>
<th>EUR 96.48 million</th>
<th>Share (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Microenterprises</td>
<td>EUR 68.18 million</td>
<td>70.67</td>
</tr>
<tr>
<td></td>
<td>Small enterprises</td>
<td>EUR 19.53 million</td>
<td>20.24</td>
</tr>
<tr>
<td></td>
<td>Medium-sized enterprises</td>
<td>EUR 4.89 million</td>
<td>5.07</td>
</tr>
<tr>
<td></td>
<td>SMEs - total</td>
<td>EUR 92.60 million</td>
<td>95.98</td>
</tr>
<tr>
<td></td>
<td>Aid for large enterprises</td>
<td>EUR 3.88 million</td>
<td>4.02</td>
</tr>
</tbody>
</table>

*Source: COLSAF SR*

**Aid granted in accordance with the *de minimis scheme 16/2014***

Similarly to the previous years, in 2018 the employment support aid was mainly provided as *de minimis aid* through several programmes and projects, including:

- National projects approved by the Ministry and implemented by the Central Office or Office,
- Projects aimed at improvement of the position of job-seekers on the labour market, approved by the Ministry and implemented by the Central Office,
- Projects aimed at improvement of the position of job-seekers on the labour market, approved by the Central Office and implemented by the Office,
- Projects aimed at improvement of the position of job-seekers on the labour market, approved by the Ministry or by the Central Office and implemented by the Office or a legal person or a natural person,
- Pilot projects aimed at verifying active measures on the labour market, approved by the Ministry and implemented by the Central Office,
Pilot projects or pilot programmes aimed at supporting the development of regional or local employment, approved by the Central Office and implemented by the Office.

In 2018, the Central Office granted state aid to SMEs under the de minimis scheme no. 16/2014 in the total amount of EUR 90.71 million, representing 98.94% of the total aid granted. Overall, 24,959 jobs were supported on the labour market as a part of the scheme. The largest part of state aid was granted to small and medium-sized enterprises in the Prešov Region, with the support for 5,352 job positions.

Table 6 Amount of the state aid provided in 2018 as per the enterprise size

<table>
<thead>
<tr>
<th>Enterprise type</th>
<th>EUR 91.68 million</th>
<th>Proportion (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microenterprises</td>
<td>EUR 67.47 million</td>
<td>73.59</td>
</tr>
<tr>
<td>Small enterprises</td>
<td>EUR 18.48 million</td>
<td>20.16</td>
</tr>
<tr>
<td>Medium-sized enterprises</td>
<td>EUR 4.76 million</td>
<td>5.19</td>
</tr>
<tr>
<td>SMEs - total</td>
<td>EUR 90.71 million</td>
<td>98.94</td>
</tr>
<tr>
<td>Aid for large enterprises</td>
<td>EUR 0.97 million</td>
<td>1.06</td>
</tr>
</tbody>
</table>

Source: COLSAF SR

Aid granted in accordance with the de minimis scheme 7/2015

The de minimis aid to support employment in the area of primary agricultural production was first provided in 2016. The fact that it is a new scheme and the total amount of de minimis aid to be granted to a single enterprise must not exceed EUR 15,000 during a period of three fiscal years is also reflected in lower figures than in the case of aid according to the de minimis scheme 16/2014. In 2018, the Central Office granted aid only to small and medium-sized enterprises (100 %) under the de minimis scheme no. 7/2015 in the total sum of EUR 0.85 million. Overall, 177 jobs were supported in the labour market as a part of the scheme. The largest part of the aid was granted to small and medium-sized enterprises in the Košice Region, with the support for 49 job positions.

Table 7 Amount of the aid provided in 2018 as per the enterprise type

<table>
<thead>
<tr>
<th>Enterprise type</th>
<th>EUR 0.85 million</th>
<th>Share (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microenterprises</td>
<td>EUR 0.67 million</td>
<td>78.82</td>
</tr>
<tr>
<td>Small enterprises</td>
<td>EUR 0.14 million</td>
<td>16.47</td>
</tr>
<tr>
<td>Medium-sized enterprises</td>
<td>EUR 0.04 million</td>
<td>4.21</td>
</tr>
<tr>
<td>SMEs - total</td>
<td>EUR 0.85 million</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: COLSAF SR

State aid granted within the employment scheme

The employment scheme in question combines two basic areas of aid, namely:
- aid for recruitment and employment of disadvantaged and disabled workers, and
- aid for education.

State aid for the support of education and aid for recruitment and employment of disadvantaged and disabled workers pursuant to the Sa.40975 scheme (2015/X) was provided in the total amount of EUR 1.50 million, of which EUR 1 million was provided to the small and medium sized enterprises.
Table 8 **Amount of the aid provided in 2018 as per the enterprise type**

<table>
<thead>
<tr>
<th>Enterprise type</th>
<th>EUR 1.50 million</th>
<th>Share (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of that SMEs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Microenterprises</td>
<td>EUR 0.04 million</td>
<td>2.66</td>
</tr>
<tr>
<td>Small enterprises</td>
<td>EUR 0.37 million</td>
<td>59.33</td>
</tr>
<tr>
<td>Medium-sized enterprises</td>
<td>EUR 0.89 million</td>
<td>4.66</td>
</tr>
<tr>
<td>SMEs - total</td>
<td>EUR 1.00 million</td>
<td>66.66</td>
</tr>
<tr>
<td>Aid for large enterprises</td>
<td>EUR 0.50 million</td>
<td>33.34</td>
</tr>
</tbody>
</table>

Source: COLSAF SR

**State aid granted to support education under the scheme SA.40975 (2015/X)**

State aid to support education was provided in accordance with Art. 31 of Commission Regulation (EU) no. 651/2014. It was provided exclusively from the state budget under Article 47 of the Act on Employment Services in the total amount of **EUR 0.08 million**. In 2018, this State aid was granted to only one eligible beneficiary. The supported region within the framework of the support for education was the Nitra self-governing region. State aid was provided for **139** employees.

**State aid granted for hiring disadvantaged and disabled employees pursuant to employment scheme**

In 2018, the total amount of the state aid provided under the state aid scheme reached EUR 1.42 million. The state aid granted helped mainly create and maintain new jobs through the contributions according to Article 54 of the Employment Services Act for pilot projects to support the development of regional or local employment and Article 60 of the Employment Services Act for allowance for settlement of operating costs incurred by sheltered workshops or sheltered workplaces and for settlement of transport expenses of employees. A total of 570 jobs were supported under the state aid scheme. Out of that 111 jobs for disadvantaged job-seekers (JSs) were supported in the form of wage subsidies and 459 jobs for disabled persons were supported in the form of contribution to compensation of additional costs related to employing disabled employees. The highest number of supported jobs represented jobs for disabled persons in the Prešov region - 129 jobs in total and Trenčín region – 112 jobs in total.

**Granted regional investment aid and employment support aid**

Regional investment aid and employment support aid in the form of contributions for creation of new jobs was provided by the Ministry of Labour, Social Affairs and Family of SR through the Central Office as referred to in Section 2 (5) (d) of the Act No. 561/2007 Coll. on Investment Aid and on amendments and supplements of certain acts, as amended. In 2018, investment aid was provided to investors from the state budget of SR in the form of contribution for the creation of new jobs to 1 small and 1 medium-sized enterprise in the total amount of **EUR 0.03 million**.

Table 9 **Investment aid provided to investors in 2018 from national resources (state budget of SR)**

<table>
<thead>
<tr>
<th>Enterprise type</th>
<th>EUR 2.45 million</th>
<th>Share (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of that SMEs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Microenterprises</td>
<td>EUR 0.00 million</td>
<td>0.00</td>
</tr>
<tr>
<td>Small and medium enterprises</td>
<td>EUR 0.03 million</td>
<td>1.22</td>
</tr>
<tr>
<td>SMEs - total</td>
<td>EUR 0.03 million</td>
<td>1.22</td>
</tr>
<tr>
<td>Aid for large enterprises</td>
<td>EUR 2.42 million</td>
<td>98.78</td>
</tr>
</tbody>
</table>

Source: COLSAF SR
Table 10 Overview of ALMM national projects implemented in 2018

<table>
<thead>
<tr>
<th>National project name</th>
<th>National project objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. NP “From internship to full-time job”</td>
<td>obtaining or improving and extending the professional skills, knowledge, and practical experience of young people aged &lt; 29</td>
</tr>
<tr>
<td>2. NP “From internship to full-time job in BSK”</td>
<td>obtaining or improving and extending the professional skills, knowledge, and practical experience of young people aged &lt; 29</td>
</tr>
<tr>
<td>3. NP “Internship Starts Employment”</td>
<td>increase the employment and employability of young people on the labour market and involvement of young people, particularly NEETs, and the possibility of subsequent creation of a job for a young person with the employer where the young person did the internship</td>
</tr>
<tr>
<td>4. NP “Successful on the Labour Market”</td>
<td>improve the position of young people aged &lt; 29 on the labour market and to improve their employability and employment</td>
</tr>
<tr>
<td>5. NP “Involvement of the Unemployed in Cultural Heritage Recovery”</td>
<td>improving the position of JSs and disadvantaged JSs on the labour market, increasing their employability and employment, reducing long-term unemployment and supporting the development of local and regional employment</td>
</tr>
<tr>
<td>6. NP “Placing the long-term unemployed on the labour market through non-state employment services”</td>
<td>improving the position of long-term unemployed JSs on the labour market, increasing their employability and employment and restoring their work habits through temporary employment agencies</td>
</tr>
<tr>
<td>7. NP “Chance for Employment”</td>
<td>support for creation of job positions for disadvantaged JSs</td>
</tr>
<tr>
<td>8. NP “Chance for Employment for BSK”</td>
<td>support for creation of job positions for disadvantaged JSs</td>
</tr>
<tr>
<td>9. NP “The Road from the Unemployment circle”</td>
<td>supporting employment and reducing unemployment of long-term unemployed JSs through the acquisition and deepening of job skills</td>
</tr>
<tr>
<td>10. NP “Chance for the Youth”</td>
<td>improving the position of JSs - NEETs on the labour market, to increase employment and employability, to decrease long-term unemployment by supporting job creation</td>
</tr>
<tr>
<td>11. NP “We want to be active on the labour market (50+)”</td>
<td>improving the position of disadvantaged JSs as referred to in Section 8 (1) (b) of the Employment Services Act - persons aged 50+</td>
</tr>
<tr>
<td>12. NP “Restart - Opportunity for the long-term unemployed to return to the labour market”</td>
<td>contributing to increasing the employability and employment of long-term unemployed citizens (hereinafter referred to as “LTU”), reducing long-term unemployment and promoting local and regional employment development in selected regions by encouraging the motivation and activation of LTUs to seek employment, as well as through the creation of conditions for LTUs to acquire or renew working habits and skills directly with the employer</td>
</tr>
<tr>
<td>13. NP “Restart for young JSs”</td>
<td>improving the labour market position of young people under 29 (29 years minus one day), increasing their employability, employment, supporting the development of local and regional employment in selected regions by supporting the motivation and activation of young people under 29 to seek employment</td>
</tr>
<tr>
<td>14. NP “Restart for young JSs 2”</td>
<td>improving the labour market position of young people under 29 (29 years minus one day), increasing their employability, employment, supporting the development of local and regional employment in selected regions by supporting the motivation and activation of young people under 29 to seek employment</td>
</tr>
<tr>
<td>15. NP “The Road to the Labour Market”</td>
<td>improving position of JSs on the labour market, increasing employability and employment of JSs and disadvantaged JSs by supporting job creation, reducing unemployment, especially long-term unemployment, supporting local and regional employment development in the least developed districts, which have long reported high rates of unemployment</td>
</tr>
</tbody>
</table>
Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2018

<table>
<thead>
<tr>
<th></th>
<th>Activity (No.)</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>NP “The Road to the Labour Market 2”</td>
<td>Improving the position of JSs on the labour market, increasing employability and employment of JSs and disadvantaged JSs</td>
</tr>
<tr>
<td>17</td>
<td>NP “Support for individualized counselling for long-term unemployed JSs”</td>
<td>Activity no. 1 – develop a realistic plan for future career paths &lt;br&gt;Activity no. 2 – support for hard-to-place LTU JSs in finding employment through counselling activities</td>
</tr>
<tr>
<td>18</td>
<td>NP “We are looking for work together”</td>
<td>Improving the position of JSs as well as disadvantaged JSs, increasing employability, improving the interconnection of public and non-public employment services and cooperation with employers.</td>
</tr>
<tr>
<td>19</td>
<td>Retraining allowance RE - PAS (Art. 54 par. 1d)</td>
<td>Preparation of JSs for employment on the labour market in order to acquire theoretical and practical knowledge, skills and abilities in a selected training (retraining) course</td>
</tr>
<tr>
<td>20</td>
<td>Support for retraining JSs REPAS+ (Art. 54 par. 1d)</td>
<td>Preparation of JSs for employment on the labour market in order to acquire professional knowledge and skills in the retraining course</td>
</tr>
<tr>
<td>21</td>
<td>Support of key competencies of JSs KOMPAS+ (Art. 54 par. 1d)</td>
<td>Preparation of JSs for employment on the labour market with the aim of acquiring key competencies in the competency course to be implemented by the provider of the competency course</td>
</tr>
<tr>
<td>22</td>
<td>“Ready for work” project</td>
<td>Address current labour market problems, especially in the automotive industry, which is currently lacking thousands of skilled workers</td>
</tr>
<tr>
<td>23</td>
<td>Internal project “Be active - employ yourself”</td>
<td>To motivate young JSs aged &lt; 29 years to increase employment, by increasing their interest in applying acquired skills, knowledge and practical experience in practice on the open lab or market, but also their employability</td>
</tr>
<tr>
<td>24</td>
<td>Internal project “Employment through increased activity”</td>
<td>Increasing employment and employability of long-term unemployed on the labour market through intensive individual approach by PSVR employees, but also long-term unemployed for 4 months</td>
</tr>
</tbody>
</table>

Source: COLSAF SR

Ministry of Education, Science, Research and Sport of SR

- **R&D incentives**

As referred to in the Act No. 185/2009 Coll. on research and development incentives and on amendments of the Act No. 595/2003 Coll. on the Income Tax, as amended, R&D incentives may be provided to legal persons - entrepreneurs with the aim to enhance R&D and to increase the employment of experts in R&D. Overall 29 SMEs were supported within the programme in order to support the development of research and development, the creation of a new job position or the expansion of existing research and development workplace and the increase of employment in the world-class R&D and manufacturing sector. In total, 152 new jobs were created (of which 66 jobs in micro-enterprises, 22 jobs in small and 64 jobs in medium-sized enterprises). The target group were SMEs from both manufacturing and non-manufacturing sectors. The amount of actual drawdown of funds for SMEs was 13,730 thousand (of which EUR 5,230 thousand for micro-enterprises, EUR 3,800 thousand for small enterprises and EUR 4,700 thousand for medium-sized enterprises).

- **ECSEL JU**

ECSEL JU is a leading European initiative aimed at supporting research projects in the field of microelectronics, nanoelectronics and computer systems and intelligent systems. It is part of the Horizon 2020 Framework Program for Research and Innovation, a partnership between the EC, the private sector and EU Member States (including Slovakia). The ECSEL JU joint undertaking was established in 2014 by the merger of the ENIAC and ARTEMIS JU. After the establishment of the joint undertaking, the Ministry of Education, Science, Research and Sport of SR confirmed its membership. The programme has an impact on improving the economic
situation, establishing contacts of Slovak companies with foreign companies/institutions and contributes to the creation of new products.

In 2018, 1 SME was supported. The program supported a total of 16 jobs in 2018. The target group of support included SMEs with legal form s.r.o. from the ICT sector within the Bratislava Region. The allocation of funds was at the level of EUR 800 thousand, and the amount of actual drawdown was EUR 39 thousand.

- **Eurostars 2**

Eurostars is the successor of the Eurostars programme, which is a joint programme of the EU and 33 other countries as part of the EUREKA initiative. The programme was established by Decision No. 553/2014/EU of 15 May 2014. In order to participate in Eurostars 2, the Ministry of Education, Science, Research and Sport of SR signed a new bilateral agreement with the EUREKA Secretariat on 19 May 2016. The aim of the program is to support cooperation of R&D SMEs on international projects aimed at developing new products, processes and services. Other objectives of the program include improving the availability of public funding for SMEs and promoting and increasing the participation of SMEs without previous experience of transnational research.

Under this program, 2 SMEs were supported in 2018 (of which 1 was small and 1 medium-sized enterprise). At the same time, a total of 13 jobs were supported (maintained). The target group included companies with legal form s.r.o., in the field of production of other plastics, electronics, IT and telecommunication technologies from the region of Záhorie and Horné Považie. In 2018, the allocation of funds was in the total amount of EUR 500 thousand. The amount of actual drawdown was EUR 152.7 thousand.

- **Grants for scientific and technical services in accordance with the Act No. 172/2005 Coll.**

In line with the provided subsidies from 2016, the year 2018 was the last year for using the allocated subsidies. One of the 3 selected projects fell within the size category of SMEs, while the total amount of subsidies from the state budget for a selected enterprise from the category of SMEs for 3 years was EUR 300,000. In 2018 the drawdown was EUR 100,000.

- **Development projects**

MŠVVaŠ SR allocated special-purpose funds for financing development projects supporting the organization of training for the teaching staff in the field of financial literacy and entrepreneurship in education in 2018 in the total amount of EUR 44,000.

- **Continuous education of the teaching staff**

There are several accredited continuous education programmes for the teaching and expert staff:

- “Ethics and Entrepreneurship”
- “Business ethics”
- “Business education”,
- “JA Tourism business 1”,
- “Economics and business”,
- “Tourism business 2”.
- “Financial literacy”,
- Development of entrepreneurial skills in primary and secondary schools,
- Financial literacy in pre-primary education,
- Financial literacy based on project teaching,
- Methodology of creating business plans of secondary school students,
- Practical personal finance in the educational process.

**State Vocational Education Institute (ŠIOV)**

ŠIOV, Department of the Slovak Training Firms Centre, coordinates the work of training companies in Slovakia and cooperation with foreign countries, which contributes to the support of business education and financial literacy in Slovakia. Its activities are financed from the state budget.

- **Training firm**

To support the business and financial education at all secondary vocational schools, it is possible to teach subjects such training firm through the State Vocational Education Institute and its workplace – Slovak Training Firms Centre. Training firms have been taught as a subject in Slovak secondary schools since 1992. In 2018, the activities of the Slovak Training Firms Centre included contract days of training firms 2018, finals of the 7th year of the national Best Business Plan competition and the International Training Firms Fair 2018 held in Slovakia.

In cooperation with secondary vocational schools in Portugal, Lithuania, Slovenia, Italy and Turkey, the Erasmus+CLIL IN VET 2018-1-SK01-KA202-046321 project has been developed and will be implemented by September 2020. The project coordinator is the school of Obchodná akadémia, Bolečkova 2 in Nitra. The aim of the project is to strengthen the international cooperation of training companies, to improve the entrepreneurial skills of students, to collect a number of CLIL materials available for educational institutions and to jointly develop a European training curriculum for training companies. Within this project, educational activities and workshops are planned for students as well as teachers at participating foreign schools. The project will also host an international conference entitled CLIL in VET in May 2020 in Portugal.

**Research Agency**

- **Operational Programme Research and Innovation**

As the intermediate body for the OP Research and Innovation, the Research Agency supports SMEs within an R&D support scheme (state aid scheme) based on the Act No. 358/2015 Coll. In the 2014-2020 programming period, the activities are focused on the continuity of project intentions from the previous programming period 2007-2013 and the assistance is aimed primarily at international cooperation, increasing research activity of more and less developed regions, cooperation of research institutions and business sphere, etc.

As part of the specific objective 1.2.1 Increasing private investment through cooperation between research institutions and business, 5 calls for applications for a non-repayable financial contribution were launched to support long-term strategic research and development. The total indicative allocation was EUR 288 million.

In 2018, as part of the 2nd phase of support for projects from the 1st phase of the 2007-2013 programming period, the VA announced a call for applications for a non-repayable financial contribution to support centres of excellence of transnational importance and international research cooperation in the Bratislava region with an indicative amount of funds for this call in the amount of EUR 20 million. In addition, calls for applications for a non-repayable financial contribution were planned to support university science parks, science centres and the Slovak high-performance computing infrastructure in Bratislava and outside the Bratislava Region. At the same time, calls for applications for a non-repayable financial contribution to support RIS3 teams were announced, with a total indicative allocation of EUR 41.5 million. Eur.
Within the Priority Axis 1 projects, the VA announced calls for applications for a non-repayable financial contribution in support of strategic industrial R&D centres in the indicative amount of EUR 15 million, support for approved international twinning projects (EUR 2 million), Marie Curie/ERA Chari (EUR 5 million) and approved international projects under the H2020 program (EUR 10 million). The aim of the calls is to support cooperation between research institutions and the business sector, to improve the coordination and consolidation of R&D potential of research institutions, and to increase the participation of Slovakia in international cooperation projects.

**Slovak Research and Development Agency**

In 2018, the Agency implemented activities to support small and medium-sized enterprises through the provision of:

- the provision of non-repayable funds to address R&D projects under State aid schemes SA.42450 and SA.49175,
- the provision of minimum ad hoc aid in accordance with Act No. 358/2015 Coll. on the regulation of certain relations in the field of state aid and minimum aid and on amendments to certain acts (State Aid Act).

In 2018, the Agency supported 30 entities in the SME category, of which 21 SMEs were supported through the above mentioned schemes (6 microenterprises, 4 small and 11 medium-sized enterprises) and 9 SMEs (8 microenterprises and 1 medium-sized enterprise) through minimum ad hoc aid.

The purpose of the aid was to support research and development in order to fulfil selected objectives and targets in line with the long-term objective of state science and technology policy. In 2018, financial support for SMEs was allocated in the total amount of EUR 2,130 thousand, of which EUR 500 thousand for micro-enterprises, EUR 555 thousand for small enterprises and EUR 1,075 thousand for medium enterprises. The actual drawdown of funds for the cumulative period (from 1 January 2018 to 31 March 2019) was at the level of EUR 2,121 thousand EUR, of which the actual drawdown for micro-enterprises was EUR 497 thousand, for medium-sized enterprises EUR 555 thousand and for medium-sized enterprises EUR 1,069 thousand.

**Slovak Centre of Scientific and Technical Information (CVTI SR)**

**Horizon 2020** is a key pillar of Innovation in the EU, the Europe 2020 flagship initiative joining together the all existing sources of EU financing focused on research and innovation (including the 7th Framework Programme), activities related to innovation within the Competitiveness and Innovation Framework Programme (CIP) and activities of the European Institute of Innovation and Technology (EIT). Horizon 2020 emphasizes support for SMEs and addressing major societal challenges. The Horizon 2020 budget amounts almost to EUR 80 billion.

One of the tools of financing SMEs within the Horizon 2020 is the so-called SME Instrument with the aim to support the most innovative SMEs (including start-ups) with a great growth potential which is able to survive independently in the market environment.

The so-called Access to Risk Finance is a non-grant tool for supporting SMEs within the Horizon 2020 through InnovFin tools. The main purpose of the programme is to support and facilitate access of innovative companies of all sizes as well as research centres and universities, public-private partnerships, special-purpose companies or projects and joint ventures to sources of debt and capital financing. Overall, the Horizon 2020 has earmarked approximately
EUR 2.6 billion for the Access to Finance programme (2014-2020). The financing is going to be administered by the European Investment Fund (EIF) and the European Investment Bank (EIB).

Between 2019 and 2020, an important tool for supporting SMEs will also include the European Innovation Council (EIC), which will incorporate several existing support schemes. These will be divided into two flagship initiatives covering the whole innovation cycle.

**Ministry of Foreign and European Affairs of the Slovak Republic**

- **Activities of the Business Centre of the MZVEZ SR**

  In 2018 the Business Centre (hereinafter referred to as “POCE”) of the MZVaEZ SR provided the business public with information necessary for promoting their business projects and activities in the field of exporting products and services, creating cooperation relations and establishing enterprises abroad. Information was provided via the Let’s Do Business Abroad portal and by sending a “Weekly summary of economic news from abroad”, the aim of which is to inform the business public about tenders, fairs, exhibition and new business opportunities and the like.

  POCE, as a qualified communication partner, helps SMEs to address the increasing number of direct inquiries. In 2018, the exporter service (provided via telephone and email) processed more than 900 inquiries from the business community, especially SMEs.

- **Economic diplomacy project scheme of the MZVEZ SR**

  The project scheme for supporting economic diplomacy is one of the tools of economic diplomacy of the Ministry of Foreign Affairs of the Slovak Republic, which contributes to strengthening the export performance of the Slovak economy and to the internationalization of SMEs. The projects are financed from the budget of MZVEZ SR.

  In 2018, the allocation of funds for SMEs was EUR 100,000. The actual drawdown amounted to EUR 68,302.85. The aid provided has an impact on supporting the internationalization of SMEs by facilitating the entry of SMEs onto foreign markets as well as providing assistance in establishing contacts between Slovak SMEs and foreign partners.

  MZVEZ SR uses the network of economic diplomacy to support SMEs abroad. The network of economic diplomacy in 2018 focused on important international issues, such as Brexit, energy security, investment decline, and so on. In 2018, emphasis was also placed on creating conditions for involving the private sector in development cooperation. In particular, business missions were used to support SMEs by accompanying institutional officials on their business trips abroad. In 2018, business activities were organized in connection with visits by the officials of the Slovak Republic in Georgia, Egypt, Jordan, the Kingdom of Saudi Arabia, Oman, Kazakhstan, Azerbaijan, Indonesia, Cambodia, Hong Kong, Laos, Brazil and Colombia. More than 300 Slovak companies participated.

  In 2018, the Ministry of Foreign Affairs of the Slovak Republic co-organized together with the Ministry of Finance of the Slovak Republic and Rozvojmajster platform an expert event called Rozvojarmok for entrepreneurs interested in participation in development tenders of European and international institutions. Several dozen SMEs participated in the event.

  Consultation days of economic diplomats with companies, realized in cooperation with regional chambers of Slovak Chamber of Commerce and Industry in Slovakia and SARIO, also provided significant assistance to SMEs.

  As part of a new activity of the Ministry of Foreign Affairs of the Slovak Republic, in
cooperation with regional chambers of the Slovak Chamber of Commerce and Industry in Košice, Žilina, Trenčín and Trnava, 2 events were held (“Together for Slovakia. From the regions to the world”) with the aim to introduce SMEs in the regions to economic diplomacy services and to report on all forms of State aid for export support.

- **Activities of representative offices of SR abroad and the Business Centre department pursuant to the so-called Service catalogue in 2018**
  - processed 1,728 enquiries and offers of Slovak and foreign business entities regarding import/export of goods and services
  - Mediated information on launching 476 public procurements abroad,
  - Performed 279 presentation events abroad,
  - Actively participated in 198 exhibitions and fairs abroad and supported the participation of Slovak business entities,
  - Arranged 50 business missions (including missions abroad, from abroad to Slovakia and meetings of intergovernmental and mixed commissions)
  - Implemented, or participated in 201 forums and events focused on cooperation in science and research.

In the period under review, the Ministry of Foreign Affairs of the Slovak Republic also held several presentation events and professional seminars for SMEs focused on the possibility of drawing funds from EEA grants and grants provided by Norway and Switzerland.

**Ministry of Environment of the Slovak Republic**

- **Support in the form of grants from the Environmental Fund**
  In 2018 business entities we able to apply for support from the Environmental Fund in the form of grants (as in 2017) in the following activities:
  - **Activity E1**: Environmental education, training and promotion. According to the list of all supported establishments, in 2018 support was provided in the form of a subsidy to one business entity of the SME size category, namely a micro-enterprise. The amount of the approved subsidy was EUR 50,000, which was reduced to EUR 49,848.87.
  - **Activity F1**: Survey, research and development aimed at identification and improvement of the status of the environment. No grants were awarded to any business entities in relation to the Activity in 2018.

- **Support in the form of a credit from the Environmental Fund**
  In 2018, the Environmental Fund supported 6 entities in the SME category in the form of credits. The total volume of approved credits was EUR 3,474,719.

- **Operational Programme Quality of Environment**
  The Operational Program Quality of Environment (hereinafter referred to as “OP QE”) is a programme document of the Slovak Republic for using support from the European Structural and Investment Funds in the 2014-2020 programming period in the field of sustainable and efficient use of natural resources ensuring environmental protection, active adaptation to climate change and promoting an energy-efficient low-carbon economy. Resources from the European Structural and Investment Funds and from the state budget granted through investment priorities and specific objectives of the OP QE, particularly in the area of air protection, waste management, and power engineering, help support the small and medium-sized enterprises in SR. Enterprises of relevant size categories represent one of the main groups of beneficiaries in the above-stated areas of economy, although the purpose of the aid itself is
usually something else than direct support of SMEs.

SMEs may be supported mainly within the below-stated specific goals ("SG") of OP QE:

- **SG 1.1.1 Increasing the degree of waste recovery while focusing on preparing them for re-use and recycling and supporting prevention of waste generation** – from the subject-matter point of view, it covers projects focused on building equipment for preparing waste to be re-used and recovered.

- **SG 1.4.1 Reducing air pollution and improving its quality** - from the subject-matter point of view it covers projects focused on reducing air pollution, e.g. in the form of installing technological equipment enabling to reduce the pollutants discharged in excess of the valid standards.

- **SG 4.1.1 Increasing the share of RES in the final gross energy consumption** – from the subject-matter point of view, it covers projects focused on building equipment for producing or using renewable energy sources (RES).

