REPORT ON THE STATE OF SMALL AND MEDIUM ENTERPRISES IN THE SLOVAK REPUBLIC IN 2013

SBA

SLOVAK | BUSINESS | AGENCY

Report on the state of Small and Medium Enterprises in the Slovak Republic in 2013

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1. Introduction

Small and medium-sized enterprises in Slovakia are an important part of the economy. They are a stabilizing element of the economic system and sectors with the greatest potential for growth. Small and medium-sized enterprises in the non-financial business economy provide jobs for more than two-thirds of the active labor force and contribute to more than half of the value added creation. In particular, the irreplaceable role of the SMEs is in the area of job creation, balancing regional disparities in development and the implementation of innovation in economic practice. On the other hand, however, SMEs are increasingly sensitive to the quality of the business environment. It is therefore an important task for the government to systematically improve the business environment, which in turn translates into improving their competitiveness in the domestic and European markets.

To achieve a business environment conducive to the needs of SMEs there serves the European initiative Small Business Act – SBA. The Small Business Act was adopted in 2008 as a continuation of the European Charter for Small Enterprises in 2000, forming a new strategic framework, which includes the existing policies and supporting instruments of the European Union in the field of small and medium-sized enterprises. Its aim is to promote in order for small and medium-sized EU enterprises attain the global market and thereby contribute to meeting the objectives of Europe 2020. It is intended that the policy on economic development and job creation focus more on smaller companies than larger ones. Originally, this was mainly about the response to competitive pressure from Asian economies with low wages; due to the economic and financial crisis the help for small enterprises, which have suffered heavy losses, changed to measures aimed at the survival and sustainable growth of SMEs. The Small Business Act is aimed at improving the overall approach to entrepreneurship, integrating the “Think Small First” principle in policy-making from regulation to public service and promoting SME growth by helping overcome the problems that hamper their development.

The objective of the report is to facilitate the optimization of the environment for the development of small and medium-sized enterprises in Slovakia, the evaluation of promotional instruments, the identification of problems and the formulation of recommendations to improve conditions for SMEs.

In connection with the implementation of the Small Business Act there still needs to be a monitoring instrument through which it will be possible to monitor developments and evaluate the situation in the field of application of the Small Business Act. The report would therefore accommodate the needs for the close monitoring of the principles of the Small Business Act. The document will serve as a source of information for the Ministry of Economy, responsible for the area of operation of the business environment, the Working Group on the issue of the Small Business Act, other central government bodies and academic institutions, entrepreneurs, students and the general public. The document is also a basis for the action SME Envoy, which for Slovakia concerns the general director of the Slovak Business Agency (SBA).

For these reasons the Report on the State of Small and Medium Enterprises is processed so that in addition to statistical and factual data on the development of the SME sector, the reader will also have information on measures and programs, legislative changes and recommendations. All designated areas are mapped in relation to the ten principles of the SBA, which form separate chapters of the Report on the State of Small and Medium Enterprises. For each of the principles there is bound a set of measures to be implemented on the level of the Community and the Member States:

Tab. no. 1.1: Overview of Small Business Act principles

I Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded
The EU and member states should create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded. They must take better care of future entrepreneurs, primarily by developing an interest in entrepreneurship and entrepreneurial talent, especially in young people and women and by simplifying the conditions for the transfer of businesses.
II Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance
Member states should ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance.
III Design rules according to the “Think Small First” principle
The EU and member states should design rules according to the “Think Small First” principle, in proposed legislation to consider characteristic features of SMEs and to simplify the existing regulatory environment.
IV Make public administrations responsive to the needs of SMEs
The EU and member states should make public administrations responsive to the needs of SMEs and to the extent possible facilitate their life, primarily with significant support for solutions which offer electronic state administration and unified contact points.
V Adapt public policy tools to SME needs: facilitate the participation of SMEs in public procurement and better use State Aid possibilities for SMEs
The EU and member states should adapt public policy tools to SME needs. They should use a best-practices codex which advises procurers regarding how to apply the EC framework for public procurement so as to facilitate the participation of SMEs in public procurements. In an effort to take a position regarding possible failure on the market which SMEs must face during their existence, they should better use State Aid possibilities for SMEs in the Community in connection with support for start-up SMEs and by providing incentives for existing SMEs.
VI Facilitate the access of SMEs to finance and to develop a legal and business environment supportive to timely payments in commercial transactions
The EU and member states should facilitate the access of SMEs to finance, especially to venture capital, micro loans and mezzanine financing and to develop a legal and business environment supportive to timely payments in commercial transactions.
VII Help SMEs to benefit more from the opportunities offered by the Single Market
The EU and member states should help SMEs to benefit more from the opportunities offered by the Single Market, primarily by improving the system of administration and awareness in association with the policy of the single market, by improving representation of interests of SMEs with the preparation of standards and by facilitating access of SMEs to patents and trademark protections.
VIII Promote the upgrading of skills in SMEs and all forms of innovation

The EU and member states should promote the upgrading of skills in SMEs and all forms of innovation. They should help SMEs with investments into research and their participation in programmes supporting science and research, multinational research, groupings and active administration of intellectual property rights by small and medium-sized enterprises.	
IX	**Enable SMEs to turn environmental challenges into opportunities**
The EU and member states should enable SMEs to turn environmental challenges into opportunities. They should provide more information, professional knowledge and financial incentives, so that it is possible to take advantage of new "green" markets and to increase energy efficiency, partially through implementation of environmental management systems in SMEs.	
X	**Encourage and support SMEs to benefit from the growth of markets**
The EU and member states should encourage and support SMEs such that they are able to benefit from the growth of markets outside of the EU, primarily through support aimed at a specific market and commercial training.	

Source: Communication from the Commission COM(2008) 394 "Think Small First", A "Small Business Act" for Europe

Part of the Report on the State of Small and Medium Enterprises in Slovak Republic in 2013 is an extensive appendix, divided into charts, maps and tables.

The assessment of the status and trends of development for small and medium-sized enterprises is the basis for analyzing the state of the business environment in Slovakia, which is presented annually by the Government in the form of Status Reports of the Business Environment in the Slovak Republic under Government Resolution No. 792 of 17 July 2002. The document will also be used as a data base for informing the institutions of the European Union, the OECD, the European Commission, the United Nations and the processing of the analysis and studies of the business environment.

The Report on the State of Small and Medium Enterprises in Slovak Republic in 2013 is available to the public through the SBA website.

The authors of the document thank colleagues from government organizations, public administration, business associations and federations, as well as the non-governmental sector for their valuable suggestions and contributions, without which it would have been impossible to prepare a document at the required range and quality.

2. Evaluation of the implementation of the Small Business Act in Slovakia from the EU perspective

Individual member states in implementing the principles of the Small Business Act have a key role. Therefore in 2008 there was implemented the **evaluation of the application of the principles set out in the Small Business Act** (hereinafter "SBA") for each EU country. In 2013, Slovakia's progress in implementing the principles of the SBA was only slight, but much more important than in the previous year.

Based on the SBA profile for Slovakia built on data from 2013, among the strengths of the application were Principles 5 (state aid and public procurement), 6 (access to finance, timely payments) and 9 (environment), but on the other hand, weaknesses were identified in the application of Principles 10 (internationalization) and 2 ("second chance"). In the following are specified the factors that influenced the fact of the aforementioned Principles 5, 6, and 9 being classified as strengths.

Positive developments in the implementation of Principle 5 affected the implementation of the public electronic tender, which enables the implementation of government contracts over the Internet, thus contributing to more transparency during the procurement procedure. At the same time the amendment of the Act on Public Procurement supports reducing administrative burdens in the procurement process, accelerating and streamlining certain processes in procurement.

Furthermore, the SR Ministry of Justice has implemented the EU directive on combating late payment in commercial transactions through an amendment to the Commercial Code. In revising the Commercial Code provisions governing default interest, there has been introduced a new definition of the maximum maturity and modification of creditors' rights and obligations of borrowers. Along with the increased willingness of banks to provide loans, it participated in the overall slightly above average (compared to the EU average) evaluation of Principle 6.

Regarding the environment (Principle 9) there was a significant increase in the number of enterprises, using measures of public support for activities relating to resource efficiency and businesses offering ecological products or services. Increasing the use of public aid resulted in measures to ensure full use of the program budget for the cohesion policy designed to promote environmentally friendly products and processes in SMEs.

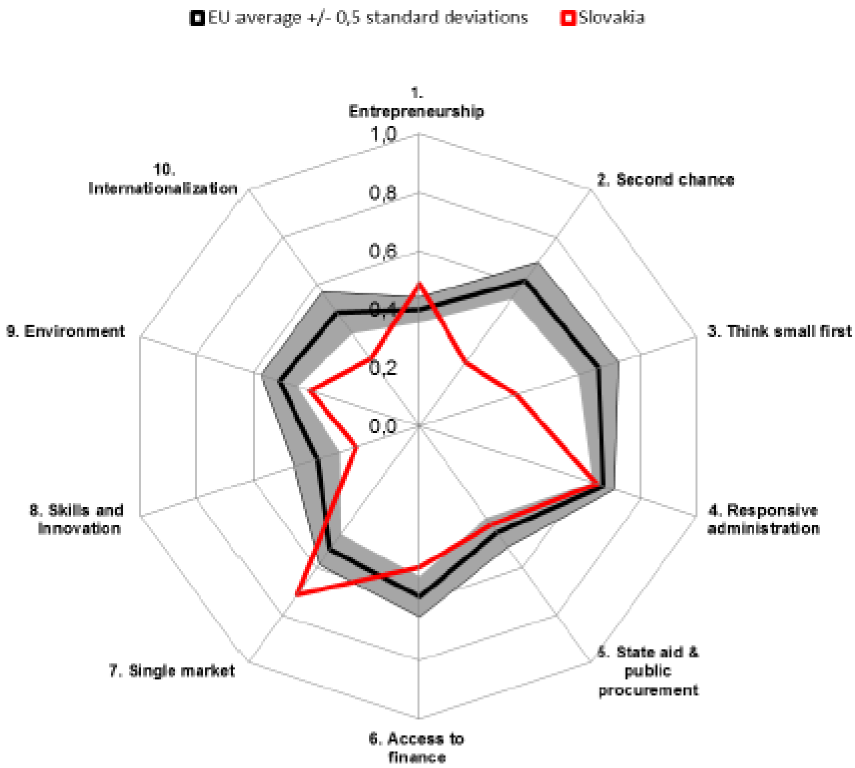
Slovakia achieves long-term substandard results in the implementation of Principles 2 and 10. Despite legislative changes regarding the law on bankruptcy and restructuring in the new definition of the extension and the establishment of the new obligations of the debtor, the time required to resolve insolvency and associated costs is well below the EU average. At the same time, compared to 2012, there was no change in the degree of support for a "second chance". In fulfilling Principle 10 Slovakia is well below the EU average. The administrative burden of imports and export, as well as costs required to implement import and export influenced this fact the most.

Increasing taxes on corporate income tax from 19% to 23% particularly affected small enterprises. Moreover, the introduction of control statements for VAT expanded the administrative section of enterprises regarding new responsibilities and is associated with an increase in administrative costs. A negative impact on small and medium-sized enterprises can be expected as a result of the introduction of “tax licenses”, which sets out the obligation to pay a certain form of flat tax also for an enterprise making losses (except entrepreneurs and start-ups). The executed legislative measures may have a negative impact on the overall deterioration of the business environment and do not support the application of Principle 3: “think small first”.

Principle 3, “think small first”, is not currently being sufficiently applied in Slovak conditions. However, this fact should be improved by an initiative of the SR government, which instructed MoE SR with the introduction of monitoring regarding the implementation of SBA measures to assess the impact on small and medium-sized enterprises. In this regard, the Slovak Ministry of Economy of SR in 2013 established a Working Group on the issue of the SBA, which consists of representatives of central state bodies and business organizations. Its role is to monitor and evaluate progress in implementing the SBA. It will also contribute to the dissemination of information on SME policy and the exchange of the best practices in this area. The objective of the working group is to develop recommendations for improving the implementation of the SBA, i.e. application of specific principles in Slovakia, thereby promoting SMEs in their business activities and creating conditions for the continuous improvement of the business environment.

Furthermore, Principle 4 influenced the amendment of the Commercial Code regarding limited liability companies, imposing an obligation to repay the cash deposit into a bank account where it will be blocked until the company is registered in the Commercial Register. On the other hand, the introduction measures mitigating the administrative burden and promoting e-services (electronic communication with official bodies) in the progressive context of e-government is positive.

Chart No. 1: Evaluation of the application of the SBA in Slovakia in 2013



3. Principle 1 Create an environment in which entrepreneurs and family businesses can thrive and be rewarded for their entrepreneurial efforts

3.1 Status and development numbers of SMEs

3.1.1 Natural persons – entrepreneurs

More than two thirds (67.8%) of the total number of active small and medium-sized enterprises in Slovakia in 2013 (563,501) were natural persons – entrepreneurs. The representation of SMEs – legal entities reached 32.2%.

Within natural persons – entrepreneurs there remains a dominant representation of small trade licensees (92.3%). Persons doing business as freelancers make up 5.7% and independent farmers (IF) 2.0% of the total number of natural persons – entrepreneurs.

Chart No. 2

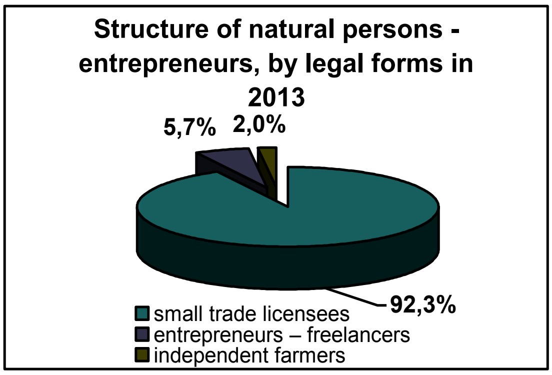
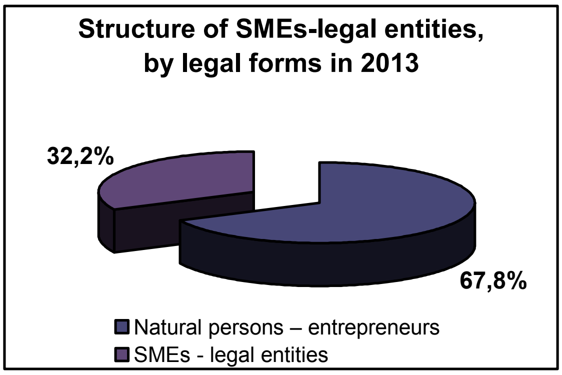


Chart No. 3



Source: Statistical Office of the Slovak Republic, processed by SBA

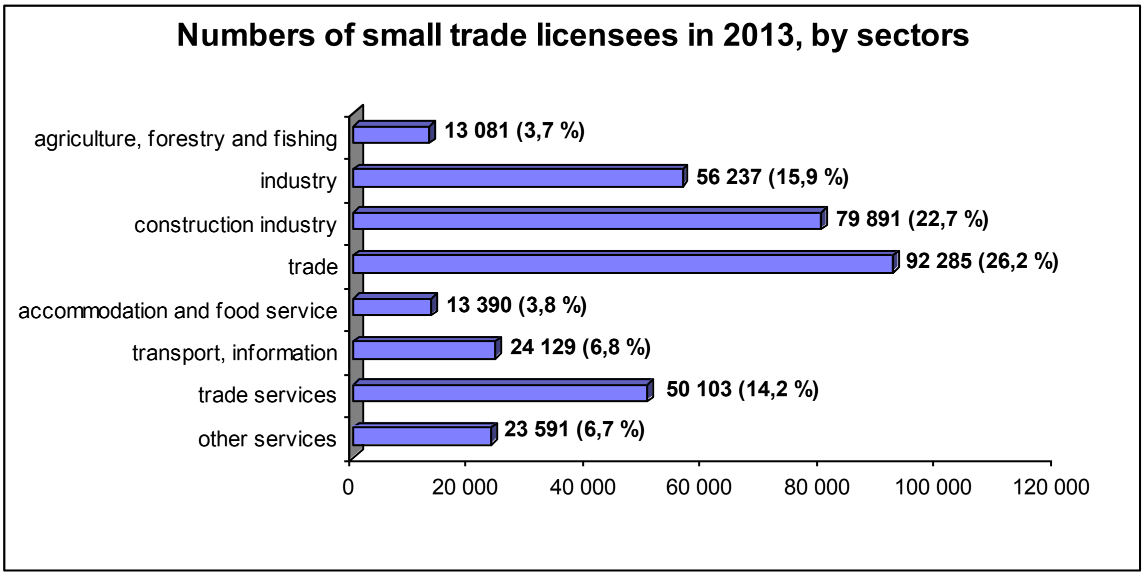
According to the data and methodology of the Statistical Office of the Slovak Republic (SO SR) at the end of December 2013 there was recorded a total of 382,213 active natural persons – entrepreneurs, while their number decreased by 1.4%. A year-on-year decline in the number of natural persons – entrepreneurs has been recorded every year since 2009. Of the total number of natural persons – entrepreneurs there were **352,709 small trade licensees** (of which 352,707 were in the SME category), **21,925 freelancers and 7,579 independent farmers (Appendix, Charts 2 and 3).**

The total number of natural persons – entrepreneurs year-on-year fell mainly due to a reduction in the total number of small trade licensees by 6,866 (1.9%). The number of legal entities operating as freelancers was up by 1,543 (7.6%) and the number of independent farmers by 84 (1.1%). Of the total number of natural persons – entrepreneurs (382,213) according to number of employees there was 99.4% in the category of micro-enterprises (0-9, including entrepreneurs with an unknown number of employees) and 0.6% in the category of small enterprises (10-49).

Sector structure of natural persons – entrepreneurs

In 2013 more than a quarter (26.2%; 92,285) of active small trade licensees (in the category of SMEs) carried out their main business activities. More than one-fifth of small trade licensees (22.7%; 79,891) worked in construction, 15.9% (56,237) of small trade licensees were engaged in industry and 14.2% (50,103) in trade services (SK NACE to N section). 6.8% (24,129) small trade licensees worked in the sectors of transport, information and communication activities (SK NACE H, J section), 6.7% (23,591) small trade licensees worked in other services (SK NACE P to S section), 3.7% (13,390) small trade licensees worked in accommodation and catering, and similarly 3.7% (13,081) in agriculture.

Chart No. 4



Source: Statistical Office of the Slovak Republic, processed by SBA

In a year-on-year comparison, there increased the number of small trade licensees in the agriculture sector by 4.1% (by 520), in other services by 0.6% (about 134), and trade services by 0.4% (180). The number of small trade licensees relatively declined the most year-on-year in trade by 3.6% (by 3,467), then in hotels and restaurants by 3.4% (about 467), in industry by 3.0% (by 1,721), transport and information and communication activities by 2.7% (about 667), construction by 1.7% (by 1,379).

The development of the sectorial structure of small trade licensees presented in Appendix – Chart 4 has, since 2009, been characterized by the increasing representation of small trade licensees in the services sector in agriculture. On the contrary the decrease of small trade licensees in recent years has been noticeable in the trade and industry sector. The share of small trade licensees working in the construction industry is relatively stable, with a slight increase in 2013.

In 2013 from the total number of legal entities operating as freelancers more than one-third (35.2%) were in auxiliary activities in insurance and pension funding, 21.4% in legal activities, 20.8% in outpatient and dental activities, 6.0% in architectural and engineering activities, 4.9% in ancillary activities connected to financial services, except insurance and pension funding, 4.2% in veterinary activities and 7.5% in other areas. The development of the occupational structure of freelancing is characterized by a gradual increase in the representation of activities in insurance and pension funding, accompanied by a gradual decrease in activity mainly in the fields of medical and dental care.

Regional structure of natural persons – entrepreneurs

In 2013, according to the data processed from the Register of the SO SR organizations, most small trade licensees operated in the Žilina Region (15.3%), the Bratislava Region (15.2%) and the Prešov Region (14.6%). 12.4% small trade licensees worked in the Nitra Region, 11.1% in the Trenčín Region, 10.7% in the Banská Bystrica region, 10.6% in the Trnava Region, and 10.1% in the Košice Region. Highest year-on-year decline in the number of small trade licensees was recorded in the Trnava Region (by 4.0%) and the Trenčín Region (by 3.3%).

Of the total number of independent farmers 18.3% were registered in the Nitra Region and the Banská Bystrica Region, 14.6% in the Prešov Region, 14.0% in the Košice region, 13.3% in the Žilina Region, 11.4% in the Trnava Region, 6.3% in the Bratislava Region and 3.7% in the Trenčín Region.

More than one-fifth (20.4%) of legal entities in freelancing has been registered in the Bratislava Region, 14.4% in the Košice Region, 12.4% in the Prešov Region, 12.3% in the Nitra Region, 12.2% in the Banská Bystrica Region, 10.2% in the Žilina Region, 9.3% in Trenčín Region and 8.8% in the Trnava Region.

