

NATIONAL AGENCY FOR DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES



NATIONAL
AGENCY FOR
DEVELOPMENT
OF SMALL
AND MEDIUM
ENTERPRISES

Annual report
2000
Slovak Republic

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ADDRESS BY THE CHAIRMAN OF NADSME'S BOARD OF TRUSTEES



The drafting and the publishing of the Annual Report provides the professional public and entrepreneurs with an opportunity to evaluate another stage of activities of the National Agency for Development of Small and Medium Enterprises that has been completed now. At the same time, it also provides an opportunity to reflect on future tasks and requirements put on the Agency during the period to come.

The period we are about to assess has been characterized by the completion of an important stage of the preparation of our country for joining the European Union – the closing of the chapter Small and Medium Enterprises. The closing of this chapter following the most recent evaluation of our pre-accession activities opened up additional prospects and underlined the pressing nature of all the tasks connected with the accession process.

The positive aspects brought in by the closing of the chapter Small and Medium Enterprises have also been accompanied by problems concerning the application of the State Aid Act that resulted from this process. The practical implementation of the Act caused delays

of the implementation of several programmes and raised demands on their realization. As a result, we have been enriched by experience requiring us to count with similar problems in the future and to get prepared for them.

The major problem associated with SMEs remains the prevailing unsatisfactory conditions for doing business. The establishment of conditions advantageous for doing business within the SME sector however does not mean to above all favor small and medium-sized enterprises or their parts; rather, it means establishing of a business environment whose parameters will enable a rapid development of small and medium-sized enterprises and their efficient operation.

The major task in this area therefore is to improve the environment, and this – above all – means to:

1. eliminate high administrative barriers,
2. reduce the significant tax-related burden upon entrepreneurs – natural persons,
3. reduce the significant burden related to levies and charges
(thus, to reduce the overall expenditures of employers spent on labor),
4. raise the flexibility of the inflexible labor market, to resolve the problem of illegal work,
5. improve access – of mainly newly established – SMEs to funds since the traditional sources of financing (bank loans) still remain partly paralyzed, and modern tools of financing (risk capital) remain underdeveloped.

Seen from the aspect of direct support programmes, the period to come will require a more active and more demanding cooperation in utilizing European Union assistance through the PHARE Programme, as well as those of additional programmes and activities intended to support small and medium enterprises. What will be important is to prepare small and medium-sized enterprises for direct communication with the bodies of auxiliary and cooperative programmes, such as Eureka, the 5th EU Framework Programme to develop and assist them in improving their communication skills.

The forthcoming date of the enlargement of the European Union and the opportunity presented to Slovakia to join this economically strong grouping with a high level of business environment poses serious challenges in front of our business community. Mainly, this includes the raising of the business capacities of our small and medium-sized enterprises, reaching of a better competitiveness in direct competition with business entities of the present-day European Union. The task of the National Agency for Development of Small and Medium Enterprises shall be to make a positive and marked contribution towards these goals. This will require us to move and to raise the level of education and training and information activities of the National Agency. The Agency will have to prepare itself for activities the purpose of which will be further improvement of the potential of knowledge of entrepreneurs who own and manage enterprises with so far sufficient potential for development. Of no less importance will be to assist them in raising their innovation-related potential.

The development of Slovakia's economy requires several support programmes to be amended and improved accounting for an improvement of the overall macro-economic environment. The coping with the above outlined, as well as a number of additional requirements put on the staff of the National Agency in connection with the growing requirements will make the National Agency's staff to work even harder and to continue improving the methods of work and to make suggestions for increasingly sophisticated programmes. Let me take this opportunity to thank all members of the Board of Trustees and the Supervisory Board of the National Agency for Development of Small and Medium Enterprises who utilized their expertise and valuable advice to make a contribution towards a successful realization of activities in 2000.

Ján Oravec
Chairman, NADSME's Board of Trustees

ADDRESS OF NADSME'S DIRECTOR GENERAL



Small and medium-sized enterprises make up an inseparable part of any developed market economy, and their share on the achievement of macro-economic outcomes of the management of state as well as the share of employment suggests the quality and stability of this sector.

In the view of those parameters obtained for 2000, it may be stated that the quality of this sector keeps gradually and continuously improving, even if the overall framework of the business environment and its parameters so far have not been comparable with those of developed countries.

With respect to this area, it is rather important to monitor the development and the status of the business environment as well as of the very SME sector, and this also remains a permanent task of the National Agency for Development of Small and Medium Enterprises. This area of activities however should focus on also finding ways how to further improve business environment while working closely together with the representatives of the business sector.

As an important component, the overall strategy of the government in terms of support of the development of small and medium enterprises also includes support programmes implemented under financial participation of State Budget and EU Commission funds.

The strategy of a gradually increasing support provided to enterprises with a potential for a rapid development and ability to penetrate new markets has proven justified to supplement proven programmes for starting entrepreneurs.

New pilot programmes such as support of the implementation of quality management systems or transfer of innovative technologies met with a significant interest on the part of the business community. The competitiveness of our small and medium-sized enterprises can be rather efficiently raised and their making their way in international markets can be assisted through strengthening of this type of programmes during Slovakia's preparation for joining the European Union's elite club.

Counseling services as well as education/training of entrepreneurs remain the bearing and rather justified programmes for starting entrepreneurs. They help to eliminate barriers of unsatisfactory managerial experience of entrepreneurs as well as those of the missing knowledge of the intricate legal framework of doing business.

Even if the situation in the financial market turns gradually better due to the privatization of the banking sector, changes in the access of the smallest entrepreneurs – the small trade certificate holders – to capital are rather slow to occur. Nevertheless, these issues, along with the good results achieved by the financial support programmes in place should be closely monitored and changes evoked by further macro-economic development should be promptly answered. The focus should be new progressive forms of financing, including risk and seed capital.

The implementation of the support programmes was framed anew in 2000, as a result of the implementation of the new State Aid Act; in realizing existing and newly prepared programmes, the principles of the granting of state assistance as laid down by this new regulation, will have to be consistently followed.

The 2000 Annual Report of the National Agency for Development of Small and Medium Enterprises is above all intended for all those who deal with support of small and medium enterprises, as well as for the entrepreneurs themselves, and provides them with a summary information on results achieved during this year.

During the period to come, our goal will be to continue the successful implementation of support programmes and to make a contribution, through an improved quality of the programmes, toward the strengthening of the position of the small and medium-sized enterprises sector in the national economy.

In conclusion, let me express my thanks to all those who were helping us in 2000 to successfully implement support programmes; at the same time, I would like to invite all those interested in actively contributing to this area to assist us, by their suggestions and advice, to continuously improve the support to small and medium-sized enterprises in Slovakia.

Juraj Majtán
general director

INSTITUTIONAL NETWORK FOR THE SUPPORT OF SMALL AND MEDIUM-SIZED ENTERPRISES (SME)

National Agency for Development of Small and Medium Enterprises kept implementing programmes oriented towards the provision of advisory services, training and workshops for SMEs also in 2000, with the aim to raise business and management-related skills. The prevailing portion of the support programmes were financed under the State Budget of the Slovak Republic.

At the regional level, programmes were implemented through the institutional support network of 12 Regional Advisory and Information Centres (RAIC) and 4 Business and Innovation Centres (BIC) spread throughout the territory of Slovakia.

RAICs/BICs provided potential entrepreneurs and existing small and medium-sized enterprises with comprehensive advisory and information services in areas related to business.

A number of projects have been implemented in cooperation with additional institutions and organizations involved, to provide for a targeted support of the development of individual regions and to secure their involvement in international projects and activities at international level.