- **SG 4.2.1 Reducing the energy intensity and increasing the use of RES in enterprises** - from the subject-matter point of view it covers the implementation of measures from energy audits.

- **SG 4.5.1 Developing more efficient systems of centralized heat supply based on the demand for usable heat** - from the subject-matter point of view, it covers projects focused on construction, reconstruction and modernization of heat distributors and equipment.
In 2018, the following calls were included in the planned calls, in which the business entities were able to apply for support:

Table 11 **Calls under the OP QE in 2018 for business entities**

<table>
<thead>
<tr>
<th>Specific goal</th>
<th>Indicative amount funds for the call in EUR (EU resources)</th>
</tr>
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</table>
| 1.1.1 Increasing the degree of waste recovery while focusing on preparing them for re-use and recycling and supporting prevention of waste generation  
Eligible activity B: Preparing for re-use and recovery with a view to recycling non-hazardous waste, including support for separated municipal waste collection systems and support for the prevention of biodegradable municipal waste  
- support for the recovery of biodegradable waste - construction of biogas stations used for combined heat and power production - state aid scheme | 10,000,000                                                |
| 1.3.1 Improving the conservation status of species and habitats and enhancing biodiversity, in particular under Natura 2000  
Eligible activity A: Completion of the Natura 2000 network and management of the Natura 2000 network and other protected areas (including areas of international importance) as well as protected species  
Execution of approved care documents (activities subject to state aid rules) | 30,000,000                                                |
| 4.1.1 Increasing the share of RES in the final gross energy consumption  
Eligible activity B: Construction of plants for:  
• use of aerothermal, hydrothermal or geothermal energy using a heat pump;  
• use of geothermal energy by direct use for heat production and possibly also in combination with a heat pump;  
production and energy use of landfill gas and wastewater treatment plant gas | 19,157,000                                                |
| 4.2.1 Reducing the energy intensity and increasing the use of RES in enterprises  
Eligible activity B: Implementation of energy audit measures | 50,000,000                                                |
| 4.5.1 Developing more efficient systems of centralized heat supply based on the demand for usable heat  
Eligible activity B: Construction, reconstruction and modernization of high-efficiency cogeneration plants with a maximum heat input of 20 MW | 25,000,000                                                |

Source: MŽP SR

**Relevant SME calls announced and opened during 2018**

Through the call focused on the preparation for the re-use and recycling of hazardous waste (OPKZP-PO1-SC111-2016-15), the applicants had the opportunity to submit AfNRFCs during 2018. The funds allocated were not fully used. Contract for the provision of NRFC was concluded with one medium-sized enterprise in the total amount of contribution of EUR 1.256 million.

Based on the call focused on the preparation for re-use and recovery of non-hazardous waste (OPKZP-PO1-SC111-2016-16), within the framework of which applicants had the option to submit AfNRFCs during 2018, 7 contracts were concluded with SMEs with a total amount of NRFC in the total amount of EUR 20.866 million.
Through the call for the construction, reconstruction and modernization of heat distribution systems (OPKZP-PO421-2017-30), applicants were able to submit AfNRFCs during 2018. In 2018, 56 NRFC contracts (including AfNRFCs approved in 2017) were concluded through the above-mentioned call for grants, representing 56 supported SMEs with a total amount of NRFC of EUR 8.071 million.

**Activities performed through the Slovak Environment Agency**

In 2018 the following activities were performed:

- Arranging the awarding and supervision processes within the Eco-Labelling Scheme and the Eco-Management and Audit Scheme (EMAS),
- Raising awareness of the importance and benefits of voluntary environmental policy tools (Eco-Management and Audit Scheme - EMAS, eco-labelling and green public procurement) in the area of environment through promotional and educational materials (leaflets, information sheets, brochures),
- Free advisory and consultancy related to voluntary environmental policy tools to SMEs interested in such schemes,
- Preparing the “Green Mercury” competition as a pilot project at regional level to promote the sharing of circular economy experiences in SMEs
- Activities of an informative nature through the national project of the SEA within the OP QE with a focus on voluntary environmental schemes:
  - printed documents (handbook, information sheets, leaflets)
  - Supporting the development of eco-innovation through the implementation of DNEP in SME conditions in the form of a national conference with international participation entitled “Eco-Innovation Slovakia”.

**Slovak Office of Standards, Metrology and Testing (SOSMT)**

In 2018, SOSMT continued applying the principle of mutual recognition and provision of information on technical requirements for products in SR and in individual EU Member States in relation to SMEs. In 2018, the National Point of Contact for Products, established at SOSMT, provided business entities with information on technical regulations and requirements for products, including regulations governing the requirements of previous approval in 56 cases.

As a coordinator of the state quality policy, in 2018 SOSMT again gave a chance to SMEs to participate in competitions related to quality and social responsibility. In 2018 the SOSMT announced the 19th year of the National Quality Award of the Slovak Republic, which provided SMEs with the opportunity to participate in the competition and demonstrate their qualities and compare with their competitors. This competition enables the companies to verify the management approaches of an organization, to prove the organization’s exceptional business achievements and thus strengthen its position on domestic and foreign markets. In the National Social Responsibility Award of SR competition, entrepreneurs had the opportunity to evaluate the application of the principles of corporate social responsibility.

As far as technical normalization is concerned, in 2018 SOSMT participated in the preparation of the draft measures in the documentation of the Ministry of Economy of the SR:

- Measures to improve the business environment II.
At the same time, SOSMT continued performing the following measures:

- Making the Slovak technical standards and technical standard information available through the STN-online service. The measure helps increase the competitiveness, facilitates the transition to technical and innovative literacy at schools and guides through the European or worldwide accepted state of science and technology. STN is offered to SMEs with a discount in case of payment for STN-online service (pursuant to the decree of the SOSMT no. 61/2017).

- Comprehensive information is provided to the general technical public by the Infocentre and Standards Portal with the aim to improve access to information about technical standards for SMEs. Basic information about standards, their validity, the form of acceptance in the STN system, their structure, classification and abstract is provided free of charge on the web page of the Office www.unms.sk in the “Standards Portal” section.

**Industrial Property Office of the Slovak Republic (IPO SR)**

IPO SR provides a service named “Pre-diagnostics of industrial property rights” to SMEs. The aim of the pre-diagnostics is to provide basic information from the area of industrial property rights protection so that the companies can create a basic strategy in this area as well. The target group includes micro-enterprises, small and medium-sized enterprises, which, as a result of lack of knowledge, do not take advantage of industrial-property protection. It is a free tailor-made advisory service, i.e. protection of technical solutions, designs, trademarks, collision of domain names with trademarks, searching in free patent databases, license policy basics, etc. The participating company representatives will become familiar with the industrial property rights protection in Slovakia and abroad, its benefits and, under certain circumstances, also its drawbacks, and they will be advised on the most advantageous form of protection. The suggested recommendations are not binding, and they are supposed to reflect the needs of the company with regard to production and trade interests in individual countries. 32 SMEs from around the whole country were provided with the service in 2018. Through its partners – information and advisory points of the Office for Innovation, INNOINFOs, IPO SR tries to make SMEs familiar with industrial property rights protection. INNOINFOs are established in business incubators, regional advisory and information centres, in regional departments of the Slovak Chamber of Commerce and Industry and in technical universities. Within INNOINFOs it currently cooperates with five regional SCCI departments – Bratislava, Trenčín, Banská Bystrica, Prešov and Košice. IPO SR actively cooperates also with other regional departments which are not included in the network, i.e. regional SCCI departments in Trnava and Žilina.

In order to provide SMEs with advisory services, including assistance in the protection against unfair commercial practices, the IPO SR (through the Information Centre) provides professional consulting activities. Based on orders, the Office also performs various types of research (e.g. patent research, trademark research) and, if necessary, also monitors of state-of-the-art technology in certain areas and in selected countries, or monitoring of competitors' trademarks and designs.
Office of the Deputy Prime Minister of the Slovak Republic for Investments and Informatization

- Pilot scheme supporting projects of experimental research and innovation for building smart cities and municipalities in the Slovak Republic DM - 3/2017 (de minimis aid scheme).

The project support focuses on innovation and better access to financing. Overall 6 SMEs were supported under the state aid, specifically micro-enterprises. The impact on the SMEs was seen on improving the access of SMEs to knowledge of modern technology and technological processes and enhancing the innovativeness of the supported companies. The amount of allocated funds was the same as the actual drawdown in the total amount of EUR 779,00. The support was provided to micro-enterprises from eligible sectors within the meaning of the EC Regulation 1407/2013 on de minimis aid.

3.1.2 Non-state institutions

Entrepreneurs Association of Slovakia (EAS)

The Entrepreneurs Association of Slovakia (EAS) is an interest group of private entrepreneurs from the Slovak Republic. The Entrepreneurs Association of Slovakia protects entrepreneurs against restrictions of their rights and freedoms and prevents any political and economic measures leading to deterioration of an equal market business environment. In 2018 EAS performed the following expert activities:

- **SBA Better regulation centre support activities**
  
  Thanks to the EAS initiative, the Better Regulation Centre was established in the Slovak Business Agency. BRC has already assessed the impact of dozens of legal standards on the business environment, including providing comments and calculating costs (for more information, see the BRC section).

- **Bureaucratic Absurdity 2018**

  EAS again conducted the Bureaucratic Absurdity project, the aim of which is to identify legislative measures or bureaucratic obligations that entrepreneurs struggle with the most. The purpose of the competition is to try to remove the competition “winner” from the legislation and thus to help improve the business environment in Slovakia. Almost 300 bureaucratic absurdities have been identified since the project start and a few of them have been dealt with successfully and removed from the legislation.

- **Young Innovative Entrepreneur 2018**

  EAS in cooperation with Junior Chamber has been organizing and announcing the results of competitions, the aim of which is to find and honour young entrepreneurs. One of them is the competition named “Young innovative entrepreneur” which is a part of the global “Creative Young Entrepreneur Award” competition. Its aim is to encourage young people to start a business in Slovakia on the one hand, and to support application of new approaches on the other one. Winners are nominated to the international “Creative Young Entrepreneur Award” competition.

- **EAS conference on education**

  The expert conference entitled “Business education - the future of Slovakia's competitiveness”, organized by EAS, was held on 15.3.2018. Its objective was to highlight the problems of vocational education in Slovakia, the lack of interconnection of the labour market with the results of the education system in Slovakia and to present potential opportunities for
improvement of the education system with a focus on entrepreneurship education.

**Slovak association of self-employed trade and craft workers (SASTCF)**

- **Support programmes and measures implemented in 2018**
  - The year 2018 was devoted to intensive negotiations to amend Annex 1 of the Trade Licensing Act. The negotiations led to the preparation of a parliamentary amendment to the Trade Licensing Act, with the support of Slovak Chamber of Tradesmen and the MV SR. The amendment was not submitted to the parliamentary committee in 2018; this intention will continue in 2019.
  - In 2018 SASTCF resumed negotiations with the Slovak Chamber of Tradesmen for the purpose of joint and effective cooperation in favour of trade in Slovakia. An agreement on mutual cooperation was under preparation in 2018.
  - At the beginning of the year, a representative of SASTCF attended an international conference on digitization and events in Brussels on the introduction of GDPR which was organized in Budapest.
  - In February, also with the participation of SASTCF representatives, a working meeting was held on the Intelligent Industry Action Plan and the findings of the joint V4 project on the use of digitization in small businesses were incorporated in its documents.
  - The guilds continued their work with schools. In April 2018 there was a championship of roofing and painting apprentices at the CONECO exhibition. In addition, there was a competition between bakery apprentices.

**Association of Industrial Ecology in Slovakia (ASPEK)**

ASPEK is non-governmental, independent and non-profit association, founded with the aim to help reduce the impact of production and other activities on the environment with its activities. ASPEK affiliates:

- Industrial enterprises that wish to decrease the adverse impact of their activities on the environment,
- Research, production, consulting, design and other entities, universities and natural persons focused on dealing with the environmental impact related to industrial production and other economic activities.

In 2018 it implemented the following activities:

- **Industrial Emissions 2018 conference**
  
  The conference was held on 23-24 October 2018, and it was focused on the most topical issues for which representatives of industry as well as of various municipal organizations together with state administration representatives were looking for answers and solutions in joint discussions. For state administration representatives, the conference is a source of knowledge about application of their proposals in practice and it gives them unbiased and immediate feedback with the possibility to use the knowledge acquired from the attendees in practice, in the legislative proposals which are being prepared. Every year the organizers of the conference intentionally extend the topics trying to show that the notion of “industrial emissions” is not related only to air but also to waste water, generated waste and to application of progressive technology and procedures aimed at addressing such issues. In 2018 the conference was extended with the announcement of the results of the EBAE (European Business Awards for the Environment), in which projects from Slovakia also participated. EBA has been organized by the European Commission's Directorate-General for
the Environment since 1987. Representatives from the European Commission in Brussels have highlighted the prestige of the event.

- **AQUA 2018**

  As part of the 22nd International Exhibition of Water Management, Hydroenergy, Environmental Protection, Waste Management and Town and Municipal Development ASPEK had a stand and member bodies were also present. At the same time, a seminar entitled “ASPEK - 25 Years of Working for the Environment” was organized. Its aim was to acquaint the professional as well as lay public and exhibitors with development, history and vision at the occasion of the 25th anniversary of ASPEK. The seminar was also focused on presentation of successful projects from the National Business Award for Environment, as well as on familiarization with innovative technologies in the field of wastewater treatment and biogas stations.

  On November 14, 2018, the European Business Awards for the Environment took place in Vienna. In the competition for the period 2018 - 2019, 161 applications were received from 19 European countries, while the Slovak Republic did not rank among the top this year.

**Slovak Chamber of Commerce and Industry (SCCI)**

- **SCCI’s contribution to improvement of the business environment**

  The Slovak Chamber of Commerce and Industry lays emphasis on the following areas contained in its approved programme:
  - Enhancing the competitiveness of the Slovak economy;
  - Increasing the quality of the business environment with emphasis on the legislative environment and adopting measures focused on combating corruption;
  - Increasing the efficiency of activities in cooperation with EU;
  - Supporting the Slovak production and exports;
  - Strengthening the position and increasing the quality of SCCI’s activities.

- **SCCI’s business missions in 2018**

**Missions to/from EU countries**

  No missions of Slovak entrepreneurs to EU countries were performed at the level of the SCCI Office in 2018, whereas as part of the Mission from Abroad (from the EU countries) in 2018 business missions (or their representative organizations) were received and partnership meetings with Slovak entrepreneurs prepared. This included the following countries:
  - Greece (6.-8.3.2018),
  - Germany (22.10.2018).

**Missions to/from non-EU countries**

  No missions of Slovak entrepreneurs to non-EU countries were performed at the level of the SCCI Office in 2018, whereas as part of the Mission from Abroad (from non-EU countries), one business mission of the non-governmental organization Council for Promoting South-South Cooperation from China took place at the SCCI Office level. The event included a business forum, attended by 60 representatives of Slovak companies.
SCCI’s educational activities

SCCI, its regional departments and sections held 159 seminars, conferences and courses in 2018. They were attended by 3,037 participants, in particular representatives of business entities, both SCCI members and non-members, with an increase in participation by 23%.

American Chamber of Commerce in the Slovak Republic

The American Chamber of Commerce in the SR (AmCham) represents more than 330 member companies. With its activities it also supports small and medium-sized enterprises, mainly in the form of non-financial support, i.e. organizing professional and educational events (seminars, workshops, etc.) for its members from the category of small and medium-sized enterprises. In 2018 the following events were performed, focusing mainly or also on the target group of SMEs.

Support type: expert events – know-how transfer (non-financial support)
Target group: AmCham members from the SME category
Event names:
- Does your workplace attract new talents? (23.2.2018)
- How to retain your employees and bring a new path to business (27.2.2018)
- How to give and receive feedback - effective leadership tools (8.3.2018)
- Protecting a company in case of jeopardizing of its reputation (16.3.2018)
- Practical guidelines for the employment of foreigners in Slovakia (13.4.2018)
- Leading the team with emphasis on strengths (15.5.2018)
- Seven ways to improve your SME business (24.5.2018)
- Public Relations as a driving force for a successful employer brand (30.11.2018)

Support type: expert events – transfer of know-how (non-financial support)
Target group: AmCham members from the SME category
Event names:
- How to deal with risks at the highest professional level (9.4.2018)
- Effective and responsible employment of foreign workers (18.9.2018)
- How to Connect to Your Costumers in a Whole New Way (11.10.2018)

Support type: non-financial support – event focused and establishing personal contacts
Target group: AmCham members from the SME category
Event names:
- Business Cocktail (27.9.2018)

Support type: events aimed at sharing successful SME examples also among AmCham members
Target group: AmCham members from the SME category
Event names:
- Local Heroes (26.2.2018)
- Efficient work without emails (20.3.2018)
- Local Heroes (8.10.2018)

BIC Bratislava, spol. s r. o.

It coordinates the pan-European Enterprise Europe Network project aimed at promoting internationalization, the development of innovation, increasing the competitiveness and growth of SMEs in the European Union. This project is funded by the COSME Community Program.
For more information on Enterprise Europe Network, see section 3.2.

**Junior Chamber International – Slovakia (JCI)**

In 2018, JCI, together with its partners, participated in organizing and announcing the results of the Young Innovative Entrepreneur 2018 competition to support innovative entrepreneurship. The amount of support from JCI was EUR 5,764.08.

As part of the co-organization of the nationwide project - Student Business Award 2018, which aims to promote competitiveness, imagination, creativity, education and training of students for their future vocation, JCI supported innovative entrepreneurship. The aid amounted to EUR 2 000.

In addition, JCI - Slovakia in cooperation with the Slovak Chamber of Commerce and Industry organized a project called University Startup World Cup 2018. The project aims to reward and support the young generation of university students who have innovative ideas. The amount of support from JCI was EUR 1 500.

### 3.1.3 Financial institutions

The support provided to SMEs in the financial institutions section is structured as follows:

a) banking institutions at EU level (European Bank for Reconstruction and Development),
b) state banking institutions (Slovenská záručná a rozvojová banka, a.s., Export-Import Bank of the Slovak Republic)
c) commercial banks (Československá obchodná banka, a.s., OTP Banka Slovensko, a.s., Slovanská sporiteľňa, a.s., Tatra banka, a.s., UniCredit Bank, a.s., Privatbanka, a.s.).

**European Bank for Reconstruction and Development (EBRD)**

EBRD performs a SLOVSEFF credit programme in Slovakia to support the development of energy efficiency with benefits also for SMEs since 2007.

- **Current SLOVSEFF III programme**

  Its current expansion, co-financed by the Ministry of Environment of the Slovak Republic and the Ministry of Agriculture, Food and Environment of Spain, provides a credit line of EUR 100 million to Slovak commercial banks. SlovSEFF projects are divided into three groups:
  - Renewable energy sources
  - Industrial energy efficiency
  - Residential energy efficiency

  Financial institutions currently involved include OTP Banka Slovensko, a.s., Slovanská sporiteľňa, a.s., UniCredit Bank, a.s., VÚB Banka, a.s. (Learn more about the program SlovSEFFIII at www.slovseff.eu).

**Slovenská záručná a rozvojová banka, a.s. (SZRB)**

In 2018, SZRB continued supporting SMEs with its products. It provided:

- providing credits to SME, municipalities or legal entities established under special regulations (e.g. housing owners' associations),
- providing bank guarantees for credits to entrepreneurs who do not have sufficient security for the credits,
- providing deposit products to entrepreneurs – current accounts,
• providing electronic banking.

• **Direct credits**

These are aimed at supporting the financing of investment and operational needs of small and medium-sized enterprises, financing the development of regions, cities and municipalities and legal entities established under special regulations.

In 2018, the bank approved 440 direct credits for SMEs in total sum of EUR 74.09 million, while the average credit amount was EUR 168.38 thousand. The amount of the provided (allocated) direct credits reached a sum of EUR 85.12 million, with 537 direct credits actually provided. By the end of 2018, the portfolio of direct credits without the influence of amortization amounted to EUR 261.71 million.

**Table 12 Direct credits for SMEs in the period 2015-2018**

<table>
<thead>
<tr>
<th>Period</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Amount in EUR thousand</td>
<td>Number</td>
<td>Amount in EUR thousand</td>
<td>Number</td>
</tr>
<tr>
<td>Approved</td>
<td>109,397.0</td>
<td>556</td>
<td>98,348.0</td>
<td>529</td>
</tr>
<tr>
<td>Granted</td>
<td>110,212.0</td>
<td>636</td>
<td>102,119.0</td>
<td>621</td>
</tr>
<tr>
<td>Portfolio</td>
<td>318,476.0</td>
<td>1422</td>
<td>295,407.0</td>
<td>1469</td>
</tr>
</tbody>
</table>

Source: SZRB

• **Guarantee programmes**

In 2018 the bank approved 268 guarantees in the total amount of EUR 29.16 million, out of which more than 74% represented quick guarantees for commercial bank credits. The amount of the provided guarantees reached EUR 28.99 million (i.e. 266 provided guarantees), while the average amount of a provided guarantee was EUR 108.99 thousand. As of 31 December 2018, the total amount of the bank guarantee portfolio reached EUR 78.40 million.

**Table 13 Bank guarantees provided to SMEs in the period 2015-2018**

<table>
<thead>
<tr>
<th>Period</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator</td>
<td>Amount in EUR thousand</td>
<td>Number</td>
<td>Amount in EUR thousand</td>
<td>Number</td>
</tr>
<tr>
<td>Approved - total</td>
<td>34,809.0</td>
<td>253</td>
<td>32,708.0</td>
<td>224</td>
</tr>
<tr>
<td>Granted - total</td>
<td>34,889.0</td>
<td>253</td>
<td>32,708.0</td>
<td>224</td>
</tr>
<tr>
<td>- out of that:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>quick guarantees</td>
<td>22,309.0</td>
<td>242</td>
<td>20,683.0</td>
<td>217</td>
</tr>
<tr>
<td>SHDF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>other</td>
<td>12,580.0</td>
<td>11</td>
<td>12,025.0</td>
<td>7</td>
</tr>
<tr>
<td>Portfolio</td>
<td>108,644.0</td>
<td>899</td>
<td>103,563.0</td>
<td>792</td>
</tr>
</tbody>
</table>

Source: SZRB

**Slovak Investment Holding, a.s. (SIH)**

SIH is 100% owned by the Slovenská záručná a rozvojová banka. The main objective of Slovak Investment Holding, a.s. is supporting public and private investment in strategic sectors in Slovakia, which it fulfils through:

- National Development Fund II.,
- National Development Fund I.,
In course of 2018 the SIH supported the SMEs through the National Development Fund II via the following programmes:

- **OP Research and innovation – DM scheme – 15/2016 – FLPG**

  As part of the scheme, 3 SMEs were supported in 2018, including 1 small enterprise and 2 medium-sized enterprises. The program has an impact on improving SMEs' access to finance (to finance its operational and investment needs) through provided credits and guarantees. Overall 161 jobs were maintained in supported enterprises, of which 49 were in the small enterprise and 112 in medium-sized enterprises. The target group of support included enterprises which meet the definition of SMEs according to Commission Recommendation 2003/361/EC of 6 May 2003 in scheme DM - 15/2016 - FLPG, from regions of Slovakia outside of the Bratislava region, which also meet the industry criteria within the scheme.

  The number of allocated funds was EUR 12.1 million, of which EUR 10.285 million came from EU sources and EUR 1.815 million from the state budget. The amount of actual drawdown of funds in 2018 was EUR 0.911 million.

- **OP Research and innovation – DM scheme – 14/2016 – PRSL**

  As part of the scheme, 7 SMEs were supported in 2018, including 2 micro-enterprises and 5 small enterprises. The program has an impact on improving SMEs' access to finance (to finance their operational and investment needs) through provided credits. Overall 135 jobs were maintained in supported enterprises, of which 8 were in the micro-enterprises and 127 in small enterprises. The target group of support included enterprises which meet the definition of SMEs according to Commission Recommendation 2003/361/EC of 6 May 2003 in scheme DM – 14/2016 - PRSL, which also meet the industry criteria within the scheme.

  The number of allocated funds was EUR 24.2 million, of which EUR 19.5905 million came from EU sources and EUR 4.610 million from the state budget. The amount of actual drawdown of funds in 2018 was EUR 0.422 million, of which EUR 0.167 million from EU sources and EUR 77.389 from the state budget.

- **OP Research and innovation – Risk capital**

  As part of the scheme, 3 SMEs were supported in 2018, including 2 small enterprises and 1 medium-sized enterprise. The program has an impact on improving SMEs' access to finance (to finance their operational and investment needs) through capital inputs for SMEs. Overall 150 jobs were maintained in supported enterprises, of which 40 were in the small enterprises and 110 in medium-sized enterprises. The target group of support included enterprises which meet the definition of SMEs according to Commission Recommendation 2003/361/EC of 6 May 2003, which also meet the legal standard pursuant to Article 107 par.1 on Treaty on the Functioning of the European Union.

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13 This is the total amount of funds which are allocated to the financial intermediary to partially cover losses in connection with the default of the supported entities. This amount may be used to cover credits until 2033, depending on the maturity and structure of the credits granted in the future.

14 This is the amount of funding provided to SMEs through collateralised loans.

15 This is the total amount of funds that are allocated to a financial intermediary to provide soft loans to SMEs. The financial intermediary also allocates its own resources to this volume. This volume may be used for credits until the end of 2023.
The number of allocated funds was EUR 27 million, of which EUR 18.75 million came from EU sources and EUR 8.25 million from the state budget. The amount of actual drawdown of funds in 2018 was EUR 4.95 million, of which EUR 4.085 million from EU sources and EUR 0.865 from the state budget.

**Export-Import Bank of the Slovak Republic (EXIMBANKA SR)**

EXIMBANKA SR supports the exports of exporters of all categories through its financing products, including credits, guarantees and insurance. It specializes in consulting in the field of foreign trade. The Export-Import Bank of the Slovak Republic supports the SME segment by an appropriate combination of banking and insurance products and the correct setting of payment and delivery conditions for foreign buyers, thus enabling Slovak exporters to successfully execute export contracts, even if their credit profile is weak. As for the acquisition activities focused on the SME segment, 39 SMEs were supported in 2018. The support was focused on increasing the competitiveness on both the domestic and foreign markets, enhancing the production capacity, entering into new territories, acquiring new customers, improving the economic situation (higher turnover) and strengthening the job creation. The actually drawn amount for SMEs as of 31 December 2018 was EUR 45,256 thousand. Bank credits

In 2018, EXIMBANKA SR focused primarily on providing direct credits to exporters, while from the point of view of the structure of receivables, the largest proportion of credits was formed by credits provided in the form of pre-export financing, financing the investments of Slovak exporters abroad and financing investments in technologies. In 2018, clients of the SME segment were provided primarily loans to support exports up to two years (pre-export financing), which allowed them to execute specific export contracts, even in cases of weaker financial ratings. Working capital financing in connection with the execution of individual export contracts through pre-export credit as well as through acceptance credit for export receivables remained the only way for many SMEs to penetrate foreign markets and implement an export contract. The proportion of credits provided to SME clients reached 19.72% of the total client exposures of the bank division of EXIMBANKA SR.

The total proportion of SMEs in assets exposures in 2018 reached 19.21% and amounted to EUR 55,053 thousand. Compared to the previous year, there is an increase of 1.14% (EUR 13,128 thousand).

Table 14 Development of assets exposures of EXIMBANKA SR in 2017-2018 (in EUR thousand)

<table>
<thead>
<tr>
<th>Bank products</th>
<th>31 Dec 2017</th>
<th>Out of that SMEs as of 31 Dec 2017</th>
<th>SME share (%)</th>
<th>31 Dec 2018</th>
<th>Out of that SMEs as of 31 Dec 2018</th>
<th>SME share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued guarantees</td>
<td>84,292.0</td>
<td>3,891.0</td>
<td>4.61</td>
<td>48,507</td>
<td>9,797</td>
<td>20.20</td>
</tr>
<tr>
<td>Direct credits</td>
<td>147,674.0</td>
<td>38,034.0</td>
<td>25.76</td>
<td>238,009</td>
<td>45,256</td>
<td>19.01</td>
</tr>
<tr>
<td>Export consumer credit</td>
<td>27.0</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>-</td>
</tr>
<tr>
<td>Exposures</td>
<td>231,993.0</td>
<td>41,925.0</td>
<td>18.07</td>
<td>286,516</td>
<td>55,053</td>
<td>19.21</td>
</tr>
</tbody>
</table>
Source: EXIMBANKA SR

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16 This is the total amount of funds allocated to equity and quasi-equity investments to be implemented by the pari-pass mechanism together with the funds of independent investors. This volume may be used to provide funds to SMEs until 2023.
• Bank guarantees

Compared to 2017, EXIMBANKA recorded an increase of approximately EUR 6 million in the volume of bank guarantees provided in the SME segment in 2018. As of 31 December 2018, the share of SME clients represented 20.20% of the volume of bank guarantees issued. In 2018, small and medium-sized enterprises used exclusively non-paying bank guarantees with a total amount of EUR 9,797 thousand.

• Insurance of export credits

The insurance products provided by EXIMBANKA SR provide exporters with the possibility to eliminate their risks resulting from the failure to pay their receivables, from short-term receivables from risky territories through medium-term and long-term projects, to lower the risk of a failure to repay their credits for financing production intended to be exported; they also offer the possibility to insure the risk of inability to repay a credit related to their own investment abroad as well as the possibility to insure consumer credits provided by commercial banks to foreign debtors and other advantages.