Gender and age composition of natural persons – entrepreneurs

Gender composition of natural persons – entrepreneurs

Slovak women account for more than half of the total population; in the implementation of business activities however, men remain dominant. **At the end of 2013, from the total number of active natural persons – entrepreneurs** registered in the Organizational Register of the SO SR there **were 71.3% men and 28.7% women**. **The share of women in the total number of natural persons – entrepreneurs increased compared to 2012 by 0.5 p. p.** In 2013, from the perspective of different legal forms women – entrepreneurs amounted to the largest representation in natural persons operating as freelancers (54.9%). There is a significantly lower share of them in the context of small trade licensees (27.1%) and independent farmers (24.4%). Year-on-year the representation of women increased within small trade licensees (0.4 p.p.) and freelancing (0.5 p.p.). Concerning independent farmers there was a decline by 0.2 p. p.

Tab. no. 3.1: Gender structure of natural persons – entrepreneurs by legal form

Gender/legal form	Small trade licensees	Independent farmers	Entrepreneurs - freelancers	natural persons entrepreneurs total
man	72.9%	75.6%	45.1%	71.3%
woman	27.1%	24.4%	54.9%	28.7%

Source: SBA, on the basis of data from the Register of Organisations of SO SR

Within each sector **women – freelancers amounted to the highest share of trades in the other services sector** (62.8%), **trade services** (50.0%), hotels and restaurants (40.1%) and trade (39.3%). Conversely, women – freelancers had the smallest representation in construction (1.9%), agriculture (12.5%), transport, information and communication activities (13.4%) and industry (13.8%). The gender composition of small trade licensees by sector is shown in Appendix – Chart 4.

Women doing business as freelancers had the highest share of ancillary activities regarding financial services, except insurance and pension funding (78.1%), auxiliary activities in insurance and pension funding (65.2%) and outpatient, dental and medical activities (61.8 %). In the area of operations the representation of women was 43.3%, in veterinary activities 27.2% and architectural and engineering activities 19.9%.

Women had more than average representation as natural persons – entrepreneurs in the Bratislava Region (35.0%), the Košice Region (32.7%) and the Banská Bystrica Region (31.0%). In other regions women – small trade licensees amounted to a share from 23.1% (Prešov Region) to 28.6% (Nitra Region). The gender composition of small trade licensees in the regions of the Slovak Republic is set out in Appendix – Chart 5.

The evaluation of the economic activity of businessmen and women in different regions is in Appendix, Chart 6, showing the proportion of the number of natural persons – entrepreneurs in the total number of the economically active population by gender and region.

Age structure of natural persons – entrepreneurs

According to the data processed from the Register of the Statistical Office of the Slovak Republic, in **2013 natural persons – entrepreneurs had the largest representation in the age group of 30 to 39 years of age** (27.2%). The second largest group in terms of age was entrepreneurs in the age group 40 to 49 years of age (26.9%), followed by the age group of 50-59 year olds (23.4%). In the category of younger than 30 years 13.2% of entrepreneurs were active and in the category of 60 and over, 9.3% of entrepreneurs. The age structure of natural persons – entrepreneurs presented as a picture of the age structure of entrepreneurs under different legal forms is listed in Table 3.2. The graphical representation of the age structure of natural persons – entrepreneurs is set out in Appendix – Chart 7.

Tab. no. 3.2: Age structure of natural persons – entrepreneurs by legal form

Age/legal form	Small trade licensees	Independent farmers	Entrepreneurs - freelancers	Natural persons entrepreneurs total
age under 30	13.5%	2.8%	11.8%	13.2%
age 30-39	27.9%	10.3%	22.2%	27.2%
age 40-49	27.5%	17.1%	20.5%	26.9%
age 50-59	23.4%	24.2%	24.2%	23.4%
age 60-69	6.7%	20.6%	17.1%	7.6%
age 70-79	0.9%	12.0%	3.7%	1.3%
age 80 and more	0.2%	12.9%	0.5%	0.5%
	100.0%	**100.0%**	**100.0%**	**100.0%**

Source: SBA, on the basis of data from the Register of Organisations of SO SR

The most significant representation of higher age categories of entrepreneurs from the perspective of different legal forms is evident in independent farmers (IF) and persons doing business as freelancers (a share of 50 and over accounted for 69.7% in the case of IF and

45.5% in freelancing). For small trade licensees, the share of this group of entrepreneurs was 31.2%.

Conversely, representation of younger than 30 year-olds was the highest for small trade licensees (13.5%). Within IF they had a share of only 2.8% and 11.8% in free lancing. In the long term, the age structure of natural persons – entrepreneurs is characterized by the declining representation of entrepreneurs in the age group under 30 years (a decrease compared to 2007, from which the SBA evaluates values of the stated data, reached 3.3 p.p.) and the increasing representation of the age group of 50 and over (an increase compared to 2007 by 6.3 p.p.).

The age structure of natural persons – entrepreneurs by gender indicated in Appendix – Chart 8 – is a greater concentration of men in the younger age groups, 39 and younger; on the other hand there is a greater concentration of women in the category of 50 and over.

Comparison of gender and age structure of entrepreneurs in the Slovak Republic with other EU countries

According to data and methodology from Eurostat[1], in 2013 the **share of women** in the total number of self-employed persons (entrepreneurs under the age of 74 years) in the **European Union**, reached **31.2%.**

Slovakia has reached in the share of women in the total number of entrepreneurs (27.8%, which is 3.5 p.p. less than in the EU) a long-term ranking **among the countries with the lowest female entrepreneurship** (Appendix, Chart 9). Below Slovakia placed only three EU countries, namely Sweden (27.6%), Ireland (20.4%) and Malta (16.6%). In connection with an annual decrease in the share of women in Slovakia (0.4 p.p.), its position deteriorated by one position. This development is in contrast with the share of women in the category of natural persons – entrepreneurs, documented in the previous sections. One possible explanation for the decline in the share of women in the Eurostat data may be the lower year-on-year representation of women serving as partners of companies compared to 2012.

The top countries with the highest share of women in the total number of entrepreneurs are ones such as Latvia (41.3%), Lithuania (39.5%) and Luxembourg (38.7%). Within the V4 countries, the highest share of women in the total number of entrepreneurs for 2013 was recorded in Poland (33.0%, which is 5.3 p.p. more than in Slovakia). In Hungary, the share of women accounted for 32.8% (an increase of 5.0 p.p. more than in Slovakia) and in the Czech Republic 30.6% (which is 2.9 p.p. more than in Slovakia).

In 2013, according to Eurostat data, the collection and processing carried out within the methodology of "*The European Union Labour Force Survey*" in Slovakia there was, of the

[1] **Source:** Eurostat, the European Union Labour Force Survey
Notes on methodology: The collection of the data in Slovakia is carried out through the Labour Force Survey. Entrepreneurs are considered to be company partners, small trade licensees, independent farmers and persons engaged as freelancers. If the entrepreneur has more companies they are mentioned only once in the statistics. The basis for the survey consists of a stratified selection of apartments, which evenly covers the whole territory of the Slovak Republic. Included in the sample are 10,250 dwellings, representing 0.6% of the total number of permanently occupied dwellings in the Slovak Republic. The survey covers all persons aged 15 and over living in selected apartments regardless of whether they have for the apartment permanent, temporary or unregistered residence, excluding the institutional population. All observed data are converted to actual SR population data taken from the survey of population movements.

total population engaged in entrepreneurial activity, 3.3% (0.9 p.p. more than in the EU) in the age group of 15-24 years, 39.9% (12.2 p.p. more than in the EU) in the age group of 25-39 years, 29.1% (0.6 p.p. less than in the EU) in the age group of 40-49 years, 23.0% (3.2 p.p. less than in the EU) in the age group of 50-59 years and 4.7% (9.4 p.p. less than in the EU) in the age group of 60-74 years (Appendix, Chart 10).

In the context of a comparison of the age structure of Slovak entrepreneurs with selected EU countries, **Slovakia is characterized by the highest representation of entrepreneurs in the age group of 25-39 years** and the fifth highest representation of entrepreneurs in the age group of 15-24 years. By contrast, **in the age group of over 50 years, Slovakia reached the lowest representation of entrepreneurs among compared countries**, indicating the very low business activity of older age groups in Slovakia. Promoting entrepreneurship for disadvantaged groups in Slovakia, such as women, youth, and seniors, will therefore be necessary in the implementation of the various principles SBA will pay more attention to.

3.1.2 Legal entities – enterprises

At the end of December 2013, the Register of SO SR Organizations registered 241,960 active legal entities, of which 181,914 were enterprises.

Of the total number of companies micro-enterprises formed a crucial part (0-9 employees, including those with an unknown number of employees). In 2013 their share was 91.2% (165,896 in absolute terms). Small enterprises (10 to 49 employees) accounted for 7.0% (12,734), medium enterprises (50 to 249 employees) 1.5% (2,660) and large enterprises (250 or more employees) formed 0.3%. **Small and medium-sized enterprises together accounted for a 99.7% share** (181,290 in absolute terms) **of the total number of enterprises – legal entities.**

In a year-on-year comparison, the number of active small and medium-sized enterprises increased in each size category of enterprises. The number of micro-enterprises grew by 10.3% (15,463), the number of small enterprises increased by 14.2% (by 1583), the number of medium enterprises by 3.4% (about 87). **In summary, the number of small and medium-sized enterprises – legal entities increased by 10.4% (17,143).** The number of large enterprises increased year-on-year by 1.6% (10).

Despite the yearly increase in the number of small businesses (14.2% to 12,734), the number reached only 60% of the number achieved in the pre-crisis year 2008 (21,226).

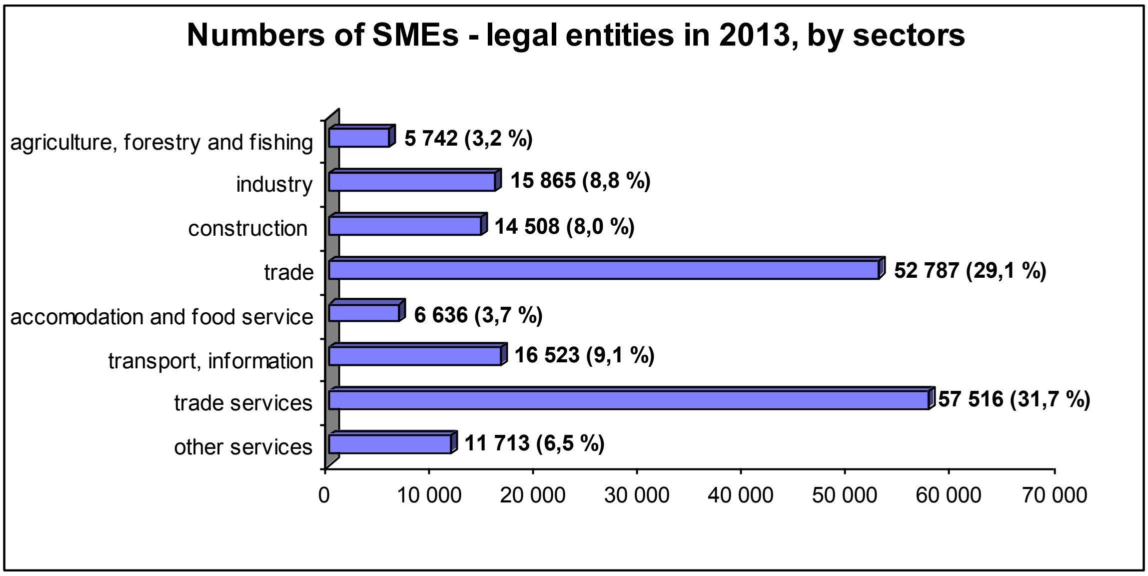
In 2013, the presence of micro-enterprises was almost unchanged (91.2%, down 0.1 p.p.). The share of small enterprises increased slightly by 0.2 p. p. to 7.0%, the share of medium enterprises decreased by 0.1 p. p. to 1.5%, and large enterprises by 0.1 p. p. to 0.3%.

The development of a number of small and medium-sized enterprises is shown in Appendix – Chart 11. Changes in different size groups in the years 2004-2013 are given in Appendix – Chart 12.

Sectorial structure of small and medium-sized enterprises – legal entities

From a sectorial point of view, the largest representation of small and medium-sized enterprises was in trade services (SK NACE Sections K to N- 31.7%; 57,516) and **trade** (29.1%; 52,787). In transport and information and communication activities it was 9.1% (16,523), in the industrial sector 8.8% of SMEs (15,865), construction 8.0% (14,508), in other services (SK NACE Sections P to S) 6.5% (11,713), in hotels and restaurants 3.7% (6,636) and in agriculture 3.2% of SMEs (5742).

Chart No. 5



Source: Statistical Office of the Slovak Republic, processed by SBA

Compared to 2012, the number of small and medium-sized enterprises across the spectrum of industries increased. In relative terms, the number has increased most in transport, information and communication activities (18.4%; by 2,566), in hotels and restaurants (14.2%; by 826), in trade services (12.2% by 6,249) and other services (12.2%; by 1277). In construction there decreased the number of small and medium-sized enterprises by 8.7% (by 1,162), trade by 7.8% (by 3,798), agriculture by 7.1% (by 383) and in industry by 5.8% (by 872).

The year-on-year percentage change in number of SME-LEs by sector is given in Appendix – Chart 14. In the long term view the sectorial structure of small and medium-sized enterprises is decreasing the representation of small and medium-sized enterprises active in the field of trade, industry and agriculture and vice versa, a growing presence in services. Representation of construction is relatively stable without significant changes (Appendix, Chart 13).

The spatial distribution of SMEs – legal entities in certain sectors of the economy is characterized by a relatively uneven deployment. The Bratislava Region has registered 52.5% of the total number of SMEs – legal entities in the trade services sector (SK NACE Sections K to N), 37.2% of the total number of entities in transport and information and communication activities, and 28.3% of the total number of entities in hotels and restaurants.

The structure of small and medium-sized enterprises – legal entities by legal forms and forms of ownership

In 2013, in terms of the forms of SME-LEs the largest representation was in **limited liability companies (90.8%) and joint stock companies (3.0%).**

80.0% of small and medium-sized enterprises – legal entities in 2013 were **private domestic ownership**, 14.5% foreign owned, 4.1% international private ownership and 0.8% in cooperative ownership.

Regional structure of small and medium-sized enterprises – legal entities

In 2013, more than one third (34.8%) of the total number of small and medium-sized enterprises (legal entities) were operating in the Bratislava Region. In the Nitra Region 10.9% of SME-LEs were active, in the Košice Region 10.0%, in the Žilina Region 9.6%, in the Trnava Region 9.1%, in the Prešov Region 9.0%, in the Banská Bystrica Region 8.6% and 7.9% in the Trenčín Region.

The state and development of the overall number of small and medium-sized enterprises, including natural persons – entrepreneurs

The basic quantitative indicator that reflects the overall quality of business conditions is the number of small and medium-sized enterprises. Since 2009, the overall incidence of small and medium-sized enterprises has been characterized by different developmental tendencies, recorded under different legal forms. While the number of small and medium-sized enterprises – legal entities increased since 2009, an average annual rate of 8.8%, the number of natural persons – entrepreneurs over the past five years has shown an average year-on-year decline of 1.8%. The decline in natural persons – entrepreneurs is mainly associated with a reduction in the number of small trade licensees. In 2013, the number of small trade licensees decreased by 6,867 (1.9%). The rate of growth of SME – legal entities in the coming years is likely to achieve lower levels, since the introduction of the tax licenses can be assumed to interfere with long-term low income and loss-making companies.

In 2013 there was, according to the Statistical Office of the Slovak Republic, recorded a year-on-year growth of SMEs by 2.2%, mainly due to the year-on-year increase of small and medium-sized enterprises – legal entities by 10.4%. The number of natural persons – entrepreneurs decreased by 1.4%. In view of the different size categories of enterprises, in 2013 there increased the number of micro-enterprises by 1.9%, the number of small enterprises by 13.5% and medium enterprises by 3.4%.

At the end of 2013, from the total number of business entities 96.8% were micro-enterprises, 2.6% small enterprises and medium enterprises 0.5%. The share of large enterprises amounted to 0.1%.

Tab. no. 3.3: The size structure of the business sector by individual legal forms as of 31 December 2013

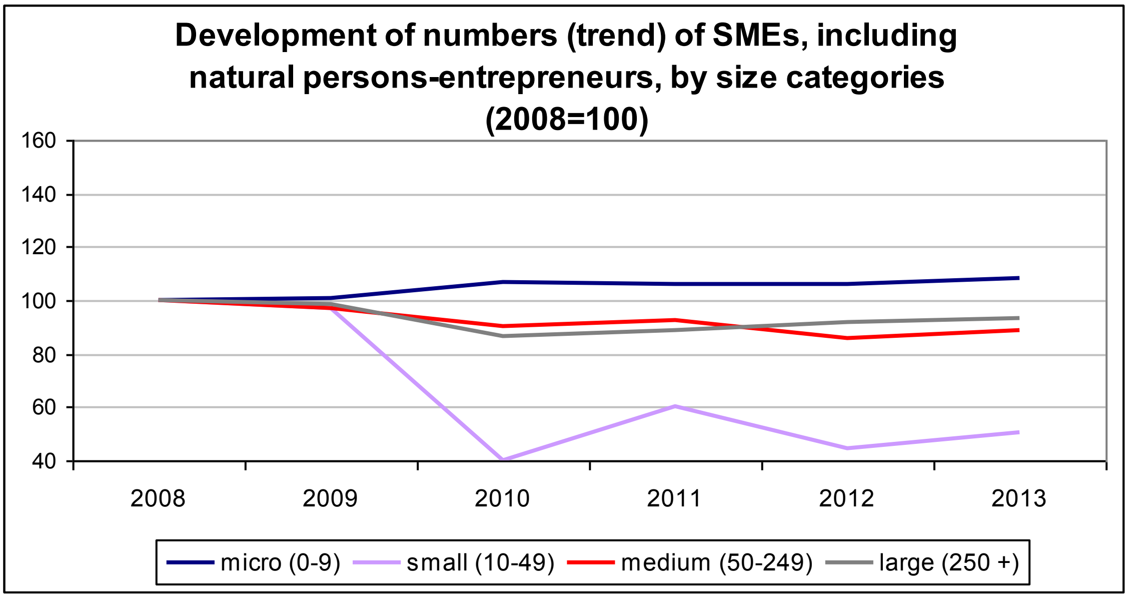
Size category/legal forms	businesses	small trade licensees	entrepreneurs – freelancers	IF	total abs.	total in%	index 2013/2011
Micro enterprises (0-9)	165 896	350 553	21 853	7 557	545 859	96.8%	101.9

Small enterprises (10-49)	12 734	2 072	70	22	14 898	2.6%	113.5
Medium enterprises (50-249)	2 660	82	2	0	2 744	0.5%	103.4
Large enterprises (250 or more)	624	2	0	0	626	0.1%	101.8
Total SME (0-249)	**181 290**	**352 707**	**21 925**	**7 579**	563 501	99.9%	102.2
Enterprises together	181 914	352 709	21 925	7 579	564 127	100.0%	102.2

Source: Statistical Office of the Slovak Republic, processed by SBA

The growth in the number of small enterprises (10-49) in 2013 (by 13.5%, or 1,777) was mostly influenced by the change in the size category of entities from the category of micro-enterprises to the small enterprises category (4,565 entities changed the size category in this way). **Despite the year-on-year increase in the number of small enterprises (by 13.5%) their number achieved only 50.2% of the number achieved in the pre-crisis year 2008 (29,700).** The development trend of the number of SMEs (including natural persons – entrepreneurs) is shown in Chart. 6.

Chart No. 6



Source: Statistical Office of the Slovak Republic, processed by SBA

A comparison of size structure and number of business entities in Slovakia to the EU

The size structure of the business sector in Slovakia is largely similar to the size structure of enterprises in other EU Member States. As a characteristic feature of Slovakia, however, a greater percentage of micro-enterprises may be indicated.

The table below is presented to compare the size of the business sector in the Slovak Republic and the EU – 28 countries. The presented data show some methodological differences that need to be taken into account in mutual comparison. The data for the EU – 28 are compiled by Eurostat methodology for *Structural Business Statistics* covering industry and non-financial business economy. These figures indicate that the total number of 22 million businesses in the non-financial business economy **in the EU – 28 accounted for 99.8% of SMEs.** Representation of micro-enterprises reached 92.5%, 6.2% for small enterprises and medium enterprises 1.0%.

The number of businesses in Slovakia representing the economy of Slovakia and the source of these data is the Register of the Statistical Office. According to the above data SMEs in Slovakia are the **99.9% share of the total number of businesses, while the presence of micro-enterprises represents 96.8%, which is 4.3 p. p. more than in the EU.**

Tab. no. 3.4: The size structure of the business sector in the Slovak Republic and EU

		Size of enterprise					Total
		Micro (0-9)	small (10-49)	medium (50-249)	large (250+)	SMEs	
EÚ - 28 (2011)	Number of businesses in non-financial business economy, (in thous.)	20 449	1 381	225	44	22 055	22 099
	Share in the number of businesses	92.5%	6.2%	1.0%	0.2%	99.8%	100.0%
Slovakia *(2013)*	number of businesses	545 859	14 898	2 744	626	563 501	564 127
	share in the number of businesses	96.8%	2.6%	0.5%	0.1%	99.9%	100.0%

Source: Data for the Slovak Republic: SO SR, processed by SBA
Data for the EU-27: Eurostat, Structural Business Statistics, sectors cover SK NACE Sections B through N and division 95, at the time of processing the material data were available for year 2011

As shown in Chart 15, as set out in the Appendix, Slovakia achieved in 2011 the highest share of micro-enterprises in the total number of businesses within the sector of the non-financial business economy and selected EU countries. That comparison also highlights the fact that the dominant micro-enterprise is the hallmark of the size of the business sector in all V4 countries. The V4 countries occupied, in comparison, four of the first five positions.