Advisory and Information Services

In 2000, the RAIC/BIC network provided start ups and those interested in doing business, including the unemployed, with a total of 1,549 professional consultations, and existing businesses with 1,912 professional consultations. RAICs/BICs elaborated 345 business plans, and evaluated 228 business plans for the purposes of loan raising, either in the framework of financial support programmes or from commercial sources.

By its activities, the network made a contribution toward the establishment and maintenance of 8,668 jobs, and assisted in the establishment of 163 new businesses.

Training

During the year 2000, the regional centres organized 60 trainings attended by 887 entrepreneurs and their employees. The training sessions and workshops focused on the support to the development of SMEs, regional development, crossborder cooperation, preparation for doing business for various social groups (the unemployed, young, women, etc.), accounting, taxes, financial management, tourism, development of business plans, marketing, loans, exports, quality management systems, etc.

In cooperation with the RAIC/BIC network as well as other regional support institutions, the Association CEPAC Slovakia, whose co-founder was also NADSME, staged 44 courses of complex training and counselling programme (CTCP) in 2000, attended by 619 unemployed persons interested in establishing their own businesses, and showing capacity to do so. (Within 1994 – 2000, a total of 2,771 unemployed completed a total of 200 courses.) As of 31 December, 2000, 1,119 of the CTCP course participants successfully established new businesses, created 363 additional jobs, and 610 participants could find a new employment.

Regional Projects

With the aim to support the development of Slovakia's regions, NADSME funded a PHARE project under which the book Guide of the Gothic Route Zips-Gemer was drafted and published (5,000 copies). The book was printed in Slovak, Hungarian, German and English languages. The aim has been to attract more visitors to the region also by improving information and good promotion.

Support of the Implementation of Quality Management Systems

In 2000, NADSME continued the implementation of the grant programme of quality management systems „QUALITY“ funded under the State Budget of the Slovak Republic. The objective of the programme has been to strengthen the competitiveness of the SME sector through improving the quality of products and services, and to increase the number of SMEs certified under the ISO 9000, VDA, BS, QS and ISO 14000 standards. The programme was launched in 1999.

A total of 102 firms submitted 163 applications for grants by 31 December, 2000, including 85 for counselling and training (CT), and 78 for certification (C).

The Grant Commission reviewed 104 grant applications (54 CT and 50 C) from 65 firms, and awarded 90 grants (48 CT and 42 C) to 57 firms. The Commission did not award 14 applications (6 CT and 8C) by 8 firms: 5 of the

INSTITUTIONAL NETWORK FOR THE SUPPORT OF SMALL AND MEDIUM-SIZED ENTERPRISES (SME)

applications were turned down due to failure to meet grant criteria, and 9 applications submitted by 5 firms will be reviewed repeatedly by the Commission upon the production of the relevant documents (see Graphics 1,2)

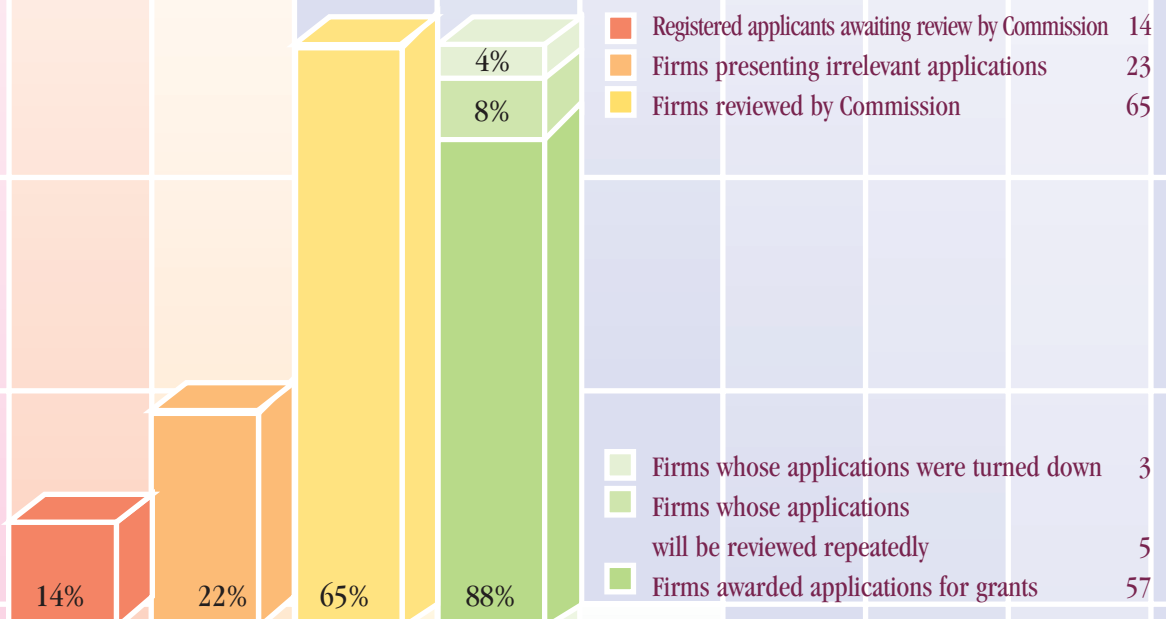
Broken down by regions, Region Žilina ranked first with respect to the proportion of applications granted funds from SB99 in 2000, followed by Regions Nitra, Košice and Bratislava with equal numbers of grants awarded. Next ranked Regions Prešov, Banská Bystrica and Trnava (see Graphics 3).

By the scope of activities, most grants were awarded to companies doing business in the field of industrial production (see Graphics 4).

Based on our previous experience, it may be stated that the programme was launched successfully and that firms have shown active interest in the programme. As suggested by the assessment reports, the implementation of quality systems to businesses brought in financial effects, improved attitude to the customers, responsibility for operations, reduced overheads, helped to eliminate faults and reworks, increased revenues and gains, and improved competitiveness of products, penetration of international markets and, subsequently, also helped to maintain and create new jobs, etc.