A new special eSME insurance product intended for small and medium-sized enterprises extended the insurance possibilities for such target group of Slovak exporters. The product is used mainly by microenterprises. The advantages of the eSME insurance include simplified conditions of credit insurance, criteria and parameters adapted to the needs of SMEs and the possibility to submit policy applications online 24/7. In 2018 we saw an increase in clients interest in eSME.

In addition to providing non-marketable risks insurance products, EXIMBANKA SR offers insurance of the risk of a failure to pay mainly export receivables for SMEs. The development of the share of exposures towards SMEs in the total exposures of EXIMBANKA SR.

Table 15 Share of exposures towards SMEs in the total exposures of EXIMBANKA SR as of 31 December for 2017 – 2018, broken down according to insurance of marketable and non-marketable risks

<table>
<thead>
<tr>
<th>Share of exposures towards SMEs in the total exposures of EXIMBANKA SR for 2015 – 2017 (in EUR thousand)</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total exposures as of 31 December 2017</td>
<td>Out of that SMEs as of 31 December 2017</td>
</tr>
<tr>
<td>Insurance of short-term marketable risks</td>
<td>228,562.0</td>
<td>74,054.0</td>
</tr>
<tr>
<td>Insurance of short-term non-marketable risks</td>
<td>33,425.0</td>
<td>30,030.0</td>
</tr>
<tr>
<td>Insurance of medium-term and long-term risks</td>
<td>400,922.0</td>
<td>190,852.0</td>
</tr>
<tr>
<td>Total</td>
<td>662,909.0</td>
<td>294,936.0</td>
</tr>
</tbody>
</table>

Source: EXIMBANKA SR

The total proportion of SMEs in insurance exposures in 2018 reached 38.07% (slight decrease compared to 2017) and amounted to EUR 224,993 thousand. Compared to the previous year, there is a decrease of EUR 69,943 thousand.
• Financing exports and providing guarantees

As a part of the assets and insurance exposures, in 2018, EXIMBANKA supported exports in the total amount of EUR 877,443 thousand. In 2018, SME clients received export credits to support their exports within two years (EUR 21,172 thousand) and continued investing in technological development in the form of investment credits amounting to EUR 10,099 thousand (as of 31 December 2018), which is confirmed by their ability to respond to new market requirements.

Table 16 Receivables from the provided direct credits and guarantees to SME clients as of 31 December for 2014-2018 (in EUR thousand)

<table>
<thead>
<tr>
<th>Receivables from the provided direct credits and guarantees to SME clients as of 31 December for 2014-2018 (EUR thousand)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export credits</td>
<td>25,278.0</td>
<td>24,587.0</td>
<td>20,454.0</td>
<td>19,732.0</td>
<td>21,172.0</td>
</tr>
<tr>
<td>Investment credits</td>
<td>8,528.0</td>
<td>16,397.0</td>
<td>10,184.0</td>
<td>9,970.0</td>
<td>10,099.0</td>
</tr>
<tr>
<td>Discount credits</td>
<td>9,947.0</td>
<td>10,057.0</td>
<td>6,081.0</td>
<td>8,332.0</td>
<td>13,985.0</td>
</tr>
<tr>
<td>Bank guarantees</td>
<td>998.0</td>
<td>3,283.0</td>
<td>1,263.0</td>
<td>3,891.0</td>
<td>9,797.0</td>
</tr>
<tr>
<td>Total receivables towards SME client</td>
<td>44,751.0</td>
<td>54,324.0</td>
<td>37,982.0</td>
<td>41,925.0</td>
<td>55,053.0</td>
</tr>
</tbody>
</table>

Source: EXIMBANKA SR

Through its banking and insurance activities in 2018, the Export-Import Bank of the Slovak Republic supported exports totalling more than EUR 2.1 billion, of which the SME segment accounted for 17.60%. In terms of territorial breakdown of the total export support of EXIMBANKA SR in 2018, EU countries prevailed among SMEs (with 77.87%). In 2018, the share of SME clients reached 58.21% of the total number of clients using banking products of EXIMBANKA SR.

Table 17 Percentage of the export support by EXIMBANKA SR to EU countries and other countries, broken down according to client size (in %)

<table>
<thead>
<tr>
<th>2018</th>
<th>SMEs</th>
<th>Large clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU countries</td>
<td>77.87 %</td>
<td>92.05 %</td>
</tr>
<tr>
<td>Other countries</td>
<td>22.13 %</td>
<td>7.95 %</td>
</tr>
<tr>
<td>Total</td>
<td>100.00 %</td>
<td>100.00 %</td>
</tr>
</tbody>
</table>

Source: EXIMBANKA SR

Československá obchodná banka, a.s. (ČSOB)

• Credits from EIF sources – COSME program

On 24 October 2016 ČSOB and the European Investment Fund (IEF) launched a support programme for SMEs within the EU programme for competitiveness of SMEs (COSME). The basic parameters are shown in the following table.
Table 18 Credits from EIF sources

<table>
<thead>
<tr>
<th>Parameter</th>
<th>EU Investment loan</th>
<th>EU Investment loan</th>
<th>EU Investment loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum credit limit</td>
<td>EUR 4,000.0</td>
<td>EUR 4,000.0</td>
<td>EUR 4,000.0</td>
</tr>
<tr>
<td>Maximum credit limit</td>
<td>EUR 500,000.0</td>
<td>EUR 300,000.0</td>
<td>EUR 500,000.0</td>
</tr>
<tr>
<td>Collateralisation</td>
<td>deed of guarantee, pledge of a residential or business property</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment form</td>
<td>regular linear repayment, monthly</td>
<td>monthly, last day of particular calendar month</td>
<td></td>
</tr>
<tr>
<td>Repayment period</td>
<td>15</td>
<td>10</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: ČSOB

In 2018, ČSOB successfully continued the fulfilment of the COSME program and provision of credits. In 2018, 781 small and medium-sized enterprises in Slovakia used ČSOB loans from the COSME program, which is part of the so-called Juncker's plan. In total, 3,548 jobs were supported (newly created and maintained). The COSME program provides guarantees for credits to SMEs totalling EUR 100 million. EUR, while in 2018 the total volume of allocated funds amounted to EUR 28.1 million. The actual drawdown was EUR 26.9 million.

**OTP Banka Slovensko, a.s.**

In 2018 OTP Banka Slovensko, a.s. continued providing credits to SMEs which were supported from EU programmes and funds through European financial institutions. The following section provides a summary of credits granted within the OTP Bank.

- **Credits supported by the European Investment Fund (EIF) - otp EÚ MIKROcredits**

  In August 2016 OTP Banka entered into a contract with EIF on a portfolio guarantee within the EU Programme for Employment and Social Innovation focused on supporting microenterprises and young entrepreneurs. Thanks to the contract the Bank gained support for providing credits with EIF guarantee in the amount of up to EUR 10 million for the period from September 2016 until September 2019. OTP EÚ MIKROcredits are intended for financing the operational and investment needs of sole traders and microenterprises with less than 9 employees and annual revenues not exceeding EUR 1 million. In 2018, the Bank supported 208 micro-enterprises in a total volume of almost EUR 3.6 million. Compared to 2017, the number of supported clients is lower.

Table 19 Information on sales of EU MIKROcredits

<table>
<thead>
<tr>
<th>Period</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of supported clients</td>
<td>118</td>
<td>264</td>
<td>208</td>
</tr>
<tr>
<td>Number of provided credits</td>
<td>132</td>
<td>309</td>
<td>242</td>
</tr>
<tr>
<td>Total amount of provided credits (EUR)</td>
<td>2,056,640.0</td>
<td>4,355,291.0</td>
<td>3,576,795.0</td>
</tr>
</tbody>
</table>

Source: OTP Banka
The following table provides basic information on the different types of EU otp MICRO-credits.

### Table 20 Basic information on individual types of OTP EÚ MIKROcredits

<table>
<thead>
<tr>
<th>Credit amount</th>
<th>Otp EU MIKROcredit (operational)</th>
<th>Otp EU MIKROcredit (investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>- financing the operational needs of clients (e.g. payments for goods, material and services)</td>
<td>financing the investment/development needs of clients (e.g. purchase of machinery, equipment, technology/modernization of real estates intended for business)</td>
</tr>
<tr>
<td>Credit type</td>
<td>- current account advance or instalment credit</td>
<td>- instalment credit</td>
</tr>
<tr>
<td>Minimum repayment period</td>
<td>- 3 months</td>
<td>- 3 months</td>
</tr>
<tr>
<td>Maximum repayment period</td>
<td>- current account advance for a period of 1 year and the possibility to be extended for the following year</td>
<td>- up to 6 years</td>
</tr>
<tr>
<td>Form of disbursement</td>
<td>- in the case of current account advances - continuous/repeated disbursement one-off disbursement, no need to prove the purpose</td>
<td>- one-off or gradual special-purpose disbursement based on submitted invoices no need to prove the clients’ own resources the possibility to refund suppliers’ invoices no older than 6 months</td>
</tr>
<tr>
<td>Repayment form</td>
<td>- continuously in the case of current account advances</td>
<td>- annuity or linear repayment</td>
</tr>
<tr>
<td>Interest rate</td>
<td>- 3/6/12 M EURIBOR + individual interest premium from € 3.97 p.a</td>
<td>- 3/6/12 M EURIBOR + individual interest premium from € 3.97 p.a</td>
</tr>
<tr>
<td>Collateralisation</td>
<td>- without collateralisation with intangible/tangible property</td>
<td>- without collateralisation with intangible/tangible property</td>
</tr>
<tr>
<td></td>
<td>- in the case of Lds - majority owners’ deed of guarantee</td>
<td>- in the case of Lds - majority owners’ deed of guarantee</td>
</tr>
<tr>
<td></td>
<td>- in the case of sole traders - spouse’s deed of guarantee not needed</td>
<td>- in the case of sole traders - spouse’s deed of guarantee not needed</td>
</tr>
</tbody>
</table>

**Source:** OTP Banka

- **Credits with the support of the European bank for Reconstruction and Development (EBRD) - from the SlovSEFF III programme.**

In October 2016 OTP Banka entered into a contract with EBRD based on which it obtained EUR 10 million from the SlovSEFF III programme. The Bank has been offering such credit resources since January 2017 to entrepreneurs and private legal persons and apartment owners to finance their investment projects focused on renewable energy sources and/or energy effectiveness providing that the investment will decrease the energy consumption and/or CO2 emissions compared to the situation prior to implementation of the investment project.
Table 21 Basic information on investment credits from SlovSEFF III.

<table>
<thead>
<tr>
<th>Target segment</th>
<th>Business/legal entities</th>
<th>Associations of apartment owners, apartment owners, represented by an administrator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose of the project</td>
<td>renewable energy sources</td>
<td>energy efficiency in residential construction</td>
</tr>
<tr>
<td>Credit amount</td>
<td>minimum amount: EUR 100 thousand up to 100% of the investment amount</td>
<td>minimum amount: EUR 20 thousand up to 100% of the investment amount</td>
</tr>
<tr>
<td>Credit type</td>
<td>instalment credit (with linear or annuity repayment)</td>
<td>instalment credit (with linear or annuity repayment)</td>
</tr>
<tr>
<td>Maximum repayment period</td>
<td>10 years</td>
<td>20 years</td>
</tr>
<tr>
<td>Interest rate</td>
<td>individual interest rate depending on the customer evaluation and credit maturity</td>
<td>individual interest rate premium depending on the customer evaluation and credit maturity</td>
</tr>
<tr>
<td>Collateralisation</td>
<td>intangible/tangible property</td>
<td>charge over funds or pledge of receivables of the operation, maintenance and repairs fund</td>
</tr>
<tr>
<td>Advantages for the client</td>
<td>non-repayable contribution amounting to 5-20% of total eligible costs determined based on the energy audit (depending on the CO2 emissions decrease)</td>
<td>non-repayable contribution amounting to 10% or 15% of total eligible costs determined based on the energy audit (depending on the CO2 emissions decrease)</td>
</tr>
</tbody>
</table>

Source: OTP Banka

In 2018 the OTP Bank provided SlovSEFF III credits to 4 companies in the SME category totalling EUR 763 thousand.

**Slovenská sporiteľňa, a.s. (SLSP)**

In 2018 Slovenská sporiteľňa was providing special credit and guarantee programmes to SMEs in cooperation with both international and Slovak financial institutions

- **Credits from the EIB credit line to support SMEs, large enterprises as well as public and non-profit sector entities**

  Since 2013 SLSP, in cooperation with the European Investment Bank (EIB), has been offering advantageous credits to finance investment projects and operational needs of SMEs, large enterprises as well as public and non-profit sector entities from an EIB credit line. The original amount of EUR 100 million was increased by another EUR 100 million in October 2017. The credit criteria differ according to the client type, while credits may be granted to SMEs employing fewer than 250 employees. The maximum credit amount is EUR 12.5 million, and the total project costs must not exceed EUR 25 million. The minimum credit maturity ranges from 2 to 5 years depending on the client type, and the project needs to be implemented within 3 or 5 years, also depending on the client type. The advantage of credits from the EIB credit line is a lower interest rate compared to common credits by at least 0.25% per year. The credit may also be combined with other EU sources under specified conditions. In 2018 SLSP provided 42 credits worth EUR 36,124,852 from the EIB credit line, with the credits totalling EUR 18,669,935 for SMEs, thus supporting 24 SMEs.
• Credits from a CEB line to support SMEs, public and non-profit sector entities and energy efficiency of residential houses

Since 2017 SLSP, in cooperation with the Council of Europe Development Bank (CEB), has been offering advantageous credits to finance investment projects and operational needs of SMEs, public and non-profit sector entities and energy efficiency projects in residential houses from a CEB credit line. The credit sources amounting to EUR 40 million are intended for SMEs (up to 250 employees), state, regional or local administration entities (including municipalities, cities, HTUs, schools, universities, hospitals, non-profit organizations or business companies owned and administered by municipalities, cities, HTUs or the state) and also for residential houses administered by associations of owners of apartments and non-residential premises and apartment administrators to finance projects aimed at decreasing the energy efficiency. The maximum credit amount for SMEs per one project is EUR 1 million. The advantage of credits from the CEB credit line is a lower interest rate compared to common credits by at least 0.25% per year. The credit may also be combined with other EU sources under specified conditions. In 2018, SLSP provided a total of 65 credits in the amount of EUR 20 million, all of which were aimed at supporting projects of state, regional or local government entities and apartment houses managed by associations of owners of apartments and non-residential premises and apartment administrators.

• Credits from an EBRD credit line to support energy efficiency in the private sector and residential houses

In cooperation with the European Bank for Reconstruction and Development (EBRD), in 2014 SLSP joined the third stage of the SLOVSEFF programme. The credit line amounting to EUR 20 million was increased by EUR 15 million in November 2016, and it is intended for financing projects focused on improving energy efficiency in industry, residential houses and on using RES with regard to reducing greenhouse gas emissions. Credits may be granted to enterprises registered and performing their business activities in Slovakia, including SMEs, and also to residential houses administered by associations of owners of apartments and non-residential premises or apartment administrators. The advantage of the credit is the possibility to receive a non-repayable financial contribution after successful implementation of a project, from 5% to 20% of the credit amount, depending on the achieved reduction of CO2 emissions in the case of the private sector or on the achieved energy saving in the case of residential houses. Another advantage includes a free technical assistance for the client (energy consultancy and preparation of energy audit by partner consulting company). In 2018 SLSP provided 12 credits from the EBRD credit line, totalling EUR 4,947,248, out of that 3 credits to SME amounting to EUR 3,014,248, thus supporting 3 SMEs.

• Credits secured with a fast SZRB guarantee

In cooperation with Slovenská záručná a rozvojová banka, a.s. (SZRB), SLSP has been offering credits secured with a fast SZRB guarantee to support SMEs since 2009. SZRB provides guarantees of up to 55% of the credit provided. The maximum credit amount is EUR 340,000. The guarantee may secure any current account advance with maturity of up to 12 months (may be prolonged) and any instalment credit with maturity of up to 7 years. Fast SZRB guarantees cannot be used for any existing credits as an additional security. No more than two fast SZRB guarantees may be granted to one client. The benefits of the program include facilitating access to credit for SMEs, covering 55% of the credit, reducing the requirement for additional collateral, more favourable interest rates, and a quick credit application process. In 2018 SLSP provided 14 prolongations of existing credits totalling EUR 3,037,550 guaranteed by quick guarantee of the SZRB, thus supporting 25 SMEs.
• Credits from a programme intended for entrepreneurs starting their own business

Since 2015 SLSP implements a Programme intended for entrepreneurs starting their own business to help those who want to start their own business but also to entrepreneurs who are starting with a new subject of their business activities. Entrepreneurs starting their own business can consult their business plans free of charge with bank specialists, test potential customers interest in their products and services, and discuss financing options through investment credits and authorized overdrafts. Since 1 February 2018, in addition to investment credit, an authorized overdraft and leasing, SLSP also provides portfolio guarantee loans supported by the European Commission. In the case of an investment credit, entrepreneurs starting their own business have the possibility to obtain a deferral of principal repayments by 6 months free of charge, an interest rate of 1.00% per annum in case of smooth repayment in a period of 12 months, drawing on the client's Business account or account of a third party (e.g. supplier) and early repayment of the credit and change of contractual terms free of charge.

In 2018 SLSP, provided 231 credits to entrepreneurs starting their own business, based on their business plan in the amount of EUR 3,980,000, thanks to which 246 jobs were created in Slovakia. During the period under review, 6,200 business accounts were also opened free of charge for 12 months after establishment of the company and 265 individual consultations related to preparation and validation of business plans/financial plans by reviewing the business partners and by mentoring were provided free of charge.

• Credits guaranteed by a portfolio guarantee EaSI – Microfinance for the support of micro-enterprises and entrepreneurs starting their own business

Since the end of 2017 SLSP, in cooperation with the European Investment Fund (EIF), has made available investment and operating credits for micro-enterprises and entrepreneurs via the portfolio guarantee program which is part of the EaSI - Microfinance initiative. The total amount of funds made available is EUR 20 million by the end of 2020 under significantly more favourable conditions than conventional funding. The EIF provides the bank with a guarantee of up to 80% of provided credits, making the financing conditions more attractive and expanding the range of entrepreneurs whose projects the bank can support. The minimum credit is EUR 1 000 and the maximum credit is EUR 25 000. The minimum maturity of the credit is 3 months and the maximum is 6 years. The portfolio guarantee provides credit protection up to 80% and enables a significant risk premium reduction compared to a regular credit.

In 2018, Slovenská sporiteľňa, a.s. provided a total of 364 loans guaranteed by the EaSI - Microfinance portfolio guarantee amounting to EUR 5,887,500, of which 38 loans amounting to EUR 5,007,500 were provided to micro-entrepreneurs and 56 loans amounting to EUR 880,000 were provided to entrepreneurs starting their own business, thus supporting 308 micro-enterprises and 56 entrepreneurs starting their own business.

Tatra banka, a.s.

In order to support SMEs, Tatra banka provided the following portfolio of products in 2018:

• Credits for entrepreneurs - supporting SMEs

Enterprises may choose the following credits from the product range of business credit provided through Tatra banka branches: BusinessÚverTB Express, BusinessÚverTB Hypo or BusinessÚverTB Variant. The Bank offers pre-approved limits up to EUR 300,000 for each of the above-stated products (with the exception of the BusinessÚverTB with EIF guarantee). Clients are provided pre-approved credits under more advantageous conditions (minimum number of submitted documents, lower rate or fee for providing the credit).
Table 22 Basic conditions of commonly provided credits

<table>
<thead>
<tr>
<th>Target segment</th>
<th>BusinessUver Express</th>
<th>BusinessUver Hypo</th>
<th>BusinessUver Variant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>entrepreneurs with at least 24-month business history</td>
<td>entrepreneurs with at least 15-month business history</td>
<td>entrepreneurs with at least 24-month business history</td>
</tr>
<tr>
<td>Credit amount</td>
<td>from EUR 3,500 to EUR 135,000</td>
<td>from EUR 10,000 to EUR 200,000</td>
<td>from EUR 100,000 to EUR 1,000,000</td>
</tr>
<tr>
<td>Purpose</td>
<td>no special purpose</td>
<td>no special purpose/special purpose</td>
<td>special purpose</td>
</tr>
<tr>
<td>Credit form</td>
<td>instalment credit/current account advance</td>
<td>instalment credit</td>
<td>instalment credit/current account advance</td>
</tr>
<tr>
<td>Interest rate</td>
<td>instalment credit: from 7.0% p.a.; current account advance: from 8.5% p.a.;.</td>
<td>from 3.45% p.a.</td>
<td>determined on a case-by-case basis</td>
</tr>
<tr>
<td>Collateralisation</td>
<td>guarantee agreement</td>
<td>the guarantee agreement and the real estate is owned by the debtor, partners, close persons or the selling owner of the real estate whom the applicant is acquiring the real estate from</td>
<td>variable, securities, financial means of the client on a savings or investment account in Tatra banka, guarantee provided by a different legal person; a combination of the above stated securing possibilities is also possible</td>
</tr>
</tbody>
</table>

Source: Tatra banka, a.s.

- Supporting start-ups

Tatra banka supports the development of innovative companies by investing in the *Slovak venture fund*, which is a part of the EU support of SMEs. The bank is one of the main sponsors of “Slovak Oskar among start-ups” - *Startup Awards*, organized by Neulogy. Private Banking is a partner of Crowdberry, a platform supporting start-ups.

- Current account for entrepreneurs

Tatra banka offers TatraBusiness™ a TatraBusiness™ Premium business accounts with service packages to entrepreneurs and companies. It provides a Start-Up Discount to entrepreneurs starting their own business through which the clients will obtain an account with a service package free of charge for the first 12 months. Companies and natural persons entrepreneurs who open an account with a package of services in Tatra banka within one year from the beginning of their business license will automatically obtain it for the first 12 months completely free of charge. The Discount applies to the basic fee for the service package for both accounts with the service package provided by Tatra banka. In the case of the Tatra Business™ service package, the clients will obtain a 100% discount of the fee for newly provided credit cards for the first 12 months. The service packages are adapted to the needs of corporate clients; they decrease the costs of using the bank services, prefer digital banking and innovation which facilitate and increase the efficiency of everyday operations with corporate means.

**UniCredit Bank, a.s.**

In order to support SMEs in Slovakia, UniCredit Bank currently uses the InnovFin SME Guarantee facility programme in cooperation with European Investment Fund.
InnovFin SME Guarantee Facility

UniCredit Bank participates in implementation of the programme in cooperation with the European Investment Fund. In course of 2018, 8 SMEs were supported within the programme, of which 2 were microenterprises, and 6 were small enterprises. The program enables the SMEs to be provided with reduced interest rates, which the bank guarantees to all clients. Other impacts include the possibility for enterprises not to use their own tangible and intangible assets for collateral, as well as the option to get a loan through the guarantee as a guarantee instrument. The target group of the support includes limited liability companies and joint-stock companies from the entire Slovak Republic, with a maximum amount of employees of 500, though only in the area of innovative investments. The amount to be allocated to SMEs in 2018 reached EUR 5,620 thousand (out of that: EUR 650 thousand for microenterprises, EUR 4,970 thousand for small enterprises). The amount of EUR 5,045 thousand was actually drawn in 2018 (out of that: EUR 650 thousand for microenterprises and EUR 4,395 thousand for small enterprises).

At the end of 2018, it was the only bank to launch a new program from the SZRB called First-loss Portfolio Guarantee (FLPG), which is to be fully utilized in 2019.

Všeobecná úverová banka, a.s. (VÚB)

In 2018, VUB provided loans from various sources to support SMEs in Slovakia. In the following section, we provide a summary of provided loans.

Credits from the European Investment Bank (EIB)

Všeobecná úverová banka, a.s. concluded a credit line with the EIB Luxembourg in 2016. The credit funds are intended for SMEs, large corporations and municipalities. Clients can apply for new resources in the form of investment credits or leasing. Investment credits from EIB resources are intended to support regional development and are aimed at supporting sectors such as the environment, infrastructure, the development of the knowledge economy and society, energy efficiency, health and education. Companies can use the credit to finance, for example, construction of production halls, equipment and technology purchases. The main benefit is a favourable interest rate. Credit financing can be combined with VUB resources and EU funds.

In 2018, VUB financed 2 projects of small and medium-sized enterprises with a total amount of EUR 3,583,000 from EIB resources. Financing was provided to clients through investment credits. The resources were used for the construction of the production hall and the purchase of technology.

Investment credits from EBRD sources (SLOVSEFF III. programme)

VUB Bank provides credits from the European Bank for Reconstruction and Development sources on the basis of the credit line of the Program for the Support of the Development of Energy Efficiency and Renewable Energy Sources in Slovakia (SLOVSEFF III. - Slovakia Sustainable Energy Finance Facility). The program focuses on promoting energy efficiency in industry, renewable energy projects and residential energy efficiency. The main benefit of the programme is obtaining a non-repayable grant of 5 - 20% of the volume of the credit, which is financed from the credit line resources.

According to UniCredit bank, the above-mentioned impacts (apart from the guaranteed reduced interest rate) may not always be reflected for every individual client.
As part of the SLOVSEFF III program, **investments for 4 projects** with a total **amount of EUR 4,125,687** were provided for small and medium-sized enterprises in 2018.

**Credits using the EU Structural Funds**

Support for SME financing by VUB Bank also includes credits provided in connection with the drawing of structural funds. The bank has concluded an Agreement on Cooperation and Joint Action between the bank and bodies representing the SR (with the Ministry of Education, Science, Research and Sport of the SR, Ministry of Environment, Ministry of Agriculture and Rural Development of the SR and Agricultural Paying Agency) as part of the Operational Programmes Research and Innovation, Environmental Quality, Integrated Regional Operational Program and Rural Development Program. It provides two types of credits to finance projects related to the drawing of EU funds: a bridging credit to pre-finance a non-repayable financial contribution and an investment credit in the form of co-financing.

**A bridging credit** is provided to bridge the time mismatch between the need to reimburse the applicant's eligible costs and the reimbursement of those costs up to the amount of the approved non-repayable financial contribution (NFC). In 2018, VUB Bank provided financial support in the form of a bridging credit to 124 SME clients totalling EUR 37,931,299.48.

**An investment credit (co-financing)** represents financing beyond the own resources of the client and NFC up to 100% of the project costs, while the investment credit may also be provided for the co-financing of the project beyond the eligible costs if the project complexity so requires. For the purpose of co-financing, VUB Bank provided credits to 55 SME clients totalling EUR 21,176,086.46 in course of 2018. In 2019, the bank will continue its activities with the aim of increasing the intensity of cooperation with existing clients and actively addressing new SME clients in this area of financing.

- **FLEXI credit for farmers to pre-finance direct payments refunded from the EU budget**

  VUB Bank provides entrepreneurs (farmers) with the option to pre-finance subsidies/direct payments which are paid from the state budget of the Slovak Republic and refunded from the EU budgets. The entrepreneur can obtain up to 100% of the anticipated direct payments before their payment from the Agricultural Paying Agency, with minimum security, free Special Account, whereas the entire credit, including interest, principal as well as remuneration for the arrangement of the obligation is payable only from the provided subsidies.

  In 2018, the bank supported 276 entrepreneurs (SMEs) in a total amount of EUR 82,991,124. VUB does not limit the volume of funds that will be used to provide FLEXI credit to farmers in the coming years.

**Privatbanka, a.s.**

- **Rural Development Program of SR 2014-2020**

  In 2018, the bank provided support to SMEs through the Rural Development Program of the SR 2014-2020 (pursuant to a concluded cooperation agreement with the Agricultural Paying Agency). The target group of support were enterprises with legal form s.r.o. in the district of Topoľčany with activities in the wine industry. In 2018, one SME was supported through the programme. The total amount of allocated funds for 2018 amounted to EUR 998,945.95.
3.1.4 Universities

University of Economics in Bratislava

The individual faculties of the University of Economics in Bratislava carry out several activities related to small and medium-sized enterprises which are primarily focused on education for entrepreneurship, business education and cooperation with enterprises. In 2018 the individual faculties of the EUBA carried out the following activities.

In 2018, the Faculty of National Economy the following courses were part of the program related to SMEs:
- Innovative management in practice,
- Investment and innovation in the economy,
- Social entrepreneurship.

Furthermore, the thesis works focused on the issue of SMEs were prepared, various expert opinions were prepared for various groups of business entities and scientific and professional work dealing with the issue of SMEs was published. As part of the cooperation with economic practice, cooperation with various institutions, e.g. with the Association of Entrepreneurs of Slovakia, Association of Young Entrepreneurs of Slovakia and Slovak Business Agency was implemented.

At the Faculty of Commerce, it is the Services and Tourism Department which deals with the small and medium enterprises issues and in 2018 it focused on:
- fulfilling the Memorandum of Cooperation with the Slovak Business Agency (Národné podnikateľské centrum), National Business Centre) under which the Department provides a mentoring programme for entrepreneurs who are starting their own business,
- continuation of cooperation with practice through the application of the principles of dual education based on the system of professional practice, which is carried out on a platform of the so-called professional clubs,
- continued implementation of the Talentway program in relation to study fields and interdisciplinary cooperation in the application of business and marketing studies for technical and social sectors, the whole process being carried out as part of the Business in Practice course

A nationwide competition in accounting – Young Accountant Olympics 2018 - was held at the Faculty of Economic Informatics in Bratislava and the Faculty of Business Economy in Košice - Olympics Young Accountant 2018. The aim of the competition is to increase the prestige of accounting as a professional subject and at the same time to motivate students to study accounting issues.