A comparison of numbers of business entities in V4 countries

According to the data of organizational statistics for individual V4 countries, published by national statistical offices, at the end of 2012 in the Czech Republic there were active 1,124,000 business entities, in Poland 3,269,000, and 629,000 in Hungary. In Slovakia, the number of active business entities reached in 2012 was 552,000.

Per 1,000 economically active persons the highest number of businesses was registered in the Czech Republic (213.8). In Slovakia, the number of businesses per 1,000 economically active persons was 204.0, 188.5 in Poland, and in Hungary 144.4.

3.1.3 The dynamic development of business entities

3.1.3.1 Establishment and termination of legal entities and natural persons – entrepreneurs according to the methodology for business demography

The SO SR publishes data on the number of created and liquidated economic entities under the common OECD and Eurostat methodology for the Business Demography, according to which the newly created entities are defined as legal entities and natural persons – entrepreneurs, who had revenues or employees in the given year and no revenues or employees in the two preceding years. **Extinct entities** are defined as legal entities and natural persons – entrepreneurs who have been active in a given year, but in the following two years do not have sales or employees. Legal entities other than enterprises include data and for-profit institutions. Non-profit institutions make up 3.6% of the total number of active legal entities and natural persons – entrepreneurs as defined by the above methodology.

The latest data on the generated entities according to the methodology for Business Demography were published in 2011. **According to this methodology, SO SR records in 2011 generated a total of 66,420 entities** (legal entities and natural persons – entrepreneurs that had sales in a given year or employees and in two previous years had no sales or employees).

In a year-on-year increase the overall number of newly established entities under the above methodology was 13,343. Of the total number of newly created entities 98.6% were in the size category of 0-4 employees. In terms of sectorial structure (the statistical classification of economic activities – SK NACE) most entities in 2011 originated in trade services (17,405), trade (15,365) and construction (12,538).

Tab. no. 3.5: Newly created legal entities and natural persons – entrepreneurs in the Slovak Republic by size category according to the number of employees and economic activities

Size category	2008	2009	2010	2011
0 – 4	54 963	62 663	52 231	65 522
5 – 9	1 465	656	435	592
10 a viac	1 146	424	411	306
Total number	**57 574**	**63 743**	**53 077**	**66 420**
Economic activity (SK NACE)				
B-E Industry	10 409	8 433	6 022	7 807
F Construction	11 949	12 073	9 736	12 538
G Trade	14 429	18 040	14 553	15 365
H Transport and storage	3 790	4 615	4 139	5 326
I Accommodation and food services	1 853	2 389	2 079	2 262
K-N Trade services	11 217	13 740	12 825	17 405
P-S Other servises	3 927	4 453	3 723	5 717
Selected sectors total	**57 574**	**63 743**	**53 077**	**66 420**

Source: SO SR, processed by SBA

According to data published by Eurostat, **the share of newly created entities** in the total number of active entities in Slovakia in 2011 according to the methodology for Business Demography in selected sectors (SK NACE Sections B to S) reached **14.3%.** Compared to 2010, the share of newly created entities increased by 1.4 p. p. Within each sector, this indicator reached 11.7% in industry, 14.8% in construction, 14.9% in services (SK NACE Sections G to N).

The latest data on the liquidated entities were published for 2010, representing preliminary data that will subsequently be more specified by the SO SR (generally downwards**). In 2010, according to preliminary data and the stated methodology, a total of 36,700** entities (legal and natural persons – entrepreneurs) terminated, which is about 4,453 entities less than in 2009 (definitive data). Of the total number of terminations in this category 98.2% of the entities had 0-4 employees. In terms of sectorial structure (the statistical classification of economic activities – SK NACE) most entities in 2010 ceased in trade (11,397), trade services (8,113) and construction (6,078).

According to preliminary data from Eurostat, in 2010 the share of **the terminated entities** in the total number of active entities according to methodology for Business Demography in selected sectors (SK NACE Sections B to N) in the SR reached **8.9%. According to definitive data** for the year 2009, the above share value reached **10.3%.** Within each sector group, this indicator reached the highest value in construction (12.8%) in 2009. In industry, the share of liquidated entities reached 11.2%, and 9.7% in services (SK NACE Sections G to N).

Tab. no. 3.6: Dissolutions of legal entities and natural persons – entrepreneurs in Slovakia by size category according to the number of employees and economic activity

Veľkostná kategória	2007	Veľkostná kategória	2008	2009	2010
0 - 4	48 150	0 – 4	41 325	39 992	36 027
5 - 9	3 369	5 – 9	768	621	327
10 a viac	2 333	10 a viac	832	540	346
Total number	**53 852**	**Total number**	**42 925**	**41 153**	**36 700**
Economic activity (OKEČ)		**Economic activity (SK NACE)**			
C-E Industry	8 523	B-E Industry	7 896	6 935	4 550
F Construction	6 980	F Construction	8 500	9 195	6 078
G Trade	19 385	G Trade	12 006	11 855	11 397
H Hotels, restaurants	2 709	H Transport and storage	2 502	2 605	2 632
I Transport, posts, telecomm	2 051	I Accommodation and food services	1 492	1 638	1 466
J-K Trade services	8 122	K-N Trade services	6 962	6 123	8 113
M-O Other services	6 082	P-S Other services	3 567	2 802	2 464
Selected sectors total	**53 852**	**Selected sectors total**	**42 925**	**41 153**	**36 700**

Source: SO SR, processed by SBA

According to Eurostat data, from the total number of newly created entities (in selected sectors) in Slovakia, 84.1% were active after the first year from inception (the share of entities created in 2010 (t-1) and were active until 2011 (t) versus the total number of entities created in 2010 (t-1). After the fifth year from their inception, 41.2% of entities were active in Slovakia (the share of entities that were created in 2006 and were active until 2011 versus the total number of newly established entities in 2006).

Tab. no. 3.7: The share of active entities in individual years since their establishment (the so-called survival rate) in selected sectors in Slovakia in 2011

Sectors (by SK NACE Rev 2)	1st year	2nd year	3rd year	4th year	5th year
Industry (SK NACE, Sections B to E)	86.9	67.4	54.0	42.5	41.6
Construction (SK NACE, Section F)	86.1	63.7	50.6	41.5	40.1
Services (SK NACE, Sections G to N)	82.8	68.0	57.6	38.3	40.2
Selected sectors total (SK NACE, Sections B to S)	**84.1**	**67.2**	**55.1**	**38.7**	**41.2**

Source: processed by SBA, on the basis of Eurostat data - Business Demography statistics

Compared with the data reported in last year's Status Report on SMEs the survival rate of entities after the first (7.3 p.p.), second (6.0 p.p.), and the third year from inception (13.6 pp) increased. By contrast, the survival rate after the fourth and fifth year was slightly reduced. In Table 3.8 is the presented share of active entities in different years from inception (survival rate) according to reference years.

Tab. no. 3.8: Share of active entities in individual years since their establishment (the so-called survival rate) in selected sectors (SK NACE, Sections B to S) **together in Slovakia by reference year**

Survival rate / reference year	2010	2009	2008	2007	2006
Number of newly established entities	53 077	63 743	57 574	49 858	48 025
Survival rate after 1st year	84.1%	76.8%	74.4%	62.7%	74.3%
Survival rate after 2nd year		67.2%	61.1%	49.9%	61.5%
Survival rate after 3rd year			55.1%	41.7%	51.1%
Survival rate after 4th year				38.6%	44.3%
Survival rate after 5th year					41.2%

Source: processed by SBA, on the basis of Eurostat data - Business demography statistics. Data shown in the diagonal of Table no. 3.8. correspond to data in Table no. 3.7. in the line selected sectors total.

A comparison of the share of terminated entities that occurred in SR with selected EU countries

According to the data presented in Figures 17 to 19, which are listed in the Appendix, Slovakia still ranks among countries with the highest share of incepted entities (3rd place; 14.3%). Only Lithuania (24.5%) and Latvia (19.4%) ranked before Slovakia in this comparison. The lowest share of entities incurred in 2011 was in Malta (3.5%), Belgium (5.1%) and Austria (5.9%).

The share of terminated entities, as well as the survival rate of newly established entities two years after inception, improved slightly in Slovakia compared to the last assessment. Despite this improvement, Slovakia was characterized by a higher than average share of terminated entities (7th place; 10.3%). The highest share of terminated entities in 2009 was recorded in Lithuania (21.8%), Romania (18.0%), Portugal (15.9%), Estonia (15.9%) and Latvia (15.7 %). The lowest share was recorded in Belgium (3.6%) and Cyprus (3.8%).

In Slovakia, the survival rate reached for newly established entities two years after inception (67.2%) is still below the average of the selected EU countries. The highest survival rate was achieved in Sweden (86.3%) and Belgium (80.3%). The lowest was in Lithuania (45.9%), Portugal (48.6%) and Romania (56.3%).

3.1.3.1 The emergence of SMEs based on data processed from the Register of Organizations of the SO SR

Of the total number of active small and medium-sized enterprises (563,501) recorded at the end of December 2013 in the register of organizations of the SO SR **there was established in 2013** (based on the date of founding) **41,274 SMEs.**

According to the different legal forms of the founded SMEs there were 4,430 enterprises, 34,947 entrepreneurs, 1,627 freelancers and 270 IF. Compared to 2012, the total number of newly founded SMEs increased by 747 entities.

Of the total number of newly founded SME – LEs (4,430), 1,456 started business in the sector of commercial services, 1,075 in trade, 515 in transport and communication activities, 408 in construction, 343 in other services, 300 in industry, 172 in hotels and restaurants and 161 in agriculture.

In terms of areas of small trade licensees, 9,775 of them operated in the construction sector, 6,568 in trade, 5,351 in industry, 5,288 in trade services, 2,815 in transport and information and communication activities, 2,308 in other services, 1,954 in agriculture and 888 in hotels and restaurants.

The comparison of the sectorial structure of SME – LEs and small trade licensees starting in 2013 with the structure of all active entities is referred to in the Appendix, Table 3. In 2013, the most preferred sector for SME-LEs to start a business included trade services (32.9%, which is 1.2 p.p. higher than in SME-LEs together), trade (24.3%, which is 4.8 p.p. less than the SME-LEs together) and construction (9.2%, which is 1.2 p.p. higher than the SME-LEs together). In 2013, among the most preferred sector for a business start-up concerning entrepreneurs included construction (28.0%, which is 5.3 p.p. more than entrepreneurs together), trade (18.8%, which is 7.4 p.p. less than entrepreneurs together), industry (15.3%) and trade services (15.1%). The Appendix, Chart 20 illustrates the structure of the total number of small and medium-sized enterprises according to the date of creating (year) the stated entities.

Tab. no. 3.9: Development in the number of newly established SMEs by legal forms on the basis of data from the Register of Organisations of the SO SR (Drawn up on the basis of date of establishment of the entity. Data do not include a change in activity of an entity which likewise in a significant way influences the year-on-year change in the number of active entities, mainly SME – LE).

Legal form of SME	2008	2009	2010	2011	2012	2013
SME – LE (legal entities)	9 592	5 942	6 656	5 663	6 030	4 430
Small trade licensees	41 355	32 508	34 937	37 383	32 929	34 947
Independent farmers	243	215	185	213	209	270
Entrepreneurs – freelancers	1 082	1 074	921	1 134	1 359	1 627
Total SMEs	**52 272**	**39 739**	**42 699**	**44 393**	**40 527**	**41 274**

Source: Register of Organisations of SO SR, processed by SBA

Rating the emergence of new entities can also be observed in terms of the total number of active and inactive business entities. Under that approach there was established in 2013 (according to the data processed from the Register of Organizations of the Statistical Office) a total of 60,817 SMEs, SMEs – legal entities being 19,870, small trade licensees 38,936, freelancers 1,694 and IF 317.

3.2 Regional aspects of SME business

. **One in five** (21.6%) **active small and medium-sized enterprises** (including NP – entrepreneurs) operates in the Bratislava Region. In terms of dominating forms **in the Bratislava Region** there mainly occurs SMEs – legal entities.

Of the total number of **SMEs – legal entities more than one third (34.8%) was recorded in the Bratislava Region (63,059).** In other regions, the number of SME – LEs ranged from 14,412 (the Trenčín Region) to 19,783 (the Nitra Region). Year-on-year, the number of SME – LEs increased in all regions, most notably in the Nitra Region (16.5%) and Žilina (15.0%).

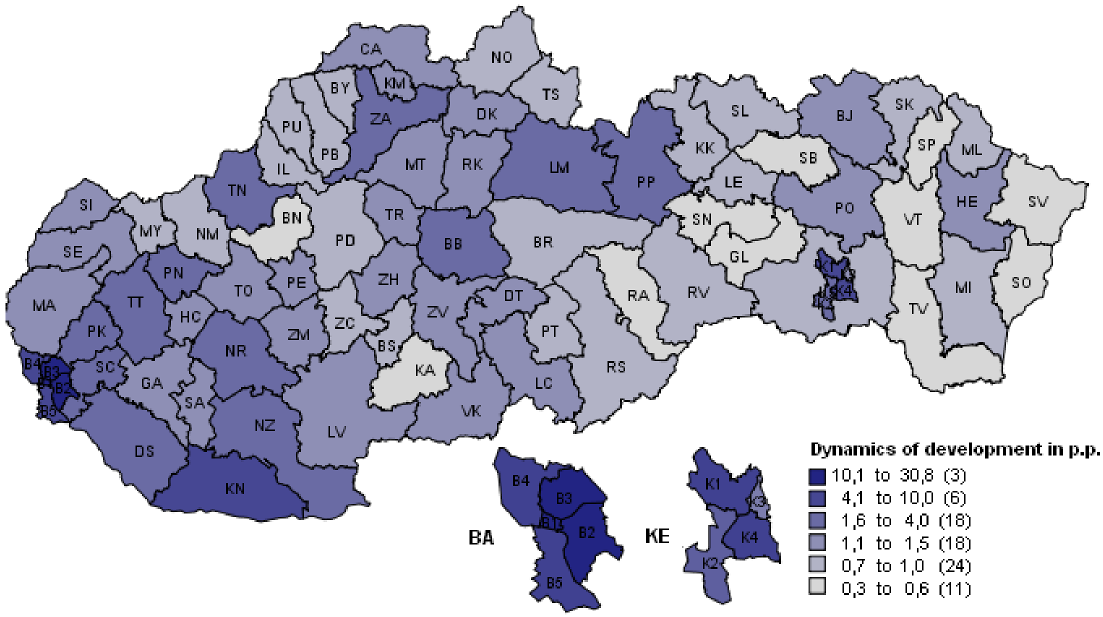
The development in the number of SME-LEs within regions of Slovakia, shown in Appendix, Map 7, illustrates the growing frequency of SME-LEs in the period since 2005 in all regions of Slovakia.

The rate of SME-LE[2] entrepreneurial activity in 2013 processed at the district level is shown in the Appendix, Map 1. The highest rate of entrepreneurial activity in SME-LEs was recorded for 2013 in the districts within the city of Bratislava and Košice. Specifically, in the district of Bratislava I (75.3%), Bratislava II (29.9%), Bratislava III (29.1%), Košice I (15.3%) and Košice IV (13.5%), while the lowest was reached in the districts of Poltár (1.9%), Revúca (1.8%) and Gelnica (1.7%).

The greatest growth rates of SME-LE entrepreneurial activity for the 2008-2013 period was achieved in the districts of Bratislava I (30.8 p.p.), Bratislava II (11.5 p.p.) and Bratislava III (10.6 p.p.). Relatively it was dynamically achieved in the district of Komárno (4.6 pp). In the districts of Spišská Nová Ves (0.3 pp), Gelnica (0.4 pp), and Vranov nad Topľou (0.5 p.p.), there was an increase of SME-LEs in relation to the lowest economically active population lowest (Map 1).

Map No. 1

Dynamics of development of rate of entrepreneurial activity of SMEs - legal entities in Slovak districts in period from 2008 to 2013



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

In 2013 most **natural persons** – **entrepreneurs** were operating in the Bratislava Region (58,676) and Žilina (57,061), and the fewest in the Košice Region (39,844). In 2013, a year-on-year decline in the number of natural persons – entrepreneurs was recorded in all regions of Slovakia. Their number decreased the least in the Košice Region (a decrease by only 10 entities). Year-on-year, most natural persons – entrepreneurs relatively dropped in the Trnava Region (3.3%).

[2] The rate of entrepreneurial activity is calculated as the number of SME- legal entities and the economically active population in %.

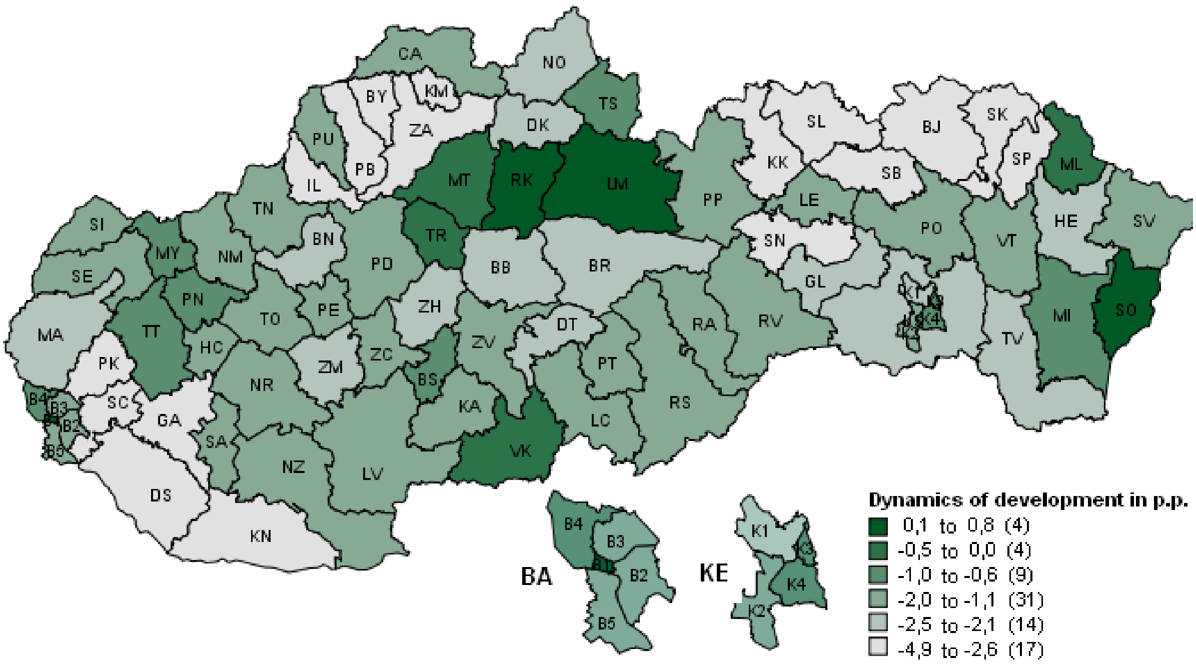
The development of the number small trade licensees within the regions of SR is shown in the Appendix, Map 8. Year-on-year, the number of small trade licensees decreased in the crisis year of 2009 for the first time, and the decline was achieved in all regions of Slovakia. In the following years the number of small trade licensees only increased year-on-year in the Banská Bystrica Region (2010) and the Žilina Region (2011). Between 2012 and 2013 the number of small trade licensees declined in all regions of Slovakia.

In 2013, the rate of entrepreneurial activity for NP – entrepreneurs processed at the district level is shown in the Appendix, Map 2. In 2013, the highest rate of entrepreneurial activity regarding NP – entrepreneurs was recorded in the district of Bratislava I (26.8%), Námestovo (26.2%), Stará Ľubovňa (22.3%) and the district of Tvrdošín (20.6 %).

The growth rate of entrepreneurial activity in relation to the economic population in the period of 2008-2013 was achieved only in the districts of Bratislava I (0.8 p.p.), Ružomberok (0.3 p.p.), Liptovský Mikuláš (0.2 p.p.) and Sobrance (0.1 p.p.). In other districts entrepreneurial activity for NP – entrepreneurs declined, most notably in the districts of Kežmarok (4.9 p.p.), Stará Ľubovňa (4.7 p.p.), Bytča and Senec (both 4.2 p.p.) (Map 2).