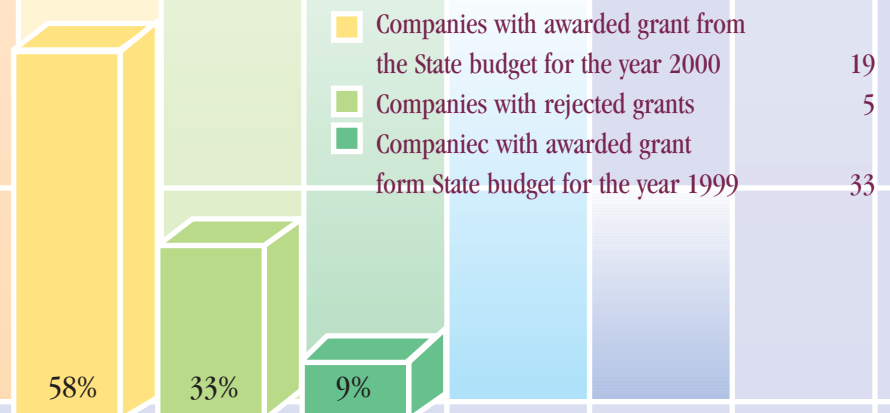
Graphics 1

Programme Quality firms applying for grants by 31 Dec., 2000



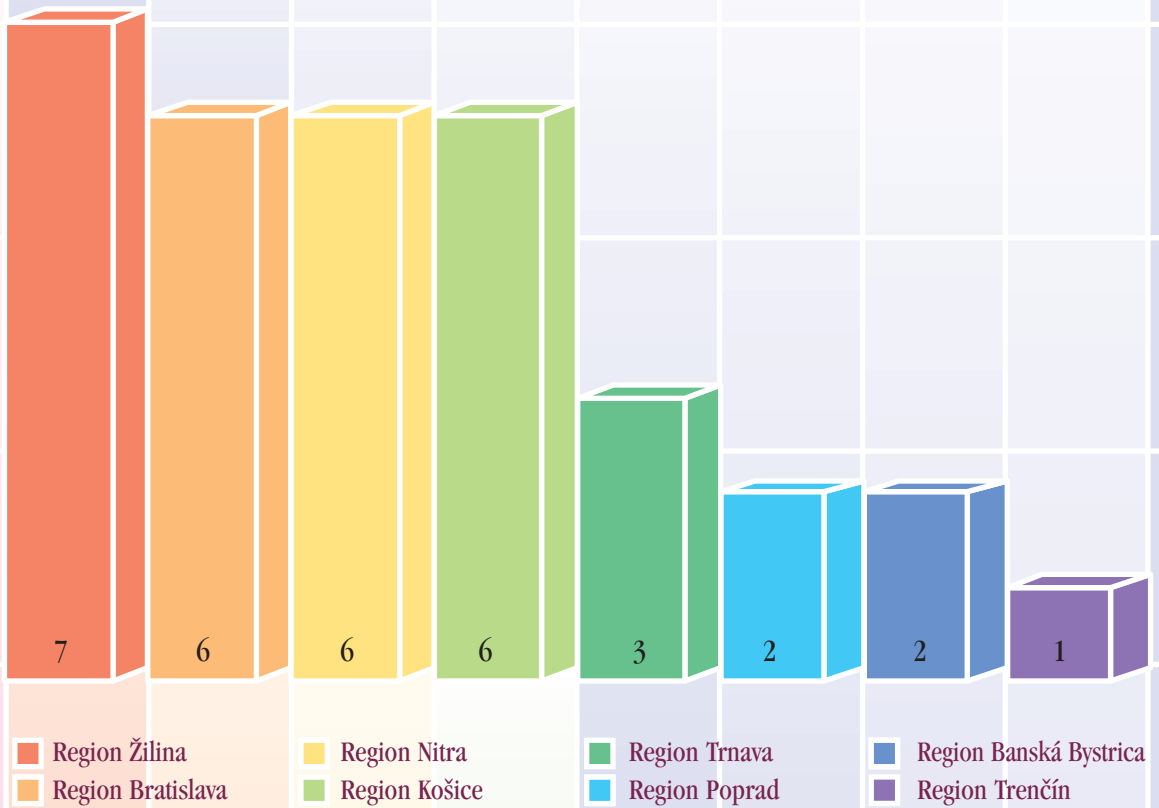
Graphics 2

Programme QUALITY companies with awarded grants by 31 Dec. 2000



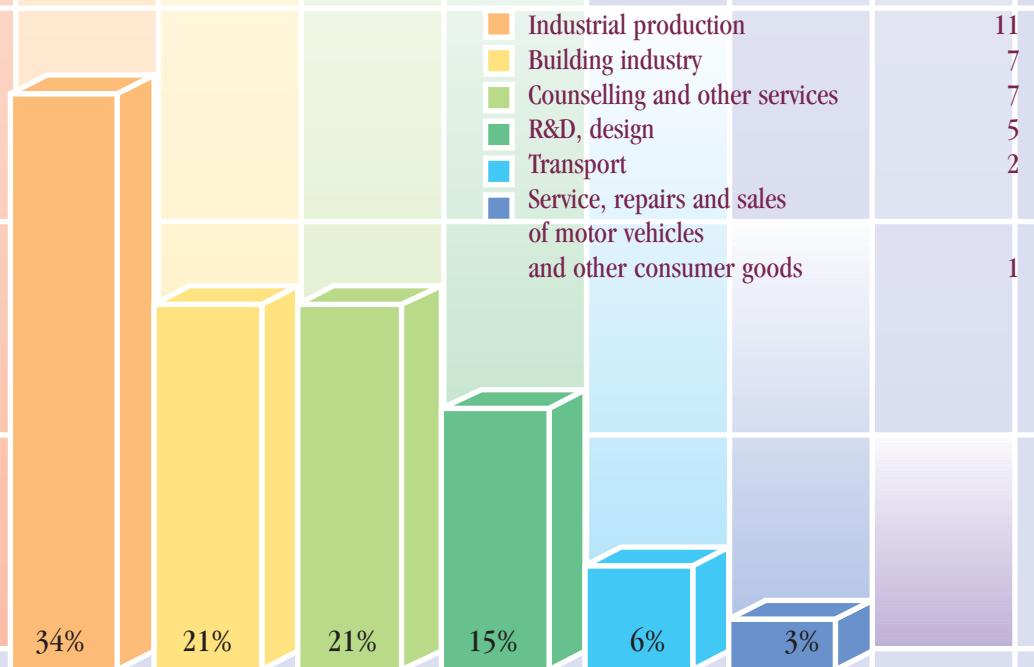
Graphics 3

Programme Quality (1999-2000)
- funds allocated from State Budget 1999, by regions



Graphics 4

Programme QUALITY 2000 (SB 1999)
- overview of firms receiving grants, by sectors



INSTITUTIONAL NETWORK FOR THE SUPPORT OF SMALL AND MEDIUM-SIZED ENTERPRISES (SME)

During the preceding year, the coordinating and legislation-related activities of NADSME were aimed at mainly improving, in working together with organizations of entrepreneurs, the business environment. In this context, NADSME was focusing its activities in this area on:

- cooperation in the implementation of the state support and SME development,
- cooperation with institutions that associate entrepreneurs,
- information spreading,
- NADSME activities within NPAA,
- support of restructuring of industries.

Cooperation by the Implementation of State Support and SME Development

Based on the Slovak Government Decision No. 726/2000, Ministry of Economy of the Slovak Republic was advised to draft annual reports on SME status and their support in the Slovak Republic, to be submitted to the government and the National Council of the Slovak Republic. With respect to the evaluation of the business environment, the Slovak Government was presented in the report of the year 1999 with a number of suggestions how to improve the business environment. These suggestions included issues such as legislative and administrative barriers, access to capital, training and counselling to SMEs, analyses and prognoses, support programmes, and regional development. Cooperation with central authorities and organizations that associate entrepreneurs was also reflected in the preparatory works for the amendment to Act No. 231/1999 Coll.LL. on State Assistance; amendment to the Small Trade Act; the national employment plan; measures to eliminate barriers preventing the raising of employment in SMEs; and of some acts that concerned SMEs. NADSME has been taking active part in also the activities of the Government's Council for Small and Medium Enterprises, where it is being represented by its Director General.

Cooperation with Institutions that Associate Entrepreneurs

NADSME has been actively collaborating with institutions that associate entrepreneurs and/or small trade licensees. As an expression of this collaboration, several projects supported under the PHARE program have been developed that aim to provide assistance to associations of entrepreneurs, mainly in setting up of their infrastructure and technical equipment. During the preceding year, such projects were implemented together with:

- Guild of Toy Manufacturers.
- Slovak Chamber of Small Trade Licensees

The objective of this cooperation was to shape the activities of the individual institutions, improved promotion of their activities, and training of the membership base, assistance in establishing international relationships, as well as the drafting of the defense strategy with respect to the interests of their members.

In 2000, NADSME also drafted background documents for a PHARE Program 1999 Financial Memorandum grant scheme to assist associations of entrepreneurs in mainly setting up of their infrastructure and technical equipment; the scheme continues the preceding PHARE Program, and it is being expected to be implemented within 2001 and 2002 .

Information-related Activities

NADSME spends efforts to bring necessary information to the professional public as quickly and as broadly as possible; this is an important part of NADSME's strategy of support to SMEs. Consequently, NADSME kept publishing a variety of periodical and non-periodical information documents also in 2000, including :

- Support of Small and Medium-sized Enterprises – Guide to Initiatives,
- Review of Legal Regulations for Small and Medium-sized Businesses,
- Principal Administrative Steps to Start-up a Business,
- List of State Legislation in Support of Small and Medium-sized Businesses,
- a new version of the booklet „Trying to Start a Business“ that provides a brief description of anything needed to start up a business,
- the monthly „ Entrepreneurship“.