An important activity of the Department of Accounting and Auditing is the Winter School “Forensic Accounting and the Fight against Economic Crime”. With its scope and focus, the unique activity provides information over two days on the issue of economic crime and the fight against it from various aspects - from the point of view of SMEs, audit firms, attorney work, financial police, experts, consulting companies or regulatory institutions and other interest groups. In 2018, the department also co-organized the BIG4DAY event, where Deloitte, EY, KPMG and PWC leaders introduced the auditing and tax profession to students and interested parties.

At the Faculty of Business Management, areas of cooperation with the SME sector are
present within all departments. Within the faculty, the following courses are offered: Entrepreneurship in SMEs, Current Trends in Environmental and Social Entrepreneurship of the Slovak Republic, Cooperative Entrepreneurship, Entrepreneurship in Construction, Business Ethics and Corporate Controlling with cooperation with experts from practice with lectures by external experts from the most renowned companies in the Slovak Republic and from the SME category. At the Department of Business Economy expert and consulting activities for state and public authorities are provided within the Expert Institute of the University of Economics in Bratislava. The expert team formed by the members of the department regularly prepares expert opinions also for SMEs according to their needs. Furthermore, every year the results of scientific and research activities of teachers in cooperation with other universities and representatives from the fields are presented at international scientific conferences KPH called “Current Issues of the Business Sphere”, with participation by experts from this area, who present successful models of solving the problems of business and the latest innovations and practical innovations. On 22.10.2018 a workshop on the VEGA project took place called “Stabilization of human capital in Slovak enterprises as an immanent determinant of their success, competitiveness and sustainable development. On 5.11.2018 an international competition for sustainable development in EU countries and in the world was held called Sustainability festival 2018. Further cooperation is part of the bachelor's, master's and doctoral theses, where the topics related to the SME sector are presented and students also take part in expert and thesis practice in selected SMEs.

Faculty of Business Economy of the Economic university in Bratislava with seat in Košice implemented practice with SMEs throughout 2018 as part of its pedagogical and educational activities – education focused on SMEs. In cooperation with T-Systems, s.r.o. An extended HONORIS curriculum has been implemented aimed at linking higher education more closely to the practice and needs of employers. The course Skills for Success, which was focused on soft skills, has contributed to increasing the cross-sectional skills needed for practice. At the same time, the Faculty cooperates and continues to develop cooperation with various institutions.

Slovak University of Technology (STU)

- University technology incubator STU (UTI STU)

UTI STU supports start-ups and interconnects the university and practice. It enables incubated companies to consult with mentors personally, to participate in various events aimed at education and networking, and their mission is to promote technology transfer and innovation, thereby ensuring the creation of new technology firms.

InQb programme

In 2018, 13 micro-enterprises were supported through the InQb program, creating 2 new jobs and maintaining 11 jobs. The target group of the support included companies focused on providing products and services in the field of IT and education. The area of support is innovation, with the program having an impact on improving the economic situation and boosting job creation.
Start-up office programme

Students or graduates who are planning to set up an innovative company focused on providing products and services in the field of technology can apply to enter the Start-up office. In 2018, 6 start-ups entered the program, of which 4 completed their project and did not switch to the InQb program. As of 31.10.2018, there were 2 start-ups in UTI. The average occupancy of incubator premises in the monitored year was 70.7%.

In 2018 UTI STU continued its general partnership with ESET Foundation and with SAP s.r.o. In addition to these strategic partners, it also joined with other partners (such as Google, HUB, NEULOLOGY, etc.), thanks to which the incubator could organize a number of events and start implementing new services and activities. In 2018, UTI STU organized a total of 48 events for entrepreneurs, students and general public.

Technical University in Košice

- Concept of accelerating innovative entrepreneurship at TUKE

Through the ecosystem of the University Science Park TECHNICOM (hereinafter referred to as “UVP TECHNICOM”), TUKE systematically creates a motivating environment leading to more intensive business behaviour. The aim of this science park is to create conditions for linking research and development with business practice, especially in relation to SMEs, for the development of scientific and research activities, for support of innovation, technology transfer and protection of intellectual property at TUKE. A central element of the technology transfer and innovation business acceleration ecosystem is formed by the Entrepreneurial Acceleration Unit, which consists of the Start-up Centre and the TUKE Incubator. UVP TECHNICOM provides an effective support platform for collaborative applied research and development with a link to practical support for business acceleration and knowledge and technology transfer. In terms of the value chain model, the concept of the mission of the University Science Park TECHNICOM is primarily aimed at enhancing the effectiveness of research, development and innovation (RDI) in the academic environment through its direct and active connection with the needs and requirements of industrial practice, especially small and medium-sized businesses.

In 2018, 9 micro-enterprises were supported via UVP TECHNICOM, and at the same time 1 job was created and 9 jobs were maintained. Support has an impact on improving the economic situation and strengthening job creation as well as networking. The target group of support included the micro-enterprises from the ICT sector and electrical engineering sector from the Košice self-governing region with the legal form of business s.r.o.

University of Žilina

University of Žilina (hereinafter referred to as “UNIZA”) implemented accredited training programs focused on entrepreneurship education in 2018:

- Tunnel operation control - Operation and control processes module (58 participants),
- Installation of photovoltaic and solar thermal systems (26 participants).

Furthermore, in 2018 UNIZA organized various language courses with general and professional focus, with English courses prevailing. Other educational activities were organized as part of the mutual cooperation between faculties and the business sphere. At the same time, the University participated in several calls within the Operational Program Research and Innovation, which supported cooperation with small and medium-sized enterprises, while these included calls announced by the Ministry of Economy of the Slovak Republic, which were aimed at supporting innovation through industrial research and experimental development, and calls announced by the Research Agency, to support long-term strategic research.
Slovak University of Agriculture in NITRA (SPU in Nitre)

- **Education for entrepreneurs and for entrepreneurship**
  
  SPU in Nitra provides further expert education and retraining, which allows to supplement, renew, deepen or extend the acquired qualification. The University offers various accredited continuing education programs.

- **Transfer Centre**
  
  The role of the Transfer Centre is to transfer knowledge and technology into practice and to protect intellectual property, primarily in the agricultural and food sectors. SPU in Nitra is participating in international cooperation in the field of transfer activities - working in the Danube Transfer Centres network, as well as bilateral cooperation with LSU AgCentre (Lousiana State University).

- **Projects aimed at promoting cooperation with practice and innovation Made in Danube**
  
  The aim of this project is to analyse the ability of SMEs to be innovative and competitive as well as their success in delivering market research results. The project's output in the implementation phase (for the cumulative period 2018 - 2019) includes 15 partnerships involving 40 SMEs from the Danube region (http://www.interreg-danube.eu/approved-projects/made-in-danube).

- **POWER4BIO (H2020)**
  
  The main objective of the project, which is aimed at raising awareness, networking and mutual learning is to develop a set of tools and guidelines needed in the short term to implement feasible, sustainable and competitive bio-economic strategies using advanced technologies. These measures will strengthen inter-regional cooperation and cooperation between countries, thus creating a sustainable socio-economic system based on efficient use of local natural resources (https://power4bio.e-p-c.de/).

Technical university of Zvolen (TUZVO)

- **Study programs**
  
  TUZVO educates experts in the following chain FOREST – WOOD – ECOLOGY – ENVIRONMENT. There are 2 accredited study programs at the university, which are focused on educating students - graduates working in the field of SMEs in various sectors of the economy.

  These include:
  - Economics and management in the wood-processing companies (Faculty of Wood Sciences and Technology). Within this study program, students also complete the course Entrepreneurship in SMEs, the task of which is to prepare students and graduates to do business in a given market environment,
  - Economics and management of renewable natural resources (Faculty of Wood Sciences and Technology).

  In the above-mentioned study programs, the area of economics and management is significantly strengthened, in which the importance and contribution of SMEs to economic growth is emphasized. Furthermore, students, as part of the bachelor's, master's and doctoral theses, in cooperation with the business sector, focus on solving current business problems in the areas of technology, human resources, marketing, investment, SME development, etc. At
the same time, TUZVO employees provide their expertise in the form of advisory, consulting, expertise and project activities for SMEs in accordance with the requirements of economic practice.

3.2 SME support by Slovak Business Agency

National projects

- National project „NBC II – BA region“

  The national project "NBC II - BA Region" started to be implemented in August 2017. Its aim is to provide a comprehensive and systemic support and expert consultancy for SMEs as well as for persons interested in establishing their own business in the Bratislava Self-Governing Region, as a part of activities of the National Business Centre in Bratislava (“NBC”). The NP directly builds on the National project “Supporting the establishment and development of the National Business Centre in Slovakia – stage I” (hereinafter referred to as “NBC stage I”), with the aim to apply all outputs of the “NBC - stage I” project into practice, to turn them into standard and efficiently used support elements in the lives of both small and medium-sized enterprises and persons interested in starting their own business within BSK.

  Starting June 1, 2016, SMEs and people interested in business can visit the Front Office in Bratislava, which is the first contact point and client centre within the NBC BA project. The Front Office provides information on the offer of services by the NBC BA and by the entities represented in the Front Office, including the project partner (implemented by CVTI SR under sub-activity 2.1 Interconnection of scientific research institutions and business entities and support services in the field of intellectual property management) and other services (e.g. cooperation in completing a company test in difficulty and verifying the eligibility of the target group).

  During the monitoring period (in 2018) the following professional activities were implemented under the acceleration program (hereinafter referred to as “AP”) for the target group of natural persons - non-entrepreneurs: professional consultancy provided within the AP, group module consultancy, Summer school in NBC in the form of consulting services, group counselling - information and popularization activities (motivation activities of AP, networking support), group counselling - professional counselling (one-time professional counselling), Roadshow for secondary schools and universities (visits of NBC representatives to schools, organization of school excursions to NBC) and Coworking AP. In 2018, a total of 669 NP - non-entrepreneurs participated in the above activities.

Examples of events that took place in 2018:
- Trade or s.r.o. - specific aspects of legal forms
- Effective marketing with limited budget
- Business of non-profit organizations
- Customer 2018 - Trends-Tips-Ideas
- Project management in the field of culture and art
- Basics of content marketing
- Handmade - business plan for creators and manufacturers

As part of the internship program, 63 SMEs participated in selected international expert events in Berlin, London, Lisbon, Amsterdam and other cities during 2018. In order to ensure the participation of all supported SMEs, the entry to professional events, flight tickets to the venue of the professional event and accommodation at the venue of the event were provided.

Through the incubation program, the service and related professional activities
(consultancy) for the target group of SMEs - **Incubator (Physical Membership)** were implemented in 2018. In course of 2018, a total of 11 SMEs started to use the service, while in December of the same year the Selection Committee met and selected 5 SMEs with whom the contract was signed to start the use the service from 31.12.2018. **In 2018, overall 16 SMEs used the service.**

In course of 2018, the following professional activities were implemented through the *growth program* for the target group of SMEs: short-term individual counselling provided under GP, long-term individual counselling provided under GP, professional project counselling for SME involvement in EU Community programs, motivational and activation team activities GP for individual SMEs, information and popularization activities (conferences, seminars, presentations of successful business practices), group expert advice (lectures, workshops, seminars) and Networking. Through the International Expert Events, the *participation of 41 SMEs* in selected international expert events was provided, mainly in London, Barcelona, Lisbon and other cities.

Through the **CREATIVE POINT** sub activity, the following professional activities were carried out for the target group of non-entrepreneurs and SMEs in the monitored period: professional individual consultancy provided within CP, one-off ad hoc group consultancy (special workshops, regular form of group consultancy “Technical Tuesdays”) and Roadshow CP for secondary school and universities and excursions.

*Main activity 2. Intensification of cooperation between academic institutions / R&D and economic practice*

- **2.1 Interconnection of scientific research institutions and business entities and support services for the management of intellectual property in enterprises (identification, evaluation, protection strategies)**

  The professional activities intended for those interested in entrepreneurship among the general public carried out under sub-activity 2.1 included: Permanent representation of CVTI SR in the Front Office NBC BA.

- **2.2 FabLab in NBC – extended, external capacities of Creative point NBC in Bratislava**

  The professional activities intended for those interested in entrepreneurship among the general public carried out under sub-activity 2.2 included: Contact point of NBC BA in the space of the extended workplace Creative point - FabLab CVTI SR.

In terms of sub-activity, the following professional activities were carried out for the target group of natural persons - non-entrepreneurs during 2018: **Short-term individual counselling in the use of FabLab equipment.**

**In 2018, assistance was provided through the National Project NBC II BA - the region in the form of services offered by individual programs for a total of 1,419 unique entities.** In course of 2018, of those entities 512 clients were non-entrepreneurs and 907 were SMEs. Of the 1,063 SMEs benefiting from several services, 703 were unique SMEs. **The total allocation in 2018 was identical to the real drawdown, i.e. EUR 2,462,465.60.**

- **National project “NBC in regions”**

  The aim of the national project NBC in Regions is to provide comprehensive and systemic support and professional advisory services to SMEs as well as to persons interested in starting their own business (including disadvantaged social groups such as women, the elderly/generation 50+, socially and physically disabled, etc.) operating in the territory of the Self-Governing Regions with the exception of the Bratislava Self-Governing Region (BSK).
The main idea of the NP NBC in Regions is to build and operate National Business Centres - one-stop-shop type institutions - situated in Slovak regions outside BSK in which the persons interested in starting their own business or SMEs may acquire information and services, similarly to NBC BA.

Through the acceleration program, group counselling (export one-off counselling, motivational activities), group modular counselling (business skills course) and professional individual counselling were implemented in course of 2018. In total, 1,714 participants participated in the above mentioned activities, of which 1,297 were unique participants.

Examples of events that took place in 2018:
- Social networking and advertising for future entrepreneurs
- Gastronomy - the first steps to start a successful business
- Innovative entrepreneurship
- Submission of projects for the calls of the EU Structural Funds
- How to build your own brand from scratch
- Business model, validation, support of marketing activities

Through the growth program, entrepreneurs active for less than 3 years and over 3 years of were involved in the activities. In course of 2018, as part of activity 1.7 a total of 1,128 clients were involved in duration of 9,332 hours and as part of activity 2.1 a total of 618 clients were involved in duration of 4,602 hours.

A total of 1,242 small and medium-sized enterprises were supported as part of the National NBC Project in the regions for the period from 01.11.2017 to 31.12.2018, while the total allocation of funds in 2018 amounted to EUR 4,891,928.59, while the actual drawdown was EUR 4,945,840.

- National project “Promoting the Internationalization of SMEs”

The main goal of the national project is to strengthen the internationalization capacities of SMEs, including presentation of their business potential, and to provide free presentation, cooperation and advisory services to SMEs in order to increase their involvement in international cooperation. Such cooperation will stimulate their further development and growth, strengthen their competitiveness and position in the national economy and at the same time create preconditions for successful foreign markets penetration.

The national project is implemented mainly through creation of a comprehensive system of promoting the internationalization of SMEs when promoting themselves and penetrating foreign markets, creation of a tool for competitive and innovative SMEs to enhance their export potential and stimulate mutual cooperation and involvement of SMEs in the highest possible number of EU projects. At the same time, it is necessary to ensure high quality of the submitted projects and motivate SMEs. It will be facilitated through the so-called Trade Point as a comprehensive support point with a broad portfolio of services where SMEs may acquire a consistent support when penetrating foreign markets. The NP should also meet long-term expectations of the expert public and to set a currently non-existing systemic approach to development of supplier chains which is primarily focused on improving the clarity and efficiency of supplies of goods and services closer to final consumers.

Through the OP Research and Innovation under the measure, priority axis 3 Strengthening the competitiveness and growth of SMEs, a total of 261 SMEs were supported in 2018, of which 214 were micro enterprises, 41 small enterprises and 6 medium enterprises. The target group of support included SMEs from regions of Slovakia outside the Bratislava self-governing region. The total allocation of funds in 2018 was...
EUR 247,735, while the actual drawdown was EUR 108,606.25.

- **National project “Monitoring the business environment in accordance with the 'Think Small First' principle”**

  In course of 2018 SBA continues in the monitoring of the business environment via the NP “Monitoring the business environment in accordance with the 'Think Small First' principle” approved in 2017.

  The aim is to provide comprehensive information about business environment with an emphasis on SBAfE, and supporting documents for applying the "Think Small First" principle in Slovakia. Based on the obtained data, regular and/or irregular reports on SME environment as well as special reports and studies and other supporting documents are prepared for the SME Envoy, the Working Group for Implementation of SBA principles, MH SR, other ministries as well as for academia and for informing the general public. Conferences, discussions and consultations focused on regular surveys of entrepreneurs´ opinions will also be organized. The following is going to be performed as a part of the project:

  - continuous monitoring of the business environment;
  - processing analyses and surveys, creating and maintaining a data base of SME indicators;
  - mapping the actual SME condition and situation from the point of view of applying the SBA initiative principles;
  - identifying and analysing the barriers hampering the development of SMEs´ business activities;
  - comparing the situation in SR with business conditions in other countries (with an emphasis on the neighbouring EU countries);
  - identifying suitable examples of measures to be transferred to the environment of SR.

  In 2018, a number of reports, analyses and information materials were prepared to assess the quality of business in Slovakia in terms of the SBAfE agenda and the application of the Think Small First principle. The published **analytical outputs** in 2018 included, for example, Establishment and disestablishment of small and medium-sized enterprises in Slovakia 2017, Analysis of the gender and age composition of natural persons - entrepreneurs in 2017, Analysis of the effectiveness of support programs for SMEs, Analysis of the dual education system in the Slovak Republic. The **information materials** published in 2018 included, for example: Overview of changes in the Legislative environment with an impact on SMEs, Basic administrative steps for starting a business of legal persons and natural persons, List of legislation with an impact on SMEs. Since 2019 the published information materials also include **thematically structured documents**.

  In June and November 2018, 6 regional events were organized, which were thematically focused on “Dual education” and “Entrepreneurial potential of young people in the regions of Slovakia”. The participants exchanged knowledge at individual events. The results of the discussions were incorporated into the analyses.

  The Small Business Act Implementation Working group was established in 2018 as an expert platform creating the conditions to ensure the transfer of information and proposals related to the application of the Small Business Act for Europe (SBAfE) by the European Commission and the business community to relevant public authorities through the collection of proposals, opinions and views of the implementation of the policy of support for small and medium-sized enterprises in the Slovak Republic.

  In December 2018, an annual conference was held to support the implementation of the
SBA initiative, including an evaluation of the GEM survey in collaboration with the Faculty of Management of Charles University in Bratislava. The conference was attended by representatives of the state administration as well as from the academic sphere.

International projects

In 2018 SBA participated in continuous implementation of international projects in different areas related to opening pilot topics within the Small Business Act.

- Project „Accelerating market growth through entrepreneurial cross-border mobility, networking and support“ (AROUND ME)

Since February 2018 the Slovak Business Agency has been implementing a project called AROUND ME within the COSME Erasmus program for young entrepreneurs. The main objective of the project is to promote cross-border mobility and exchange of business experience between start-ups and experienced entrepreneurs in other participating countries in Europe, the USA, Singapore and Israel. Mutual exchange of information and experience enables entrepreneurs to accelerate their entry into foreign markets, establish international business partnerships and increase the innovation potential of their businesses. The two-year project (February 2018 - January 2020) is implemented by a consortium of 8 partners from eight European countries (Bulgaria, Portugal, Lithuania, Spain, Slovakia, France, Iceland and Greece). The aim of the project is to implement international business internships for a total of 72 start-ups and 62 experienced entrepreneurs. In 2018, SBA activities focused on creating electronic information platforms and promoting the program, engaging attractive start-ups and experienced Slovak firms in the program, providing regular consultations and support to entrepreneurs throughout the program cycle (business plan preparation, registration, seeking international partners, international network, preparation of the plan of traineeship activities, assistance in mediation of accommodation), administrative management of grant contracts and financial contributions, and the overall administration of the program from the perspective of the intermediary organization. The realized or contracted internships included for example hosting of a Polish start-up entrepreneur in the field of IT project management in Slovakia, a Slovak entrepreneur developing her business in the field of digital nomadism in the Canary Islands.

- Project CENTRAL EUROPE Regional Innovation Ecosystems Network (CERIecon)

It is financed from EU funds under the Interreg Central Europe programme, and its aim is to improve the business skills of persons interested in starting their own business, young entrepreneurs, especially SMEs, and their employees in the field of new technology, innovative products, services, processes and social innovation. This aim will be pursued through new regional innovation ecosystems, the so-called Playparks, which are going to be established in each of the partner regions, including Bratislava, and they are going to be interconnected in an international network. In the first half of 2018, the first cohort of Playpark Bratislava culminated in the last, seventh workshop - a regional pitching event, followed by a participation of the winning start-up at the international Pitching finals in Stuttgart and personal mentoring for the three best start-ups. At the same time, a second training cohort was launched and implemented during 2018, in which 7 practical workshops for 15 start-ups were prepared, with participation of more than 200 other candidates, for whom the workshops were open. In June 2018 an international exchange took place in course of two weeks, during which Playpark Bratislava welcomed participants of the second period of Playpark Verona and subsequently sent participants to Playpark Krakow. The activities included joint workshops, fablab visits, business ideas presentations, networking, as well as presentations at regional Pitching finals in September 2018. In addition to these activities, participants in the second cohort could benefit from roundtables in which they exchanged tips for improving their business plans under the
supervision of experts (mentors). After the second cohort was completed, the last cohort was launched in November 2018, involving a total of 8 business ideas. In addition to that, during 2018, 3 workshops were conducted for business ideas, preceded by a special Playpark workshop (“Idea generation lab”) aimed at generating innovative business ideas. All these events were again open to the general public.

The biggest successes of Playpark Bratislava so far include winning projects from the European event “Pitching finals” in Venice, where Martin Pekarčík’s S-Case project ranked second in the field of social innovation, and the Living Elements project by Tibor Antony ranked third among economic innovations.

- **Project MOVECO - Mobilising Institutional Learning for Better Exploitation of Research and Innovation for the Circular Economy**

  MOVECO is a response to the EU strategy and Action Plan focused on supporting the transition from linear economy (linear treatment of materials according to the production consumption-waste model) to circular economy (production-consumption-recycling/reuse). The project is performed thanks to the INTERREG DANUBE TRANSNATIONAL PROGRAMME and supported by EU through the European Regional Development Fund (ERDF) and the Instrument for Pre-accession Assistance II (IPA). The aim of MOVECO is to improve the framework conditions for innovation, to create a sustainable cooperation model and a partner network with the aim to improve the framework conditions and political tools focused on supporting eco-innovation, to contribute to transition of the countries of the Danube Region to circular economy as well as to diminish the differences between individual countries by cooperation of project partners from different countries and to contribute to development of the entire region. 16 partners from 10 countries of the Danube Region (Slovenia, Romania, Hungary, Austria, Slovak Republic, Germany, Croatia, Bulgaria, Serbia and Moldova) participate in the project. In 2018, the project work aimed to further exploit the reports produced in 2017. The results of the transnational report of 2017, focusing on existing extended producer responsibility schemes, served as a basis for continuing the circular economy policy dialogue involving stakeholders’ representatives on national level. The information gathered from the dialogue, as well as the lessons learned from the pilot actions and the survey, was used to prepare the groundwork for the Danube Region eco-Innovation strategy support and the Action Plan for 3 groups of countries depending on innovation performance. In course of 2018, an online platform was launched to provide information on the obligations of applying extended producer responsibility to businesses wishing to enter foreign markets. The platform also provides an overview of the scientific and research institutions involved in the project and offers opportunities for establishing cooperation in the circular economy. The platform also includes a virtual marketplace that links the demand and supply of circular products, materials and products suitable for reuse or recycling. The project activities also included the refinement of a toolkit to support SMEs in transition to a circular economy. In the second half of 2018, testing of these tools and materials was launched in Slovakia (Information and education materials aimed at supporting the transition to circular economy, formats of cooperation events for support of cooperation of SMEs and scientific research institutions, or an overview of financial instruments available for SMEs).

- **Project 'Strengthening Social Entrepreneurial Landscape through involving socially responsible corporate Practices in EntrepreNeurial Competences and Skills enhancement in the DANUBE region’ (SENSES)**

  The project is performed by a joint venture of 8 partners and 5 associated partners from 8 countries in the Danube Region. The goal of the project is to create an international network of social enterprises, socially liable enterprises, financial investors, policy makers, academic
institutions and non-profit organizations in the Danube Region, to ensure better integration of social enterprises in the current market environment by using the knowledge of corporate social liability policy, to support the experience sharing among social enterprises and socially liable enterprises, to support the coordination and cooperation of social enterprises with companies in which the social liability policy is applied as well as with policy makers and the public area and to create a Social Entrepreneurship Strategy in the Danube Region countries. In 2018, the activities of the project were focused on the creation of an international Strategy for the Danube Region, an Action Plan for the Strategy of the Danube Region, as well as policy learning dialogues in partner countries (Croatia, Slovenia, Romania). Overall, 75 social innovators enrolled in the SENSES training program, in which the participants are involved in activities in the fields of organic production, nursing, gastronomy, education or arts and support of regional development. Six practical trainings have shown how important the business approach is to topics such as marketing, sales, or financial management. Professional lecturers responded to the individual needs of social entrepreneurs, while the Facebook group “Friends of Social Entrepreneurship” was created to continue in the established contacts. A successful example of networking was the event Radničkine markets in Bratislava (20.09.2018), during which SBA co-organized “speeddating” of protected workshops and CSR companies. They mutually signed 5 memoranda of cooperation.

- **Project Introducing Service Innovation into product-based manufacturing companies (THINGS+)**

THINGS+ project is implemented as a part of the INTERREG CENTRAL EUROPE programme from June 2017 to mid-2020 and its aim is to introduce service innovation (or the servitization concept) in order to increase the competitiveness of SMEs on both domestic and international markets. The idea of the servitization concept is to connect the offer of core products with additional customer services and to offer solutions of customers’ “issues” instead of delivering the goods intended for such purpose. The main goal of the project is to create a methodology and manual through which the trained consultants will help selected companies introduce the servitization concept in their portfolios. As part of the activities of the THINGS+ project, the main output of the project - Service Innovation Methodology - was finalized in 2018 and forms the basis for the implementation of workshops for end users from among Slovak SMEs. The methodology consists of different tools for improving business skills in relation to the introduction of service innovations, divided into 4 group workshops and 1 individual consultation. As part of the Train the Trainers event (held in May 2018 in Ljubljana), project managers responsible for project implementation in Slovakia, as well as a lecturer responsible for professional implementation of workshops for end users, were trained in the application of the methodology.

- **Promoting the entrepreneurship inclusiveness of selected disadvantaged groups in Slovakia: pragmatic approach (INKLUPOD)**

The INKLUPOD (Promoting the entrepreneurship inclusiveness of selected disadvantaged groups in Slovakia: pragmatic approach) project is financed by the Slovak Research and Development Agency. The project is going to be performed in course of four years (July 2015 – June 2019). The project leader is the Faculty of Management of the Comenius University in Bratislava, while the Slovak Business Agency acts as a partner organization. The main goal of the project is to prepare a comprehensive methodology of development of entrepreneurship inclusiveness in Slovakia at both the national and regional level for selected disadvantaged groups (women, young people, the elderly and immigrants). The goals are also to verify and test selected parts of the methodology in the form of pilot projects and to prepare an analysis of quantification of potential impacts of selected methodology attributes. In 2017,
INKLUPOD proceeded to the stage II in which the development of the entrepreneurship inclusiveness was monitored from the point of view of individual disadvantaged groups using the Global Entrepreneurship Monitor and then compared with EU countries as well as with relevant countries around the world. At the same time, barriers hampering the inclusive entrepreneurship of disadvantaged groups were identified and evaluated, as well as the most and the least successful practices in the area of entrepreneurship inclusiveness and evaluation of its efficiency. In 2018, INKLUPOD was in stage III in which the teams from FM UK and SBA continued their analyses of the development of entrepreneurship inclusiveness of disadvantaged groups through the Global Entrepreneurship Monitor methodology and its comparison with EU countries and relevant countries of the world. The main activities of the project in 2018 were related to the work on the Comprehensive Methodology for the development of business inclusiveness of disadvantaged groups at national and regional level, which includes a case study of its potential impacts. The methodology, which will take into account all relevant levels of addressing business inclusiveness and reflect the specificities of individual disadvantaged groups, will be intended primarily for policy-makers, central government as well as representatives of regional authorities and, last but not least, academics and NGOs with the theme of inclusive entrepreneurship.

- **Project ONLINE S3**
  
  ONLINE-S3 is a project implemented as a part of the Horizon 2020 programme, and it was created as a response to a call within the “Science with and for the society” (ISSI-4-2015) pillar named *Call for integrating Society in Science and Innovation*. Its intention is to create an electronic platform which will contain an overview of online services and tools for supporting the institutions and entities involved in implementation of smart specialisation strategies (RIS3) in EU regions. The project includes a pilot testing of services and tools developed within the platform. A 2-year project has been performed since 1 May 2016 by an international consortium of 12 partners from selected EU countries. The aim of the project is to create an online S3 platform extended by a panel of tools, applications and online services which will facilitate and help both national and regional EU bodies to prepare, update, improve or implement the agenda. In 2018, the platform underwent testing in four different countries with different levels of RIS3 development (the Netherlands, Spain, Scotland, Northern Macedonia). Subsequently, the platform was made available to the public.