Map no. 2:

Dynamics of development of rate of entrepreneurial activity of natural persons - entrepreneurs is Slovak districts in period from 2008 to 2013



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

Tab. no. 3.10: Number of businesses in the individual regions of the Slovak Republic in 2013

Region of SR	Natural persons - entrepreneurs			Enterprises			SME	Total
	Small trade licensees	Entrepreneurs – freelancers	IF	Small (0-49)	medium (50-249)	large (250 and more)		
Bratislava Region	53 724	4 471	481	62 304	755	203	**121 735**	**121 938**
Trnava Region	37 338	1 932	866	16 300	255	59	**56 690**	**56 750**
Trenčín Region	39 035	2 040	278	14 135	277	82	**55 765**	**55 847**
Nitra Region	43 873	2 687	1 388	19 457	326	53	**67 731**	**67 784**
Žilina Region	53 810	2 240	1 011	17 117	324	67	**74 502**	**74 569**
Banská Bystrica Region	37 669	2 685	1 388	15 411	232	49	**57 385**	**57 434**
Prešov Region	51 625	2 723	1 105	15 980	262	57	**71 694**	**71 752**
Košice Region	35 635	3 147	1 062	17 926	229	54	**57 999**	**58 053**
Total for SR	**352 709**	**21 925**	**7 579**	**178 630**	**2 660**	**624**	**563 501**	**564 127**

Source: SO SR, processed by SBA

Bratislava Region

According to data from organizational SO SR, to 31.12.2013 there were **63,059 legal entities – SMEs registered in the Bratislava Region, which was higher year-on-year by 4,850 (8.3%) entities**. In terms of size structure, the most numerous group was micro-enterprises (0-9) with 93.1%, small enterprises (10-49) accounting for 5.4%, and medium enterprises (50-249) 1.2% and large enterprises (250 or more) 0.3%. The Bratislava Region reached the highest share of micro-enterprises among all the regions of Slovakia. More than half of the SME-LEs (50.7%) were registered in the districts of Bratislava I and Bratislava II. Business entities in the area of trade services (47.9%) dominated in the structure of SME – LEs by field of activity, while 16.2 p. p. more than SR together, representing the highest share among all regions. In trade SME – LEs held a share of 23.1%, and transport, information and communication activities 9.7%.

In 2013, there were registered 58,676 **natural persons – entrepreneurs** in the Bratislava Region. **Compared to 2012, their number decreased by 1.1%.** Of the total number of natural persons – entrepreneurs there were 53,724 small trade licensees, 4,471 freelancers and 481 independent farmers. Within the gender structure of natural persons – entrepreneurs, **65.0% were males and 35.0% were women** (6.3 p.p. more than the SR together). The share of women entrepreneurs was the highest among all the regions of Slovakia. The Bratislava Region has the lowest representation of natural persons – entrepreneurs in the age group under 30 years (9.8%), while the highest representation of entrepreneurs aged 60 years and over (13%) among all the regions of Slovakia. In territorial terms, the most registered natural persons – entrepreneurs were located in the district of Bratislava V (19.1%) in the district of Bratislava II (18.0%). According to the data processed from the SO SR Register of Organizations more than half of small trade licensees worked in trade and trade services (54.1%, representing an increase of 13.7 p.p. more than the SR average). Construction had 12.0% (10.6 p.p. less than the SR in total) and transport and information and communication activities 12.2% (5.4 p.p. more than the SR together). The sectorial structure of small trade licensees in the Bratislava Region is characterized by the highest representation in the trade services sector (23.2%), transport and information and communication activities (12.2%) among all the regions of Slovakia.

Based on data processed from the most recent available financial statements for the year 2012, **the share of SMEs in the Bratislava Region** (accounting in double entry) **with a positive financial performance,** (including zero financial performance) of the total number of SMEs reached **52.6%** (3.5 p.p. less than the SR together). Despite growth improvement (0.8 pp) the Bratislava Region reached the lowest value of the share of SMEs with a positive financial performance among the regions of Slovakia.

Based on the latest available definitive data on foreign trade, export-oriented small and medium-sized enterprises (including NP – entrepreneurs) located in the Bratislava Region formed **one-quarter (25.3%) of total exports of SMEs' goods in the SR** in 2012**.** The share of SMEs in total exports of entities from the Bratislava Region reached **25.2%.**

Trnava Region

According to the Statistical Office of the Slovak Republic, at the end of 2013 in the Trnava Region there was recorded 16,555 **SMEs – legal entities, which was 1,650 (11.1%) more than the previous year.** Of the total number of enterprises, the share of micro-enterprises (0-9) was 90.3%, small enterprises (10-49) 7.9%, medium enterprises (50-249) 1.5% and large companies (250 or more) 0.4%. The largest number of registered SME-LEs was in the district of Dunajská Streda (26.1%) and Trnava (25.1%). Regarding the structure of SME – LEs, according to economic focus, business entities prevailed in trade services 27.6% (4.2 p.p. less than in the SR together). Other business entities were in trade 25.8% (3.3 p.p. less than the SR in total) and industry 11.0% (2.3 p.p. more than the SR in total).

At the end of 2013, in the Trnava Region there were registered 40,136 active natural persons – entrepreneurs, 3.3% less than at the end of December 2012. The decline of NP – entrepreneurs reached the highest among all regions of Slovakia. In terms of the forms there were 37,338 small trade licensees, 1,932 freelancers and 866 independent farmers. Of the total number of natural persons – entrepreneurs registered in the Trnava Region there were **72.0% men and 28.0% women** (0.7 p.p. less than the SR in total). Most registered natural persons – entrepreneurs were based in the districts of Dunajská Streda (25.3%), Trnava (22.3%) and Galanta (18.7%). From a sectorial perspective entrepreneurs in the Trnava Region were mainly involved in construction (27.4%, which was 4.8 p.p. more than the SR in total), trade (21.0%, 5.2 p.p. less than the SR in total), trade services (15.9%) and industry (13.3%). The sectorial structure of small trade licensees in the Trnava Region was characterized by the highest representation of hotels and restaurants (5.0%) and other services (8.2%) within the regions of Slovakia.

In 2012, **the share of SMEs (accounting in double entry) with a positive financial performance** (including zero financial performance) from the total number of SMEs in the Trnava Region reached 57.8% (1.7 p.p. more than the SR in total).

In 2012, the exports of small and medium-sized enterprises (including NP – entrepreneurs) located **in the Trnava Region reached 14.7% of total exports of SMEs in Slovakia.** The share of SMEs out of total exports entities reached 18.6% in the Trnava Region.

Trenčín Region

In the Trenčín Region at the end of 2013 there was recorded a total of **14,412 SME – legal entities**. **The year-on-year number of SME-LEs increased by 1,373 (10.5%)**. In terms of size categories, micro-enterprises accounted for 88.5%, small enterprises 9.0%, medium enterprises 1.9% and large enterprises 0.6%. The share of micro-enterprises was the lowest of all regions of Slovakia. The largest number of registered SME-LEs was in the district of Trenčín (29.5%) and Prievidza (18.2%). The sectorial structure of SME-LEs, SMEs prevailed in trade at 35.2% (6.1 p.p. more than the SR in total), trade services at 21.9% (9.8 less than the SR in total) and industry at 13.6 % (4.8 p.p. more than the SR in total). The representation of SME-LEs operating in industry was the highest among of all regions of Slovakia.

In the Register of Organizations of the SO SR at the end of 2013 **in the Trenčín Region there were registered 41,353 active natural persons–entrepreneurs. In a year-on-year comparison their number decreased by 2.8%.** Of the total number of natural persons there were 39,035 small trade licensees, 2,040 freelancers and 278 independent farmers. Within the gender structure of natural persons – entrepreneurs **the representation of men was at 71.9% and 28.1%, for women** (0.6 p.p. less than the SR in total). In territorial terms, the most registered natural persons – entrepreneurs were located in the district of Prievidza (22.0%), in the district of Trenčín (19.5%) and the district of Považská Bystrica (14.0%). Small trade licensees in the Trenčín region were mainly involved in trade (26.9%) and construction (22.9%). 19.2% of small trade licensees were involved in industry, which represents the second highest share among all regions of Slovakia.

In 2012, **the share of SMEs** (accounting in double entry) **with a positive financial performance** (including zero financial performance) of the total number of SMEs was **58.1%** in Trenčín (2.0 p.p. more than the SR in total).

In 2012, the exports of small and medium-sized enterprises (including NP – entrepreneurs) located **in Trenčín reached 10.4% of total exports of SMEs in Slovakia.** The share of SMEs in total exports entities based in the Trenčín Region reached **32.1%.**

Nitra Region

According to the organizational Statistics Office of the SR, at the end of **2013** in the Nitra region there were recorded **19,783 SME – legal entities, which was year-on-year 2,797 (16.5%) entities more.** In a year-on-year comparison, the figure rose as the most important of all regions of Slovakia. According to the size structure of enterprises the largest group of enterprises (90.9%) were micro-enterprises (0-9), small enterprises (10-49) accounting for 7.2%, medium enterprises (50-249) for 1.6% and large enterprises (250 and above) 0.3%. More than half of the SME-LEs (52.6%) were registered in the districts of Nitra and Komárno. The representation of SME-LEs by economic activity was mainly in trade 31.1% (2.0 p.p. more than the SR in total), trade services 23.9% (7.8 p.p. less than the SR in total) and 10.5% in industries. 13.0% of SME-LEs were involved in transportation and information activities, which represented the highest share among all regions.

In 2013, the total number of natural persons – entrepreneurs in the Nitra Region reached 47,948. In comparison to 2012, their number decreased by 1.5%. Within the gender structure of natural persons – entrepreneurs there was **71.4% for men and 28.6%**

women (0.1 p.p. less than the SR in total). Of the total number of natural persons – entrepreneurs there were 43,873 small trade licensees, 2,687 freelancers and 1,388 independent. In territorial terms, most natural persons had registered their place of business in the districts of Nitra (25.8%) and Nové Zámky (18.3%). The most widely represented small trade licensees in the Nitra Region were in trade (31.4%, which was 5.2 p.p. more than the SR in total), construction (21.0%) and industry (18.3%).

In 2012, the **share of SMEs** (accounting in double entry) **with a positive financial performance** (including zero financial performance) of the total number of SMEs in the Nitra Region reached **57.8%** (1.7 p.p. more than the SR in total).

In 2012, the exports of small and medium-sized enterprises (including NP – entrepreneurs) located **in the Nitra Region reached 16.2% of total exports of SMEs in Slovakia.** The share of SMEs in total export entities of the Nitra Region reached **58.6%.**

Žilina Region

In the Žilina Region at the end of 2013 there were recorded a total of 17,441 **active SME-LEs, which was higher by 2,274 (15.0%) entities**. In terms of size structure micro-enterprises represented an 89.6% share, the share of small enterprises (10-49) was 8.2%, medium enterprises (50-249) 1.9% and large enterprises (250 or more) 0.4%. In terms of districts, the most SME-LEs were in the districts of Žilina (36.2%) and Martin (14.6%). According to the structure of SMEs - LEs based on economic activity, they prevailed in trade by 38.0% (8.9 p.p. more than the SR in total), trade services (19.4%, an increase of 12.4 p.p. less than the SR total) and industry (10.6%). The Žilina Region received the highest share of SME-LEs in trade among the regions of SR.

In 2013, the number of registered natural persons – entrepreneurs in the Žilina Region reached 57,061. Year-on- year their number decreased by 0.5%. Within the gender structure of natural persons – entrepreneurs **the representation of men was at 76.0% and 24.0% for women** (4.7 p.p. less than the SR in total). The Žilina Region has the highest representation of natural persons – entrepreneurs in the age group of under 30 years (17.3%), while the lowest representation of entrepreneurs aged 60 and over (7.1%) among all regions of Slovakia. In 2013 most natural persons – entrepreneurs were in the Žilina district (23.5%), the district of Čadca (13.1%), the district of Námestovo (12.6%) and the district of Martin (12.3%). For natural persons – entrepreneurs, small trade licensees dominated the most, whose number reached 53,810. Among freelancers there were 2,240 registered and 1,011 independent farmers. More than half of entrepreneurs (51.6%, representing an increase of 13.0 p.p. more than the SR total) carried out their activities in the construction and industry sectors. The representation of small trade licensees in the construction sector (31.9%) and industry (19.7%) was the highest among all regions of Slovakia.

In 2012, the **share of SMEs** (accounting in double entry) **with a positive financial performance** (including zero financial performance) of the total number of SMEs in the Žilina Region reached **56.7%** (0.6 p.p. more than the SR in total). In a year-on-year comparison, the share of SMEs with a positive financial performance declined the most significantly (0.7 p.p.) among all regions of Slovakia.

In 2012, exports of small and medium-sized enterprises (including NP – entrepreneurs) based **in the Žilina Region reached 10.1% of total exports of SMEs in Slovakia.** The share of SMEs in total export entities reached **22.7%** in the Žilina Region.

Banská Bystrica Region

At the end of 2013 there was, according to the Statistical Office of the Slovak Republic, **15,643 SME-LEs in the Banská Bystrica Region, which were year-on-year 1,575 (11.2%) entities more.** In size structure of enterprises micro-enterprises accounted for 90.8% (0-9). Small enterprises accounted for a 7.4% share, 1.5% for medium enterprises and large enterprises 0.3%. More than a third of SME-LEs (36.8%) were registered in the district of Banská Bystrica. According to the economic activity of SME-LEs business activities prevailed in trade (29.7%, which was less than the SR total by 0.6 p.p.), trade services (26.0%, 5.7 p.p. less than the SR total) and industry (10.0%).

In the Banská Bystrica Region in 2013 there was in the total number of registered **active natural persons–entrepreneurs (41,742)** 37,669 small trade licensees, 2,685 freelancers and 1,388 independent farmers. **Year on year the number of natural persons – entrepreneurs decreased by 0.1%.** Within the gender structure of natural persons – entrepreneurs there were **69.0% men and 31.0% women** (2.3 p.p. more than the SR total). More than one fifth (21.5%) of registered natural persons – entrepreneurs were based in the Banská Bystrica district. From a sectorial perspective entrepreneurs carried out business mainly in trade (24.9%, 1.2 p.p. less than the SR total), construction (18.8%, 3.8 p.p. less than the SR total) and trade services (15.5 %). The Banská Bystrica Region had the highest representation of entrepreneurs in the field of agriculture (8.4%) among all regions of Slovakia.

In 2012, the **share of SMEs** (accounting in double entry) **with a positive financial performance** (including zero financial performance) of the total number of SMEs in the Banská Bystrica Region reached **56.9%** (0.8 p.p. more than the SR in total).

In 2012, exports of small and medium-sized enterprises (including NP – entrepreneurs) located **in the Banská Bystrica region reached 8.0% of total exports of SMEs in Slovakia.** The share of SMEs in total export entities reached **49.3%** in the Banská Bystrica Region.

Prešov Region

In 2013 there were registered in the Prešov Region **16,242 SMEs - legal entities, which was 1,230 (8.2%) more than the previous year.** In terms of size, micro-enterprises accounted for 89.5%, small enterprises (10-49) accounted for 8.6% and medium enterprises (50-249) 1.6%, and large enterprises (250 or more) 0.3%. The highest number of registered SME-LEs was in the Prešov district (30.7%) and the district of Poprad (18.5%). In the sectorial structure of enterprises according to economic activity, SME-LEs prevailed in trade (28.7%), trade services (20.2%, which was 11.5 p.p. less than the SR in total), industry (12.0%, which was 3.3 p.p. more than the SR in total) and construction (12.6%). The sector structure of SME-LEs in the Prešov Region compared with other regions were characterized by an attainment of the share of SME-LEs in construction (12.6%), other services (8.1%) and agriculture (6.9%) and hotels and restaurants (5.0%).

By the end of 2013 the Statistical Office of the Slovak Republic registered **in the Prešov Region 55,453 natural persons – entrepreneurs. In a year-on-year comparison, their**

number decreased by 1.6%. Of the total number of natural persons – entrepreneurs there were 51,625 small trade licensees, 2,723 freelancers and 1,105 IF. Within the gender structure of natural persons – entrepreneurs **the representation of men was at 76.9% and the share of women accounted for 23.1%** (5.6 p.p. less than the SR in total). The share of women was the lowest of the regions of Slovakia. One-fifth (20.0%) of the total number of natural persons – entrepreneurs were based in the Prešov district, 13.1% in the district of Poprad and 9.9% in Stará Ľubovňa. More than a quarter of small trade licensees (28.4%, which was 5.8 p.p. more than the SR in total) was involved in construction, 19.8% (6.4 p.p. less than the SR in total) in trade, 19.4% (3.5 p.p. more than the SR in total) in industry and 11.2% in trade services.

In 2012, **the share of SMEs** (accounting in double entry) **with a positive financial performance** (including zero financial performance) of the total number of SMEs reached 60.3% in the Prešov Region (4.2 p.p. more than the SR in total). The achieved value of the share of SMEs with a positive financial performance in the Prešov Region was the highest among the regions of Slovakia.

In 2012, exports of small and medium-sized enterprises (including NP – entrepreneurs) located **in the Prešov Region reached 7.6% of total exports of SMEs in Slovakia.** The share of SMEs in total exports of entities from the Prešov Region reached **63.7%**. Although the achieved share of SMEs in exports in the Prešov Region was the highest (63.7%) from among all regions of Slovakia, the Prešov Region's share on total exports of SMEs in the SR is the lowest (7.6%).

Košice Region

According to the organizational statistics of the SO SR in 2013 there were recorded in the Košice Region 18,155 **SMEs - legal entities**. **Year-on-year the number increased by 1,384 (8.3%).** Of the total number of enterprises micro-enterprises accounted for 91.4%, small enterprises 7.1%, medium enterprises 1.3% and large enterprises 0.3%. The highest number of registered SME-LEs was 25.2% in the district of Košice I, 18.4% in the district of Košice IV, and 13.5% in the district of Košice II. According to the economic activities of SME-LEs there prevailed enterprises in trade at 37.2% (8.1 p.p. more than the SR in total), trade services at 22.8% (8.9 p.p. less than the SR in total) and in industry at 8.8%.

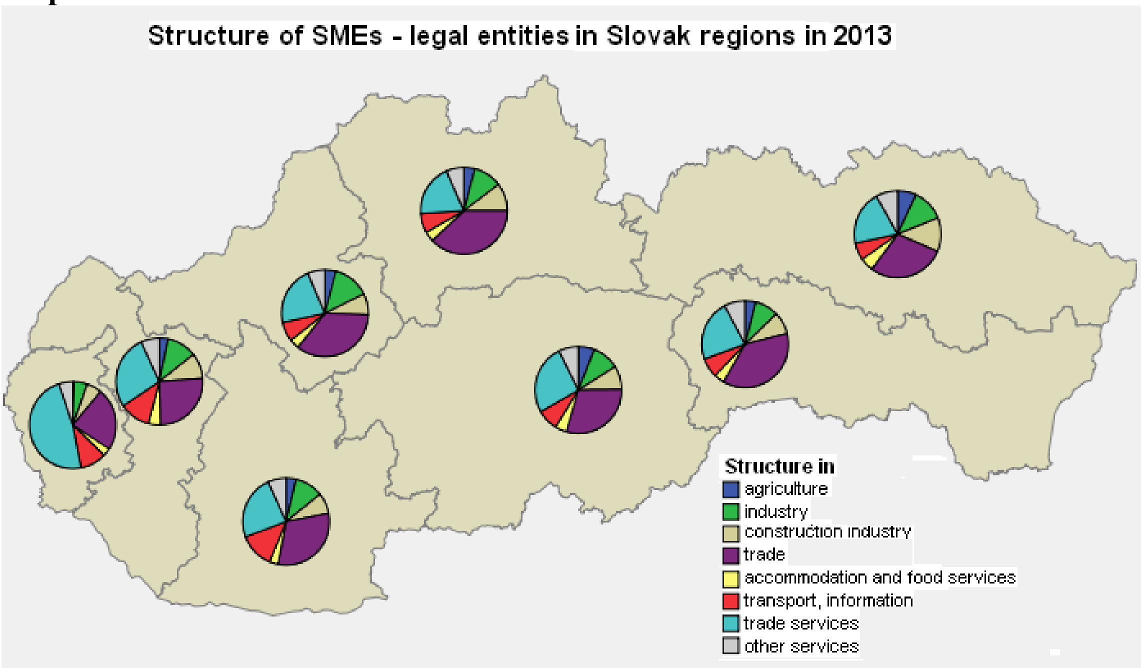
The number of **natural persons – entrepreneurs** in the Košice Region remained virtually unchanged year-on-year (39,844). Of the total number of natural persons there were 35,635 small trade licensees, 3,147 freelancers and 1,062 IF. Within the gender structure of natural persons – entrepreneurs there were 67.3% men and 32.7% women (4.0 p.p. more than the SR total). 14.0% of the total number of natural persons – entrepreneurs was located in the district of Spišská Nová Ves, 12.8% in the Michalovce district and 12.2% in the district of the Košice surroundings. Almost one third of small trade licensees (32.0%) worked in trade (5.9 p.p. more than the SR total), 17.2% in construction (5.5 p.p. less than the SR total), 15.4% in industry and 14.6% in trade services. The achieved representation of small trade licensees and trading was the highest among the regions of Slovakia.