The spreading of information used electronic and press media as well as Annual Press Conference focusing on the assessment of the results of Agency's activities during the preceding year. A press conference was organized in November, 2000; NADSME provided the attending journalists with information on the current state of SME support programmes.

NADSME Activities within the National Programme of the Adoption of the Acquis Communautaire

NADSME has been actively participating also in the drafting and implementation of the National Programme of the Adoption of the Acquis Communautaire (NPAA), representing a set of measures needed to be implemented of our country during the pre-accession period. In working with other members of Task Force No. 16, the Agency coordinates one of the 29 parts of this Programme concerning small and medium-sized enterprises.

Based on the outcome of NPAA assessment on the part of the EU, there were some amendments to it also in 2000. NADSME participated in the drafting of the amendments to the section on SMEs, being responsible for the drafting of this section of the Programme and for its implementation.

Moreover, written screening negotiations started with the EU Commission during the preceding year. As it could be stated that there are no serious problems concerning this area that may endanger Slovakia's accession of the EU within the time frame as expected, personal screening negotiations were abandoned.

Having met the principal requirements of the EC as declared by the outcomes of the individual screenings, the drafting of a position document could be started that was approved by the Slovak Government and subsequently also reviewed and approved by the EC. As a result, the chapter on Small and Medium-sized Enterprises could be preliminarily closed on 25 May, 2000.

Support to the Restructuring of Industries

Support activities of NADSME with respect to the restructuring of the national economy of our country also include the implementation of the spin-off programme that was launched in our country in 1995. It concerns the spin-off of appropriate operations, workshops and divisions of large enterprises, mostly owned by the state, to make them independent, thus giving rise to small independent companies with a scope of activities exceeding that of the parent company. Through the splitting off of such operations, the parent company reduces its overheads, it turns more efficient and able, at the same time, to maintain employment.

Also in 2000, being the last year to utilize funds under the 1997 PHARE Program Financial Memorandum, this method was applied by NADSME in working together with regional advisory centres RAICS.

Having completed Phase 6 of the spin-off programme (by staging Workshop 2 held on 16 March 2000 at the ŽOS Zvolen Headquarters), Phase 7 of the programme was opened in close cooperation with RAICS Martin, 5P s.r.o. Žiar n. Hronom and RAICS Prešov, including the following projects:

OÚ Brezovica	– spin off-of a ski lift
OÚ Vitanová	– spin-off of a ski lift
ZSNP a.s. Žiar nad Hronom	– spin-off of the Engineering Plant
ZVL spol. s r.o. Prešov	– spin-off of the tool factory operations

Workshop 1 attended by all representatives of parent companies and project carriers was held on 25 – 28 April, 2000 at the headquarters of the company Actoris System. The second part of Phase 7 of the Spin-off Programme, that represented reviews of business plans developed by project carriers, what help on 17 November.

For the time being, an operation has already been spun off from the parent company ZVL Auto, Ltd. A spin-off is being contemplated from the parent company ZSNP, Inc., for the next year. Implementation was postponed until 2001 for two projects (municipalities Brezovica and Vitanová). The implementation of this Phase completed the disbursement of funds from COP 97.

In the view of the fact that funds can be drawn down for this programme under FM 99 during the next years as well, an acquisition workshop was organized in Prešov on 5 December, 2000, intended for parent companies of the region of East Slovakia; options to utilize the programme were presented.

Phase 8 of the programme was also opened last year. Four programme carriers out of seven applicants were included in the programme. Specifically, the operators included

Škoda Praha, a.s.	– Department of Non-Destructive Tests
ZVS Dubnica a.s.	– legal services
	– trading in metal scrap
A.N.B. Žarnovica a.s.	– treatment of waste waters

Spa Bardejov withdrew its projects from the programme.
The Spin-off Council met twice in 2000.

COORDINATING AND LEGISLATION-RELATED ACTIVITIES

The Table below provides an overview of the implementation of the spin-off method during the recent four years:

Year	Projects developed	Operations spun off	Jobs maintained
1997	9	6	618
1998	22	18	1 232
1999	18	10	302
2000	10	5	392
total	59	39	2 543

Outstanding Woman Entrepreneur of 2000

Working together with the civil association Professional Women, and the Canada Fund, NADSME organized for the 2nd time the Competition „Outstanding Woman Entrepreneur of the Slovak Republic in 2000“.

A total of 39 woman entrepreneurs from all regions of Slovakia participated. The contestants represented a variety of areas of business, including food industry, restaurant and accomodation services, catering services, production of spirits, provision of services in the field of domestic personnel, tailoring, accounting, tax counselling, auditing, publishing, rural tourism, tourism, agricultural production, sales and production of candles.

The winners were announced at a festive event staged at the Mirror Hall of Archbishop's Palace in Bratislava on 30 January, 2001 under the participation of numerous leading personalities of political and cultural life.

The 2000 Outstanding Woman Entrepreneur of the Slovak Republic Award was bestowed upon Ingrid Kaczoreková (mid of picture) from the company INWEX, Modrý Kameň, that deals with the production of biscuits. The Starting Woman Entrepreneur Award went to Emília Ondrošová (on the left) from Pension MILKA, Habovka. The Jury decided to award the Sympathy Prize to Mrs. Margita Eichlerová (on the right) from the company Drevonka, Martin, that deals with the manufacturing of wooden toys for children.



FINANCIAL SUPPORT PROGRAMMES

Typical of the year 2000 was a gradual reduction and stabilization of interest rates in the financial market. The policy of the banks vis-a-vis expansion of credits nevertheless remained restrained. The relative abundance of capital on the banks to finance investment plans showed no positive effects in terms of adequate availability of capital to the SME sector. Huge reserves still prevail in the options to collateralize risks and securities by applicants for loans. It is with satisfaction that we have to state a good functioning of the Micro-loan Programme covered from available idle resources, although requirements by small entrepreneurs for the resources clearly exceeded by far the possibilities available. These circumstances and the macro-environment impacted upon the outcomes of the financial support programmes.

1. Support Loan Programme (SLP)

The main objective of the Support Loan Programme has been to enable small and medium-sized enterprises access to investment and operating capital in the form of medium-term loans under conditions more advantageous than those currently granted by the commercial sector. The Loan Support Programme has been designated for small and medium-sized enterprises that employ up to 250 people and do business in the area of manufacturing, crafts, services and active tourism. Entrepreneurs meeting the programme criteria may apply for loans of up to Sk 5M with a maturity 5 years.

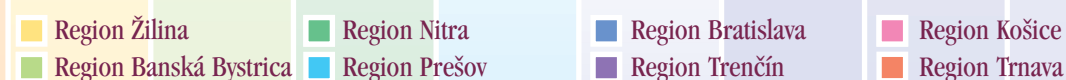
A total of 186 loans were extended during 2000, amounting to Sk 652,762M in total. Thus, 1,033 loans have been granted since the launching of the programme until 2000, in an overall volume of Sk 3,368.483M. Of the loans extended since the launching of the programme, 340 have been paid off (almost Sk 900M).