- **Project „Enhancing the cross-sector emergence of new women business angels across Europe“ (CrossEUWBA)**
  
  The “CrossEUWBA” project, implemented under the Horizon2020 program, was aimed at facilitating the financing of women’s entrepreneurship with the help of female business angels and thus contributing to the promotion of private investment in business in Europe. The project activities were aimed at interconnecting young female entrepreneurs and start-ups and linking them to business angels. Raising awareness of angel investment and entrepreneurship was an important aspect of meeting this goal. The added value of the project was to create a network of experienced and start-up entrepreneurs facilitating exchange of experience and knowledge about entrepreneurship. In course of 2018, a total of 18 events were organized, tailored to the needs of two target groups - potential entrepreneurs/start-ups and potential investors (developing presentation skills, preparing a business plan presentation to a potential investor, promoting business as a career trip, an angel investment seminar, development of mentoring skills, pitching events, etc.). The project was completed on 31.12.2018.

- **Project „Crossing Bridges with the Help of Ambassadors“ (CORD)**
  
  The objective of the CORD project “*Crossing Bridges with the Help of Ambassadors*” is
implemented under the Interreg V-A Slovakia Hungary Cross Border Cooperation Programme, is to strengthen cooperation between organizations providing support to potential and existing entrepreneurs and to support the cross-border dimension in the Slovak-Hungarian border area. Since the beginning of the project implementation, the partnership has been working on a series of expert articles providing practical advice for both start-ups and established entrepreneurs. Own content, as well as other useful contributions or events focused on business and internationalization, were brought to (potential) entrepreneurs via the CORD Facebook page.
In 2018, partners initiated a mapping of the border region focusing on business support organizations and their services, as well as a survey of the motivation, needs and obstacles of person interested in business and entrepreneurs with the ambition to extend business activities to foreign markets (especially Hungary). The partners also started to prepare handbooks aimed at providing information and advice to Slovak entrepreneurs interested in extending their business activities abroad, on how to do business in Hungary and vice versa.

- **Project “Let’s have fun with the business start-up” (Biz4Fun)**

  In 2018, the SBA launched a Biz4Fun project as part of a partnership of seven organizations to respond to the need to ensure lifelong learning opportunities and support for young people's entrepreneurial activities, which are among the Erasmus+ programme priorities. The Biz4Fun project aims to improve the situation of young people in the labour market by supporting the creation of new companies and striving to empower young people by offering specific educational materials and resources. These include presenting best practices in setting up and developing technology incubators, developing educational scenarios for the Biz4Fun virtual learning environment, and an online start-up game, as well as creating an online course for 3D virtual learning environments which focuses on the topics and skills needed for establishing and managing a company. It also includes preparing an online game for a 3D virtual learning environment that is focused on setting up and building a new business company. The aim of the project activities is to help young people develop skills which can assist them in finding employment or running their own business, thus contributing to measures aimed at reducing youth unemployment and social exclusion.

- **Enterprise Europe Network (EEN)**

  The European Commission has created a large number of tools to support the development of SMEs and to accelerate its efficient operation on the single European market. One of the tools supporting the development of internationalization and international cooperation of SMEs is also an international network supporting entrepreneurship - Enterprise Europe Network (EEN), which operates in over 60 countries around the world. In Slovakia, it is represented by the BISS Slovakia 2020 project (Business and Innovation Support Services in Slovakia 2020), while project partners include BIC Bratislava, Slovak Business Agency, Slovak Chamber of Commerce and Industry and Regional and Advisory Information Centre Prešov (RAIC Prešov).

  This initiative of the European Commission provides “one stop shop” points of contact to entrepreneurs where they may acquire information and advice and use a broad range of easily accessible services focused on promoting entrepreneurship.

  Its activities include:

  - Advisory, support, and information activities or - regional information seminars and trainings focused on various topics; answers to questions of entrepreneurs (access to markets and doing business on foreign markets, EU directives and regulations, EU programmes and access to finances, eco-innovation and green entrepreneurship, innovation and transfer of technology and know-how, intellectual property rights); visits of clients; deep consulting; business and technological audits.
- International partnership activities – searching for partners abroad or international business events, the so-called cooperation events and business missions; database of partnership opportunities – business, technological, and R&I profiles (cooperation in EU programmes).
- SMEs’ feedback for EC or collection of SMEs’ commentaries on the EU legislation and regulations related to entrepreneurship; - informing the European Commission about SME’s problems through various tools such as the SME Feedback database, online consulting, panels for SMEs, etc.
- Innovation support for Horizon 2020 or - improving the innovation management; upgrading the innovation processes and innovation control and implementation.

As part of the EEN network, the SBA implemented information and assistance services aimed at developing international SME cooperation in the field of entrepreneurship for innovation and research. In 2018, 9 international SME cooperation agreements were concluded. In 2018, 180 SMEs were supported by the SBA under the above mentioned project. In addition, 10 international co-operation events with 159 SMEs were organized. Four cooperation projects were prepared through the database of partnership opportunities. A total of EUR 47,790.48 was spent on support for SMEs, of which the EC contribution was EUR 28,674.28 (60%).

Comprehensive information about activities and services of the Enterprise Europe Network in Slovakia is available on - https://www.een.sk/.

Other activities of the Slovak Business Agency aimed at supporting SMEs

- Family business support scheme

In cooperation with the Ministry of Economy of the Slovak Republic in 2017, the Slovak Business Agency prepared a Family Business Support Scheme (2017-2020), the aim of which is to support family business development and create suitable conditions for viable business in Slovakia and for successful handling of significant obstacles or milestones in their business, such as the process of generational exchange, managing family and work relationships or transfer of ownership relations, etc.

Following the preparation of the Study of Family Business in Slovakia (February 2018), the Slovak Business Agency launched a pilot call in the autumn for applications for support under the Scheme, for which the allocation amounted to EUR 410,000 (representing a total of 2,354 approved counselling hours). The main objective of the call was to help family businesses address succession and generation exchanges. The target group of support included the enterprises meeting the SME definition (as defined in Annex I to Commission Regulation (EU) No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market pursuant to Articles 107 and 108 of the Treaty) and the definition of family business as specified in the above Scheme. The target group could apply for support in the form of providing expert advice in the following areas:

- succession in terms of company management (managerial succession) - development of family members' potential (individual development, team development, corporate culture) and related topics,
- succession in terms of property.

A total of 31 applications were submitted as part of the call, with 21 applications totalling EUR 409,304 being approved by the assessment committee. Support contract was concluded with 19 applicants. Amount of actual drawdown of funds for the cumulative period from 1.11. 2018 to 31.3. 2019 amounted to EUR 341,590.81.
The main areas of interest of the experts included the following:

- Development of family business capacities - work with human resources, processes,
- Setting up a corporate culture
- Supporting the process of generational exchange, long-term planning and internal communication focused on these issues;
- Setting and implementing succession strategies;
- Setting talent management program and developing employee potential,
- Setting career development plans for key family members and senior management
- Managing internal situations and conflicts, mediation and facilitation of conflicts;
- Self-leadership for owners and leaders in family businesses;
- Self-motivation and motivation of employees,
- Drafting of rules within the family which are necessary for making future intergenerational transfers (succession plan for family property);
- Preparation of assets for intergenerational transfer (valuation of assets for the purpose of ownership transfer).

**Start-up support scheme 2017-2020**

In 2018, start-up support continued in line with the approved Start-up Support Scheme, through indirect support provided in three components:

- **Component 1** - support is provided in the form of organizing educational activities, arranging the participation of persons interested in starting their own business and those who have just started their own business in both national and international events focused on innovation, technology and start-ups, and customized expert advisory services.

- **Component 2** - support is provided in the form of consultancy and expert advisory services related to preparing a feasibility study; finishing product development or preparing a functional prototype, including testing and introductory presentation; programming, marketing, campaign for arranging testing of the idea and prototype with real potential clients; pricing, marketing research, creating a product team and other related activities.

- **Component 3** - support is provided in the form of consultancy, advisory services related to internships and expert evaluation of applications (projects) and in the form of foreign internships provided to entrepreneurs who have just started their own business.

The programme is intended for natural persons - non-entrepreneurs in accordance with Section 4 (2) of the Act No. 290/2016 Coll. The scheme is intended for entrepreneurs who have just started their own business, particularly start-ups, primarily in the first five years of their business activities, and who meet the conditions of the SME definition according to the Annex I of the Commission Regulation (EU) No. 651/2014. **The allocation of funds** was in the amount of **EUR 1,400 thousand.** In 2018, all three components of the Program and Schemes to support start-ups were implemented, **with the total support provided amounting to EUR 1,106,580.85. A total of 75 SMEs were supported in 2018,** of which 48 were unique SMEs.

In 2018, the **Component 1** was implemented with a call opened for national and international events focused on innovation, technology and start-ups. The call was focused on participation (Slovak persons interested in establishing their own business and Slovak entrepreneurs) in national and international events focused on the above mentioned areas. Participants are provided an indirect form of aid - reimbursement of 100% costs related to their participation in national and international events. **In 2018, 54 contracts were concluded with 33 beneficiaries (SMEs and NPs) attending a total of 44 events, with one SME and NP able to participate in several events during the 2018.** For the SMEs the company could participate with
max. 3 representatives.

As part of Component 2, assistance was provided to 24 start-ups from different areas in the form of mentoring. Applicants could apply under a call intended for consultancy and expert advisory services. As a part of the initiative, SMEs and NPs had a possibility to use the so-called mentoring during a three-month period of time with the aim to prepare a feasibility study, to finish a product development or to create a functional prototype, for programming, marketing, pricing, etc. Beneficiaries were provided an indirect form of aid - 100% reimbursement of costs related to the consultancy and expert advisory services. The beneficiaries included 17 SMEs and 7 NPs. All beneficiaries met the goal they had set when registering for the activity.

In 2018, the Component 3 was implemented as well, where aid was provided to entrepreneurs who have just started their own business in the form of internships in an international scientific and technological centre. In 2018, this service was successfully implemented for the first time. Applicants could apply for a monthly internship in the Cambridge Innovation Centre. 5 successful applicants (SMEs) received support.

- Supporting successful business practice

The main goal of supporting successful business practice is to indirectly participate in creating a favourable business environment, to support the creation of not only new businesses but also start-ups and to develop awareness of business as an attractive and advantageous alternative to work among the general public. Activities undertaken in support of successful business practice are an effective tool for motivating the public. They will also contribute to creating a favourable environment to stimulate start-ups, especially in the areas of technology and innovation. Public interest in entrepreneurship is strengthened by stimulating entrepreneurial ambitions, developing entrepreneurial skills, promoting successful entrepreneurs and their businesses, products or ideas, as well as public-private partnerships and initiatives to promote entrepreneurship and entrepreneurship thinking, etc.

Activities carried out in 2018 in which SBA was a partner or performed them itself include:

- The Business Fiesta was held for the second time in cooperation with AMI Communications Slovakia and METRO in the SBA premises, where 150 people were present. Topics discussed included employment challenges and solutions for SMEs and Zero Waste - business opportunity for business. An interesting feature of the last year was that through the National NPC project in regions, the Business Fiesta was not only held in Bratislava but also spread to other cities in Slovakia, namely Banská Bystrica, Žilina and Košice, where clients could participate in panel discussions on entrepreneurship in the field of gastronomy.

- Deconstructing business myths. In 2018, the Entrepreneurs Association of Slovakia continued to conduct online expert discussions, the main objective of which was to open new topics in the area of business support and to raise public awareness of current problems of the business sector in Slovakia in relation to SME problems, business start-up in Slovakia.

- The Slovak Businesswoman competition was founded by the Slovak Business Agency in 1999. The aim was to reward women who achieve exceptional results in business and can succeed in the market. Oľga Bušo, the initiator of the innovative concept of flower distribution - Lásky kvet, was awarded the Businesswoman of Slovakia in 2017. Throughout the year flowers are delivered to the bride from her guests. Always from a specific guest with inscription.
- SBA was a partner of one of the largest international technical conferences in Slovakia - **Metro online**. For 5 days, participants had the opportunity to engage in discussions on the latest trends and innovations in telecommunications, smart cities or IT security. The conference included presentations of 100 speakers and was attended by more than 1,000 participants. The conference also aimed at promoting education and motivating young people to engage in addressing social issues through innovative ideas.

- **Business education - the future of Slovakia’s competitiveness** was organized by the Entrepreneurs Association of Slovakia, focusing on the problems of vocational education in Slovakia. More than 90 participants attended the conference, demonstrating that the public is interested in entrepreneurship education topics.

- **Via Bona Slovakia 2018** – SBA also supports social and responsible entrepreneurship, such as the Via Bona Slovakia project organized by the Pontis Foundation. The aim of the project is to appreciate and raise the profile of responsible business in Slovakia.

Other supported projects included the following:
- Cechové dni 2018,
- Young innovative entrepreneur,
- Startup Weekend,
- Business Walks,
- Slovak University Startup Cup 2017,
- Do business with franchising,
- Student Business Awards,
- Not afraid to do business,
- Family business 2018,
- Responsible marketplace (CEE CSR Summit),
- Researchers’ Night 2018,
- Training companies fair,
- Traditional folk crafts,
- Baťa: a brilliant entrepreneur and social innovator and others.

- **Supporting the digital economy**

Activities undertaken to promote the internet economy are an effective tool for training and informing the general public on the use of online tools. They also contribute to improving the online skills that are now essential for business development, enabling participants to grow personally and in business.

Projects which were supported in 2018 include the first map of Slovak innovators, which is a map of an innovative ecosystem created by the Slovak Internet Economy Alliance. The objective of the map is to bring together important players in one place who, with their support, contribute to the creation of new innovative and entrepreneurial ideas.

**Better Regulation Centre**

Better Regulation Centre (hereinafter referred to as “BRC”) was established as a specialized analytical and legal department of the Slovak Business Agency with the aim to perform the better regulation agenda for microenterprises and SMEs. The agenda is dealt with by the **European Commission’s “Small Business Act for Europe”,** together with the **“Better Regulation” recommendation** and the **Recommendation of the Council of the OECD on Regulatory Policy and Governance**, while the motto accompanying the agenda is to create regulation rules according to the “Think Small First” principle, i.e. that the public administration authorities should respond to the needs of SMEs and adapt the public policy tools to their needs.
Such procedure is possible mainly through regulation not only from the point of view of content, set in such a manner that it takes into account the specific features of SMEs (simplified rules, e.g. in the form of exceptions from obligations, transition periods, lower rates, simplified forms, etc.) but also from the point of view of procedures, i.e. such regulation adoption procedure in which also representatives of SMEs or the SMEs themselves may be involved (not only representatives of associations of large employers). In response to the aforementioned initiatives, the Slovak Republic adopted the legal basis in the form of the Act on the Support of SMEs, powers and authorities of which are given to the BRC pursuant to Article 9 par. 1, based on the Agreement on the Implementation of selected activities of Better Regulation between the MH SR and the SBA. Tasks of the BRC stem mainly from membership in the Permanent Working Committee to assess selected impacts in the Legislative Council of the Government (hereinafter referred to as “Permanent Working Committee”). In the framework of the Permanent Working Committee, it covers the assessment of the impact on SMEs in accordance with the conditions set out in the basic procedural document, adopted in the form of a resolution of the Government of the SR - the so-called Uniform methodology for assessing selected impacts. The strategic document RIA 2020 - Strategy of Better Regulation, which was approved by the Government of the Slovak Republic at the beginning of 2018, should introduce the principles of its simplicity, clarity and transparency into the process of legislative preparation in the coming years.

In 2018, which was the 3rd year of operation of the department, the BRC assessed the information on the preparation of the material on a daily basis, by requesting detailed information (in form of specific questions) on its brief content to address the potential impact on SMEs. The BRC also performed a more in-depth study and identified the need to recommend that the business concerned be consulted. At the same time, BRC actively participated in consultations and submitted proposals for alternative solutions already during the preparation of materials, which mainly applied the principle of “think small first”, the principle of reducing administrative and financial burdens, as well as freely available inputs from the business community or best practices from foreign legislation.

With regard to the membership in the Permanent Working Committee, whose tasks and competencies result from the Uniform Methodology for the assessment of selected impacts approved by the Government Resolution of 14 January 2015, as amended by the Government Resolution no. 513 of 16 September 2015 and Government Resolution no. 76 of 24 February 2016 (hereinafter referred to as the “Uniform Methodology”) effective as of 1 April 2016 and Act no. 290/2016 Coll. on the support of small and medium-sized enterprises and on amendment of Act no. 71/2013 Coll. on the provision of subsidies within the competence of the Ministry of Economy of the Slovak Republic, as amended (hereinafter referred to as the “Act on SME Support”) effective from 1 January 2017, BRC has been engaged minimally in methodological advice in interpreting the Uniform Methodology by the applicants, who are obliged to submit material with relevant analyses according to the identified impacts, as the fulfilment of this obligation by the applicants is significantly increasing. BRC, within its competence given by the above legal acts, assessed the feasibility of recorded impacts in all Business impact assessments (preliminary consultation proceeding happen before the interdepartmental comment procedure, final assessment thereafter in case of material changes) and provided detailed opinions containing suggestions for better representation of impacts of the new business environment regulation.

Through the tasks given to the BRC as per the SME Support Act and the Uniform Methodology, the assessed impacts were evaluated ex ante (i.e. in advance, at the stage of preparation of the regulation) and ex post (i.e. subsequently, by analysing the benefits and costs of effective regulation).
The importance of analyses of over-regulation caused as a result of the process of transposing European law into Slovak legislation (the so-called gold-plating effect) cannot be overlooked. These analyses also include an international comparison of legislation on the subject of regulation focusing on comparison with EU Member States, with an emphasis on a more detailed account of the legislation of countries that, according to the OECD, are exemplary in implementing the European Commission's recommendations on better regulation.

From a substantive point of view, the BRC was active and involved on its own initiative in the content commenting of the draft new regulations (consultations), and was subsequently invited to discuss the comments submitted by it for specific consultations or working groups, in which (although comments and suggestions have not been fully accepted in most cases) the result was the incorporation of some important BRC initiatives into the proposed regulation's own material, which ultimately led to reducing the regulatory impact on SMEs to some extent. The monitoring and recording of planned and approved legislation affecting SMEs on a daily basis, as a BRC's own activity, has stabilized in the form of legislative monitoring.

In the Bureaucratic Nonsense of the Year poll, the SBA is a partner with the organizer - the Association of Young Entrepreneurs of Slovakia. As part of this poll BRC professionally evaluated the collected initiatives, quantified the extent of their impact on the business entities concerned and drafted substantive measures to optimize the regulatory burden. The BRC also analysed the individual legal institutes burdening SMEs outside the polls, in which case the initiative was based on business representatives or on its own research activity.

At the same time, the BRC participated in the drafting of the Training Manual for the SME Test of the Uniform Methodology, in particular, to increase the importance of developing the SME Test as well as the actual update of the Uniform Methodology. The Uniform Methodology requires a second significant update as reflected by the application practice and experience from daily work of the members Permanent Working Committee. The CLR also contributed with its proposals to the development of the 2nd and 3rd package of the Proposal for measures to improve the business environment. At the same time, CLR joined and won the national round of the EEPA European Enterprise Promotion Award in the Business Support category.

In an effort to continually improve not only the team expertise but also its outputs, BRC submitted an application to support its activities through the EU Structural Reform Support Programme 2017-2020, which was successful in the first round and will have a significant impact on the work of BRC in course of 2019 and 2020 in case of approval.

The outputs of activities of the BRC were presented through their new website, as well as through social networks and press releases published on web portals, in daily and weekly newspapers, or on television news. In 2018, the BRC also participated in several discussions, conferences and seminars with an emphasis on business issues in Slovakia and regularly reported on their content through social networks.

Figure 1 Better Regulation Centre activities
Financial support of SMEs

- **Microcredit programme**

  The programme is intended for small enterprises employing fewer than 50 employees. Microcredits can be used to buy movable and immovable investment assets, to reconstruct operational areas and to purchase the necessary reserves, raw materials or goods as well as for other investment projects. The microcredit amount may range from EUR 2,500 to EUR 50,000. Credits are provided with an interest rate amounting to the reference rate as referred to in the Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C 14/02). The reference rate is determined as the basic ECB rate increased by a margin the amount of which depends on the rating of the particular applicant and on the level of relevant security, while the method of “credit margins in basis points” is applied. The repayment period ranges from 6 months to 4 years, and it is possible to postpone repayment of the principal by no more than 6 months. The Resolution of the Government of SR No. 64/2010 approved the current Microcredit Programme, and the criteria for its implementation, which is based on the wording of the programme for supporting SMEs 07K 02 1E the Microcredit Programme announced by the Ministry of Economy of SR on 17 February 2010 in the Trade Journal (OV 32A/2010).

  SBA started to implement the new Microcredit Programme in April 2013 with cooperating organizations of RAIC Poprad, RAIC Prievidza, RAIC Prešov, RAIC Dunajská Streda, National Holding Fund, RAIC Trebišov and RAIC Komárno.

  The status of claims from the "old" programme which were transferred from individual cooperating organizations during 2012 and 2013 are as of 31 December 2018:

  - transferred claims EUR 2,771,687.31,
  - settled principal EUR 1,555,649.44,
  - the balance of claims from the old programme as of 31 December 2018 amounts to EUR 1,216,037.87.

  The status of claims from the "new" current programme which were provided from April 2013 to 31 December 2018:

  - microcredits provided EUR 9,578,180,
  - settled claims in the principal: EUR 6,377,313.06,
  - the balance of claims from the new programme as of 31 December 2018 amounts to EUR 3,220,866.94.

  In 2018 the Microcredit Programme Implementation Department ensured consultation and training for entrepreneurs in several Slovak regions, including Bratislava. They presented the Microcredit Programme within the seminars for supporting business activities. As a part of the International Exhibition for Business and Franchising, they presented the Microcredit Programme and lectured about financing of SMEs. They also held lectures and presentations at schools which were focused on financing and microcredits. They provided expert opinions to magazines regarding financing and provision of microcredits. They cooperated in preparation of reports with successful entrepreneurs drawing microcredits. Through the Microcredit Programme they were involved in the European SME Week coordinated by the European Commission. During the SME WEEK period, they received 32 applications in the amount of EUR 713 thousand. In 2018 overall of 55 microcredits were provided in total amount of EUR 1,536,480. Since the start of implementation of the Microcredit Programme 2,164 microcredits have been provided in the total amount of EUR 40,747,246.
Table 23 Selected indicators of implementation of the Microcredit Programme

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2018</th>
<th>Cumulative total as of 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount (EUR)</td>
</tr>
<tr>
<td>Number of processed requests</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of provided microcredits</td>
<td>66</td>
<td>1,536,480</td>
</tr>
<tr>
<td>Average microcredit amount</td>
<td>-</td>
<td>23,280</td>
</tr>
<tr>
<td>Number of newly created jobs</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>Number of maintained jobs</td>
<td>198</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: SBA

Table 24 Funds provided for microcredits as per individual industries

<table>
<thead>
<tr>
<th>Industry</th>
<th>2017</th>
<th>Cumulative total as of 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>1</td>
<td>215</td>
</tr>
<tr>
<td>Trade</td>
<td>18</td>
<td>468</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>272</td>
</tr>
<tr>
<td>Agriculture, hunting and forestry</td>
<td>6</td>
<td>228</td>
</tr>
<tr>
<td>Services</td>
<td>23</td>
<td>455</td>
</tr>
<tr>
<td>Production</td>
<td>16</td>
<td>526</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>2,164</td>
</tr>
</tbody>
</table>

Source: SBA

- **Venture capital fund**

  The Slovak Business Agency supports growth-oriented business projects by providing venture capital (deposit in the share capital of companies) through a specialized subsidiary, Národný holdingový fond, s.r.o. (until 20.03.2014 under the business name of **Fond fondov, s.r.o.**). A long-term mission of the company is to guide the activities of individual funds in such a manner as to stimulate the development of the SMEs sector across Slovakia, to increase the value of the financial means of individual funds and to use the profits made to pursue the long-term goal of supporting SMEs.

  The following funds were administered through Národný holdingový fond (National holding fund) in 2018:
  - Start-up facility,
  - Regional start-up facility,
  - SISME fund,
  - Fond inovácií a technológií, a.s.,
  - Slovenský Rozvojový Fond, a.s.,
  - Slovenský rastový kapitálový fond, a.s..

  In 2018, the total amount of investments approved through the above-mentioned managed funds was EUR 200,000, with the number and amount of approved investments for individual funds shown in the following table. Comparison on a year-on-year basis shows that the total amount of approved investments decreased by EUR 3,250,000.
Table 25 Numbers and amounts of investments approved as per individual funds

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Investments approved in 2017</th>
<th>Investments approved in 2018</th>
<th>Investments approved since establishment of the funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount (EUR)</td>
<td>Number</td>
</tr>
<tr>
<td>Start-up facility</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Regional start-up facility</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SISME fund</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fond inovácie a technológií, a.s.</td>
<td>2</td>
<td>950,000</td>
<td>4</td>
</tr>
<tr>
<td>Slovenský Rozvojový fond, a.s.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Slovenský rastový kapitálový fond, a.s.</td>
<td>1</td>
<td>2,500,000</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3</strong></td>
<td><strong>3,450,000</strong></td>
<td><strong>5</strong></td>
</tr>
</tbody>
</table>

Source: SBA

The amount of the investments made was EUR 450,010 with a decrease in comparison to the previous year by EUR 2,457,065. From the point of view of the company's life cycle when implementing investment proposals, there were two enterprises in Start-up phase and one in the development phase.

Table 26 Numbers and amounts of investments made as per individual funds

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Investments made in 2017</th>
<th>Investments made in 2018</th>
<th>Investments made in target enterprises since establishment of the funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount (EUR)</td>
<td>Number</td>
</tr>
<tr>
<td>Start-up facility</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Regional start-up facility</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SISME fund</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fond inovácie technológií, a.s.</td>
<td>8</td>
<td>1,407,075</td>
<td>3</td>
</tr>
<tr>
<td>Slovenský Rozvojový fond, a.s.</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Slovenský rastový kapitálový fond, a.s.</td>
<td>1</td>
<td>1,500,000</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Funds - total</strong></td>
<td><strong>3</strong></td>
<td><strong>2,907,075</strong></td>
<td><strong>3.5</strong></td>
</tr>
</tbody>
</table>

Source: SBA

In 2018 the amount of partial divestments reached EUR 194,596 and their number was 42. Out of that, 29 divestments were made through the Start-up Facility, 14 through the Regional Start-up Facility and 1 through Slovenský rozvojový fond (Slovak Development Fund). In addition to the partial divestments, 2 complete divestment was made in the amount of EUR 3,015,000. Out of that, 1 complete divestments was made through Fond inovácie a technológií and 1 through Slovenský rastový a kapitálový fond.
Table 27 **Overview of the number and amount of partial and total divestments in 2018**

<table>
<thead>
<tr>
<th>Fund name</th>
<th>Number of partial divestments</th>
<th>Amount of partial divestments (EUR)</th>
<th>Number of complete divestments</th>
<th>Amount of complete divestments (EUR)</th>
<th>Number of divestments - total</th>
<th>Amount of divestments total (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up facility</td>
<td>29</td>
<td>84,090</td>
<td>0</td>
<td>0</td>
<td>29</td>
<td>84,090</td>
</tr>
<tr>
<td>Regional start-up facility</td>
<td>12</td>
<td>506</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>506</td>
</tr>
<tr>
<td>SISME fund</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Fond inovácií a technológií, a.s.</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>15,000</td>
<td>1</td>
<td>15,000</td>
</tr>
<tr>
<td>Slovenský Rozvojový Fond, a.s.</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Slovenský rastový kapitálový fond, a.s.</td>
<td>1</td>
<td>110,000</td>
<td>1</td>
<td>3,000,000</td>
<td>2</td>
<td>3,110,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
<td><strong>194,596</strong></td>
<td><strong>2</strong></td>
<td><strong>3,015,000</strong></td>
<td><strong>44</strong></td>
<td><strong>3,209,596</strong></td>
</tr>
</tbody>
</table>

Source: SBA
4 Legislative development and proposals for decreasing the regulatory burden

4.1 Summary of the most significant legislative changes which had an effect on the business environment in 2018

In 2018, a number of legislative changes were passed by legislators (83 acts passed). Frequent legislative changes are perceived negatively by entrepreneurs, as the monitoring of these legislative changes represents a waste of time, which could be better used for management of the company. Top ten Acts (Commercial Code, Business Register Act, Value Added Tax Act, Tax Administration Act, Act on Accounting, Labour Code, Income Tax Act, Electronic Cash Register Act, Health Insurance Act, Act on Social Insurance), which should be closely monitored by SMEs, as they have a strong impact on them, have been amended 32 times in the past year. If we calculate the number of legislative changes for the days of the year, it turns out that an entrepreneur should, on average, monitor the collection of laws every 12 days.

Amendments of Acts in course of 2018 have brought positive changes in business conditions, but also had a negative impact on SMEs. We have divided the legislation in force in 2018 into some of the following themes: informatization; support, subsidies and investment aid; new EU regulations with priority over national laws; social entrepreneurship; employment and dual education; taxation and three new laws in the field of standardization. At the end of the chapter, we give a brief overview of the legislation passed in 2018, which will only become effective the following year.

Informatization

The informatization of the public administration or internal processes in the company ensures acceleration of processes, minimization of bureaucracy and elimination of unproductive time spent dealing with official matters. Some legislative changes gradually lead to the informatization of processes, through which the legislators seek to create opportunities to handle official matters online. The legislation listed below is aimed at achieving this specific objective.