In 2012, **the share of SMEs** (accounting in double entry) **with a positive financial performance** (including zero financial performance) of the total number of SMEs reached **57.1%** in the Košice Region (1.0 p.p. more than the SR total).

In 2012, exports of small and medium-sized enterprises (including NP – entrepreneurs) located **in the Košice Region reached 7.8% of total exports of SMEs in Slovakia**. The share of SMEs in total export entities reached **28.5%** in the Košice Region.

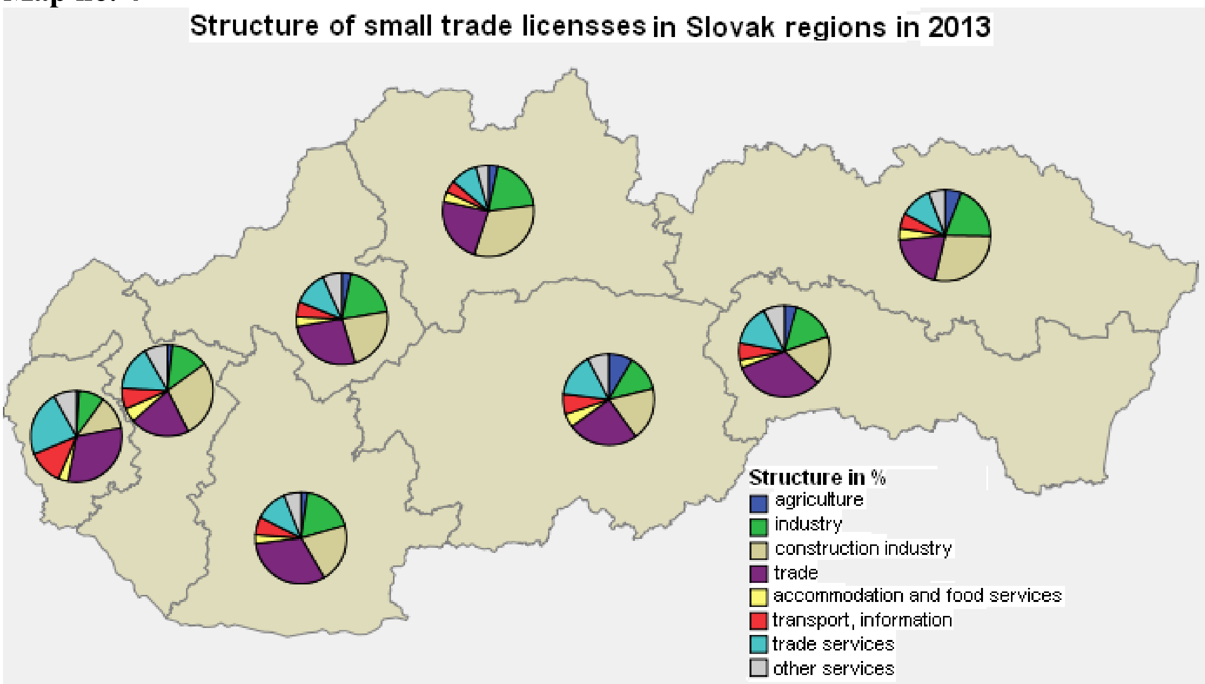
The number of SME-LEs and freelancers by sectors and regions is given in Appendix C, Table 1 and 2.

Map no. 3



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

Map no. 4



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

3.3 The Position of SMEs in the ecomony of the Slovak Republic

3.3.1 Position of SMEs in the most important sectors

According to preliminary data from the Statistical Office of the Slovak Republic **in 2013, gross domestic product at current prices amounted to EUR 72,134.1 million.** Compared to 2012 **it actually increased by 0.9%.**

In a year-on-year comparison, the gross output increased by 0.1% to EUR 171,016.9 million and the value added by 0.5% to EUR 65,667.61 million. Intermediate consumption noted a year-on-year decrease by 0.1% and reached EUR 105,349.3 million. Net taxes on products increased by 5.6% to EUR 6,466.5 million.

Almost one-quarter (24.3%) in the total gross domestic product at current prices accounted for industry. Wholesale and retail trade, repair of motor vehicles and motorcycles; transportation and storage, hotels and food services accounted for more than one-fifth (20.8%), public administration and defense, compulsory social insurance, education, health care and social assistance 12.3%, construction 6.9%, professional, scientific and technical activities, administrative services 7.0%, real estate activities 6.2%. Other industries accounted for a share of less than 4.1%.

The creation of the gross domestic product was associated particularly with the year-on-year growth of the value added in current prices in wholesale and retail trade, repair of motor vehicles and motorcycles; transportation and storage; hotels and food services; in professional, scientific and technical activities; administrative services identically by 3.5%, in the arts, entertainment and recreation; other activities by 3.1%, in information and communication activities and in financial and insurance activities by 2.9%. Year-on-year the value added recorded a decline in current prices in construction (7%), agriculture, forestry and fishing (4.9%) and industry (0.3%).

In the following subsections are presented processed indicators documenting the status of SMEs in selected major sectors of the non-financial business economy, which the Slovak Statistical Office publishes by size classes of enterprises. Presented are the revenues from companies' own performances and goods (in the case of construction output) according to the classification SK NACE in industry (Sections B, C, D, E), construction (Section F) trade (division 46, 47), road transport (other passenger land transport, freight transport and removal services) and in selected market services. Selected market services include real estate activities, professional and technical activities (legal, accounting, management consulting, architectural and engineering activities, advertising and other professional activities), administrative and support services (rental and leasing, brokerage work, activities of travel agencies and offices, security and investigation services, administrative support activities), other education and training activities, activities in the arts, entertainment and recreation, repair of computers and different needs and personal services (divisions 68 to 71, 73, 74, 77 - 82, 92 - 93, 95, 96 and groups 85.5-6). Those sectors account for around 85% of the SMEs in the Register of Organizations of the Statistical Office.

Industry

According to the Statistical Office of the Slovak Republic, industrial production in 2013 reached a year-on-year increase of 5.3% (in 2012 increased by 7.7%). The achieved growth in industrial production was due mainly to the growth in industrial production by 6.6%. Production decreased in electricity, gas, steam and air conditioning supply by 2.7%, and in mining and quarrying by 1.1%.

Revenues from companies' own performance and goods in industry increased year-on-year by 0.5% and reached the level of EUR 82,247.5 million. Revenues from companies' own performance and goods in industrial production were year-on-year higher by 2.2% and water supply, cleaning and removal of waste water by 5%. A decrease in sales was recorded in electricity, gas, steam and air conditioning supply (by 8.5%) and mining and quarrying (4.6%).

Tab. no. 3.11: Development of revenues for own performances and goods in industry by size category and legal form (in million EUR)

Category of business	2010	2011	2012	2013	Share in 2013 in%	Index 2013/2012 in current prices
Small trade licensees	3 787.8	4 242.9	4 289.7	4 414.0	5.4%	102.9
Small enterprises (0-49)	5 345.7	6 410.7	7 695.4	8 068.0	9.8%	104.8
Medium-sized enterprises (50-249)	12 207.2	13 939.2	14 181.2	14 496.6	17.6%	102.2
Large enterprises (250 or more)	46 143.4	51 990.8	56 084.7	55 268.8	67.2%	98.5
SMEs	**21 340.7**	**24 592.8**	**26 166.3**	**26 978.6**	**32.8%**	**103.1**
Total	67 484.1	76 583.6	82 251.0	82 247.5	100.0%	100.0

Source: SO SR, processed by SBA

More than two thirds (67.2%) of the total revenues earned in industry in 2013 were carried out by large enterprises. **Small and medium-sized enterprises, including small trade licensees accounted for 32.8% of the revenues in industry**, which was 1 p.p. more than in 2012.

Of the total volume of revenues (EUR 82,247.5 mil) small trade licensees accounted for 5.4%, small enterprises (0-49) 9.8%, medium enterprises (50-249) 17.6%. Revenues in 2012 increased year-on-year in all size categories of SMEs. **Collectively, revenues of small and medium-sized enterprises** (including small trade licensees) **at current prices increased by 3.1%,** of which small trade licensees accounted for 2.9%, revenues of small enterprises (0-49) by 4.6% and revenues of medium enterprises by 2.2%. Revenues of large companies, by contrast, saw a slight decrease (by 1.5%).

Construction

Year-on-year the total construction output in 2013 decreased by 5.3% at a level of EUR 4,624.3 million. The development of construction production was affected mostly by a decline in domestic production by 5.4% at a level of EUR 4,381.8 million. Construction production abroad also decreased (by 3.8%) at a level of EUR 242.6 million.

Tab. no. 3.12: Development of construction output by size category of enterprises and legal forms (without construction plants of non-construction enterprises, in million EUR)

Category of business	2010	2011	2012	2013	Share in 2013 in%	Index 2013/2012 in current prices
Small trade licensees	1 869.5	1 875.4	1 766.9	1 668.9	36.3%	94.5

Small enterprises (0-49)	1 358.2	1 565.6	1 263.5	1 308.1	28.5%	103.5
Medium-sized enterprises (50-249)	1 014.3	923.6	827.2	696.7	15.2%	84.2
Large enterprises (250 or more)	1 255.1	1 098.5	956.8	922.8	20.1%	96.4
SMEs	**4 242.0**	**4 364.6**	**3 857.6**	**3 673.7**	**79.9%**	**95.2**
Total	5 497.1	5 463.1	4 814.4	4 596.5	100.0%	95.5

Source: SO SR, processed by SBA

More than one third (36.3%) of total construction production (not counting the estimate for construction establishments of non-construction enterprises) in 2013 accounted for small trade licensees, small enterprises (0-49) accounted for more than one quarter (28.5%), medium enterprises (50-249) 15.2% and large enterprises (250 or more) 20.1%. **Small and medium-sized enterprises** (including small trade licensees) **collectively accounted for almost four-fifths (79.9%) of the total construction output in 2013.**

Compared to 2012, the **construction production of small and medium-sized enterprises** (including small trade licensees) **in current prices decreased year-on-year by 4.8%.** The only category in which there was an increase in construction output was small enterprises (3.5%). The construction output of small trade licensees dropped by 5.5% and medium enterprises (50-249) by 15.8%. Construction output in the case of large enterprises (250 or more) decreased by 3.6%.

Trade

The revenues of wholesale in 2013 increased year-on-year in constant prices by 2.4% and reached the level of EUR 24,499.1 million. Revenues within wholesale increased year-on-year in all areas except wholesale with equipment for ICT, which decreased year-on-year by 0.5%. Retail revenues grew by 0.1% to EUR 18,263.7 million. In retail revenues grew in non-specialized stores, in the retail sale of fuel in specialized stores, and the retail sale of other household goods. In other areas, retail revenues were down year-on-year.

Tab. no. 3.13: Development of receipts for own performances and goods in trade by size category and legal form of businesses in million EUR (SK NACE Divisions 46-Wholesale, aside from motor vehicles and motorcycles and 47-Retail aside from motor vehicles and motorcycles)

Category of business	2010	2011	2012	2013	Share in 2013 in%	Index 2013/2012 in current prices
Small trade licensees	6 020.5	5 900.7	5 731.5	5 198.7	12.2%	90.7
Small enterprises (0-49)	16 918.6	16 512.4	18 309.5	19 727.8	46.1%	107.7
Medium-sized enterprises (50-249)	7 960.9	8 666.9	8 397.8	8 266.5	19.3%	98.4
Large enterprises (250 or more)	9 694.4	9 563.5	9 414.9	9 569.6	22.4%	101.6
SMEs	**30 900.0**	**31 080.0**	**32 438.8**	**33 193.0**	**77.6%**	**102.3**
Total	40 594.4	40 643.5	41 853.7	42 762.6	100.0%	102.2

Source: SO SR, processed by SBA

In the wholesale and retail sector in 2013 revenues from companies' own performances and goods worth reached EUR 42,762.6 million. Of the total volume of revenues of companies' own products and goods small trade licensees reached 12.2%, small enterprises (0-49) 46.1%, and medium enterprises (50-249) 19.3%. **Small and medium-sized enterprises** (including NP – entrepreneurs) **collectively accounted for over three-quarters**

(77.6%) of the total volume of revenues in wholesale and retail. The share of large enterprises reached 22.4%.

In a year-on-year comparison, revenues at current prices increased only for small enterprises (7.7%). Revenues for small trade licensees decreased by 9.3% and medium enterprises (50-249) 1.6%. **Overall, revenues of small and medium-sized enterprises** (including NP – entrepreneurs) **in wholesale and retail increased year-on-year by 2.3%.** The revenues of large enterprises were higher by 1.6%.

Transport

In transport and storage (including postal services and couriers) in 2013 the revenues of performance and goods reached EUR 7,545.4 million by a year-on-year rise in current prices by 10.2%. More than half (53.1%) of total revenues was the result of activities connected to land transport and transport via pipelines.

Tab. no. 3.14: Development of receipts for own performances and goods in road transport by size category and legal form of businesses in million EUR (other personal ground transport, freight road travel and moving services)

Category of business	2010	2011	2012	2013	Share in 2013 in%	Index 2013/2012 in current prices
Small trade licensees	235.4	426.8	442.9	653.3	23.6%	147.5
Small enterprises (0-49)	516.0	544.0	660.2	857.1	31.0%	129.8
Medium-sized enterprises (50-249)	556.2	652.0	597.7	725.0	26.2%	121.3
Large enterprises (250 or more)	402.8	473.5	539.3	527.2	19.1%	97.8
SMEs	**1 307.6**	**1 622.8**	**1 700.8**	**2 235.4**	**80.9%**	**131.4**
Total	1 710.4	2 096.3	2 240.1	2 762.6	100.0%	123.3

Source: SO SR, processed by SBA

Small trade licensees accounted for almost one-quarter (23.6%) of the total revenues of road transport in 2013. The share of small businesses (0-49) accounted for 31.0% and medium enterprises (50-249) 26.2%. **Collectively the revenues of SMEs accounted for** (including small trade licensees) **80.9% of the revenue for road transport in 2013.**

Revenues from performance and goods in road transport increased year-on-year (in current prices) for all categories of SMEs. Revenues for small trade licensees increased by almost half (47.5%), revenues of small enterprises by 29.8% and of medium enterprises by 21.3%. **Overall, revenues of small and medium-sized enterprises in the field of road transport year-on-year at current prices increased by almost one-third (31.4%).**

Selected market services

In selected market services revenues of services and goods reached EUR 13,838.2 million in year-on-year growth at constant prices by 12.9%. From the total volume of revenues, more than half (57.7%) was formed by revenues of real estate, and professional and technical activities that increased year-on-year by 14.6%.

Tab. no. 3.15: Development of receipts for own performances and goods in selected market services by size category and legal form of businesses (in million EUR)

Category of business	2010	2011	2012	2013	Share in 2013 in%	Index 2013/2012 in current prices
Small trade licensees	1 235.6	1 267.1	2 035.0	2 103.4	15.2%	103.4
Small enterprises (0-49)	4 321.6	5 346.2	6 404.6	7 637.1	55.2%	119.2
Medium-sized enterprises (50-249)	1 840.3	1 970.3	2 054.6	2 416.1	17.5%	117.6
Large enterprises (250 or more)	1 168.2	1 473.7	1 470.7	1 681.6	12.2%	114.3
SMEs	**7 397.5**	**8 583.6**	**10 494.2**	**12 156.6**	**87.8%**	**115.8**
Total	8 565.7	10 057.3	11 964.9	13 838.2	100.0%	115.7

Source: SO SR, processed by SBA

Of total revenues in selected market services 15.2% resulted from the activity of small trade licensees, 55.2% resulted from the activity of small enterprises (0-49), 17.5% for medium enterprises (10-49) and 12.2% for large enterprises. **SMEs accounted for 87.8% of the realized revenues in selected market services in 2013.**

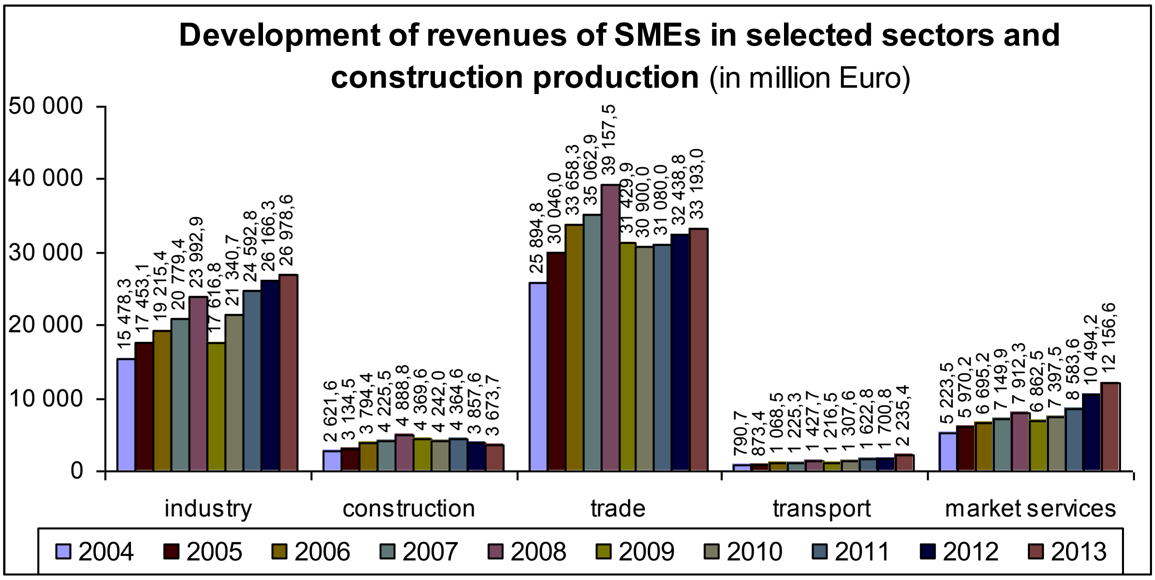
Revenues within SMEs increased year-on-year in all surveyed categories of entrepreneurs. Revenues of small trade licensees increased by 3.4%, of small enterprises by almost a quarter (19.2%) and of medium enterprises by 17.6%. Revenues of large enterprises grew by 14.3%. **In summary, SMEs, including small trade licensees realized revenues higher by 15.8% in 2012.**

Small and medium enterprises in Slovakia substantially participated in the total volume of realized revenues from their own services and goods in different sectors, as well as in construction production.

The share of small and medium-sized enterprises in the total volume of sales in 2012 amounted to 32.8% in industry to 87.8% in selected market services. The share of small and medium-sized enterprises in construction output reached 79.9%. In the trade sector, the share of SMEs in revenues was 77.6%, in the transport sector (other passenger land transport, freight transport and removal services) 80.9% (Appendix Chart 24).

Small and medium-sized enterprises (including NP – business) **recorded in a sectorial assessment year-on-year growth in revenues** (at current prices). **Construction production of small and medium-sized enterprises, on the contrary decreased again.** The most significant revenues of SMEs increased in transport (31.4%). The construction production of SMEs decreased year-on-year by 4.8%.

Chart No. 1



Source: Statistical Office of the Slovak Republic, processed by SBA

The level of realized revenues for SMEs in trade and the amount of construction output in 2013 still did not reach the pre-crisis levels in 2008, which points to the fact that SMEs are coping with the consequences of the economic crisis in these sectors only very slowly.

Comparison of the share of SMEs in revenues of the non-financial business economy in the Slovak Republic and the EU

According to Eurostat data and methodology for 2011, Slovak SMEs (including NP – entrepreneurs) in the non-financial business economy reached 55.3% of the revenues with its own services and products, which was 0.5 p.p. less than the achieved market share in the EU–28 (Appendix, Chart 25). Within each V4 country Slovakia placed below the Czech Republic (57.8%), Hungary (57.0%) and even Poland (56.2%). The ranking of the share of SMEs in revenues within the EU – 28 in the last places is related to the fact that major countries such as Great Britain, Germany (the counted value of the EU-28) and France reached a comparatively lower share compared to smaller countries, which affects the location of the share of the EU – 28 as a whole.

3.2.2 Development of selected economic indicators for SMEs

In 2013 the Slovak economy experienced an year-on-year growth of 0.9%, but this was about a half lower increase than in 2012. The achieved growth rate of gross domestic product was the lowest since 2009, when the Slovak economy fell into a recession.

The lower rate of growth in gross domestic product was affected by moderate growth in external demand and falling again in domestic demand. The lower growth in external demand (4.5%; in 2012 increased by 9.9%) was associated with the lower economic activity of our main economic partners. The economic recession has not been overcome in the past year in the Eurozone as a whole, not even in the neighboring Czech Republic for example. The decline in domestic demand of 0.8% was associated with a decrease in gross capital formation by 5.1% (while gross fixed capital formation fell by 4.3%), decrease in household final consumption by 0.1% and decrease of final consumption of non-profit institutions serving households by 1.3%. Public administration final consumption increased by 1.4%.

In view of the developments in the different quarters of growth the Slovak economy gradually accelerated from 0.5% at the beginning of the year to 1.5% in Q4 2013. The higher GDP growth in the fourth quarter was positively influenced by the recovery of domestic demand, which grew as a whole after more than 2 years of continued decline.