Principal information about the Support Loan Programme (as of 31 December, 2000)

Support loan programme	Poľno-banka, a. s.	Slovenská sporiteľňa, a. s.	Istro-banka, a. s.	Tatra banka, a. s.	Ľudová banka, a. s.	Total
Number of loans	329	375	101	150	78	1 033
Total volume of loans (in Sk M)	1 141,378	1 053,811	367,663	587,02	218,611	3 368,483
Average loan (in Sk M)	3,47	2,81	3,64	3,91	2,80	3,26

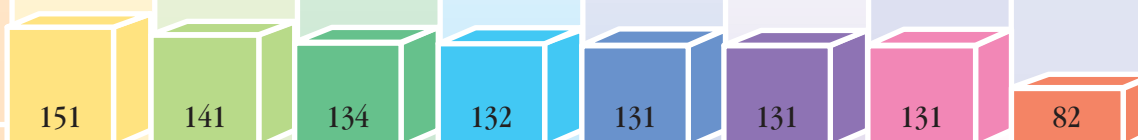
Graphics 5

Loans extended, by districts



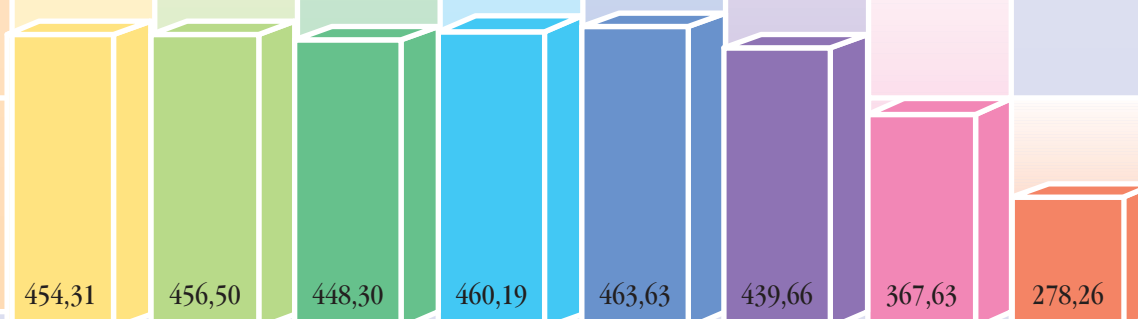
Volume of loans extended (in Sk) as of 31 Dec., 2000

3 368 484 474



Number of loans extended as of 31 Dec., 2000

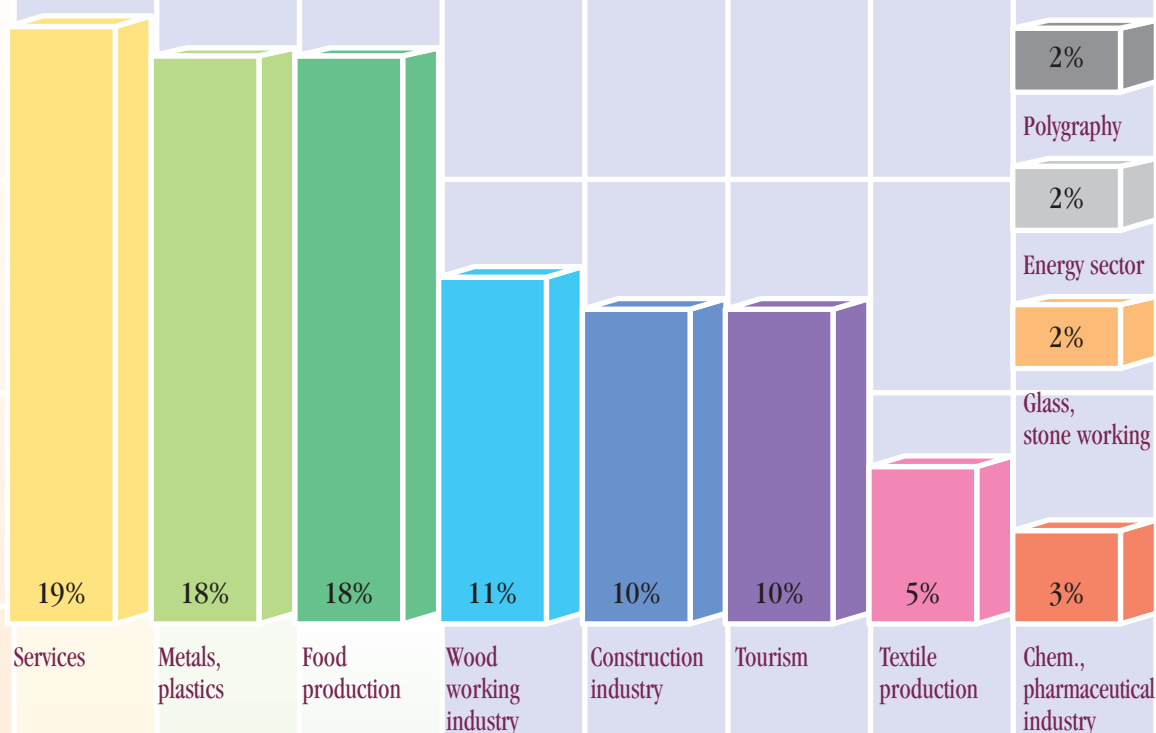
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FINANCIAL SUPPORT PROGRAMMES

Graphics 6

Allocation of SLP loans by sectors



Allocation of SLP loans, by sectors (cumulatively)

Support Loan Programme	Number of loans extended, total	Total volume of loans (in Sk M)
Food production	173	594.313
Textile production	69	180.276
Woodworking industries	120	356.96
Metals, plastics	184	642.235
Glass, stone working	24	65.26
Construction industries	95	328.54
Energy sector	18	57.43
Polygraphy	17	58.44
Chem.& pharm. industries	27	101.64
Tourism	93	325.281
Services	213	658.108
Total	1033	3368.483

2. Micro-loan Scheme

The main objective of this scheme has been to offer solution to the problem of access to small loans of up to Sk 500 thous. for small enterprises (up to 10 employees) in various regions. The National Agency for Development of Small and Medium Enterprises has been implementing the Micro-loan Scheme via seven regional centres.

During 2000, applications for micro-loans were received from 177 interested individuals, of whom 70 obtained loans in an overall volume of Sk 24,235,400. Overall, 209 micro loans have been extended under the pilot program of the micro-loans scheme (including four new centres) in a total volume of Sk 67,649,322 since its launch, whereof 48 have been paid off in full. The average amount of a micro loan is Sk 323,681. An additional factor of no less importance with respect to the implementation of the micro-loans scheme has been the impact of the programme on the employment in the regions concerned: overall, 635 jobs could be created or maintained since the launching of the Micro-loans Scheme.