The Act No. 238/2017 Coll. amended the Act No. 305/2013 Coll. on the Electronic Form of Governance Conducted by Public Authorities and on amendments and supplements of certain acts (e-Government Act), as amended. The above-stated amendment became effective on 1 April 2018 and its aim was to make adjustments mainly in order to unify the used tools, to simplify the use of electronic services and to introduce a mechanism for checking compliance with the obligations. The amendment focused on legal regulation in the following areas: unifying the delivery in cases when the electronic mailbox is not activated; introducing the obligation to use a central electronic filing office; simplifying the process of ”signing” electronic filings; unifying the form of payment of fees and enabling payments with cards; strengthening the building of common modules and their repeated use by public administration authorities; institutionalizing the government cloud; adjustments related to secured conversion and introducing sanctions for breaking the law. The Act also lays down changes related to authentication, use of electronic forms and electronic delivery.

The newly adopted Act no. 177/2018 Coll. on Certain Measures for Reducing Administrative Burdens by Using Public Administration Information Systems and on Amendments to Certain Acts (Anti-bureaucracy Act) became effective on 01.09.2018. The primary role of the Anti-bureaucracy Act is to exempt natural persons and legal persons from the obligation to submit the most frequently requested extracts from the registers in
the most common life situations in which citizens and businesses communicate with the state by imposing an obligation on public authorities to obtain and use the information which is already available in public administration information systems. This Act is intended to be a further step towards reducing and eliminating the administrative burden on natural and legal persons.

Extensive amendment - Act no. 212/2018 Coll. Amending and supplementing the Act of the National Council of the Slovak Republic no. 162/1995 Coll. on the Land Register and on the Registration of Ownership and Other Rights to Real Estate (Cadastral Act), as amended, and amending and supplementing certain acts, entered into force on 1 October 2018. The primary objective of the amendment to the Cadastral Act was to speed up and improve the quality of property registrations. Another purpose of the Act was to create legislative conditions to improve the functioning of the Land Register, taking into account the requirements of application practice. The amendment has affected the cadastral proceedings in many areas. Some changes lead to abolishment of obligations, while others increase the demands on the content of submitted documents. Based on the amendments, it is now possible to request a list of real estate, which is a summary of data on all properties located in the territory of the Slovak Republic owned by one person.

Support, subsidy and investment aid area

In this area, in addition to the adoption of amendments to existing laws, two new acts were adopted. A significant change was introduced through the extension of entities - beneficiaries of subsidies or supports, as to include natural persons entrepreneurs, which created an opportunity to obtain some form of business support for small entrepreneurs.

Act no. 280/2017 Coll. on the Provision of Support and Subsidies in Agriculture and Rural Development and on the amendment of Act No. 292/2014 Coll. on the contribution provided by the European Structural and Investment Funds and on amendments to certain acts, as amended (hereinafter referred to as “Act No. 280/2017 Coll.”). This Act supersedes Act No. 543/2007 Coll. on the competence of state administration authorities in providing support in Agriculture and Rural Development, as amended. Act no. 280/2017 Coll. came into effect on 1 January 2018. Act no. 280/2017 Coll. regulates the powers of state administration authorities in providing support in agriculture and rural development, the scope of state administration authorities in providing subsidies in agriculture and rural development, the procedure and conditions of providing support and subsidies, rights and obligations of persons in connection with providing support and subsidies, Agricultural advisory system, direct support proceedings and liability for breaches of obligations under this Act.

Act no. 302/2018 Coll. Amending and supplementing Act no. 71/2013 Coll. on the provision of subsidies within the competence of the Ministry of Economy of the Slovak Republic, as amended, and amending Act no. 290/2016 Coll. on the support of small and medium-sized enterprises and on amendment of Act no. 71/2013 Coll. on the provision of subsidies within the competence of the Ministry of Economy of the Slovak Republic, as amended, as amended by Act No. 177/2018 Coll. entered into force on 30.11.2018. The aim of the adopted changes is to extend support for subsidies for the development of infrastructure construction for alternative fuels. The amendment also expanded the entities eligible for the subsidy. Pursuant to Article 5 par. 1 c) and d) of the Act no. 71/2013 Coll. a subsidy to promote the use of biomass and solar energy for heat production and the use of other renewable energy sources may be granted for the implementation of projects aimed at promoting the use of renewable energy sources for natural persons - entrepreneurs or legal persons approved by the Ministry and announced in the Business Journal: for the implementation of projects aimed at promoting the use of renewable energy sources for municipalities or higher territorial
units approved by the Ministry. A subsidy may be granted to: a) a natural person - entrepreneur or legal person, up to a maximum of 75% of the total eligible expenditure of the project; (b) a municipality or a higher territorial unit and an organization established by them, up to a maximum of 95% of the total eligible expenditure of the project.

The aim of the Act No. 57/2018 Coll. on regional investment aid and amending and supplementing certain acts was to create a space for reducing regional disparities within the Slovak Republic and ensuring sustainable economic development and competitiveness of the Slovak Republic in the global space. The state investment aid was aimed at supporting investments related to advanced technologies and activities with high added value in industrial production, technology center and business services center. The form of investment aid is regulated in the Act as a subsidy for tangible and intangible fixed assets, income tax relief, contribution to new jobs created, transfer of real estate or lease of real estate below the value of real estate or lease of immovable property determined by an expert opinion. The investment aid in question pursuant to the Act on Regional Investment Aid is intended for natural persons - entrepreneurs or legal persons established for the purpose of doing business.

On 01.04.2018 the Act no. 58/2018 Coll., amending and supplementing the Act no. 336/2015 Coll. on the support of the least developed districts and on amendments to certain acts came into effect. The Act, in its wording, regulates the conditions, system and forms of providing support to the least developed districts. The amendment to the Act consisted in expanding the range of beneficiaries of the support by including natural persons – entrepreneurs in the least developed district, in accordance with the Action Plan and annual priorities. Prior to this amendment, the beneficiaries of the support included only territorial cooperation entities and other legal persons in accordance with the Action Plan for the Development of the Least Developed District, listed in the Annual Priorities of the Action Plan.

EU regulations with application starting in 2018

The Regulation 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, repealing Directive 95/46/EC (General Data Protection Regulation), effective from 25.05.2018 attracted a lot of attention. The aim of the Regulation is to guarantee a consistent level of protection of the personal data of natural persons throughout the European Union and to prevent different approaches between Member States’ legislation which could constitute an obstacle to the free movement of personal data within the internal market. The Regulation in question affected small and medium-sized enterprises, but the Union institutions and bodies and the Member States and their supervisory authorities are encouraged to take into account the specific needs of micro, small and medium-sized enterprises when applying this Regulation. The adopted regulation extended the obligations for persons processing personal data as well as the rights of individuals. In connection with the above-mentioned regulation, on 29 November 2017, the National Council of the Slovak Republic approved Act no. 18/2018 Coll. on the protection of personal data and on amendments to certain acts. The Act entered into force on 25.05.2018. The Act no. 18/2018 Coll. on the protection of personal data and on the amendment of certain acts repealed the original Act no. 122/2013 Coll. on the protection of personal data and on amendments to certain acts, as amended by Act No. 84/2014 Coll. Regarding the relationship of the new Personal Data Protection Act and the Regulation in terms of scope, it can be simply stated that the Regulation and Part IV of the Act titled Special situations of lawful processing of personal data which applies alongside the Regulation are of primary importance for a standard private sector business entity processing personal data on individuals. However, in most cases, GDPR is directly applied to the processing of personal data relating to individuals by private companies and sole traders.
Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2018

(i.e. without the need for a national implementing regulation) and therefore the Regulation and Part IV of the Act on the protection of personal data itself have a real impact on a standard business entity.

Regulation No. 2018/302 of the European Parliament and of the Council of 28 February 2018 on addressing unjustified geo-blocking and other forms of discrimination based on customers' nationality, place of residence or place of establishment within the internal market and amending Regulations (EC) No 2006/2004 and (EU) 2017/2394 and Directive 2009/22/EC. The Regulation entered into force on 23.03.2018 in all EU Member States, becoming effective from 03.12.2018 in order to allow sufficient time for small businesses to take the necessary measures. Geo-blocking is linked to the online purchase of goods or services directly from abroad. Basically, geo-blocking blocks a customer when buying goods or services online if the customer is from a different EU Member State than the seller. Geo-blocking essentially discriminates customers on the basis of nationality, place of residence or registered office/place of business. The Regulation seeks to prevent discrimination against consumers and businesses with regard to prices, sales or payment conditions when purchasing products and services in another EU Member State. Pursuant to the Regulation, entrepreneurs must maintain equal access to goods and services and therefore, must not discriminate any customers. In addition to limitations, legislation brings more opportunities for entrepreneurs for their businesses, expanding their customer base and thus potentially increasing their income.

Social entrepreneurship

As a result of the need to create a single legal framework in the field of social entrepreneurship, Act No. 112/2018 Coll. on the social economy and social enterprises and on amendments to certain acts was adopted. The Act entered into force on 01.05.2018. This Act establishes social economy entities, social enterprises, organizations of the social economy sector, providing support for enterprises in the wider area of the social economy and defines the social economy sector and state administration in the area of social economy. The main objective of the Act is to create space for a socially oriented economy as an integral part of the public economy, by defining the conditions for the creation of social economy entities and their support. Social economy entities should focus on meeting the preferred social objectives of achieving measurable positive social impact. The Act creates the possibility for social enterprises to receive both direct and indirect form of support. A social enterprise, a registered social enterprise and also a social impact enterprise can receive a direct form of aid in the form of drawing on investment and compensatory financial assistance. In addition, a registered social enterprise may receive aid in the form of support for demand in the form of service vouchers, income tax relief (from the part of the profit it decides to use to achieve its main objective), a reduced VAT rate of 10% of tax base (after fulfilment of the condition that 100% of its profits will be invested in the fulfilment of the main objective), and also support in the form of facultative compensation.

The above-mentioned Act no. 112/2018 Coll. amended Act no. 343/2015 Coll. on public procurement and on amendments to certain acts. The amendment was made by adding a provision of Article 1 par. 12 of the Act, which regulates the scope of the Act, specifically below-the-threshold and low-value contracts not covered by the Public Procurement Act. This paragraph includes below-the-threshold and low-value contracts not covered by this Act, which consist of the supply of goods or services or the execution of works to the contracting authority:

- in case the supplier is a registered social enterprise,
- in case the supplier is a natural person with a disability who operates or performs a self-employed activity in a sheltered workplace, or
- in case these are supplied by a sheltered workshop or under sheltered work programs, provided that at least 30% of the employees working in sheltered workshops or under sheltered work programs are persons with disabilities or otherwise disadvantaged persons.

The amendment supplemented the Act with the provision of Article 36a entitled Exclusive Contracts. Pursuant to this provision, the contracting authority and procurer may reserve the right to participate in public procurement only for registered integration social enterprises, sheltered workshops, natural persons with disabilities who operate or pursue self-employment in a sheltered workplace or may reserve contract execution provided that at least 30% of the employees of registered integration social enterprises, employees working in sheltered workshops or employees of sheltered job programs are persons with disabilities or otherwise disadvantaged persons.

Employment and dual education

In the area of employment, an amendment to the Labour Code was adopted, which brought several new obligations for entrepreneurs employing employees, which required an increase in employers' costs per employee. In addition to the annual increase in the minimum wage, several amendments to the Labour Code and changes in the fight against illegal employment, there have been many legislative changes aimed at introducing some measures to make training for the future profession more attractive in the form of dual education.

Government Regulation no. 278/2017 Coll. stipulating the minimum wage for 2018, increased the minimum wage from the original EUR 435 to EUR 480. The amount of the hourly minimum wage in the first stage of labour intensity in the given year amounted to EUR 2,759.

Amendment no. 63/2018 Coll. amending and supplementing Act no. 311/2001 Coll. the Labour Code supplemented the provision of Article 41 paragraph 10, according to which the employer, when concluding an employment contract, must not agree with the employee the basic salary component lower than the amount of the basic salary component published in the job offer pursuant to a special regulation. The provision of Article 122 of the Labour Code regulating the wage and wage compensation for a holiday increases the minimum wage benefit for work on holiday from 50% of the employee's average earnings to at least 100% of the employee's average earnings. This amendment supplements the Labour Code with provisions regulating wage benefits for Saturday, Sunday and night work and their percentage representation.

Act no. 64/2018 Coll. amending and supplementing Act no. 5/2004 Coll. on Employment Services and on amendments to certain Acts, as amended, came into effect on 01.05.2018, amending several provisions. The amendment introduced a change in the form of shortening the period for reporting vacancies in order to assess the labour market situation from 30 to the current 20 calendar days, which should contribute to speeding up the process itself. In addition, a condition for issuing a certificate of vacancy has been introduced, which includes the consent of the Labour, social affairs and family office with the recruitment for the vacancy. An employer wishing to recruit a third-country national must fulfil the condition of non-infringement of the prohibition of illegal employment for a period of two years prior to the application for temporary residence for the purpose of employment.

On 13.3.2018, the National Council of the Slovak Republic approved Act No. 108/2018 Coll. amending and supplementing Act no. 404/2011 Coll. on the Residence of foreigners and on amendments to certain acts, as amended, and amending and supplementing certain acts. The amendment introduced specific provisions on the mobility of third-country nationals into the wording of the Act. In particular, it regulates the mobility of an intra-corporate transferee, the mobility of a university student, the mobility of a researcher and the mobility of
a family member.

Another amendment, which was approved by the National Council of the Slovak Republic on 19.10.2017 and came into effect on 1.1.2018 was the amendment published under no. 294/2017 Coll. amending the Act no. 82/2005 Coll. on Illegal Work and Illegal Employment. The change occurred in Article 2 par. 2(b) in the definition of illegal employment. Until the amendment to the Act came into force, any delayed fulfilment of the obligation to apply for registration to the Social Insurance Agency was considered illegal employment, even one that was discovered only after additional control. The consequences of late registration with the Social Insurance Agency consist of imposing a fine from EUR 2,000 to EUR 200,000, the inclusion of the employer in the list of illegal employers, which makes it impossible to receive state aid, prevents the application for eurofunds and increases the risk in the eyes of banks.

Pursuant to the new legislation, the registration of an employee in the Social Insurance Agency's register within 7 days from the date of commencement of work will not be considered as illegal employment, and no fines will be imposed against the employer for violating the prohibition of illegal employment, if, within that period, no inspection is commenced at the employer. If the inspection begins within less than 7 days from the date of commencement of the employee's work and the employer has not yet complied with the employee's registration requirement, this will continue to be considered as illegal employment.

The amendment also passed the legislative process - Act no. 209/2018 Coll. amending and supplementing Act no. 61/2015 Coll. on Vocational Education and Training and on amendments to certain Acts and amending certain acts, which aimed at contributing to making the use of the dual education institute more attractive to interested parties. The Act focuses on the removal of notional barriers to entry of secondary vocational schools and employers into the dual education system. There has been a significant reduction in the administrative burden with the removal of deadlines for eligibility applications, replacing the submission of documents with declarations, as well as the abolition of obligation to undergo further eligibility testing when increasing the number of students in the dual education system.

Another important element is the increase in the proportion of practical training provided by another employer operating in the dual education system. This measure is intended primarily for sole traders and small businesses that do not have their own capacity to meet the material, technical and spatial equipment standards or to ensure the practical training. This measure should increase the interest of employers and, in particular, sole traders and small businesses in joining the dual education system. The amendment introduced Article 21a into the Act no. 61/2015 Coll. pursuant to which the employer providing practical training in the dual education system is provided with a contribution to ensure practical training in the dual education system from the budget chapter of the Ministry of Education, Science, Research and Sport of the Slovak Republic. The employer is entitled to the contribution for each student with whom it has concluded an education agreement in the school the year in which it first began to provide this student with practical instruction in a dual education system. Contribution shall be granted to: (a) a small or medium-sized enterprise in an amount of EUR 1 000; (b) an employer who has given practical lessons in duration of over 400 hours during the school year in the amount of EUR 700 or (c) an employer who has given practical lessons in duration of 200 to 400 hours during the school year, in the amount of EUR 300.

Taxes

Act no. 267/2017 Coll. amending and supplementing Act no. 563/2009 Coll. on Tax Administration (Tax Code) and on amendments to certain acts as amended and amending certain acts legally laid down the change that occurred on 01.07.2018. In essence, there has been an increase in the number of obliged entities that have to deliver submissions by electronic means to the financial administration. From 1 January 2018, all legal entities
registered in the business register for income tax were obliged to communicate electronically with the financial administration, whereas from 1 July 2018 this obligation was extended to all natural persons - entrepreneurs, registered for income tax, i.e. not just VAT payers.

The approved legislative change introduced some measures aimed at preventing tax avoidance and preventing profits from being transferred outside the territory of the Slovak Republic and increasing tax transparency. The amendment to the Income Tax Act (Act No. 595/2003 Coll.) published under no. 344/2017 Coll. a new 21% corporate tax rate was introduced as of 1 January 2018. The intent of taxation of the entity upon its leaving from the Slovak Republic is to ensure that if the taxpayer moves the assets of the company, changes its tax residence or transfers its business activity or part of its business activity outside the Slovak Republic, it taxes the economic value of all capital gains created in our territory, even in cases where this profit has not yet been realized at the time of departure. According to the Act, this taxation will also occur in a situation when a Slovak company transfers its property abroad, provided that the property must be transferred in the form of assets. This applies to the transfer of assets between headquarters and a permanent establishment, both being one legal entity and therefore there is no change in the person of the owner of the asset. However, when transferring assets from Slovakia to abroad the assets will have to be taxed as if it were sold. The exit taxation is calculated in the amount of the difference between the market value of the transferred asset and its tax value, with legal fiction of sale applying for the taxation.

The establishment of new obligations for entrepreneurs

On 23.03.2017 the National Council of the Slovak Republic approved Act no. 90/2017 Coll. amending and supplementing Act no. 79/2015 Coll. on Waste and on amendments to certain acts, as amended. As of 1.1.2018, the amendment imposes an obligation on packaging manufacturers providing lightweight plastic bags (less than 0.05 mm thick) for purchase of goods or products, the obligation to provide them for payment (this obligation does not apply to the provision of very lightweight plastic bags) and the obligation to provide other kinds of bags. According to Decree no. 246/2017 Coll. of the Ministry of the Environment of the Slovak Republic on registration and reporting obligation, the person who provides the final consumer with a bag for carrying the goods, keeps records and reports the quantities of all packaging materials. The obligation to keep records is effective as of 1 October 2017. The records shall be kept in electronic form or in written form for five years. This amendment also brought about a reduction in the scope of the obligation for small entrepreneurs - producers of non-packaging products who put less than 100 kg of non-packaging products on the market in Slovakia annually. Their obligations include: submitting an application for registration in the Register of Non-Packaging Producers and notifying all changes of registered data, keeping and maintaining records of non-packaging products and reporting data to the Ministry of Environment of the SR and keeping reporting data. Registration and reporting shall be kept for 5 years.

From 1.1.2018, an amendment published under no. 275/2017 Coll., introduced a new sanction in the Act on Accounting (Act No. 431/2002 Coll.) in the form of the possibility to cancel a sole trade. This sanction can be imposed for particular serious violations of the Act on Accounting, such as repeated offense, failure to keep accounts, failure to prepare financial statements, etc. In such cases, the tax office shall impose a fine or may initiate revocation of a trade license if the administrative offense is repeatedly found. The amendment to the Act on Accounting extended the period of retention of accounting documents from the original five years to ten years. The new period of archiving will also affect those documents the retention 5-year period of which has not expired by the end of 2017.

Act no. 52/2018 Coll. amending and supplementing Act no. 297/2008 Coll. on Protection
against Legalization of Proceeds of Crime and on Protection against Financing of Terrorism and on amendments to certain acts, as amended, and amending and supplementing certain Acts, amended Act No. 530/2003 Coll. on the Commercial Register and on amending and supplementing certain acts, as amended, regulated the scope of recording data on the end-user of benefits. As of 01.11.2018, the obligation to register data on the end-user of benefits in the relevant registers applies to non-investment funds, non-profit organizations providing services of general interest and foundations.

Act no. 264/2017 Coll. amending and supplementing Act no. 513/1991 Coll. the Commercial Code, as amended, and amending certain acts transposed Directive (EU) 2016/943 of the European Parliament and of the Council of 08 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure. As business secrets are considered to be an important component of the business, the European Union has set itself the objective of unifying and harmonizing the protection of trade secrets in the Member States by establishing common rules on protection against the unauthorized acquisition, use and disclosure of trade secrets. Legislative changes have occurred in the provisions of Article 17 of the Commercial Code, to which the terms “trade secret owner”, “person violating trade secrets” and “goods infringing the right to trade secrets” have been added, as well as in Article 51 entitled “Trade secrets infringement” and provisions of Articles 55a - § 55d regulating legal means of protection of trade secrets have also been added. The amendment came into effect on 01.01.2018.

Three new legal regulations

On 06.02.2018 the National Council of the Slovak Republic passed three new Acts, which came into effect on 01.04.2018. The content of the new legislation also affects some areas of SME business. The adopted legislation includes the following: Act No. 55/2018 Coll. on the provision of information on technical regulations and on obstacles to the free movement of goods, Act No. 56/2018 Coll. on conformity assessment of a product, making a designated product available on the market and amending certain acts and Act No. 60/2018 Coll. on technical standardization.

Legislation passed in 2018 with effect from 2019

The legislation listed below was approved by the National Council of the Slovak Republic in 2018 but did not enter into force until 01.01.2019. These legislation significantly changes the existing legislation.

The newly adopted Act no. 170/2018 Coll. on package tours, combined tourism services, certain conditions for doing business in tourism and on amendments and supplements to certain acts came into force on 1 January 2019, and at the same time, this Act repeals the original Act no. 281/2001 Coll. on package tours and conditions for business of tour agencies and on amendments to the Civil Code, as amended. The present Act tightened the conditions for doing business in tourism services. According to the Explanatory Memorandum, the general objective of the adopted legislation was to remove ambiguities and gaps in the previous legislation and to ensure a high level of protection for passengers when purchasing tours and associated travel services in accordance with the above-mentioned Directive.

Compared to the previous legislation, a narrower definition of the concept of a tour package has been legally established, with both a positive and a negative definition. Combined tourism services present another new concept regulated by the Act on tour packages. Up until now, it was possible to conclude a contract for the provision of a tour package, after the adoption of the Act on the tour packages it is possible to conclude a tour package contract between entities - a travel agency and a passenger. The tour operator or travel agency that sells the
tour package is **obliged to provide the traveller with information using the appropriate form** set out in the Annex to the Act **before concluding the tour package contract or before submitting an offer** acceptance of which may lead to the conclusion of the tour package contract. The legal obligation in question is intended to enable a passenger to compare the services provided by several travel operators. According to the new version of the Act on tour packages, the time limit for submitting a travel complaint by passengers was extended to two years from the date of the end of the tour package or, if the tour package did not take place, from the day when the tour package was to end under the tour package contract.

**Act no. 213/2018 Coll. on Insurance Tax and on amendments to certain acts** which became effective from 1 January 2019 introduced a new tax. As the title of the law indicates, the subject of the regulation is the insurance tax. The Explanatory Memorandum to the Insurance Tax Act states that the reason for introducing insurance tax as indirect tax is the current knowledge, which shows that the levy on non-life insurance premiums introduced from 1 January 2017 is a non-systemic and ineffective measure that causes application problems to insurance companies and unequal treatment in connection with the levy of 8% of the insurance received on the basis of insurance contracts concluded before 1 January 2017 and concluded from that date. The subject of the tax is insurance in the non-life insurance sectors listed in Annex no. 1 of the relevant Act. Insurance tax does not apply to Mandatory contracting insurance (MCI). The **tax rate from the tax base is 8%** for insurance specified in Annex no. 1 of the Act.

On 23.10.2018 the National Council of the Slovak Republic approved **Act no. 323/2018 Coll. amending and supplementing Act no. 222/2004 Coll. on Value Added Tax, as amended**, with effect from 01.01.2019. This amendment **reduced the VAT rate on accommodation services**. From the original 20% tax rate, the new VAT rate on accommodation was reduced to **10%**. The reduced tax rate applies not only to hotel and similar accommodation services but also to accommodation services in student homes or boarding houses services in rooms or accommodation units for workers’ dormitories and the like.

Another tax rate decrease was introduced by **Act No. 352/2018 Coll. amending and supplementing Act no. 98/2004 Coll. on Excise Duty on Mineral Oil, as amended, and amending and supplementing Act no. 530/2011 Coll. on excise duty on alcoholic beverages, as amended**. The amendment to the Excise Duty Act came into effect on 1 January 2019, **reducing the tax rate** for the calendar year 2019 (until 31.12.2019) on petrol with combined nomenclature code 2710 12 41, 2710 12 45, 2710 12 49 from the original EUR 554/1000 l to **EUR 547/1000 l**. From 01.01.2020, however, the tax rate on the above mentioned petrol will be EUR 555/1000 l. Gas oil (diesel) with combined nomenclature code 2710 19 43, 2710 19 46, 2710 19 47, 2710 19 48, 2710 20 11, 2710 20 15, 2710 20 17 and 2710 20 19 decreased by one eurocent from EUR 394/1000 l to EUR 393/1000 l.

The transposition of Directive (EU) 2015/2436 of the European Parliament and of the Council on the approximation of the laws of the Member States relating to trade marks resulted in **Act No. 291/2018 Coll. on supplement and amendment of national Act no. 506/2009 Coll. on trademarks**. The essence of the amendment to the Act is the **abandonment of the condition of the graphic expression of the trademark**. The essence of the change is to create space for the registration of non-traditional types of trade marks, but also to strengthen the rights of trade mark proprietors and deepen the principle of providing protection only to the trademarks actually used in a relevant way.

On 10.10.2018 the Government of the Slovak Republic established by **Regulation no. 300/2018 Coll. the amount of the minimum wage for 2019**: (a) EUR 520.00 per month for the employee remunerated by the monthly wage; (b) EUR 2.989 for each hour worked by the employee, thus continuing the trend of increasing the minimum wage.
Another approved legislation was the Act No. 346/2018 Coll. on the Register of Non-Governmental Non-Profit Organizations and on amendments and supplements to certain acts with effect from 01.01.2019. According to the wording of the Explanatory Memorandum, the aim of the Act is to establish a register of non-governmental, non-profit organizations as a reliable, up-to-date and uniform source register of non-governmental, non-profit organizations registration of which is carried out within the Ministry of the Interior. Since the registers of these entities so far did not collect relevant, up-to-date data and data on the statutory body and members of the statutory body of organizations, the Act was adopted with the aim of establishing a reliable and uniform source register of non-governmental, non-profit organizations. The register shall be kept in electronic form and shall be divided into a public part and a non-public part. The public part of the register is available at the website of the Ministry of the Interior.

Act no. 376/2018 Coll. amending and supplementing Act no. 5/2004 Coll. on Employment Services and on amendments to certain acts, as amended, and amending and supplementing certain Acts, became effective on 01.01.2019. Article 13 of the Labour Code was supplemented with paragraph 5 as follows: The employer may not impose an obligation on an employee to maintain confidentiality about his working conditions, including wage conditions and employment conditions. No one shall be persecuted or otherwise sanctioned in the workplace for not maintaining confidentiality about his/her working conditions, including wage and employment conditions. In connection with the above, the provisions of Article 43 par. 4 were supplemented with a sentence, which regulates the absolute invalidity of the provisions of the employment contract, which imposes an obligation of confidentiality on the working conditions of the employee. Pursuant to Article 43 par. Article 4 second sentence: The provisions of the employment contract or other agreement by which the employee undertakes to maintain confidentiality of his/her working conditions, including wage conditions and employment conditions, shall be null and void.

On 01.01.2019, the Act No. 347/2018 Coll. amending and supplementing the Act no. 91/2010 Coll. on the Promotion of Tourism, as amended, and amending and supplementing certain acts, including the Labour Code became effective. The amendment to the Labour Code supplements the new provision of Article 152a, which, by its wording, regulates the conditions of recreation of employees. The employer, who employs more than 49 employees, is obliged to provide the employee with a recreation allowance. An employer who employs fewer than 50 employees does not have this statutory obligation but can provide a voluntary recreation allowance. The average number of employees employed in the previous calendar year is understood as the number of employees employed. The recreation allowance is available to any employee who applies for an employer's allowance if such an employee has been working continuously for at least 24 months based on an employment contract.

In 2018, the National Council of the Slovak Republic approved the amending Act no. 368/2018 Coll. amending and supplementing Act No. 289/2008 Coll. on the use of the electronic cash register and on the amendment of Act no. 511/1992 Coll. of the Slovak National Council on Tax Administration and Fees and Changes in the System of Territorial Financial Authorities, as amended, and amending and supplementing certain acts. The amendment to the Act became effective on 01.01.2019. This amendment to the Act on the Use of Electronic Cash Registers is intended to ensure the online connection of all electronic cash registers to the financial administration portal, the so-called e-kasa system. According to the Explanatory Memorandum, e-kasa is a real-time revenue and cash register system which enables online cash registers as well as virtual cash registers to be integrated into the central financial administration database, sending real-time data as well as an off-line mode.

With the adoption of this amendment, the legislator foresees that the e-kasa system will
bring a reduction in the administrative burden for the procurement of hardware, a reduction in operating costs, a continuous transition between accounting days, data export to simplify VAT reporting, data availability during archiving. The e-kasa system is intended to help combat tax evasion by circumventing the compulsory registration of sales in the cash register. The amendment to the Act applies to entrepreneurs who pursuant to the meaning of Act no. 289/2008 Coll. are obliged to keep records of receipts from the sale of goods or services in the cash register and it also applies to importers and distributors of cash registers.