According to preliminary data from the Statistical Office of the Slovak Republic, in 2013 there was a year-on-year increase in the share of small and medium-sized enterprises (legal entities – non-financial corporations) to generate gross production and achieve a pre-tax profit. The SME share in value added, on the contrary, saw a slight decrease.

Gross production of SMEs

In 2013 the share of SMEs – legal entities regarding gross production in the non-corporate sector reached 42.1% (0.8 p.p. more than in 2012). In view of the different size categories of enterprises, the share of micro-enterprises was (0-9) 9.9% (down by 2.1 p.p.), the share of small enterprises (10-49) reached 13.5% (an increase of 3.0 p.p.), while the medium enterprises were (50 -249) 18.7% (down by 0.1 p.p.). The share of large enterprises – legal entities in gross production amounted to 57.9%, and dropped by 0.8 p.p. (Appendix, Chart 26).

Compared to 2012 the gross production of SME – legal entities in the non-financial sector at current prices increased by 2.9%. The absolute value reached EUR 49, 671.7 million. The gross production of micro-enterprises year-on-year decreased by 16.8% to EUR 11.697.3 million. The gross production of small enterprises increased by 30.4% to EUR 15,935.1 million and the gross production of medium enterprises increased by 0.3% to EUR 22,039.2 million.[3]

Added volue of SMEs

In 2013, the share of SMEs – legal entities in creating added value in the non-financial corporate sector reached 54.5%. The SME share in added value decreased year-on-year (0.6 p.p.). The share of micro-enterprises (0-9) in added value accounted for 15.3% (a decrease of 5.0 p.p.), the share of small enterprises (10-49) reached 18.7%% (an increase of 4.5 p.p.), while secondary enterprises (50-249) 20.5% (down 0.1 p.p.). For comparison, the share of large enterprises reached 45.5%, a year-on-year increase by 0.6 p.p. (Appendix, Chart 27).

Added volue of SMEs – legal entities in the non-financial corporate sector remained virtually unchanged year-on-year (down 0.2%). In absolute terms it amounted to EUR 18,008.4 million. In a year-on-year comparison, the added value decreased only in the category of micro-enterprises, the decrease being 23.8% to EUR 5,062.9 million. The added value of small enterprises rose by nearly one-third (32.6%) to EUR 6,165.1 million. and

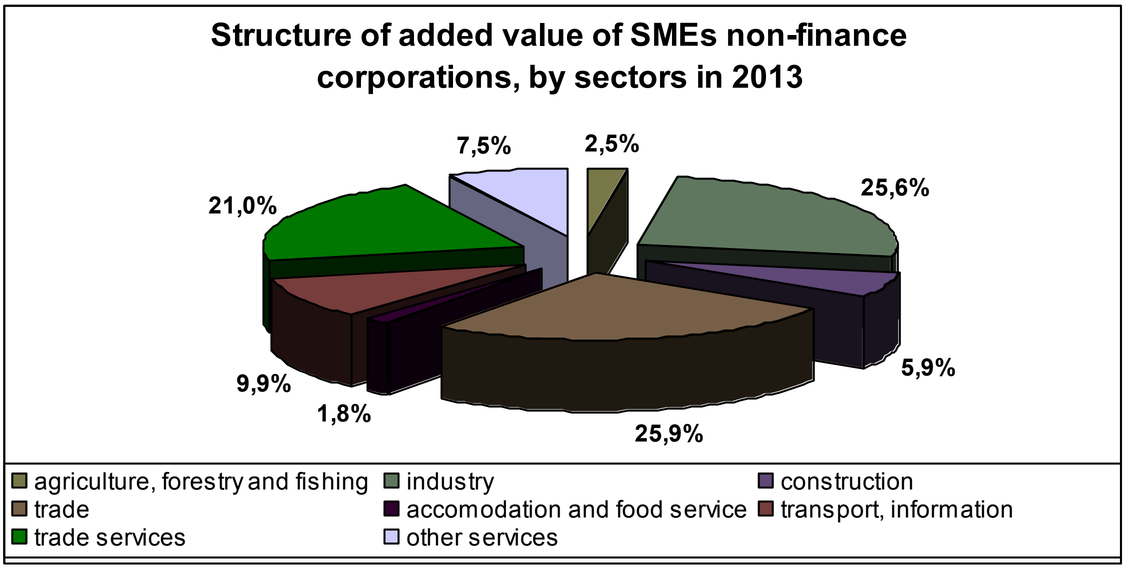
[3] According to the methodology of the Statistical Office of the Slovak Republic for non-financial corporations profit-oriented business entities registered in the commercial register in all areas of activity are considered, except for financial activities. It also includes subsidized organizations, which cover their expenses by more than 50% of revenues.

medium enterprises by 0.3% to EUR 6,780.3 million. The added value of large enterprises also increased year-on -year (by 2.1%) to EUR 15,010.4 million.

Sector allocation of added value to SMEs

More than one quarter of the total added value of SMEs–legal entities were created by SMEs in trade (25.9%). A similar share of SMEs was reached in industry (25.6%). The share of trade services (SK NACE Sections K and N) of the total value created by SMEs reached 21.0%, the share of transport, information and communication activities amounted to 9.9%, 7.5% for other services (SK NACE Sections P to S), construction 5.9%, agriculture 2.5% and hotels and restaurants 1.8% (Chart 8). In a year-on-year comparison, the share of agriculture (0.2 p.p.), industry (0.1 p.p.), construction (1.2 pp), trade (0.8 pp) and other services (0.6 p.p.) decreased. Conversely, an increase in share was recorded in hotels and restaurants (by 0.4 p.p., representing a 26.6% year-on-year increase in the absolute value added), transport, information and communication activities (by 0.9 p.p.; 9.4% growth in absolute value) and trade services (by 1.6 p.p., 8.1% growth in absolute value).

Chart No. 8



Source: Statistical Office of the Slovak Republic, processed by SBA

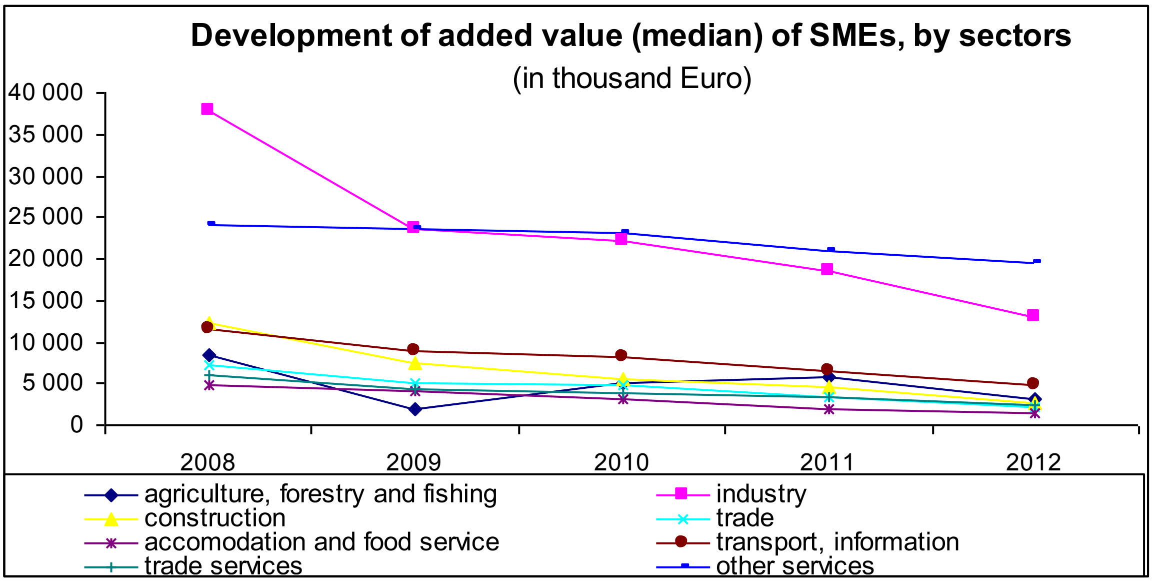
In 2013 SME – legal entities reached the largest share of the added value in hotels and restaurants (91.4%), trade services (87.0%; SK NACE Sections K to N), agriculture (82.5 %), construction (81.2%) and trade (79.7%). On the contrary, the dominance of large enterprises was evident in the industrial sector (SME share reached 34.7%), transport, information and communication activities (share of SMEs reached 38.5%) and other services (49.5% of SMEs; Appendix, Chart 28).

On the basis of data processed from the available financial statements of business entities[4] in recent years there was a clear downward trend in the median added value of SMEs across the spectrum of industries (Figure. 9). In the last reporting year of 2012 there decreased the

[4] The processing was done based on the available data of anonymised financial statements of business entities accounting in double entry. The calculation of indicators for 2012 took place on the total number of 151,146 business entities, representing 91.3% of the total number of active enterprises (legal entities) registered in the Organization Register of the Statistical Office of the SR as of 31 December 2012.

median added value of SMEs in agriculture by 46.2% to EUR 3,178, in industry by 29.5% to EUR 12,995, in construction by 42.5% to EUR 2,625, in trade by 36.9% to EUR 2,147, in accommodation and food services by 26.2% to EUR 1,506, transport, information and communication activities by 27.4% to EUR 4,800, in trade services (SK NACE Sections K to N) by 32.4% to EUR 2,352 and other services (SK NACE Sections P and S) by 7.3% to EUR 19,502. The relatively high median added value achieved in other services related to the relatively favorable development of SMEs, providing added value services in the field of health (within SK NACE Division 86 – Health care, in 2012 the median added value level of EUR 39,645 was reached), which accounted for almost half of the total number of business entities in other services.

Chart No. 2



Source: Available financial statements of SMEs, DataCentrum, prepared by SBA

In 2013, the share of SMEs (including natural persons – entrepreneurs) featured in GDP by about 32% (estimate of SBA based on the Statistical Office of the Slovak Republic and data from financial statements available).

A comparison of the share of SMEs in added value in the non-financial business economy in Slovakia and the EU

In 2011, Slovak SMEs (including NP – entrepreneurs) reached 62.7% of the added value generated in the non-financial business economy (according to Eurostat data and methodology), which is a slightly higher value (4.8 p.p.) than the total share recorded in the EU–28 as a whole (57.9%). In added value Slovak SMEs were also the highest in the V4 countries. In the Czech Republic, the share of SMEs in added value share reached 55.6%, 53.7% in Hungary and in Poland 50.9%. A higher share of SMEs in the added value in Slovakia than in the EU – 28 is also connected with the differentiated sectorial structure of SMEs in Slovakia and the EU. SMEs in Slovakia achieved a greater representation in the industrial sector, characterized by above-average production of added value. (Appendix, Chart 29).

Profit before tax for SMEs

The proportion of SMEs – legal entities in profit before tax in the non-financial sector reached 57.5%. Compared to 2012, the share of SMEs in profit before tax increased by 4.1 p.p. The share of micro-enterprises (0-9) was 16.9% (down by 9.2 p.p.), the share of small enterprises (10-49) was 22.0% (an increase of 9.0 p.p.) and medium enterprises (50-249) 18.7% (an increase of 4.4 p.p.). The share of large enterprises to make a profit before tax stood at 42.5%, a year-on-year decrease of 4.1%. (Appendix, Chart 30).

Year-on-year, the profits of SMEs – legal entities in the non-financial corporate sector increased by 3.9% and reached EUR 4,912.5 million. Profit before tax in micro-enterprises decreased by 37.8% to EUR 1,439.6. Profit before tax for small enterprises grew by almost two thirds (62.8%) to EUR 1 874.4 and medium enterprises by more than a quarter (26.3%) to EUR 1,598.5 million. For comparison, the pre-tax profit of large enterprises dropped by 12.1% to EUR 3,624.9.

3.4 The impact of SMEs on employment

In 2013, the average number of persons employed in the national economy of SR reached 2,176,100 (according to the quarterly enterprise survey of the SO SR). In a year-on-year comparison, the average number of persons employed decreased by 0.7% (about 15,200 people).

The highest year-on-year decrease in employment in relative terms was recorded in construction by 4.0% (6.7 thous.), in electricity, gas, steam and air conditioning supply by 3.9% (0.7 thous.), in wholesale and retail trade; repair of motor vehicles and motorcycles by 3.9% (14.4 thous.), in mining and quarrying by 3.4% (0.2 thous.) and in agriculture by 3.1%. (about 3.0 thous.). Conversely according to the quarterly enterprise survey, employment increased the most year-on-year in water supply, purification and sewerage, waste management and remediation by 5.2% (1.1 thous.), in administrative and support services by 3.3% (3.8 thous.), in the arts, entertainment and recreation by 2.9% (1.3 thous.), transport and storage by 2.4% (3.4 thous.).

Of the total number of persons employed in the national economy of Slovakia (2,176,100) there were 1,800,900 people (according to the quarterly enterprise survey) employed in the profit driven corporate sector.

In view of the different size categories and legal forms to total employment in the business sector in 2013 NP – entrepreneurs (natural persons – entrepreneurs and their employed people) accounted for 36.0%, micro-enterprises 9.3%, small enterprises 12.7%, medium enterprises 13.8% and large enterprises 28.2%.

Small and medium-sized enterprises (including NP – entrepreneurs employing less than 250) **in 2013 accounted for 71.7% of employment in the corporate economy and 59.4% of the total employment in the national economy** (according to the quarterly enterprise survey of the Statistical Office). Compared to 2012, the share of SMEs in employment in the corporate economy remained virtually unchanged (down just 0.1 p.p.).

Employment in the profit driven corporate sector decreased year-on-year by 0.8% (14.1 thous.). **In the category of small and medium-sized enterprises, including NP – entrepreneurs, employment dropped by 0.9%** (in 2012 decreased by 0.2%). The only size categories in which there was recorded a year-on-year growth of employment were small enterprises (23.3%).

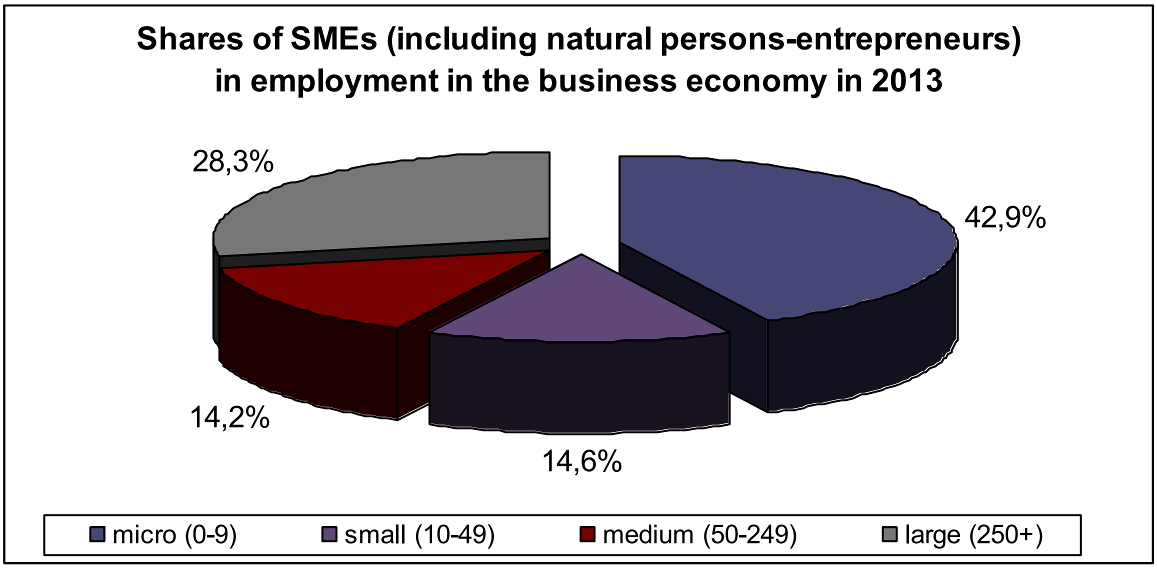
Employment declined year-on-year in the category of NP – entrepreneurs by 0.8%, micro-enterprises by 20.8%, and medium enterprises decreased by 2.0%. The relatively significant decline in employment in micro-enterprises (20.8%), while growth in the category of small enterprises (23.3%) influenced the change in the size category of entities from micro-enterprises to small enterprises in respect of which increased year-on-year the number of small enterprises (legal entities) by 1,583 entities. By comparison, the average number of persons employed in large enterprises dropped by 0.5%.

Small and medium enterprises, including NP – entrepreneurs provided in 2006 (since 2006 the SBA has had precise data on SME employment) jobs to 71.5% of the employed population in the business sector, and this share slightly increased in 2013 by 0.2 p.p. to the level of 71.7%.

Compared to the pre-crisis year of 2008, the average number of persons employed in small and medium-sized enterprises in 2013 decreased by more than 57,000 people.

Chart 10 shows the overall structure of employment in the business economy in 2013 by the size categories of enterprises (including NP – entrepreneurs), which was developed based on the Statistical Office of the Slovak Republic and the conversion of the SBA. Micro-enterprises accounted for 42.9% of employment, small enterprises a share of 14.6%, medium enterprises a share of 14.2% and large enterprise a 28.3% share of employment in the business economy.

Chart No. 10



Source: SBA, on the basis of data of SO SR

The position of SMEs in total employment in the economy of the SR by the quarterly enterprise survey of the Statistical Office of the Slovak Republic is presented in the Appendix, Chart 22. The graph shows that the share of SMEs in total employment in the national economy was 59.4%, while the share of large enterprises was 23.4% and non-profit institutions (public sector) 17.2%.

The year-on-year decline in the number of employed persons was reflected in a slight increase of unemployment in 2013. According to the Labor Force Survey in 2013 the number of unemployed increased by 2.3% when the total number of unemployed reached 386,000 people. The annual unemployment rate increased by 0.2 p.p. and reached 14.2%. Data from the quarterly enterprise survey indicate that the increase in the number of unemployed in 2013 (about 8,500) was driven mainly by the decrease of persons employed in small and medium-sized enterprises (about 11,500).

Comparison of employment of SMEs in Slovakia and the EU

In 2010, the total number of persons employed in the sectors of the non-financial business economy in the EU – 28 (134.5 mil.) was accounted for by SMEs at 67.2%, while the share of micro-enterprises accounted for 29.5%, small enterprises 20.5% and medium enterprises 17.1%.

In Slovakia the currently achieved share of SMEs in employment in the business economy in 2013 is about 4.5 p.p. higher than in the EU – 28. In the different size categories there are in Slovakia compared to the EU–28 micro-enterprises in a dominating position (higher percentage of 13.4 p.p.). On the other hand, the share of SMEs in comparison with the EU – 28 in Slovakia decreased by 5.9 p.p., or 2.9 p.p.

Tab. no. 3.16: Comparison of employment by size categories of businesses in the Slovak Republic and in EU countries

		Size of the enterprise					Total
		micro (0-9)	small (10-49)	medium (50-249)	large (250+)	SME	
EU - 28 (2011)	Number of persons employed in non-financial business economy, 2011 (in thousands)	39 725	27 607	23 032	44 165	**903 636**	134 529
	share in employment	29.5%	20.5%	17.1%	32.8%	**67.2%**	100.0%
Slovakia *(2013)*	Number of persons employed in the business economy (in thousands)	772 824	263 198	255 821	509 041	**1 291 842**	1 800 883
	share in employment	42.9%	14.6%	14.2%	28.3%	**71.7%**	100.0%

Source: data from Slovak Republic: SO SR, processed by SBA
data from EU 28: Eurostat, Structural business statistics, sectors covering SK NACE Sections B to N and division 95, at the time of processing the material data from 2010 was available

As shown in Chart 23, set out in the Appendix, the above average level of employment in the SME sector is characterized apart from Slovakia and other V4 countries (within the non-financial corporate economy in 2011).

3.5 Results of analysis and surveys

3.5.1 The attitudes of the population to business - global entrepreneurship monitor (GEM)

The Global Entrepreneurship Monitor (hereinafter "GEM") is the world's largest academic study of business. Slovakia joined it for the first time in 2011. The aim of GEM research is to investigate the role of entrepreneurship in national economic growth through the detection features and characteristics of entrepreneurial activity. On the other hand, it also examines the actual business environment and provides information on the application of SBA Principle 1 "Create a supportive and motivating environment for business."

The main objectives of GEM research is to measure differences in the level of entrepreneurial activity between countries, reveal the factors that distinguish the national level of entrepreneurial activity and identify policies that may enhance the national level of entrepreneurial activity. Research data are collected annually on two levels. One of the cornerstones of the GEM research is formed by the **adult population survey (APS)**. National GEM teams conduct the survey on a representative sample of at least 2,000 respondents.