FINANCIAL SUPPORT PROGRAMMES

Graphics 7

Overview of micro loans extended, by centres

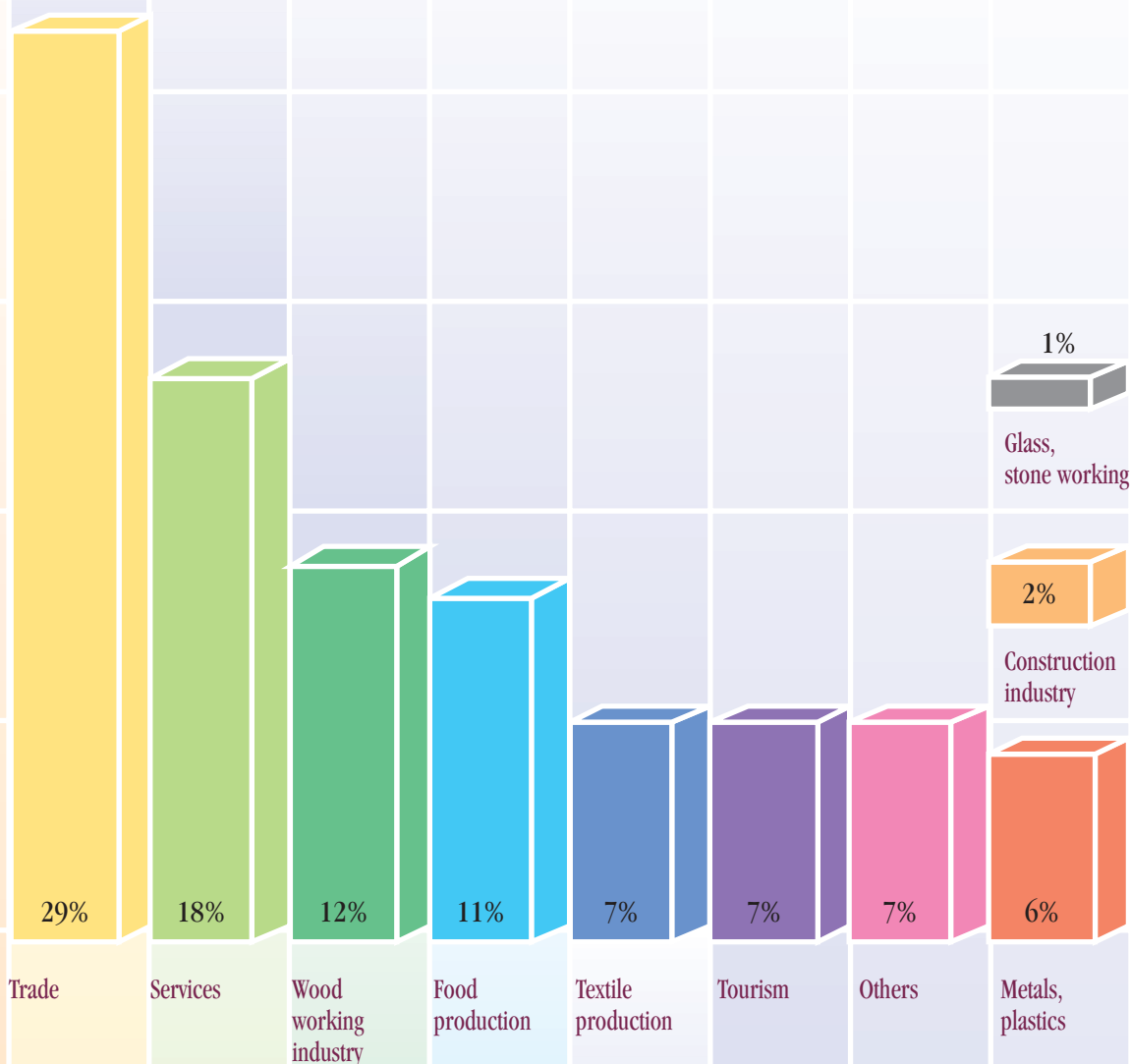


Overview of micro-loans extended, by sectors.

Sector	Number of loans extended in 2000	Total volume of loans extended in 2000 (in Sk M)
Food production	11	2.65
Textile production	5	1.75
Woodworking industries	7	2.89
Metals, plastics	3	1.35
Glass, stone working	2	0.27
Construction industries	1	0.4
Tourism	5	1.75
Trade	20	7.03
Services	14	4.35
Other	2	1.8
Total for 2000	70	24.24

Graphics 8

Allocation of Micro-loans



3. Seed Capital Company

The main feature of the Seed Capital Company (SCC) established by the National Agency in 1994 has been investing into the equity of companies. SCC manages the Seed Capital Fund used to make investments of up to Sk 5M into small and medium-sized businesses in Slovakia. The programme is being financed under the PHARE Program. The objective of the Company has been to enable, through financial investments, the establishment and development of new enterprises, and to develop the activities of existing enterprises. Preferred for investments are mainly projects of industrial production, production services and active tourism.

Sessions 19 and 20 of the Investment Board took place during 2000, that approved 9 projects worth Sk 19.2M overall. The other Fund's activities focused on monitoring of 17 companies in the Company portfolio.

As of 31 December, 2000, there have been 20 meetings of the Investment Board in all, 40 suggestions for investments have been reviewed, whereof 30 have been approved, 9 were approved conditionally, and one project was turned down. Actually, 31 investments have been implemented in 17 companies. An overall volume of Sk 76.39M has been invested into the companies in SCC, Ltd.'s portfolio, thereof Sk 39.26M have been contributed to the equity of the companies, and Sk 37.13M have been extended in loans. Of the investments approved by Investment Board, 3 projects have not yet been implemented or have not been implemented fully so far; funds in a volume of Sk 21.12M have been allocated to these projects.

INFORMATION-RELATED ACTIVITIES AND INTERNATIONAL COOPERATION

Establishment of conditions for Slovak small and medium-sized enterprises penetrating new markets abroad and support of their exporting capacities represent an important contribution towards the entire national economy. Therefore, a substantial part of the Agency's activities has been focusing on this area. Euro-Info Centrum (EIC) is part of these activities, being a component of the information network of the European Commission. The whole network has almost 300 workplaces in European Union Member States and associated countries.

EIC activities consist in the provision for information needs of small and medium-sized enterprises, in the utilization of systems to mediate cooperation between domestic and foreign business entities, in organizing, and supporting the participation of Slovak enterprises in professional events both abroad and home, and in monitoring of the business environment. With respect to the provision of services and counselling to entrepreneurs, the strongest interest in EIC concerns services in identifying partners for cooperation, in participating in business exchanges, and in receiving updated information on events focusing on assistance to entrepreneurs.

EIC Information Network

Efficient interlinkage within the EIC network is provided for by the communication systems VANS and BRE. VANS is an electronic communication system that enables to acquire information on the business environment in the EU, identification of cooperation partners, and it also enables electronic communication between individual Euro Info Centres. Identification of cooperation partners also uses the system BRE (Bureau de Rapprochement des Entreprises), representing a network of workplaces in 56 countries. Via this system, an average of 500 offers for commercial or production cooperation were monitored every month. Of the total annual offers to non-EU European countries of 2,873, some 200 with relevance to Slovakia were selected every month on the average, and translated; 185 were published in periodicals and on the www site of the National Agency. A portion of the offers was distributed directly to identified specific interested parties. A total of 17 offers of Slovak companies were forwarded to the system in 2000, and 19 addresses of Slovak companies were requested.

EIC SK-672 Bratislava presented a joint project with EIC Prešov to DG Enterprise concerning promotion of Slovak EIC, in a total volume of EUR 20,000. The project was approved and implemented during the first half-year of 2000. As part of the project, press conferences, seminars and workshops were organized. This secured EIC presentation in the media. The events were also used to make the broad business public familiar with EIC activities as well as to inform them on events organized by EIC for small and medium-sized enterprises. Information booklets and leaflets in Slovak and English language about EIC activities were drafted under the project, along with some additional promotion materials.

Internet Information Workplace

To enhance and expand the availability of commercial and cooperation-related information, NADSME has been providing small and medium-sized enterprises with Internet Information Workplace (IIW) connected to Internet by a dedicated line. IIW offers training in using Internet, most important addresses of browser servers, and cooperates at request in retrieving information required.

In addition, in working with Foreign Trade Promotion Fund (FTPF), we offered businesses the opportunity to present their products, services and offers for cooperation within the Internet information system. This system uses the KOMPASS descriptor to enable electronic commerce between enterprises and their efficient presentation abroad. More than 100 companies have been registered and presented via NADSME.

NADSME's Home Page on the Internet (www.nadsme.sk) in Slovak and English version provides detailed information on Agency's activities. In addition to offer of services, it also makes available all the publications in electronic form, from the journal Entrepreneurship, to materials published by the Agency as books, to information booklets for entrepreneurs.

Technology transfer

In the interest of improving competitiveness of small and medium-sized enterprises in domestic and international markets, NADSME has been implementing the national Technology Transfer programme. The programme represents state assistance to small and medium-sized enterprises. Within direct assistance, the Technology

INFORMATION-RELATED ACTIVITIES AND INTERNATIONAL COOPERATION

Transfer Grant Commission selected 5 out of 12 projects presented in 2000, and awarded Sk 3,125,000 on them. The Technology Transfer programme also includes the setting up and updating of an information system for technology transfers that includes selected enterprises and institutions with a significant contribution toward the development and utilization of progressive innovation technologies. The database also contains offers of new technologies and demand for technologies that may complement more sophisticated technological systems. Moreover, a presentation system of this database in English language was developed. The information system on CD ROM was presented at a seminar organized for SMEs.