4.2 Proposals for improving the regulation in favour of SMEs

This section of the Report on the State of Small and Medium Enterprises in the Slovak Republic aims to convey draft measures to improve regulation in favour of SMEs. In the period from 1 January 2018 to 31 December 2018, the Better Regulation Center as a member of the Permanent Working Committee for the assessment of selected impacts as part of the Legislative Council of the Government (hereinafter referred to as the “Permanent Working Committee”) and tasks resulting from its membership, registered 499 unique proposals of regulation, of which 143 has an impact on the business environment identified by BRC.

Figure 2 Business environment regulation in 2018

Despite the efforts of the BRC, in particular in the form of substantive remarks within the preliminary comment procedure, it can be stated that the trend of insufficient quantification of the costs / savings of regulation by the submitters continued in 2018. Submitters quantified the costs of regulation in only 22 business impact materials, which, with a total of 143 business impact materials submitted, represents just over 15%. The total costs for the business environment for the 22 unique materials were approx. EUR 216.2 million. The total savings amounted to approx. EUR 163.4 million. Thus, the net costs for the business environment (including administrative costs) in these cases was approximately EUR 52.8 million. However, this figure represents a very distorted view of the total costs of the submitted documents, and it is, therefore, necessary for the submitters in the future to make substantially greater efforts to quantify the costs and savings of regulation. The BRC sees the following areas where savings could occur and thus reduce the regulatory burden. The BRC, therefore, proposes concrete measures:
1. Better regulation for SMEs

The principles and recommendations formulated by BRC in part (a), based on the experience of its day-to-day activities, should be adopted by all regulators to be an acceptable system of rules for SMEs. Many of these recommendations are part of the RIA 2020 - Better regulation strategy paper prepared by the Ministry of Economy of the Slovak Republic. In part (b) the BRC focuses on the specific content proposals, in case of clear responsibility, the relevant regulator is mentioned.

a) in terms of process:
- formulate sufficiently clearly the content of the preliminary information;
- determine which of the size categories of enterprises will be affected by the proposed material;
- quantify the approximate number of entrepreneurs affected, using available statistics and records;
- carry out consultations with the entities concerned;
- evaluate the consultations efficiently and effectively;
- consider introducing simplified schemes for SMEs in the introduction of new obligations for businesses;
- in case of proposal for a new obligation or stricter existing obligation, propose removal or simplification of another existing obligation or more obligations corresponding to the amount of the burden (the principle of one in, one out - accept one, cancel one),
- avoid implementation of EU directives beyond their minimum framework; i.e. not creating unnecessary expanding obligations (the so-called unjustified gold-plating effect),
- quantify the total cost related to compliance with obligations for businesses.

b) in terms of content:
- technically ensure the full functioning of the Slov-lex portal (MS SR),
- stipulate by law the obligation to assess the impact of regulations on the business environment in the case of parliamentary bills;
- stipulate by law the obligation to review already effective regulation, e.g. after 5 years, whether it fulfilled the purpose originally intended by the submitter (the so-called sunset clause).

2. Labour law and employment

a) complete the liberalization of the occupational health service by removing the last remains of the gold-plating effect (MZ SR),
b) adopt a compromise in the payment of overtime, for work on Saturday, Sunday and public holidays for all SMEs without exemption by way of exemption from tax and levy (up to a certain amount / increased or newly established / in full) (MPSVaR SR),
c) remove the confusing legal regulation of the employee's registration in the Social Insurance Company within 7 days from the commencement of the activity in relation to the performance of control and the possibility of imposing a fine (MZ SR),
d) abolish the restriction of the possibility of being a contract worker and registered at the Labour Office at the same time in the form of 40 calendar days per year with one employer (MPSVaR SR),
e) adequately reduce the license fee in the event of an employee leaving the MoT or RD after being informed by the Social Insurance Agency (MK SR, MPSVaR SR, Social Insurance Agency, RTVS),
f) remove the prohibition of the contract workers to program, photograph, create graphic
works, professional texts or other copyrighted works (MPSVaR SR).

3. **Taxes and accounting**
   a) re-introduce the expenditure up to EUR 500 for occasional work into the costs (MF SR),
   b) reduce the annual rate of levy on heavy trucks; i.e. motor vehicles or combinations of vehicles intended exclusively for the carriage of goods by road with a maximum permissible laden weight of at least 12 tonnes, closer to the minimum rates set by EU legislation (MF SR).

4. **Commercial law**
   a) allow the use of raw materials from small growers for business (MPaRV SR),
   b) adjust the consequences of withdrawal from the contract for the seller in the case of the sale of goods on the basis of a distance contract (MH SR).

5. **Excessive bureaucracy and legal uncertainty**
   a) Simplify the process of assessing applications for indirect forms of business support (MH SR),
   b) reduce the regulatory burden on business entities by setting up automatic creation, change or termination of the license fee by RTVS (MK SR, MPSVaR SR, Social Insurance Agency, RTVS),
   c) deal with the situation in the exchange of ID card with an electronic chip when the temporary document cannot be used for login into the electronic mailbox (MV SR),
   d) eliminate the obligation of the entrepreneur to report each company based in the same premises for the purpose of hygiene separately and to pay EUR 50 for each of several companies (MZ SR, Public Health Authority),
   e) remove the obligation to apply for a permit with a municipality if the employer wants to give the employee a pallet for domestic use (MŽP SR),
   f) eliminate bureaucracy in application for an alternative authenticator by a foreign statutory officer (MV SR),
   g) to explicitly define the height of the tiling in sanitary-approved facilities (MZ SR, Public Health Authority),
   h) abolish the obligation of the employer to submit to the Social Insurance Agency the record of the pension insurance, the certificate for the unemployment benefit and the employee a credit note, as the SIA already has the given data (MPSVaR).
   i) abolish duplicate information obligations when posting employees abroad (MPSVaR SR, National Labour Inspectorate),
   j) to complete the implementation of other measures from the packages for reducing the administrative and regulatory burden on the business environment (MH SR and individually responsible regulators).
5. Summary of conclusions from performed analyses and surveys

5.1 Summary of performed analyses

As in previous periods, in 2018, the Slovak Business Agency contributed to the overall monitoring of the business environment through the creation of analytical and statistical documents aimed at small and medium-sized enterprises. Each of the analysed analytical topics is different, while the effort aims at not only mapping the state and trends but also at identifying and naming the current problems in the research area affecting the SME sector. At the same time, the objective is to propose optimal solutions for identified barriers in individual areas. In the following part of this chapter, we summarize the main findings from selected published analytical outputs.

The minimum aid institute is an important tool for the transformation and development of the business sector in Slovakia. For this reason, the central aim of the Analysis of the de minimis institute in Slovakia was to provide business entities, especially SMEs, with the opportunity for inspiration by a wide range of areas in which minimum aid is provided as a relatively administratively undemanding way of obtaining support from state and public institutions. The analysis includes an overview of the de minimis aid schemes under which aid has been granted over the past 3 years. This overview provides information to businesses on the areas where de minimis aid is granted, helps to identify the scheme implementer, the basic objectives and the subject-matter of the aid, as well as the average amount of aid granted to decide whether such aid is beneficial to their business.

By analysing the issue, it was revealed that the provision of de minimis aid in some areas is carried out permanently or shows a tendency of cyclical repetition of support mechanisms after certain periods, in particular depending on the possibility of drawing on European Union financial resources. The administrative difficulty and the number of conditions resulting from the Slovak legislation significantly increase with the amount of the minimum aid provided. It can be stated that in the case of receiving aid in excess of EUR 100 000, the beneficiary must cope with administrative burdens and legislative conditions and penalties resulting therefrom comparable to the recipients of state aid several times higher. In the case of de minimis aid schemes where the minimum aid resources are co-financed by the European Structural and Investment Funds, the European funds' management systems could differentiate between the frequency of procedures and the administrative burdens based on the amount of aid granted and create simplified methodologies for small scale projects.

The development of digital technologies in recent years has had an impact on the SME sector. The analysis of the needs of SMEs in the context of the Intelligent Industry Agenda and specifically in relation to the human resources needs up to 2020/2030, focused its content on providing a practical perspective on the genesis of the digitization development, formation and development of the fourth industrial revolution - Industry 4.0. The development of smart solutions associated with digitization in the SME segment is most often linked to the replacement of human labour by machines. This development can also be associated with changes in the labour market, because by automating production some types of occupations will disappear, but at the same time new ones with different labour requirements will be created.

An important part of the study is to identify the needs and obstacles to SME development in the context of smart industry, as well as to draft recommendations in this area. The above mentioned analysis concludes that a number of fundamental changes will have to be made in the future, particularly in the areas of education, human resources and employment legislative relations. The first proposed change includes the proposal for more intensive use of modern
information and communication technologies in the educational process. Emphasis should be put on the practical side of teaching, especially in secondary schools with dual system of education, and at the same time, universities should be more involved in applied research. An important prerequisite for the successful development of SMEs will be the development of employees through lifelong learning, which is related to the expected changes in the structure of the labour market. For many employees, automation and robotics represent the risk of losing their jobs, which can negatively impact their performance. Businesses should, therefore, analyse the implications of automation also in the context of the need to fill new jobs with a new workload that will need to be created after the introduction of automation. The key area affecting the future development of SMEs is the area of employment legislative relations. The development of the digital economy requires a more flexible and variable Labour Code. It is expected that the character of some professions, such as a machine programmer, will not require the presence of the employee directly at the workplace with the employer, but will be able to control everything remotely. One employee is expected to be able to work with a flexible time pool for 2 or 3 companies at the same time. Such a form of work can significantly increase the turnover of employees in companies, which should be appropriately regulated in the Labour Code.

The issue of digitization was also addressed in another analysis, drawing attention to the identification of major barriers within the e-Government. The Analysis of obstacles to Small and Medium-Sized Enterprises in the area of digitization identified and described in detail some procedures and shortcomings of a legislative or technical nature which SMEs consider to be obstacles - both in contact with public administration and in processes in the internal and external environment of enterprises. In particular, the lack of interconnection and different technical prerequisites for the functioning of the various systems are identified by SMEs as the most important problems in the e-Government area (e.g. while a trademark can be electronically registered using the Google Chrome web browser, Internet Explorer must be used for electronic registration of sole trade), various settings of access to information systems (e.g. in some cases the entrepreneur will need an electronic mailbox, elsewhere it is necessary to use a login name or GRID card), frequent maintenance and unavailability, non-compliance with basic principles of personal data processing, no option to pay the administrative and court fees online, cyber security issues, etc. Based on the practical experience of SMEs as well as shown by examples of good practice from abroad, this analysis identified opportunities to reduce or eliminate existing digitization obstacles, which would simplify many procedures and further save time and costs. Such savings would lead to the investment of time and energy in their own activities on the part of SMEs and, on the part of the public authorities, could mean a reduction in costs which could result in faster and more efficient processes.

Fulfilment of the obligation to notify several authorities about the establishment of a plant, obtaining authorization to put premises into operation, obtaining the necessary markings or introducing mandatory paper or electronic records (such as operating rules or sales records) are compulsory for SMEs to overcome before starting operation of a plant where they will conduct their business activity. The aim of the Analysis of the regulatory burden of opening of a plant in Slovakia is to provide a comprehensive analysis of the entrepreneur's obligations when opening the plant in Slovakia, in terms of content, it defines the plant in the environment of Slovak legal order, the procedure of opening the plant, but also a description of specific types of plants in Slovakia. The analysis, in line with the stated objective, compares the process of setting up a plant in Slovakia with the procedures of setting up a plant in neighbouring countries, i.e. in the Czech Republic, Poland, Austria and Hungary, where the procedures used often differ in many respects.

The result of the analysis is the identification of obstacles and a set of recommendations to
simplify the process of opening a plant in Slovakia. The proposed measures include the unification of legal concepts, concentration of reporting obligations to only one institution, simplification of the process of incorporation and establishment of a company, reduction of some administrative obligations, or reduction of the prerequisites associated with obtaining a final building approval and consent to commissioning the premises. These measures can help simplify and accelerate the process of opening a plant.

Another of the analysed analytical topics dealt with the failure of enterprises. At present, failure of enterprises affects approximately 15% of SMEs out of all business declines in the EU area. Every year, around 700,000 SMEs across the European Union are affected by bankruptcy proceedings, leading to annual losses of up to 2.8 million jobs (potentially created and actually lost). Enterprises in the Slovak Republic are no exception, as they are also subject to bankruptcy, while restructuring is not a widely used instrument for business recovery. The Analysis of the second chance in Slovakia, through the study of business statistics, experience in the business environment and the current wording of legislation, pointed (in introducing and establishing the second chance in legal standards) to significant shortcomings. Some of them, such as excessive length of insolvency proceedings or the inaccessibility of recovery procedures for some types of businesses, present systemic errors which require wider legislative intervention. However, others, such as equalizing certain conditions of natural persons with those of legal persons, would suffice with simple and relatively rapid legislative intervention.

Another group of identified second chance obstacles includes principally and partly ideological mistakes. Their removal can be done without legislative changes or changes in the structure of the advisory system. This will only need a change of the nature in the work of the already existing institutions. Principal change should be brought mainly by measures concerning the change in the approach of state institutions to entrepreneurs approaching the bankruptcy situation. Following the successful examples of measures from abroad, it is crucial not to treat a bankrupt company as a problem but as an opportunity. By eliminating unnecessary bureaucratic obstacles, lengthy action by authorities and inequalities in access to individual entrepreneurs, Slovakia is able be include among the countries for which the second chance is a new and healthy way to improve, transform and cultivate the business environment.

The issue of education and training, in relation to business, was addressed in the Business Education Analysis, which examines the state of business education and compares the educational process in the Slovak Republic with the educational processes in other countries. The current state of business education and its future development face several challenges in Slovakia, which can be perceived as an opportunity for a suitable adjustment of the business education system. One of the problems identified is the perception of entrepreneurship as a good career choice in Slovakia, which is low compared to other countries, and the fact that strategic documents in Slovakia do not at all reflect the need and importance of business education.

Despite these problems, significant initiatives have been established with the so-called training company being the most successful. This is a course taught mainly at business academies as a complementary subject and is intended especially for students interested in this area. A positive element is a certain development of initiatives and business ideas at universities, but in this case it is only possible to note the lagging and gradual catching-up of trends already present in Western Europe. From the point of view of university education, it is necessary to improve the element of education, which would be in line with the Western world trend, which consists mainly in developing the creative spirit of students and their research carried out in an interactive form with the potential to create a business idea directly at universities. It is therefore essential to improve the quality of the education element, to give higher education institutions and universities more freedom (for example through changes in
the accreditation process) and to support the establishment of university business centres or various incubators.

Equally important is the existence of a national strategy that would be systematically implemented and continuously monitored. To meet these goals, it is necessary to cooperate with entrepreneurs who were successful in meeting the objectives of the development of business education, especially in the private sector or in the third sector.

The following two analyses examine the business environment with a focus on selected territorial area. The analysis entitled **Comparison of SME business conditions in Central Europe** consists of identifying obstacles which prevent SMEs from improving business in the Slovak Republic and the subsequent formulation of recommendations for improving the conditions of business of SMEs in the Slovak Republic.

The content of the analysis includes a description of the status and development of the number of SMEs, their sectoral structure, business demography and economic characteristics of SMEs in the V4 countries, Germany and Austria, based on statistical data from Eurostat and the European Commission. It also includes the comparison of the current system of SME business support in V4, Germany and Austria and the specification of institutional and legislative business framework. The output also includes the identification of factors affecting the quality conditions of the business environment in the countries under review, pointing out examples of successful measures applicable in the conditions of the Slovak Republic. Last but not least, it also includes a proposal of recommendations for improving business development in Slovakia.

Based on the analysis, obstacles have been identified which hinder the improvement of business development in the Slovak Republic, and recommendations for their solution have been proposed. The findings of this analysis identified obstacles such as administrative and time burdens during establishment of a company, excessive administrative burdens on small and medium-sized enterprises, instability of the legislative environment, lack of clarity and incomprehensibility of legislation, poor law enforcement and long court proceedings, high taxes and levies and the complexity of paying taxes, the inadequate length of time to obtain building permits, the lack of innovative potential and technological readiness of SMEs, the lack of access to finance. In the analytical output, the proposed measures also take into account examples of successfully functioning measures that should lead to an improvement in the conditions for business of SMEs in Slovakia.

Slovakia is a small open economy with considerable internal differences. They are noticeably reflected in the economic development of individual regions and the level of disposable income at regional level. According to the OECD assessment, Slovakia has the most significant regional differences among the developed countries, which have deepened the most in the last 20 year. **The Analysis of the business environment in the regions of the SR**, as follows from its name, examines the business environment in individual territorial areas of the SR. The favourable macroeconomic development of recent years has brought high growth in economic activity and household income to all regions of Slovakia. However, the historical trend of significant regional disparities was not been reversed by this. The regions of Central and Eastern Slovakia are currently able to hold the pace of growth with Western regions in some economic aspects (such as disposable household income, employment rate), but the existing disparities are not fundamentally diminished. A similar trend can be observed to varying degrees in half of the 30 countries that have been assessed by the OECD.

Regions in the Western Slovakia broke the natural unemployment rate, and companies were forced to recruit workforce from abroad in record numbers in order to maintain and further expand production. Unemployment also decreased significantly in the regions of Central and
Eastern Slovakia. However, the Banská Bystrica, Košice and Prešov regions still show three times the registered unemployment rate compared to the Bratislava region. Despite the particularly favourable macroeconomic conditions, employers in these regions are still unable to integrate available local labour into the labour market.

The economic orientation of enterprises and the related structure of jobs in all regions is adapting to new conditions at different paces. There are other factors that slow the pace of this process down. Above all, this includes the distance of individual regions from important trading partners from EU countries as well as European transport corridors. This problem is exacerbated by the undeveloped transport infrastructure in Central, Southern and Eastern Slovakia.

Based on the findings, the analysis provides identification of obstacles in the area of support for entrepreneurship of SMEs in individual regions and at the same time makes proposals for recommendations for improving conditions of business development in regions of the SR.

Given the fact that business inclusiveness or involvement of disadvantaged groups of the population in entrepreneurial activity is important for the whole society, especially in connection with increasing the level of entrepreneurial activity and decreasing the unemployment rate, the analyses entitles Development and potential of entrepreneurship inclusion of disadvantaged groups in the labour market focused on mapping the state and development of SMEs in clear form. It used the analysis of contributions aimed at supporting the emergence of small and medium-sized enterprises by disadvantaged job seekers (women, young people, seniors and migrants), as well as analysing contributions intended to support existing SMEs in the field of employment of disadvantaged jobseekers in the labour market in the period from 2012 to 2017.

In particular, the analysis highlighted the importance of SMEs in terms of promoting the employment of disadvantaged jobseekers. As regards the support of JSs in the analysed contributions, it should be noted that, according to the type of disadvantage, long-term unemployed in combination with other types of disadvantage were generally supported. A positive trend can be seen in the decreasing unemployment rate of women, young people under 29 years of age and over 50 years of age. Nevertheless, their unemployment rate exceeded the overall unemployment rate in the territory of the Slovak Republic, most notably in the case of young people under 29 years.

The figure of one quarter of women in the total number of active natural persons - entrepreneurs indicates the existence of room for the implementation of support policy in this area. ALMM contributions to young people under 29 contributed to placement in the labour market. However, given the decreasing total number of this group of JSs, the already existing SMEs support the employment of disadvantaged jobseekers among young people rather deficiently with the use of ALMMs. On the other hand, there was an increase in the business activity of young people under 29 years of age. Another positive trend is the growing number of active NP entrepreneurs aged 60 and over, who have been increasing since the beginning of 2018. However, again, it cannot be stated that this would be the result of sufficient support for the emergence of SMEs from among the disadvantaged job seekers, from the group of the elderly. At the same time, the decrease in the number of positive opinions given in the application for the granting, as well as for the renewal of temporary residence for business purposes indicates that the number of applicants to do business from third-countries is greater than the start-up support that those interested could receive. The social enterprise, in its form at the time of the analysis, presents an innovative tool aimed at solving several social problems. This creates room for fulfilling several social goals beyond the scope of labour integration and solving unemployment issues. Adjustment of support to address the needs of the disadvantaged groups under review should be the subject to further analyses, while their common starting
point should be the identification of disadvantages at the start of business, or labour market integration. It should also focus on a more targeted design and implementation of measures to support disadvantaged groups.

5.2 Summary of performed surveys

Different aspects of the business environment may be evaluated through a broad portfolio of research approaches and methodologies. The most commonly used include qualitative and quantitative surveys. Thanks to them, we may have a more relevant view of different areas and specific features of the business environment. The following part contains a brief summary of selected quantitative and one qualitative surveys which dealt with the issue of business environment in Slovakia and in other EU Member States from the point of view of SMEs in 2018.

In cooperation with its partners, the Slovak Business Agency conducted five quantitative surveys:

- Global Enterprising Monitor - GEM
- SME attitudes to the use of support programs
- Survey of obstacles to youth entrepreneurship in Slovakia
- Monitoring the application of SBAfE principles
- SME opinions on the quality of the business environment in Slovakia

Other two quantitative surveys were performed by the European Commission:

- Access to finance of SMEs
- Investment in EU-member states

Global Enterprising Monitor (GEM) – Views of the public on business

Global Entrepreneurship Monitor is an international initiative associating more than 300 researchers from around the world. It represents one of the most important global studies about entrepreneurship dynamics. GEM has three priority goals: to measure the differences at the level of business activities among the countries, to reveal factors which have an effect on the level of business activities in individual countries and to propose policies which may increase the national level of business activities. The information is updated annually at two levels. The first one is the Adult Population Survey (APS) with a representative sample of at least 2,000 respondents. The second level is the National Expert Survey (NES). Slovakia joined the initiative in 2011.

The following part summarizes key findings of the Adult Population Survey (APS) conducted in Slovakia in 2018. The survey results show an increase in self-confidence of the adult population (aged 18-64) in business activities. It is based on a more positive perception of suitable business opportunities. Overall, 37.4% respondents perceive good business opportunities in their surroundings, representing an increase by 11.6 p.p. compared to 2017. In spite of the increase, in terms of perception of favourable opportunities, Slovakia has long been one of the EU countries with the most pessimistic views (Europe 43.2%).
At the same time, in 2018 the respondents perceived their **knowledge and skills necessary for starting a business more** positively, while more than half of them (53.3%) thinks that they have sufficient skills to start their own business. Compared to 2017, there was an increase by 4.8 p.p. When compared internationally the perceived ability to start a business was high in Slovakia (European average 43.8%). The **fear of failure of the business** also shows the growing confidence of Slovak citizens. The number of persons who expressed their worries about the failure of their business decreased by 10.3 p.p. to 29.3% compared to 2016.

**Social attitudes to entrepreneurship** are quite stable in Slovakia. Almost half of the population (46.9%) perceives entrepreneurship as a suitable career choice. Compared to the previous year, the proportion of the population perceiving entrepreneurship as a suitable career choice almost did not change. However, Slovakia lags far behind the average of Europe (60.6%) and high-income countries (57.9%). The **perception of successful entrepreneurs** and of their social status did not change for last three years (60.4%). However, compared to other EU countries, successful entrepreneurs are still perceived less positively in Slovakia (the EU average reached 69.0%).

The results evaluating individual stages of entrepreneurship demonstrate positive signs. Compared to the previous year, **the proportion of adults who are interested in starting their own business in the next 3 years** increased from 9.4% to 13.7%. This is higher than the European average (11.4%) but still does not reach the level in high-income countries (17.1%). Compared to the previous year, the indicator of the **total early-stage entrepreneurial activity** (TEA), expressed as a percentage of adults (aged 18 to 64) who are just starting their own business or are owners-managers of new companies, increased from 11.8% to 12.1%. Slovakia ranked 3rd among the twenty European countries. A year-on-year decrease is only seen in the **group of well-established entrepreneurs**, i.e. entrepreneurs performing their business activities for longer than 42 months. The proportion of well-established entrepreneurs decreased from 10.0% to 4.6%, which corresponds to the development of the number of active SMEs according to the Register of Organizations of the SO SR.
Chart 16 Selected attitudes of the Slovak population to entrepreneurship according to GEM (% of affirmative responses)

Source: Global Entrepreneurship Monitor, processed by SBA

Attitudes of SMEs to the use of support programs

In order to survey the attitudes of small and medium-sized enterprises to the use of support programs, the Slovak Business Agency conducted a representative quantitative survey. The survey was conducted in the form of telephone interviews in the period from August to September 2018 with a sample of 1000 small and medium-sized enterprises participating in the survey. Detailed survey results are available in the survey report.18

The survey results indicate a lack of information on the possibilities of using support programs for small and medium-sized enterprises. The lack of information is felt by every second entrepreneur questioned for the survey. Nevertheless, compared to the results of the 2015 survey, awareness improved as the share of entrepreneurs with lack of information decreased by 7 p.p.

Every third entrepreneur (33%) assessed the possibilities of small and medium-sized enterprises to use support tools provided by the public sector for their business positively. Overall, 45% of the questioned SMEs presented a negative attitude. Compared to 2015, the availability of support has improved (from 24% in 2015 to 33% in 2018). Around half of the entrepreneurs would aim public support more strongly for the group of start-ups (53%),

18 Available at: https://www.npc.sk/media/uploads/files/Postoje_MSP_k_vyuzivaniu_podporn%C3%BDch_programov_2018.pdf
micro-enterprises (51%) and family businesses (46%). A total of 44% of SME representatives prefer more support for young and older entrepreneurs.

When considering the availability of public support for SMEs, the biggest obstacles include high administrative burden (64%), demanding compliance with support conditions (38%) and long applicant evaluation procedures (37%).

Chart 17 Obstacles to the availability of public support for SMEs

The lack of information about the possibilities of using support programs is reflected in a lower use of state aid. According to the survey results, only 16% of SMEs used some kind of support (e.g. subsidy, loan, guarantee, EU funds, consultancy, mentoring, information services) in the 12 months prior to the survey. Another 15% of SMEs surveyed tried to get public support for their business but were not successful. More than two thirds (69%) did not even attempt to obtain public support.

Among the addressed SME representatives, there was a prevailing satisfaction with the business support received. According to the assessment of the satisfaction with the provided support on a scale from 1 (lowest satisfaction) to 6 (highest satisfaction), 55% of respondents from the representative of the supported SMEs claimed satisfaction and 45% expressed dissatisfaction with public support. The satisfaction index with the public support granted in 2018 reached 3.8 points (on a scale from 1 to 6).

Chart 18 Assessment of satisfaction with the provided public support

Entrepreneurs cited the administration-demanding processing of applications (29% of entrepreneurs) as the most common reason for lack of interest in public support for entrepreneurship. One fifth (20%) of small and medium-sized enterprises did not apply for public support due to ambiguous evaluation criteria for applications. Another 18% of SME representatives stated the reasons as complicated fulfilment of the conditions for obtaining support, 17% of respondents stated that the focus/type of support was unsuitable and 16% has non-confidence with respect to the availability/quality of service.
Almost two thirds (61%) of small and medium-sized enterprises in Slovakia plan to use public support for their business in the future. More than one fifth (21%) of the respondents plan to use an EU contribution/grant in the future. Contribution or subsidy from the state aid is planned to be used by 18% of SME representatives in the future, with 12% of representatives planning a tax relief and 10% of SME plan to use a loan. **Compared to 2015, interest in the use of consultancy (9%) and information services (9%) increased most significantly.**

### Chart 19 Planned type of public support in the future

<table>
<thead>
<tr>
<th>Type of Support</th>
<th>2018</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU contribution / grant</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>Contribution/subsidy from state budget</td>
<td>18%</td>
<td>20%</td>
</tr>
<tr>
<td>Tax benefit</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Soft loan</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Counselling</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Information service</td>
<td>4%</td>
<td>9%</td>
</tr>
<tr>
<td>Guarantee</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>Do not know</td>
<td>8%</td>
<td>14%</td>
</tr>
<tr>
<td>No interest in public support</td>
<td>39%</td>
<td>42%</td>
</tr>
</tbody>
</table>

**Source:** Attitudes of SMEs to the use of support programs, processed by SBA

### Monitoring the application of SBAfE principles

At the turn of 2018 and 2019, the Slovak Business Agency carried out a survey aimed at mapping the situation in the implementation of SBAfE principles and evaluating their application in practice. The aim of the ten principles is to remove the obstacles which prevent SMEs from growing and increasing their competitiveness and to ensure conditions for creating additional jobs in the SME sector. The survey was conducted with a representative sample of 1,000 small and medium-sized enterprises. Comprehensive results are processed and available in the survey report.²⁹

As part of Principle 1 - Business Support, SME representatives assessed the business conditions in Slovakia in the 12 months prior to the survey rather as negative, while up to two thirds (66.0%) of small and medium-sized enterprises expressed dissatisfaction with the created conditions that could positively affect business development. Among the external conditions, the most favourable effect on business development mainly included the growing demand for products and services in Slovakia and the EU single market (45.6%) and macroeconomic development (30.0%).

²⁹Available at: https://www.npc.sk/media/uploads/files/Monitoring_uplatnovania_SBA-2018.pdf
Negative attitudes prevailed among the representatives of the surveyed SMEs also in the case of assessment of the conditions for re-starting the business after the bankruptcy - principle 2. According to 39.6% of entrepreneurs, the conditions in this area of business did not improve in the 12 months before the survey was conducted. Improvement of conditions was registered only by 7.4% of SME representatives and other respondents (53.0%) did not express their views.