Key findings from the survey of the adult population[5] are as follows (Appendix, Chart 49):

- Self-confidence:
  - In Slovakia there **was a decline in perceptions of appropriate opportunities for business.** Since 2011 there had been a decline in the share of residents who see business opportunities in their area from 23.1% to 16.1% in 2013. Slovakia's achieved results ranked 25th in Europe from all 28 participating countries,
  - **perception of skills to start a business remains relatively high**. Compared to 2012, the increased perception of skills to start a business increased from a level of 49.7% to 51.0% and
  - **fear of failure in business declined year-on-year from 38% to 33%.**

- Social attitudes to entrepreneurship:
  - **The continuing decline in the perception of entrepreneurship as a good career choice.** From 2011 there declined the representation of citizens who see entrepreneurship as a career choice at an appropriate level of 54.6% to 49.2% in 2013
  - **the perception of successful entrepreneurs** and their social status did not follow the year-on-year improvement from 2012 (from 64.4% to 74.4%). In 2013 it declined to 58.5%
  - **media attention given to new businesses year-on-year also fell** from 59.4% to 51.7%.

- Evaluation of individual phases of business:
  - **Intention to start a business in the next three years increased** from 12% to 16.4%.
  - **initial downward trend in business activity continued in 2013.** Year-on-year it decreased from 10.2% to 9.5%, while in 2011, a level of 14.2%

[5] Basic evaluation of the results of the national survey is available at:
http://www.sbagency.sk/sites/default/files/gem_2013-aps_sprava-fin.pdf

- percentage of nascent entrepreneurs year-on-year increased slightly from 6.7% to 7.3%
- on the contrary the percentage of new businesses declined year-on-year from 3.9% to 3.6%
- **the percentage of established entrepreneurs decreased** from 6.4% to 5.4%
- **the continued increase in the share of residents who become entrepreneurs because they had no choice but can provide an income** (from 35.6 to 40.2%), which is the second highest level in the EU countries.

3.5.2 Research cooperation of universities and enterprises

In 2013, the Institute of Information and Prognoses of Education (after 1.1.2014 The Center of Scientific Research Information of the SR) carried out under the national project "Universities as Engines of a Knowledgeable Society" research at universities, the aim being to identify the curricula of existing examples of good practice of cooperation between universities and the business sector. [6] Throughout the survey 25 universities, 106 colleges and university-wide units and 1,795 study programs were contacted. The data collection took place from 10.9.2013 to 15.11.2013. More than 70% of the contacted university faculties participated in the survey.

According to the survey results, almost all universities and faculties (97%) that participated in the survey addressed high school students purposely. **The option of performing internships in enterprises as a benchmark benefit is mainly emphasized by faculties focused on agro-forestry and veterinary sciences, military and security sciences.** Slightly weaker opportunities of internships in companies are declared by faculties that focus on natural sciences (57%) and engineering sciences (65%), which attract their prospective students rather with participation in research projects.

72% of faculty surveyed declared that their school has a system of career counseling/mentoring students for the labor/business market. From the point of view of the universities and the individual faculties, intensified cooperation with employers (41.4%), the creation of a career counselor position (25.9%), and improved system of career guidance (17.2%) would contribute to effectuating and improving career caring for students.

More than two thirds (68%) of universities (faculties) surveyed stated that they are working with specific enterprises in research and development. The most intense cooperation in the survey was declared by faculties focusing on military and security sciences (100%), engineering sciences (95%), natural sciences (86%), health care (75%) and agro-forestry and veterinary sciences (75%).

For 32% of the study programs surveyed, cooperation with enterprises has great value, mainly because it allows students to experience a real corporate environment (29.3%), there is cooperation in science and research (22.7%) and developing the competence and experience of the students (20.2%).

From the perspective of the faculty involved in the survey there is required cooperation between universities and business improvement in the area of system

[6] Detailed survey results are available: http://www.vysokoskolacidopraxe.sk/data/files/282.pdf

support (34%; e.g. create legislative conditions for the existence of collaboration, companies could write out targeted practice for prospective employees, practice of law for technical courses, introduction of longer practice) and building **relationships and trust** (30%).

The measures that could contribute to improving the current state of mutual cooperation between businesses and schools include greater financial, material and technical support (44.4%), changes in legislation (33.3%, e.g. the extension of legislation that gives priority to the employment of graduates that have completed a specific field or a field related to the relevant job position), **greater linkage of universities with practice** (19.4%; e.g. focus of study program syllabi should be directed to the needs of practice), **increased motivation of enterprises to cooperate with universities** (16.7%; motivation in the form of subsidy support of joint projects, tax breaks).

Lectures by experts from employers as a symbol of cooperation are more frequent in the study programs aimed at economic sciences (61%) and science (58%).

68% of study programs involved in the survey indicated that study practice is required. However, only for 38% of study programs are technical sciences practice a mandatory part of the study. In overall, the practice has rather no specified conditions at different stages of the study (stated by 53% of study programs).

74% of study programs evaluated cooperation with companies and organizations as long-term, lasting more than two years.

59% of universities have concluded cooperation agreements with employers to link university studies with practical needs. This is true for 90% of faculties focused on technical sciences, 75% of faculties focused on agro-forestry and veterinary sciences. Conversely, 78% of faculties with a focus on economic science have no signed contract.

Important criteria for the selection of an enterprise/organization for cooperation with the university is the willingness of an enterprise/organization to accept students, a reciprocal link of schools and businesses in the area of technical cooperation (research, development, and others) and the subsequent employability of graduates.

According to 63% of ŠP study programs, practice in cooperation with a particular enterprise/organization is not designed in a highly innovative way. Conversely, **ŠP** programs focused on agro-forestry and veterinary sciences (59%) and social sciences (51%) are inclined to higher innovativeness.

Just over half of universities pursue the fact regarding what percentage of graduates get a job at the end of university (55%). The average percentage estimate of the graduates in occupations which the school prepares them for is 74% according to the survey. According to the estimate of universities, one third of graduates find application in companies that the school cooperates with. This is more from the perspective of schools focusing on agro-forestry and veterinary sciences (75%) and engineering sciences (55%).

3.6 The development of the regulatory environment

In order to promote the growth of SMEs by stimulating entrepreneurial ambition and entrepreneurial skills, support successful companies, products, ideas and initiatives promoting the development of entrepreneurial thinking, in 2013 were adopted the following measures and legislative changes:

Amendments to the Commercial Code (Act No. 513/1991 Coll.)

Act No. 9/2013 Coll. came into force on 1 February 2013, amending and supplementing in particular the provisions of the Commercial Code, governing late payment interest. A creditor who has fulfilled their legal and contractual obligations, has the right to demand **interest on arrears** in the amount agreed in the contract, without the need for any special notice. If the parties have not agreed on the amount of interest, from 1 February 2013, a debtor who is in default shall pay interest on arrears at the rate established by the Slovak Government through Regulation No. 21/2013 Coll. According to the Government resolution, failure to observe the deadline will be penalized by interest on arrears, which will be calculated from the ECB base rate in force on the first day of delay regarding the fulfillment of the financial liability increased by nine percentage points. In addition to the enforcement of an interest on arrears, the creditor is also entitled to a flat rate compensation of costs in the amount of EUR 40 related to the claim enforcement without any special notice.

The amendment defines that the **maximum repayment deadline** that can be contractually agreed is 60 days for contractual relations between entrepreneurs, this deadline is set for a maximum of 30 days for public authorities. This is the implementation of the European Parliament and the Council directive. It further provides the obligation for the legalization of signature for certain types of decisions of a limited liability company's General Assembly and the election of the Supervisory Board members of a joint stock company. The provision of the Commercial Code, which complements the obligations when establishing a limited liability company, is also amended under the Act. Until now, such a company could not have been established by a person who had tax arrears (requires the consent of the tax administrator). Newly it will be necessary that the founder has no outstanding arrears on custom duty. Like this, one extra confirmation will be enclosed in the commercial register.

Act No. 357/2013 Coll. with effect from 1 December 2013 introduced the founder's obligation to **repay a cash deposit or its part to a separate special account in a bank** or branch of a foreign bank. The amendment generally addresses the method of repaying the cash deposit or its parts, so that the cash deposit repayment method to the hands of the deposit administrator, which was often used in the past, will no longer be possible.

It will not be possible to handle cash from paid deposits or their parts kept in a special separate account in a bank before the company is established, unless it concerns a payment of costs associated with the foundation and establishment of the companies under the joint venture agreement, the repayment of the cash deposit or its part and interest based on specific provisions of the Act.

The Act extends the initial period of three months to a period of six months (from the publication of the notice in the Commercial Bulletin), during which the commercial court will not be able to decide on the dissolution of the company without liquidation because the company does not have the assets that would be sufficient to reimburse the reasonable expenses and remuneration for the performance of the liquidator's function (Paragraph 69, Section 9).

Amendment of the Act on Consumer Protection in Doorstep Selling and Distance Selling (Act No. 108/2000 Coll.)

Amendment of the Act, **published under No. 367/2013 Coll., with effect from 15 November 2013,** amended the special regime of sale event and its notification to Slovak Trade Inspection (SOI). In accordance with the amendment, the organizer of the sale event or the seller are required to announce the organization of the sale event in writing to the SOI Central Inspectorate and the SOI Inspectorate, competent based on the place of the sale event, no later than 20 calendar days prior to the sale event. The Act further defines the appurtenances of the sale event's written announcement, and it provides consumer protection in relation to the conclusion of consumer contracts. After the approval of the amendment, consumers should have the opportunity to return the goods to the seller after the contract withdrawal only after the seller returns the paid sum or advance payment for goods or services to the consumer. The amendment also establishes penalties for using unfair business practices. If the seller uses unfair business practices despite the imposed ban, it will be newly assessed as a particularly serious breach of the obligations under which there is a threat of trade license revocation.

From 1 May 2014, Act No. 108/2000 Coll. was replaced by Act No. 102/2014 Coll.

The amendment to the Act on Tax Advisors and the Slovak Chamber of Tax Advisors (Act No. 78/1992 Coll.)

Act No. 354/2013 Coll. with effect from 1 January 2014 establishes a definition of tax counseling previously lacking in the law, and also provides training and practice as one of the conditions for the implementation of tax counseling. The amendment also revokes the condition that the tax counseling is provided solely to limited partnership companies and public trade companies. **Tax counseling** will newly be provided also through, for instance, **a limited liability company**.

2020 Entrepreneurship Action Plan - Re-Igniting the Entrepreneurial Spirit in Europe

On 9 January 2013 the European Commission adopted an announcement entitled 2020 Entrepreneurship Action Plan - Re-Igniting the Entrepreneurial Spirit in Europe in order to increase the number of entrepreneurs to achieve these important goals: restoring economic growth and increasing employment levels.

In its Action Plan, the European Commission sets out a series of measures to re-ignite the entrepreneurial spirit in Europe and improve the situation of European SMEs. In the announcement it stresses that the “think about the small ones first” principle must be the measuring standard of European and national policies. At the same time it underlines that coordinated action by administrative authorities at various levels are crucial to achieve lasting and substantial improvements in the current situation, from the European to the national to the regional level.

The Action Plan is based on three pillars:

i) development of education and training in business
ii) creating the right business environment
iii) designs and addressing of specific groups.

Within each of these pillars, the European Commission proposes a series of actions aimed at the development of SMEs, including those at the supranational level (Commission) and the level of individual Member States.

3.7 Programs to promote entrepreneurship, business transfers

Evaluation of support programs implemented by the SBA

SBA, as a specialized agency to support SMEs implements comprehensive long-term support programs and projects in Slovakia. The objective of the support programs and projects within Principle 1 in 2013, were to:

- stimulate the growth of the SME sector
- increase its competitiveness
- promote female entrepreneurship in Slovakia
- support education, counseling and mentoring of business entities

Total financial aid statement at SBA Principle 1 in 2013 was: EUR 77,770,878.00.

❖ Slovak Business Agency

- **Education, training and counseling program for selected groups interested in starting a business**

Support for future business was conducted by the Slovak Business Agency in 2013 by providing preferential information, counseling and educational services through the cooperating regional network of eight Regional Advisory and Information Centers (RAIC), two first contact centers (FCC) and one business and technology incubator (PaTI).

The aim of the state program was to support the creation of new SMEs and training for those interested in a business start-up, the successful operation and management of new, especially micro- and small enterprises, including small trade licensees. Clients of the program were mostly unemployed people who addressed the lack of job opportunities in the regional and local labor market though self-employment in their own future enterprise. Young people aged 18-35 years, including graduates, as well as women and mothers on and after maternity leave and the jeopardized 50+generation formed the numerous target group.

In 2013, 226 information and expert consultations totaling 445 hours were granted. The consultation and training courses focused on thematic areas and administrative duties related to business, including the mapping of business conditions in the locality and region, and the starting and running of business activities. For the purposes of establishing businesses and obtaining funds for self-employment, regional counselors have developed 52 business plans for the clients. Future entrepreneurs participated in 15 three- to five-day training courses in various cities of Slovakia. Training was completed by a total of 239 participants. Services were financed from the state budget ŠR2012 and ŠR2013 chap. Ministry of Economy in the amount of EUR 27,097.58. The total number of beneficiaries was 341, of which nearly half were young people up to 35 years. Through subsidized services of regional providers 179 new businesses were created.

Tab. no. 3.17: Subsidized consultancy and training services for those interested in doing business in 2013 and funded from the State budget

provided in Centre	Information consultation		Expert consultation		Business plans	Training	
	number	hours	number	hours	number	number	number of participants
BIC TI Prievidza	13	6,5	14	65,5	13	0	0
FCC Brezno	1	1	1	2	0	0	0
FCC Veľký Krtíš	8	8	17	65	7	0	0
RAIC Komárno	6	9,5	16	44	9	4	58
RAIC Košice	0	0	0	0	0	2	35
RAIC Lučenec	6	6	24	73	0	0	0
RAIC Nitra	3	3	11	24	3	1	20
RAIC Poprad	25	24	11	21,5	7	3	56
RAIC Prešov	9	9	8	17	0	4	53
RAIC Trebišov	0	0	0	0	0	1	17
RAIC Trenčín	22	22	26	44	13	0	0
Total	**98**	**89**	**128**	**356**	**52**	**15**	**239**

Source: SBA

- **Scheme of Counseling and Training for SMEs *(de minimis aid scheme)***

Counseling services

Technical assistance to entrepreneurs was provided by Slovak Business Agency also through the implementation of the "Counseling and Education Scheme for SMEs (de minimis aid scheme)" state program. The aim of the support was to increase the competitiveness of SMEs, their survival rate, maintain employment and promote the creation of new jobs in the regions of Slovakia. For this purpose there were provided subsidized information and advisory services to small businesses to help overcome some of the difficulties in business and the impact of the financial and economic crisis on their business, help find the development potential of the business, appropriate solutions and challenges for successful operation and development.

The regional availability of entrepreneurs for counseling was provided by expert consultants cooperating with the regional organizations RCIC (8), CPK (4) PaTI (4) and the Association of Young Entrepreneurs of Slovakia (AYES). Services were funded from state budget ŠR2012 chap. SR MoE. In 2013 the scheme granted 462 information and expert consultations totaling 1,419 hours. 23 business plans and projects were prepared for clients, or aid in their preparation was provided for the purpose of obtaining financial resources. Assistance in the amount of EUR 59,705.26 in the three months of 2013 was received by a total of 148 SMEs.

Tab. no. 3.18: Subsidized consultancy services for entrepreneurs within the Support scheme of counseling and training of SMEs (*De minimis* Aid Scheme) realized in 2013 and financed from the state budget

year 2013	Information consultation		Expert consultations		Business plans and projects
	Number	hours	Number	hours	Number
BIaTC Banská Bystrica	2	3	11	54,5	0

BIC TI Prievidza	3	3	13	76	2
FCC Brezno	6	11	6	14	0
FCC Michalovce	7	6	9	19,5	0
FCC Poltár	15	19	0	0	0
FCC Veľký Krtíš	3	5	1	7,5	1
RAIC Dunajská Streda	30	19	5	24	5
RAIC Košice	1	1	2	5	1
RAIC Komárno	3	4	3	15	2
RAIC Nitra	18	28	6	22	5
RAIC Prešov	4	7	18	90	0
RAIC Poprad	9	9	3	20	1
RAIC Trebišov	1	1	4	27	1
RAIC Trenčín	34	47	15	46,5	5
UTI STU Bratislava	4	5	32	174	0
Scientific and Technological Park (STP) Žilina	6	8	101	362	0
YEAS Bratislava	8	12,5	79	273,5	0
Total	**154**	**188,5**	**308**	**1230,5**	**23**

Education

The educational activities were not implemented due to the limited budget of aid scheme, call for applications for a financial contribution for the education of entrepreneurs and their employees was not declared in 2013.

- **Guardian Angels for Female Entrepreneurs Project - GUARD4FEMENT**

Women represent 52% of the total population of Europe, but make up only one-third of self-employed persons and all start-ups in the EU. Even today, in the 21st century, when Europe has nearly 23 million small and medium-sized enterprises with an average of five employees, female entrepreneurs make up only about 30% of the overall business community. In Slovakia it is even less (27.7% in 2011).

Supporting the entrepreneurship of women in Slovakia has been of interest to the SBA for several years.

Ambassadors of Slovak female entrepreneurs were interested in commencing entrepreneurship for women, to inspire potential entrepreneurs also through business stories and practical advice, so that they embark on the journey of an independent business. However, those that have done so need a helping hand of a guardian angel or a mentor whose role is to lead a starting businesswoman in times of her business beginnings. The “Guardian Angels for Female Entrepreneurs” project offers this to novice entrepreneurs.

Objectives of the project:

- promote female entrepreneurship in Slovakia
- recognize and support starting entrepreneurs in particular
- ensure that entrepreneurs stabilize especially in the first, most difficult year of their business

Project activities:

- Promotion of the project
- Selection of mentors and mentees
- Training mentors and mentees
- Opening conference
- Individual meetings of mentors and mentees on a monthly basis - 03/2012 – 04/2013

- Seminars for the public (incl. training for mentors and parallel networking mentees)
- Final conference - 06/2013, Žilina

Project results (activities 2013 in bold):

	Activities/Provided services for SME and their indicators	Number
1	**Project promotion**	
	website www.ambasadorka.sk / www.podporapodnikania.sk	1
	Articles, press releases	**127**
	Facebook http://www.facebook.com/ambasadorka	1
	TV/radio spots	**1**
	Leaflets, brochures and bulletins	**3**
2	**Information and consulting**	
	online consulting www.ambasadorka.sk / www.podporapodnikania.sk	1
3	**Call and choice of mentors and mentees**	**1**
	Number of candidates 1. round of mentors call (45 candidates, chosen 16 => active 14)	45
	1. round of mentees call (53 candidates, selected 35 => active 33)	53
	2. round of mentors call (11 candidates, selected 11)	11
4	**Trainings for mentors and mentees**	**3**
	Opening training – 26.-27.1.2012, B. Štiavnica	43
	Training – 6.6.2012, Bojnice	38
	Training – 15.2.2012, Prešov	18
	Training **– 22.2.2013, Donovaly**	**43**
5	**Conference**	2
	Opening conference - 23.2.2012, Hotel Dukla, Prešov	75
	Final conference – 28.5.2013, MH SR Bratislava	**103**
6	**Seminars for the public on Mentoring**	3
	The number of participants on West Slovakia (7.6.2012, Bojnice)	17
	The number of participants on East Slovakia (22.11.2012, Prešov)	35
	The number of participants on Central Slovakia (13.3.2013, B. Bystrica)	**23**
7	**Individual mentors and mentees meetings on a monthly basis - 03/2012 – 04/2013**	
	The number of meetings	255
8	**Inauguration mentors network Inaugurácia siete mentorov**	
	Warsaw, 15. November 2011 - Mrs. Hanková, the owner of Novel s. r. o., received from ***Joann Drake***, the Director of the EU to support the competitiveness of SMEs and Grażyn Henclewska, representative of MH Poland, the official certificate on behalf of the entire Slovak network of mentors for beginning entrepreneurs.	-
9	**European mentors network:**	
	The number of countries (Albania, Belgium, Cyprus, FYROM, Greece, Hungary, Ireland, Montenegro, Netherlands, Romania, Serbia, Slovenia, Slovak Republic, Spain, Turkey a Great Britain)	17
	The number of mentors	170

Source: SBA

The Guardian Angels for Female Entrepreneurs Project contributed and continues to contribute to the promotion of female entrepreneurship in Slovakia. From the ranks of successful entrepreneurs and business people were selected the best ones, through personal consultations and meetings over a year, giving a helping hand to women – novice entrepreneurs – in overcoming initial problems related to their business careers. The call for mentors was reflected in 45 applications, of which 41 passed the technical criteria. The project envisaged a choice of 12 –16 mentors, therefore, the selection committee chose 16 mentors. Of these, 14 were active throughout the project.

Given the growing interest from start-up entrepreneurs and the limited capacity of mentors, we decided to address a successful businesswoman and entrepreneurs in the second round. In the second round were selected a further 11 mentors and the total number thus climbed to 25 active mentors who can cover a much wider group. 54 novice entrepreneurs seized the chance to get free mentoring. Of the 54 applications to become a mentored entrepreneur two regional committees chose 36 novice entrepreneurs. The concept of mentoring in Slovakia is not very widespread, so some mentees did not know exactly what to expect. 33 of them very quickly understood and feedback indicated that a monthly meeting with an experienced entrepreneur or businessperson is highly valued. We believe that this figure was even higher due to the fact that only the mentee and the mentor of the first round were obliged to write meeting reports.