The information system also contains information concerning development of new technologies in the European Union, thus enabling Slovak companies and organizations to participate in the development, or to gain access to already developed technologies.

All interested parties are being provided with access to the database CORDIS oriented toward scientific research projects; this is being done via the Internet workplace and the CD ROM database. Two seminars were prepared on how to utilize such information, on the participation in the Technology Transfer Grant Programme, as well as on the opportunities to participate in the 5th EU Framework Programme.

Assistance and Provision for Participation of Entrepreneurs in International and Domestic Events

NADSME and EIC submitted a project for the staging of the first official Interprise in Slovakia, based on a public tender opened by the European Commission. The event is a tool of the European Commission to support cooperation of SMEs within the EU and associated countries in various sectors of business. The project was approved, and Interprise Gastra – Alimenta 2000 took place in Nitra on April 6 and 7, 2000; its focus was food industry. More than 100 companies from Poland, Austria, Hungary, the Czech Republic, Slovenia, Italy and Slovakia participated.

Funds of the 3rd Multiannual Programme were used by NADSME to financially support also the participation of Slovak entrepreneurs in international specialized business meetings known under the name „Europartenariat“. During the preceding year, participation in 2 Europartenariats was secured. Being the national coordinator, NADSME put together a delegation of 17 companies to participate in Europartenariat Denmark 2000, taking place in Alborg on 8 and 9 June, 2000; the participation of 19 companies in Europartenariat Italy 2000, taking place in Palermo on 4 and 5 December, 2000, was supported during the second half-year. Participation in these events represents an opportunity for companies to directly talk to foreign partners, to make cooperation contracts and to acquire access to new technologies, as well as to distribution networks.

As part of the preparatory work for these events, also seminars for participants and other entrepreneurs were organized, to present to them information on the requirements related to the eligibility of doing business in the EU single market. In addition, separate workshops were also organized on these topics. As an example, the workshop on CE labelling of products in EU market may be mentioned.

Training Programme for Managers of SMEs - GRETA

In cooperation with the French institution GRETA, NADSME organized in 2000 the second year of the successful training programme GRETA intended for Slovak French-speaking managers of SMEs. The objective of the programme is to above all establish cooperation with French enterprises.

The programme has 3 stages: the corresponding stage, workshops with French lecturers at NADSME, and study tour in France. Stage I was realized during the first half-year of 2000, stages II and III were realized during the second half-year. French professionals lectured at the premises of NADSME, presenting with rich experiences in lecturing directly in enterprises and with a good knowledge of the reality of the French business environment. Topics such as marketing, personnel management, financial management, organization systems and production control, quality, etc. were chosen. The most interesting part of the programme was undoubtedly the study tour of 10 programme participants in France where they visited enterprises, listened to lectures by experts with practical experiences at the premises of GRETA, and witnessed presentations of French regional institutions.

Cooperation with Germany – TRANSFORM

The second stage of the project entitled “Strengthening of the Counselling Offer to Small and Medium-sized Enterprises in Slovakia” was completed under the Transform programme in 2000. The project is financed by the German Credit Institute for Reconstruction (KfW) at Bonn. KfW entrusted the Bonn-based Foundation for Economic Development and Professional Qualifications (SEQUA) to perform the counselling project in cooperation with the National Agency (NA). SEQUA’s role is to provide German experts and to train qualified trainers from selected regional centres (that include RAICs Považská Bystrica, Poprad and Nitra, and BICs Banská Bystrica and Spišská Nová Ves) in practical corporate counselling. The objective of the project is to strengthen the RAICs in the field of the provision of counselling services and to increase at the same time the demand for this type of counselling on the part of the business sector. SEQUA takes care of the required qualifications through cooperation with the Chamber of Craftspeople at Trier. Trainers are selected for the individual counselling plans from among Slovak staff by regional centres.

As of 31 December, 2000, 17 counselling events were organized under Stage II for 15 selected firms, in most of cases concerning the setting up of quality management systems pursuant to standards ISO 9000, VDA 6.1 (standards for the automobile industry), marketing, controlling, establishing of cooperation with German partners, etc. Due to organizatory and material reasons, Stage II has been postponed until 31 March, 2001. This date the decision shall be taken on the amount of the support for project Stage III, if any.



Subcontracting

The Subcontracting Exchange of Slovakia (SES) arose in 1994 as a joint project by Ministry of Economy of the Slovak Republic, the PHARE Program, and UNIDO. SES has been implementing its activities within the National Agency for Development of SMEs, it is a member of the world-wide network of subcontracting exchanges SPX Club under UNIDO Vienna, and is presently the only active one in the eastern part of Central Europe. The main objective of SES is to provide for the development of production cooperations between enterprises from other countries as clients and Slovak SMEs as contractors of semi-products and production operations.

Based on 195 requests received from companies from other countries concerning the identification of appropriate partners in Slovakia, principal identification data were provided to them on SMEs with a potential for industrial cooperation. Specialized requests in terms of production documents were sent to Slovak SMEs, and 97 price quotations were forwarded to foreign partners via the Subcontracting Exchange of Slovakia. Based on price quotations, suitable Slovak SMEs were identified as potential partners; accompanied by SES experts, the foreign companies visited directly 21 such eligible potential partners to review the opportunities for production cooperation. A majority of the requests for production cooperation concerned the mechanical engineering sector from France, the Netherlands, Germany, England and Spain.

Swiss-Slovak Trade Day

Working together with the Slovak Commercial Mission in Bern and the Chamber of Commerce Swiss-Central Europe, SES took care of the organization of contact meetings of Slovak SMEs with Swiss companies in July which took place in Bratislava. The contact day was attended by 6 foreign and 22 Slovak SMEs.

6th Year of the International Conference SESE 2000

For the field of the development of the machine and car industry, SES organized the 6th year of the international subcontracting **Conference SESE 2000** (Slovak Engineering Subcontracting Exchange) held in November, 2000, attended by 8 foreign and 26 domestic firms. The participation of purchasing directors of the international companies DAF Trucks-the Netherlands, LEYLAND Trucks-UK, SANDEN and JULIEN – France, TEXTRON and INGERSOLL-RAND – USA provided evidence for the good quality of the event. Based on cooperation meetings and visits performed, production of metallic welded parts is now under way at the Slovak companies VSS Košice, Willing Industry Krupina, and ZŤS Námestovo, with an expected start up of the production for foreign offtakers at an early point in the future.

MIDEST 2000

For the sixth time in a row, NADSME-SES presented itself at the engineering subcontracting fair MIDEST in Paris jointly at stand with Slovak companies Eltec and Atlantic Energy, to present production potential of Slovak SMEs. During the fair, 114 commercial meetings were organized. SES at the same time presented itself at the world-wide meeting of Subcontracting Exchanges organized under UNIDO in SPX-Club; UNIDO representatives highly appreciated SES' activities in Slovakia, being the only one exchange operating in countries of the former Eastern block.

Francophone Trade Centre -FTC

FTC has been successfully developing production cooperation of Slovak SMEs with enterprises from French-speaking regions. It was organizing for its members regular commercial club meetings (11 in total), and took care of trade missions for French enterprises and professional associations. The promisingly developing contacts between Slovak and French SMEs include cooperation between FTC and Chambre des métiers (a kind of Chamber of Small Trade Licensees) from the French region Auvergne. A specific example of cooperation has been the establishment of the Slovak-French firm France Ligne (sewing of ladies swimsuits). It may be stated with respect to the cooperation of Slovak enterprises with companies from French speaking countries that the strongest interest in partnerships in production or trade prevails in the fields of mechanical engineering, woodworking, and textile production. In identifying appropriate partners, FTC regularly cooperates with the Commercial Section of the French Embassy; also, FTC maintains rather good contacts with the Embassy of Belgium, through the representation of the Vallonian Region in Bratislava.