With principle 3 - Think Small First, 44.6% of small and medium-sized enterprises expressed their satisfaction with the approach of public administration entities to their needs and interests in the previous 12 months. Dissatisfaction was expressed by 37.5% of respondents. The results of the survey also show that Slovakia continues to fail to solve the problem of administrative burdens in business. The majority of respondents recorded an increase in administrative burden in their business (59.0%). Only 5.5% of entrepreneurs recorded a decrease.

The results of the survey indicate some progress in the implementation of the principle 4 - accommodating public administration, which was mainly caused by the improvements in the area of electronic services, such as online access to public registers (38.1% of respondents) or reliable and fast electronic communication (33.3%). The level of electronic communication with public and state authorities was assessed by the majority (53.0%) of entrepreneurs as sufficient. Nevertheless, almost a third (29.3%) of SME representatives see room for improvement and assess the current level as insufficient.

As part of the principle 5 - State Aid and Public Procurement, the SME representatives were invited to comment on the possibility of obtaining financial resources from support programs for their business. Similarly to the survey “Attitudes of SMEs to the use of support programs”, dissatisfaction with the availability of funding from support programs was confirmed by the views of 42.8% of small and medium-sized enterprises. Very good or sufficient rating was reported by 2.5% and 25.8% of respondents respectively.

In line with principle 6 - access to finance, according to 28.0% of entrepreneurs, SME’s access to external sources of funding has improved in the 12 months prior to the survey. Up to half (50.9%) of SME representatives have not seen improved access to external sources of funding. The representatives of the surveyed SMEs most often agreed that the financial situation of their companies was most affected by: internal sources of financing (30.0%), seasonality (22.8%) and competition (19.9%).

The long-term lower involvement of SMEs in foreign trade activities is also confirmed by the evaluation of questions focused on the principle 7 - Single Market. Up to 61.4% of the surveyed entrepreneurs reported that they had not conducted any business activities in the EU countries during the previous 12 months, nor did they consider such activities in the future. In the same period, 27.0% of SME representatives declared business activities in EU countries.

One of the key elements of further development of enterprises is currently considered to be the introduction of innovation - principle 8. More than a third (36.5%) of surveyed SMEs implemented some innovative activities in their companies in the previous 12 months and another 11.4% are considering implementation of innovation. Some degree of concern comes from the fact that almost half (48.4%) of small and medium-sized enterprises (SMEs) has not undertaken nor considered any innovative activities, which may have a significant
impact on the competitiveness and development of this business group in the future.

The results of the survey show that the implementation of environmentally responsible measures in business (principle 9 - environment) lags slightly behind the innovative activities of SMEs in Slovakia. The fact that this area is not a priority for Slovak SMEs is confirmed by 54.5% of the surveyed SMEs, as they did not take any environmental responsibility measures in the 12 months prior to the survey nor did they consider it.

Insufficient activity of SMEs in the internationalization of their business - Principle 10 is also confirmed by the survey results which show that more than three quarters (77.4%) of SMEs did not conduct any business outside the EU single market during the 12 months prior to the survey and do not plan such activities in the near future. Only 12.1% of SMEs surveyed were active in third-country markets.

Chart 20 SME activities in trade, innovation and implementation of environmentally responsible measures

| Business activities in the EU single market | 27% | 8% | 61% | 3% |
| Business innovation activities | 37% | 11% | 48% | 4% |
| Environmentally responsible business measures | 31% | 8% | 55% | 6% |
| Business activities in non-EU markets | 12% | 7% | 77% | 4% |

Source: Monitoring the application of principles of SBAfE, processed by SBA

Survey of obstacles to youth entrepreneurship in Slovakia

In order to identify the main obstacles to youth entrepreneurship in Slovakia, the Slovak Business Agency, in cooperation with the Association of Young Entrepreneurs of Slovakia (ZMPS), conducted a quantitative survey the detailed results of which are presented in a separate survey report. The survey was carried out with a representative sample of 1,000 young entrepreneurs aged 18 to 39, whose companies meet the criteria applicable to the category of small and medium-sized enterprises. The survey's focus on the youngest groups of entrepreneurs confirms the representation of entrepreneurs under the age of 29, who accounted for 70% of the total number of respondents.

The most significant obstacle in the business of young entrepreneurs in Slovakia is the disproportionately high tax-levy burden of entrepreneurship, which was the only one identified as a high obstacle to young entrepreneurship. The area of tax-levy was perceived as the most negative by young entrepreneurs in the accommodation and catering sector. Amendment to Act no. 222/2004 Coll. on Value Added Tax, as amended, which reduces the VAT rate from 20% to 10% on all accommodation services from 1 January 2019, should significantly contribute to reducing the tax-burden on businesses in this sector.

20 Available at: https://www.npc.sk/media/uploads/files/Prieskum_prek%C3%A1%C5%BEok_v_podnikan%C3%AD_mlad%C3%BDch_na_Slovensku_sprava_2019_SnnlFz5.pdf
A medium-sized obstacle to youth entrepreneurship is the area of registration and administrative obligations and instability, or frequent changes in legislation. Payment discipline, purchasing power of Slovak customers, competition, availability of classic financing together with availability of qualified mentors are not a significant obstacle for young entrepreneurs in the development of their business.

The assessment of young entrepreneurs indicates a certain deterioration in entrepreneurship in terms of the availability of skilled labour and the availability of venture capital. The problem of availability of qualified skilled labour increases in proportion to the size of the company. It is also a major problem for companies operating in the manufacturing sector (agriculture, industry and construction), which has produced many new jobs in recent years.

Young entrepreneurs especially evaluated as a positive the area of purchasing power of Slovak customers, which has been increasing due to wage growth recently.

In terms of employment, young entrepreneurial firms can be described as stable with low employee turnover rates. The turnover rate of employees in case of young entrepreneurs increased with increasing number of employees and growth of sales. Higher turnover rates are reported by young entrepreneurs in accommodation and catering and in construction. The most commonly used measures to maintain the same employees include regular salary increases (46.3%), provision of various benefits (41.9%) or flexible working hours (25.9%).

At the same time, young entrepreneurs are characterized by low investment in their own development, with almost half (47.6%) of the surveyed entrepreneurs investing a
maximum of EUR 500 in development of their own skills and knowledge in the 12 months prior to the survey. If education or skills development were to be considered, one fifth of young entrepreneurs would prefer development of skills in the fields of marketing and psychology in the market.

The surveyed SME representatives clearly prefer online advertising in their business, which is generally considered to be a cheaper form of advertising. Social media advertising, such as Facebook, Instagram, Snapchat and others (49.0%) are considered priority as is the advertising on online portals or blogs (33.4%). This is also associated with the low level of funds young entrepreneurs are willing to invest in their company's marketing activities, with more than half (53.8%) of those surveyed investing a maximum of EUR 500 in their marketing during the 12 months prior to the survey. The most common motivation in entrepreneurship of young entrepreneurs is associated with two basic characteristics of entrepreneurship - flexibility and independence (37.3%). Achieving a higher income is the second most common motivation in youth entrepreneurship.

Chart 22 Motivation of young entrepreneurs in business

<table>
<thead>
<tr>
<th>Motivation</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>flexibility and independence</td>
<td>37.3%</td>
</tr>
<tr>
<td>finance</td>
<td>25.0%</td>
</tr>
<tr>
<td>creativity and innovation in my area of business</td>
<td>12.3%</td>
</tr>
<tr>
<td>I want to leave something behind</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Source: Survey of barriers to youth entrepreneurship in Slovakia, processed by SBA

In order to facilitate entrepreneurship in Slovakia, young entrepreneurs most often prefer changes in legislation, which will lead to a reduction in the tax and levy burden on entrepreneurs (21.9%) and to a reduction in the administrative burden related to entrepreneurship (13.3%).

Views of the SMEs on the quality of business environment in Slovakia

A quality business environment is generally seen as a key condition which determines the long-term competitiveness and the growth of any market economy. In order to assess the quality of the business environment in Slovakia, the Slovak Business Agency carried out a representative quantitative survey among SMEs in 2018 which focused primarily on the assessment of satisfaction or dissatisfaction with the conditions for doing business in Slovakia, mapping the most serious obstacles, or assessing the impact of frequent legislative changes on business. The survey was conducted with a representative sample of 1,000 small and medium-sized enterprises. Detailed results are processed and available in a survey report21.

The results of the survey show that small and medium-sized entrepreneurs are mostly dissatisfied with the conditions for doing business in Slovakia in 2017 (65.1% of respondents). Satisfaction index of small and medium-sized enterprises with the current state

21Available at: https://www.npc.sk/sk/narodne-projekty/monitoring-podnikateskeho-prostredia/publikacie/prieskumy/pravidelne-prieskumy/
of the business environment reached 4.2 points on a scale from 1 - highest satisfaction to 6 - lowest satisfaction.

Only one in five SME representatives (19.7%) rated the current business conditions more positively than in the period when they started their business. On the contrary, almost half of the respondents (49.6%) were more satisfied with the business conditions at the start of their business. Overall, 30.7% of entrepreneurs reported the same conditions currently as compared to those which applied at the start of the business.

The most important obstacles to the functioning and further growth of business identified by SMEs included the instability and ambiguity of the law (86.0%), the problem of availability and quality of the workforce (76.2%), law enforcement in courts (68.6%) and corruption (67.8%).

Chart 23 Obstacles to the functioning and further growth of the business

<table>
<thead>
<tr>
<th>Obstacle</th>
<th>No obstacle</th>
<th>Just a slight obstacle</th>
<th>Serious obstacle</th>
<th>Decisive obstacle</th>
<th>Not sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Law instability and ambiguity</td>
<td>9%</td>
<td>5%</td>
<td>23%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Availability and quality of the workforce</td>
<td>24%</td>
<td>4%</td>
<td>33%</td>
<td>38%</td>
<td>29%</td>
</tr>
<tr>
<td>Legal enforceability through the courts</td>
<td>21%</td>
<td>4%</td>
<td>20%</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>Corruption</td>
<td>21%</td>
<td>9%</td>
<td>15%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>Infrastructure quality and availability</td>
<td>23%</td>
<td>11%</td>
<td>17%</td>
<td>33%</td>
<td>3%</td>
</tr>
<tr>
<td>Restrictions on market entry and others</td>
<td>29%</td>
<td>20%</td>
<td>7%</td>
<td>24%</td>
<td>19%</td>
</tr>
<tr>
<td>Organized crime, blackmail</td>
<td>39%</td>
<td>31%</td>
<td>13%</td>
<td>7%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Source: Opinions of SMEs on the quality of business environment in Slovakia, processed by SBA

Various state interventions are also seen as obstacles for SMEs. According to the surveyed representatives of SMEs, these include mainly state interventions in the field of labour and legislative relations regulation (65.1%), regulation of prices of goods and services (50.8%) and environmental protection (47.1%). The following institutions which require unnecessary provision of documents by entrepreneurs or their employees were identified by respondents most frequently: Financial Administration of the SR (53.0%), SO SR (49.2%) and Social Insurance Agency (46.1%).

In situations where the contractual partner fails to meet the contractual conditions, more than three quarters of the representatives of SMEs (78.3%) which were surveyed prefer the out-of-court settlement of the situation, which is generally considered by experts to be more cost-effective and time-efficient22.

Most of the representatives of SMEs surveyed plan to implement certain changes in their company in the near future. SMEs most often plan for changes in recruitment (32.6%), in the purchase of new machines (32.3%) and in marketing (26.8%). A positive signal is that approximately one in four SMEs (24.4%) plans to increase production.

According to the surveyed SME representatives, the lack of a quality workforce in Slovakia is due to a combination of various factors, but primarily by the outflow of labour.

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from Slovakia (53.9%), an unsatisfactory education system which does not reflect labour market needs and low level of lifelong learning (30.4%). The surveyed entrepreneurs most often agreed (39.6%) that state administration authorities can contribute to improving the quality of employees, in particular by setting up a flexible system of enterprise entry into education, including financial incentives for the development of dual education, practice, training in the use of new technologies, or lifelong learning.

Entrepreneurs in Slovakia have long pointed out the problem of compliance with valid legislation in their business. Approximately one in three entrepreneurs (30.5%) believes that it is not possible to do business in Slovakia without breaking the law. Nevertheless, the situation has improved compared to the results of the 2010 survey, as illustrated in the chart below. The most common reasons for non-compliance with business-related legislation include their frequent changes, which entrepreneurs are not able to follow (52.8%), ambiguity and lack of transparency of legislation (49.5%).

Chart 24 Compliance with laws in business

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Definitely yes</td>
<td>34.9%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Rather, yes</td>
<td>28.0%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Rather, no</td>
<td>17.0%</td>
<td>45.4%</td>
</tr>
<tr>
<td>Definitely no</td>
<td>13.5%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Do not know</td>
<td>6.6%</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

Source: Opinions of SMEs on the quality of business environment in Slovakia, processed by SBA

Despite the fact that instability and ambiguity of legislation represent a significant obstacle for entrepreneurs, small and medium-sized enterprises in Slovakia are relatively passive in the process of drafting amendments to business-related legislation, while up to 80.7% of SMEs are not involved in drafting of legislative changes at all. The most common reasons include the lack of time due to the high frequency of proposals for amendments (36.9%) and the lack of knowledge of the issues needed to draft legislation (26.4%).

SME access to finance (SAFE)

The European Commission, in cooperation with the European Central Bank, monitors developments in access to finance for SMEs through the joint Survey on the access to finance of enterprises (SAFE), which dates back to 2008. The survey is carried out on an annual basis from 2013 onwards and it currently covers 36 countries: all EU-28 Member States, Iceland, Turkey, Montenegro, Albania, Serbia, Macedonia, Kosovo and Bosnia and Herzegovina. The most current survey was carried out between September and October 2018 on all size categories of SMEs. 242 small and medium-sized enterprises from Slovakia participated in the survey.

According to the survey results, the access to finance is considered to be the most serious problem for only 3% of SMEs in Slovakia. At EU-28 level, access to finance is the most serious problem for 7% of SMEs. Within the EU-28, it is considered the least significant issue in Slovakia. Since 2013, when access to finance was considered the most significant issue by almost a fifth (18%) of SMEs in Slovakia, there has been a gradual decline, indicating a continuous improvement in SMEs' access to funding sources. The current value (3%) also represents the historically lowest level since 2009.
The most important problem for SMEs in Slovakia is the availability of a skilled workforce and experienced managers (37%). Compared to the EU-28 average, this indicator is higher by 12 p.p. Other problems were reported by 17% of SMEs and a strong competitive environment is the most serious problem for 12% of Slovak SMEs.

In Slovakia, the most commonly used or considered funding sources for SME business include three basic sources. **The bank account overdraft or credit card** is the most relevant source of funding for 59% of SMEs in Slovakia and 52% of SMEs in the EU-28. For more than half of SMEs in Slovakia (55%), leasing is an important source of financing and for another 44%, this includes **bank loans**. Compared to the EU-28, **SMEs in Slovakia are lagging behind in the rate of use of financing forms such as grants or venture capital**.

![Chart 25 Relevant sources of financing for SMEs in Slovakia and the EU](image)

**Source:** Survey on the Access to Finance of Enterprises (SAFE)

The results of the survey show that in the period between **April and September 2018**, **17% of SMEs based in Slovakia** (25% in the EU) **applied for a bank loan**. Of the surveyed SMEs **6% did not apply for a bank loan** because of possible rejection and another 41% of companies did not apply for a bank loan because of sufficient internal resources.

Of the total number of small and medium-sized entrepreneurs from Slovakia who applied for a bank loan between April and September 2018, **59% of entrepreneurs were fully satisfied**, which is 14 p.p. less than the EU-28 average. **Bank loan applications were rejected for 10% of Slovak SMEs** (5% in EU-28). Partially satisfied SMEs represented 6% of respondents. 3% of enterprises refused bank loans because of high costs (related to the provision and repayment of the loan). This means that a **total of 20% of Slovak SMEs failed to obtain the required amount of bank loan**. At EU-28 level this represented 18%.

Between April and September 2018, **15% of SMEs from Slovakia registered an increased need for financing via a bank loan**. Unchanged requirements were reported by 67% of representatives of small and medium-sized enterprises. In the case of the need to use external forms of financing **for the growth of business, two thirds (66%) of Slovak SMEs would prefer bank loan and one fifth (20%) loan from other sources**. Only 1% of the surveyed SMEs prefer the possibility of capital investments, which only confirms the fact that the capital
investment market in Slovakia is undeveloped and is characterized by low demand and supply rates.

According to 38% of the surveyed SMEs there are no major obstacles to accessing finance in Slovakia. 20% of SMEs consider the lack of guarantees to be the most important limiting factor. For 12% of respondents in Slovakia, the most serious obstacle to accessing finance is the cost of financing, including interest rates and prices. This is followed by complex administration (10%) and reduced control over the business (3%).

More than half of Slovak SMEs (54%) used the obtained funds as working capital. A significant proportion of small and medium-sized enterprises (45%) used the funds to secure investments in property, plant or equipment.

Almost one third (32%) of entrepreneurs invested these financial resources in developing new products or services and 26% to refinance their liabilities. 24% of SMEs used the funding resources for the area of education and recruitment. Another 7% of businesses used them for other purposes.

Chart 26 Purposes of use of acquired financial resources of SMEs in Slovakia and EU-28

Investments in EU Member States

In course of 2017 investment in euro area countries grew at the fastest rate since 2007, due to a number of factors ranging from higher corporate profitability to the global economic recovery. This was one of the reasons why the European Commission decided to carry out a quantitative survey (part of the Flash Eurobarometer surveys) at the turn of 2017 and 2018 aimed at assessing the companies’ past investment experience. Business representatives in each EU-28 had the opportunity to express their views on the following issues:

- their investment situation: whether they are able to make all or some of the required investments
- barriers to investment, namely: demand conditions, capital and labour markets, taxation and business simplicity.
- recent business environment reforms which will affect the investment strategy of companies.
The survey was carried out on a total sample of 10,626 enterprises of different size categories. A total of 400 business entities were involved in the survey within Slovakia of which 99.8% were small and medium-sized enterprises. For this reason, the results presented below will be interpreted as SME category.

The survey results show that only 11% of Slovak SMEs were able to make all the required investments. Another 28% of the companies surveyed made only some of the necessary investments. Overall, this represents 39% of SMEs which reported that they were able to make at least some investments (up to 53% in the EU). Nearly half of the SME representatives (47%) have no need for additional investment at the current stage of their business, and 11% have responded that their companies are unable to make any investments.

In international comparison, there is a significant difference in the proportion of businesses that are able to make investments. The highest share of companies able to make at least part of the necessary investments is present in Austria (73%), Germany (71%) and Malta (70%). With 39% Slovakia ranked among the EU countries with the lowest share, together with the United Kingdom (35%) and Ireland (37%).

Slovak SMEs are particularly prevented from investing by a complex and unclear tax system. This was reported by more than two thirds (69%) of the surveyed entrepreneurs. The uncertain or poor economic outlook in the near future represents a barrier to further investment for 68% of SMEs. Other barriers negatively affecting the investment intentions of small and medium-sized enterprises in Slovakia include high administrative burden - other than costs (67%), frequent changes of tax legislation (66%) and, especially in the recent period, the dynamically rising labour cost (66%). According to 62% of SME representatives, the factor of availability of skilled labour also has a significant influence on investments of Slovak companies. A positive phenomenon is that for almost half (47%) of SMEs, the low demand factor for their products and services does not represent any barrier to investment in Slovakia.

Business entities from EU countries face similar investment barriers as SMEs in Slovakia. Among investment barriers, respondents most often included labour costs (69%), poor or uncertain economic outlook (68%), tax system complexity and administrative burden (67%).

Source: Flash Eurobarometer 459; Investment in EU Member States
Almost half (49%) of SME representatives believe that the business environment reforms implemented in Slovakia over the past two years will have no impact on the investment strategy of their companies. The group of entrepreneurs who anticipate certain impacts on investment is largely balanced towards negative impacts (31%) compared to positive effects of these changes (7%). **Slovakia thus ranks among the EU countries** (Romania, Greece, Poland and the Czech Republic) **with the largest share of companies expecting negative impacts** on their investment strategies. In the EU-28 average, there is only a slight prevalence of entrepreneurs with expected negative impacts (19%) over positive ones (16%).

According to the summary index of investment barriers (composed of all 14 assessed factors above) **Slovakia reached a value of 4.5 points** in the range from 0 - no obstacles to 10 - major obstacles. Within the EU, it thus belongs to a group of countries with above-average barriers to corporate investment (in the EU-28 it reached an index of 4.1 points). The results of the survey indicate that the South and West European countries, in particular: Greece, Portugal, Romania, Italy, France and Spain, face greater barriers. On the contrary, smaller investment barriers are perceived by business entities in Northern Europe, such as Denmark and the United Kingdom (1.8 points).

**Chart 28 Index of investment barriers by EU countries**

Source: Flash Eurobarometer 459; Investment in EU Member States
Conclusion

In 2018, the business sector was influenced by the conditions of relatively high economic growth, with its pace being twice as high as in the EU or the euro area. The gross domestic product of Slovakia increased by 4.1% year-on-year. The growth dynamics were positively influenced primarily by domestic demand and private and public sector investment activity. The growth of the Slovak economy had a positive impact on employment, which was reflected in a drop in the unemployment rate reaching the level of 6.6%. In a year-on-year comparison, this represents a decrease of 1.5 pp, while the unemployment rate decreased in all regions of the Slovak Republic. In the year-on-year comparison, there was also a slight decrease in the number of active small and medium-sized enterprises by 1.3% (in total there were 559,841 active enterprises), which resulted from a year-on-year decrease in the number of micro-enterprises. Nevertheless, these still account for the largest share of the total number of active business entities (96.8%). In regional terms, the prevailing concentration of SMEs in the Bratislava region (21.9%) persists. In 2018, more than half of the natural persons - entrepreneurs were aged 30 to 49 years. At the same time, there is a continuing positive increase in the representation of women among entrepreneurs (29.2% in 2018).

The favourable economic development in 2018 was reflected in the economic indicators of the SME sector. The value added of small and medium-sized enterprises increased year-on-year by 11% (to EUR 24,179 million), the highest growth recorded in the last 8 years. More than 2/3 of the value added of SMEs were created by businesses operating in industry, trade and business services. Other economic indicators of SMEs - gross production (by 7.8%) and profit before tax (by 18.4%) also increased in 2018. Another positive fact includes the year-on-year increase in the growth rate of SME exports, which can be considered the highest in the last three years. When considering the territorial structure of SME exports, the EU market is the crucial one. Only 9% of the total exports of SMEs from Slovakia went to countries outside the EU. This points out the need for stronger support for SMEs in the area. On the other hand, the investment activity of small and medium-sized enterprises did not follow the positive trend in recent years. The decline in investment shows a possible slowdown in the economic performance of SMEs in the future.

Last year, support for SMEs was provided mainly from the resources of the European Union Structural Funds and the state budget, and partly also from other sources. As in previous years, non-repayable aid in the form of grants prevailed. Other tools have also been targeted to support the SME sector, such as the support of employment for COLSAF SR, which are implemented through an active employment policy and labour market policy. In 2018, in terms of share in the total volume of drawn funds, the highest share was achieved by EU grants (35%), credits from the state budget (19.7%), employment aid for COLSAF SR (13.5%) and loans with EU support (11.2%). The share of support for SMEs under the Common Agricultural Policy reached 7.5%, guarantees 5.6%, incentives, tax and customs reliefs 3.4%. The subsidies from the state budget reached 3.4% of the total drawdown and risk capital 0.8% in the reference year. In terms of negative development, there was a change in subsidies from the state budget primarily due to the fact that in 2018 the drawing for the monitored programs/projects was not realized through several programs in comparison with the collected data from realized drawing in 2017. A significant positive fact is that in 2018 the amount of total aid for SMEs (EUR 686,846,194) almost reached the level recorded two years ago (EUR 702,798,266.60), with a year-on-year change of EUR 200 million.

SMEs are seen as one of the drivers of the economy, mainly because they play a significant role in creating jobs, formation of added value and thus contribute to economic growth. It is therefore essential to continue the process of improving the business environment in the light
of the needs and requirements of the SME sector. In 2018, several important legislative regulations supporting the entrepreneurship of SMEs were adopted and changed, including a new legislation against bureaucracy, which amends a number of other laws and removes partial obligations of entrepreneurs. As part of the extensive amendment to the Cadastral Act, the objective was also to speed up cadastral proceedings. The new laws governing the granting of various types of subsidies and grants have extended the number of beneficiaries to include natural persons - entrepreneurs, thus creating space for micro-enterprises. Some of the adopted legal changes also affected the regulation of the conditions of employment of foreigners in Slovakia in response to the solution of the persistent problem of the insufficient number of qualified employees. The Labour Code has also undergone several changes. The amendment to the vocational education and training act also focused on a positive impact on SMEs, removing several barriers. In addition to the positive changes mentioned above, amendments were also made to legislation which imposes certain obligations on entrepreneurs or extends existing obligations.

In addition to the above mentioned legislative changes, other, partial measures have been adopted in order to support the business environment, which are presented in the section Legislative Development.

In course of 2018, the Slovak Business Agency monitored the state and development of the business environment and published the results of its findings in a number of analytical outputs, which in essence touched on specific questions of entrepreneurs. The published analytical documents have the task of identifying and describing the current problems in the researched area affecting the SME sector, in addition to mapping the status and trends within each area of focus. In each of the analyses carried out, observations and recommendations are expressed, which should, by their nature, contribute to the deepening of the knowledge and development opportunities as well as improve the conditions of small and medium-sized enterprises.

The results of the GEM 2018 survey show an increase in the self-confidence of the adult population (18-64 years) in business. Overall, 37.4% of respondents perceive good business opportunities in their surrounding environment, which represents a year-on-year increase of 11.6 percentage points. In 2018 respondents also perceived their knowledge and skills that are necessary for starting a business more positively. Compared to 2017, the perception of the ability to start a business in Slovakia can be described as high (53.3%, while the EU average is 43.8%). Positive features are shown by the results evaluating individual phases of business. In particular, the proportion of the adult population aspiring to start up business in the next three years has increased significantly, from 9.4% to 13.7% year-on-year, thus exceeding the EU average (11.4%).

Continuous improvement of SMEs’ access to funding sources is an important indicator. Nevertheless, Slovak SMEs continue to lag behind EU countries in the use of grants or venture capital and at the same time, SMEs are also showing worse results in the area of lending.

The results of the conducted surveys also show other problem areas that SMEs have faced during the monitoring period. This includes particularly the continuing trend of a shortage of skilled labour and experienced managers. The long-term perceived pitfalls of SMEs also include dissatisfaction with the conditions for doing business in Slovakia, especially in the field of labour law regulation, regulation of prices of goods and services, as well as environmental protection and frequent changes in legislation. These surveys also show that Slovakia is still failing to address the excessive administrative burden that most SMEs consider problematic. For young entrepreneurs, the biggest barriers to entrepreneurship are the high tax burden, administrative obligations and frequent legislative changes. It is a worrying fact that almost half of the addressed SMEs did not undertake any innovation activities, nor did they consider these
activities, which could potentially be an important element affecting the competitiveness and development of the SME sector in the future.

The Report also presents the results of efforts to improve business conditions in Slovakia. These efforts have been promoted by the Better Regulation Centre for the third calendar year now. As a member of the Permanent Working Committee for the assessment of selected impacts as part of the Legislative Council of the Government and tasks resulting from its membership, registered 143 unique regulatory proposals affecting the business environment (out of a total of 499 unique regulatory proposals). In 2018, the trend of insufficient quantification of the costs/savings of regulation by the applicants continued with only 22 materials quantifying the costs of regulation, out of the aforementioned number of 143 submitted materials with business environment impact. The BRC sees opportunities in the following areas, which would lead to a reduction in the regulatory burden, with specific measures being described in the Report: better regulation for SMEs, labour law and employment, taxes and accounting, business law, excessive bureaucracy and legal uncertainty. Other organizations have been given room in the Report to present proposals for improving the business environment, which propose to eliminate a number of individual shortcomings that are hidden in the legislation.

The SMEs represent one of the key actors in the national economy involved in creating employment, added value and growth. It is therefore desirable that there is development in this sector. In order to ensure the development of SME business, it is essential that Slovakia continues to improve the enforcement of legislative proposals in the area of SMEs, increasing transparency, particularly in the process of public procurement and taking other measures aimed at reducing administrative and regulatory burdens. In line with the needs of SMEs, it is also necessary to continue to streamline SME support. At the same time, it is necessary to continue systematic cooperation and take into account the proposals and recommendations of individual entities in relation to improving business conditions. In this way, it is possible to contribute to the overall improvement of the quality of the business environment in Slovakia.
Annexes: Infographics

ACTIVE BUSINESS ENTITIES

- Micro enterprises: 96.6%
- Small enterprises: 2.6%
- Medium-sized enterprises: 0.5%
- SMEs: 99.9%

SME SECTOR STRUCTURE

- Construction: 17.0%
- Trade: 19.0%
- Industry: 13.7%
- Agriculture: 4.1%
- Services: 46.1%

ESTABLISHMENT

- SMEs: 78,075

DISESTABLISHMENT

- SMEs: 52,168

NET INCREASE

- SMEs: 25,907

SME SHARE ON THE TOTAL VALUE ADDED

- Micro enterprises: 20.3%
- Medium-sized enterprises: 19.0%
- Small enterprises: 15.4%

SME SHARE ON TOTAL EXPORTS

- EU Member states: 91.0%
- Non-EU Member states: 9.0%

- Total: 27.4%