DISBURSEMENT OF FUNDS TO SUPPORT SMEs

Disbursement fo state budget funds on support programmes for small and medium-sized enterprises in Slovakia in 2000

PRIORITY/SUPPORT PROGRAMME	AMOUNT IN SK
<i>I. Facilitating SME's access of capital</i>	87 523 330
Thereof: - 98 Loan Support Programme	87 523 330
<i>II. Strengthening of the SME sector</i>	4 178 415
Thereof: - Institutional provision for SME support	3 453 131
- Monitoring	725 284
<i>III. Improvement competitiveness of SMEs</i>	7 683 904
Thereof: - Implementation of quality management systems	2 818 761
- Training for special groups	983 427
- Training for SMEs	157 176
- Technology transfer	3 724 540
<i>IV. Internationalization of SMEs and penetration of new markets</i>	0
Programmes total (I. –IV.):	99 385 649
National Agency	3 311 000

Disbursement of EU PHARE funds to support the development of small and medium-sized enterprises in Slovakia in 2000

USING OF THE FINANCIAL MEANS	Amount in EUR	Amount in SK
<i>I. Facilitating access to capital</i>	2 402 622	105 705 757
thereof: - 98 Loan Support Programm	2 402 622	105 705 757
- Micro-loans	0	0
Seed Capital Company	0	0
<i>II. Strengthening of the SME sector</i>	99 252	4 366 690
thereof: - Support of SMEs	10 307	453 467
- Policy development	5 429	238 854
- RPICs/BICs – counselling	28 611	1 258 769
- RPICs/BICs - training	54 905	2 415 600
<i>III. Improvement competitiveness of SME's</i>	23 529	1 035 182
- Other – spin-off	23 529	1 035 182
<i>IV. Internationalization of SMEs and penetration of new markets</i>	8 923	392 576
thereof: - Subcontracting Exchange	4 058	178 535
- Euro Info-Centrum	4 865	214 041
Programmes total (I. –IV.)	2 534 326	111 500 205
NADSME	125 118	5 504 692

Exchange rate as of 29 December, 2000: 1EUR = Sk 43.996

DISBURSEMENT OF FUNDS TO SUPPORT SMEs

Disbursement of other funds on support programmes for small and medium-sized enterprises in Slovakia in 2000

FINANCIAL RESOURCES FROM THE REPAYMENTS OF THE EXISTING FINANCIAL SUPPORT PROGRAMMES:

Loan Support Program	349 724 600
Micro - loans	242 354 00
Total	373 960 000

NADSME'S BALANCE SHEET (IN SKK _000)

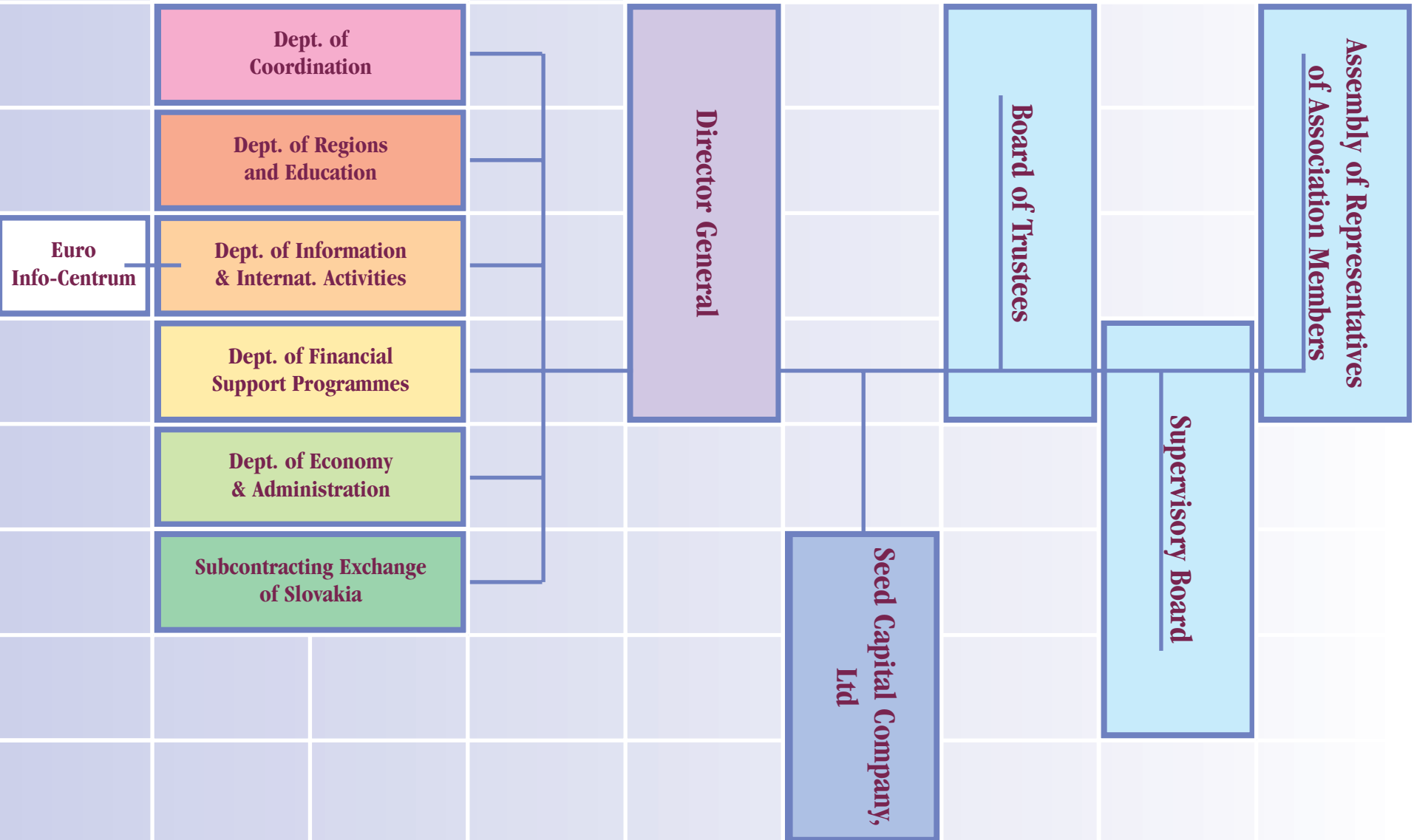
Assets total	1 633 726
1. <i>Fixed assets</i>	40 047
thereof: - intangible fixed assets including adjustments	263
- tangible fixed assets including adjustments	631
- financial investments	39 153
2. <i>Current assets</i>	1 593 679
thereof: - financial assets	1 384 373
- receivables	208 790
- temporary assets accounts	279
Liabilities total	1 633 726
1. Own sources	1 631 350
2. Short-term borrowings	2 376

DISBURSEMENT OF FUNDS TO THE SUPPORT SMEs, FINANCIAL STANDING AND ASSETS OF NADSME AS OF 31 DECEMBER, 2000

In 2000, NADSME's operating expenditures and funds to finance its programmes were covered from three sources: the State Budget (SB), PHARE program, and other own sources.

SOURCE	SKK _000	% OF TOTAL
SB	3 311	17.74
PHARE	5 312	28.46
OTHER	10 043	53.80
TOTAL	18 666	100.00

ORGANISATIONAL STRUCTURE OF NADSME



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