Establishing a functional mentoring relationship requires something more than just pairing a mentor and mentee from the table. A personal meeting face to face, dialogue, and mutual empathy are an essential cornerstone. There must be a spark, positive chemistry, the same wavelength – the foundations for a working relationship, where one can build mutual trust. *“The more you invest in mentoring, the more you get out of it,”* was the advice to participants of the mentoring relationship. It appears that many of them did take this advice to heart. All 33 mentees involved in 33 mentoring relationships met on a monthly basis from March 2012 to July 2013. Some mentees even had more than one mentor. Mentees from the second round were not required to submit reports of the meetings. Overall, we know of 39 mentoring relationships that took place during the project.

Based on the submitted reports, project, feedback, mentoring process, and especially the content and outcome the mentoring relationship had an impact on both sides – both mentored entrepreneurs, as well as the mentors. The leadership, advice, and guidance of the mentors moved the entrepreneurs forward in their professional and personal life. It helps them overcome obstacles, solve every day situations, develop their personalities... Mentors get the opportunity to look at business from a different perspective, broaden their horizons. Both sides appreciated the opportunity to learn through a series of trainings, the opportunity for networking, making contacts, participation in international conferences, etc.

The project officially ended, but continued as free online mentoring gives rise to further promoting women's entrepreneurship. For more information, visit www.ambasadorka.sk

- **Partnership Action for Tourism Project- PA4T**

Partnership Action for Tourism is an international project aimed at the development of tourism through the development of services in the field of mentoring. It is designed for entrepreneurs and business people in the tourism sector. The project is implemented through the Lifelong Learning Program and its Leonardo da Vinci – Partnerships subprogram with partners from Cyprus, the Czech Republic and the United Kingdom.

Goals:

- Introduce mentoring as a instrument for development and training for competent mentors – managers in the tourism sector

- Develop international standards in the field of mentoring in tourism, together with recommendations for the participating countries
- Increase the impact and value of mentoring in the partner countries

Activity

- Train mentors in tourism

Project results 2013

	Activities/Provided services for SME and their indicators	Number
1	**Project promotion**	
	Brochure	2
2	**Project partners meetings - Mobility**	
	The number of meetings	3
	• 5th partners meeting_24-27_2_2013 – Horduša Hámre, SK	
	• 6th partners meeting_28-30_4_2013 – Praha, CR	
	• 7th partners meeting_24-26_6_2013 – Londýn, UK	
3	**Specialized reports**	
	The number of specialized reports and recommendations focused on mentoring in turisim, its assumption, forms, inovation tools and the posibility of implementation	10
4	**Internation standards on Mentoring in turism along wiht recommendation of participating countries**	

Zdroj: SBA

Tourism is of interest to the European Commission. However, there are no uniform standards, instruments in the field. The project represents a new instrument, mentoring, as one of the possibilities, which enables achieving these quality standards in tourism. It is a means of education, development and training competent managers working in tourism. It's a direct continuation of the project submitted and successfully approved under the Leonardo da Vinci – Transfer of Innovations EU Tourism Mentoring, about which we present detailed information below.

- **EU Tourism Mentoring Project**

The Slovak Business Agency acts as a leading partner in the new EU Tourism Mentoring project, which was approved under the Lifelong Learning Programme Leonardo da Vinci – Transfer of Innovation Subprogram. Together with partners from the UK, Romania and Lithuania, the Slovak Business Agency wants to build on the results of the actions implemented in the successfully completed project PA4T - Partnership for tourism and develop rules and standards for mentoring in the field of tourism.

Tourism is one of the most important sectors of the economy in all the project countries. Despite the high potential of tourism in Slovakia, Romania and Lithuania, the countries lack the quality of services provided, any structure and professional development opportunities.

Our ambition is to establish standards for the development of mentors under the developed and tested product used in the UK.

The main project goals are:

- The transfer of methodologies for mentors created in the UK
- Improve the offer of training for mentors in close cooperation with employers and practitioners
- Train four mentors from the countries in the field of tourism (Slovakia, Romania, Lithuania) and initiate pilot mentoring
- Develop a final methodology for mentors in tourism adapted to the national conditions of each country

Project activities:

- the preparation and development of contextual analysis and best practices, preparation of needs analysis of the labor market, the existing offer of training and public policies
- Preparation of 3 free workshops for workers in the tourism sector on mentoring techniques that will result in professional mentors from Great Britain training 4 mentors from Slovakia, who will receive an international certificate
- the training of 12 mentees in Slovakia from the tourism sector, to whom mentors will pass on their acquired skills and experience
- the development of a methodology for the development of mentors in tourism

Project results 2013:

	Activities/provided services for SME and their indicators	Number
1	**Project promotion**	
	Project logo creation Publication an article about the project in AmCham Connection	1 1
2	**Kick off conference – 2.12.- 3.12. 2013, Slovak Business Agency, Bratislava**	
	Number of participants	9

Source: SBA

There is being developed the guidelines and methodology of mentoring techniques with an emphasis on the development of mentors in tourism as well as in other economic sectors specifically designed for the needs and conditions of Slovakia. The project focuses on the tourism sector and its contribution is the introduction of a cost-effective way to develop employees, thus obtaining innovative and effective methodological training throughout the sector.

❖ SR Ministry of Economy

The Slovak Ministry of Economy (MoE) is the central state administration of the Slovak Republic for industry, energy, heating and gas industry, protection and rational utilization of mineral resources, strategy development and implementation of innovation in these areas; support for small and medium-sized business, strategy development and promotion of business environment, internal trade, foreign trade, consumer protection, health and safety in mining, hallmarking, precious stones testing, inspection ban on the development, manufacture, storage, use and trade of chemical weapons and precursors, coordination of economic mobilization, privatization of state property.

One of the strategic objectives of the Ministry of Economy is to **support the creation of a business environment** as part of its strategies and policies. It is the main mechanism for the formation and development of manufacturing, with a focus on emerging and advanced industry's competitiveness in the field of innovation of enterprise and investment in the education of young people. Specific activities in this regard is the regular organization of the national presentation of the exhibition of products from secondary vocational schools Young Artist 2013, to be held from 18 to 20.04.2013 in the area of Agrokomplex - Exhibitions Nitra, š. p. together with Job Fair JobExpo and 15th European Jobs Days 2013. The main objective of the 21st year of the exhibition was to promote secondary education and to present the results acquired through the professional knowledge and the practical skills of secondary vocational schools and to inspire primary school pupils and their parents when choosing a future profession.

- **The program aims to enhance the promotion of small and medium-sized enterprises and to promote youth employment**[7]

In Resolution No. 191 dated 16.5.2012 the Government approved the proposal for a reallocation of funds within the operational programs of the National Strategic Reference Framework to finance measures to support solutions to youth unemployment and step up support for SMEs within the purview of the EC initiative, which aims to stimulate the specified target groups through the means of structural funds.

In terms of the stated resolution, there was an additional raise in the allocation of those operational programs of the National Strategic Reference Framework in Slovakia, which showed the highest rate of fund absorption and the greatest potential in terms of meeting the objectives of the EC initiative. Operational Programme Competitiveness and Economic Growth, whose initial allocation was increased by an additional EUR 225 million, became part of the present reallocation after analyzing the focus, condition and the assessment of individual operational programs.

The approved material "Proposal Calls for Applications for Grants Aimed at Intensifying Support for Small and Medium Enterprises and to Promote the Employment of Young People" by Government Resolution No. 717/2012 of 19.12.2012 has been the definition of the instruments in the form of calls for applications for subsidies, or written invitation, by which the basic principles and goals of the European Commission have, in the terms of the OP C&EG, meet.

For the main areas, from the structure of the OP C&EG have been identified:

a. Measure 1.1 - Innovation and technology transfers, specifically Sub-measure 1.1.1 – Support for innovation and technology transfers
b. Measure 3.1 – Support of business activities in tourism

The following were determined as the basic instruments in the OP CaEG conditions:

a. **Demand-driven call** for applications on subsidies made in the structure:
   i. *State aid scheme*
   ii. *De minimis aid scheme*
b. **JEREMIE Written invitations for the JEREMIE initiative**

Using reallocated resources was the assumption about the direct creation of 1,200 jobs in supported SMEs, for the period until the end of 2015. At the same time, each supported project must create at least one job for young people. By adjusting the selection criteria applicants are positively motivated for the occupation of the largest number of new jobs created from the target group of young people, which is expected to be a positive contribution to achieving the objective.

[7] **Source:** Interim report on the implementation of a program aimed at stepping up support for small and medium enterprises and to promote youth employment (http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-161139?prefixFile=m_)

Tab. no. 3.19: Overview of calls aimed at supporting SMEs and employment of young people under 29 years

Call code	Date of the call	Deadline of the call	Meeting the deadline pursuant to Government Resolution no. 717/2012	Allocation in millions of EUR
KaHR-111SP-1201	21 December 2012	26 April 2013	Yes	110 (150)*
KaHR-31SP-1201	21 December 2012	26 April 2013	Yes	50
KaHR-111DM-1301	22 February 2013	10 June 2013	Yes	40

* - increase in the allocation of 40 million Euro from 18. November 2013

Call C & EG-111SP-1201

In the context of the call there was submitted a total of 330 applications for the subsidy of EUR 723,612,116.49, from this amount the requested subsidy represented EUR 339,304,537.80. Given the large number of subsidy applications that met the conditions of the subsidy and ensure that maximum use of available resources within Measure 1.1, the Managing Authority for the OP C&EG decided to increase the allocation call for a total of EUR 150 million. Part of the additional allocations were made on the basis of consultations between the Ministry of Economy, EIF ensuring the implementation of the JEREMIE initiative in Slovakia and the EC, also the resource in the amount of EUR 25 million originally intended to complement the JEREMIE initiative. For this reason, the MoE did not accede to the originally intended preparation and sending a written invitation in order to raise the funds of the initiative.

After the conclusion of contracts with successful applicants, a commitment arises to the recipients indirectly through investment projects to create a total of up to 1,725 jobs, of which more than half (975 jobs) is intended for young unemployed people under 29 years old. These will be created gradually during the implementation of individual projects, a condition of their long-term sustainability, i.e. 5 years after completion of the project. **To 31.12.2013 there were under this call 2 contractually bound projects in the subsidy amount EUR 1,855,500.** Of the total number of contracted projects no project had been successfully completed by 31.12.2013 and there was no absorption of funds in the present call.

Tab. no. 3.20: Overview of approved aid by regions with the commitment of creating jobs

Region of SR	NRG	Newly created jobs		Number of projects
		total	young people	
Bratislava Region	24 647 477,18 Eur	261	123	20
Košice Region	15 797 352,44 Eur	163	106	20
Nitra Region	12 338 016,24 Eur	140	89	15
Prešov Region	31 265 557,40 Eur	346	186	30
Trenčín Region	25 002 073,62 Eur	313	166	24
Trnava Region	14 607 711,13 Eur	234	136	17
Žilina Region	26 042 317,78 Eur	268	169	37
Total for SR	**149 700 505,79 Eur**	**1 725**	**975**	**163**

Source: MoE SR

Call C & EG-31SP-1201

In the context of the call there was submitted a total of 238 applications for the subsidy of EUR 274,972,672.89, from this the requested subsidy represented EUR 130,134,123.97. **By**

31.12.2013 the selection process for applications had not been completed. MA for the OP C&EG estimates that about 600 new jobs will be created by approving subsidy applications for NFC in the limit set by the call allocation, of which more than 300 will create jobs for young people under 29 years old.

Tab. no. 3.21: Current overview / estimation of creation of new jobs

Call	Amount of NRG to a Call in EUR	Newly created jobs	
		total	For young people under 29 years
KaHR-111SP-1201	149 700 505,79	1 725	975
KaHR-31SP-1201	50 000 000,00	600	300
KaHR-111DM-1301	40 000 000,00	500	300
Total	**239 700 505,79**	**2 825**	**1 575**

Source: MoE SR

Call C & EG-111DM-1301

In the context of the call there was submitted a total of 794 applications for a subsidy of EUR 209,006,850.00, of which the requested subsidy was EUR 132,611,959.00. **To 31 December 2013 the selection process had not been completed.** MA for the OP C&EG estimates that about 500 new jobs will be created by approving subsidy applications for NFC in the limit set by the call allocation, of which more than 300 will create jobs for young people under 29 years old.

❖ The Slovak Investment and Trade Development Agency (SITDA)

SITDA is a subsidy organization of the Ministry of Economy financed from the state budget. One of the primary aims of SITDA is raising the standard of living of Slovak citizens by increasing employment and reducing regional disparities. Within the support of the development of investment and trade it ensures the promotion of advantages for the Slovak business and investment environment, acquires investors, organizes activities to promote trade with foreign countries, and provides consulting services. Its other activities include participation in general and specialized exhibitions and fairs, conducting trade missions abroad and receiving foreign missions, training programs for exporters and providing consulting services at home and abroad.

SITDA is not a support provider, but prepares expert reports on the investment plan of companies applying for investment aid under Act no. 561/2007 Coll. on investment aid. This support is not limited by the size of the candidate, i.e. the scheme is open to small and medium, as well as large enterprises. Applicants also are not obliged to declare into which size category they fall and the fact that only a limited range of data is provided, it is not always possible to clearly declare whether it is a small or medium enterprise.

In the promotion of investment in Slovakia SITDA provides **investment services** and timely information on the business environment for domestic and foreign investors, providing the most suitable sites and properties for implementing investment plans. **In 2013 SITDA, through the Investment Project section, successfully completed 18 investment projects in the amount of EUR 442 million, which together constituted about 3,678 jobs.**

❖ SR Ministry of Education, Science, Research and Sports

The SR Ministry of Education, Science, Research and Sports (SR MESRS) is the central state administration body for kindergartens, primary schools, secondary schools and universities, school equipment, lifelong learning, science and technology, state care for youth and sport.

In the field of support for the development of entrepreneurial skills and the acquisition of basic knowledge about business and economics at secondary schools in the implementation of the European Charter for Small Enterprises, the SR MESRS adopted the following measures:

- **Adoption of the revised state educational programs for vocational education**

Effective from 1.9.2013 SR MESRS approved the revised state educational programs for vocational education and training for all branches of learning. The basic aim of vocational education is still acquiring the theoretical knowledge and practical skill necessary to cope with a future profession. Other aims of education in the state educational programs are aimed at helping pupils develop the appropriate skills necessary for meaningful and responsible management and organization of their personal, social and professional life.

The competencies of graduates learning and studying in vocational education and training in the **development of entrepreneurial skills** in the revised state education programs in the category of theoretical education are determined by the content and performance standards set out in the common educational area of Economics education. In addition to the standards of education for entrepreneurship, it also includes standards for areas of the world of labor, the economy, the rules for the management of personal finance and consumer education. The curriculum is defined jointly for all vocational courses or study courses at the appropriate level of education.

- **Training companies and the Slovak Center for Training Companies**

To support business, economic and financial education in all secondary vocational schools, it is possible to teach Economic Training vocational subjects in a training firm called Training Firm and Training Firm – Practice. A training company is equipped as a real company and has the basic departments of a standard real enterprise, which enables simulations of the department activities in an actual company where students have the opportunity to make a mistake that does not have such an economic impact as in a real company, but fulfills an educational function.

The Slovak Center for Training Companies, which is a sector of the State Institute of Vocational Education, simulates the activity of state administration for training firms - the department of small trade business and a commercial court, tax and customs office, social and health insurance company, post office and a bank for domestic and international payments. Centrobanka, at the center of training companies, also maintains personal accounts of training firms, as well as accounts of insurance companies and the tax office, which simulates the finance flow of training firms. **The Centre for Training Firms launched an online operation at www.sccf.sk on 2 September 2013.** Training firms may make changes to the data in the small trade business or trade register, suspend the activity of the training firm for the selected period or request its liquidation. Internet banking is part of the online system.

❖ SR Ministry of Labour, Social Affairs and Family

The Ministry of Labor, Social Affairs and Family of the Slovak Republic (SR MLSAF) is the central government body for labor relations, health and safety at work, labor inspection, employment strategy, coordinating the development and policy of the labor market, social insurance, state social benefits, the social and legal protection of children, social guardianship and coordination of state family policy.

Active labor market policies (ALMP) in 2013 were implemented primarily through active labor market measures (ALMM) under Act No. 5/2004 Coll. on employment services and amending certain acts as amended (hereinafter the "Employment Services Act"). In 2013, measures were taken to promote incentive to employers to create new jobs for job seekers to support the creation of real jobs at the local and regional levels and support maintaining employment in small and medium-sized enterprises. In terms of developing the business environment and SMEs as a priority, the following ALMM instruments were the most interesting in 2013 within the Employment Services Act:

Tab. no. 3.22: Implementation of selected instruments of Active Labour Market Measures (ALMM) for 2013

Instrument of ALMM	Number of created-filled jobs, or number of people enrolled, or number of supported jobs	Agreed amount of funds (in EUR)
Allowance for self-employment (§ 49)	4 897	16 269 868
Allowance for the employment of disadvantaged job seekers (§ 50)	1 506	1 681 817
Allowance to help maintain jobs for workers with low wages (§ 50a) – *valid until 30 April 2013*	2 027	11 196 720
Allowance to support the creation and maintenance of jobs in social enterprises (§ 50c) – *valid until 30 April 2013*	128	688 742
Allowance to support the maintenance of jobs (§ 50k) – *valid from 1 May 2013*	1 867	6 147
Allowance to the creation of new jobs (§ 53d)	529	1 897 543
Financial assistance to support the maintenance of employment in small enterprises and medium-sized enterprises (§ 53e) – *valid from 15 November 2013 - provider is MoF SR through SZRB*	0	0
Allowance for the establishment of sheltered workshops and sheltered workplaces (§ 56)	1 710	17 623 407
Allowance for keeping citizens with disabilities in employment (§ 56a)	232	775 557
Allowance to persons with disabilities for self-employment or operating business (§ 57) - *valid until 30 April 2013* Allowance to persons with disabilities for operating business (§ 57) - *valid from 1 May 2013*	296	2 543 153
Allowance for the activities of a work assistant (§ 59)	764	3 662 677
Allowance for the payment of operating costs incurred by sheltered workshops or sheltered workplaces and transport expenses for employees (§ 60)	6 809	17 745 247
Total	**20 765**	**74 090 878**

Source: Central Office of Labour, Social Affairs and Family

Most of ALMM was implemented through national projects financed by the European Social Fund and co-financed from the state budget. In 2013, it supported a total of more than 268,000. RJ, RUP, or employees/jobs in the total amount of funds amounted to more than EUR 127 million.

The most important ALMM in terms of the number of created – occupied job positions or the number of supported employment in 2013 belonged to the implementation of projects **under Paragraph 54 of the Employment Services Act**, which is designed to create jobs in the public and private sectors for the unemployed to 29 years old. Projects with a total allocation of EUR 70 million from the European Social Fund were implemented from

November 2012 within the SR except the Bratislava Region. The promotion of job creation takes the form of a subsidy for the employer to cover part of the total labor costs of young staff. The implementation of projects in the 2012-2015 period envisages the creation of nearly 14,000 jobs. In the implementation of projects to create jobs with employers in the business sector **from November 2012 to 31 December 2013 period there was agreed 10,987 jobs for the unemployed to 29 years with a total agreed financial contribution of EUR 49,745,993.55.**

Grant for self-employment activities (Paragraph 49)

The subsidy will cover part of the costs associated with self-employment activities. In terms of supporting job creation it helps job seekers enter the labor market as entrepreneurs. From 1 May 2013, the amendment to the Employment Services Act introduced the facultative offered subsidy for self-employment activities. In 2013, **supported through this subsidy was the creation and filling of 4,897 jobs,** which were 3,793 fewer than in 2012. **The total amount drawn was EUR 16,269,867.71,** which was EUR 13,245,296 less than in 2012. In 2013, the share of long-term unemployed to use this instrument increased from 29.1% in 2012 to 42.1%.

In 2013, state aid offered to micro, small and medium-sized enterprises was provided by the Ministry of Labor, Social Affairs and Family of the Slovak Republic (hereinafter "MLSAF") as the Managing Authority for the Operational Programme Employment and Social Inclusion through the National Projects of the Office of Labour, Social Affairs and Family (hereinafter "OLSAaF") and through demand-driven projects of the intermediary body under the managing authority, which was the Social Implementation Agency.

Aid to enterprises was granted under relevant state aid schemes. In 2013 SR MLSAF provided aid totaling **EUR 6.88 million**. From the European Union there was granted **EUR 3.31 million**, representing 48.11% of the total state aid granted to departments. The volume of aid granted from its own resources totaled **EUR 3.57 million**, representing approximately 51.89% of the total amount of aid granted. In 2013 the total share of state aid granted to SMEs accounted for 53.34% of the total of state aid granted to the Ministry of Labour, Social Affairs and Family.

Tab. no. 3.23: Distribution of the State aid granted by the Ministry of Labour, Social Affairs and Family of the Slovak Republic by size category of enterprises for 2013

<table>
<tr><td rowspan="5">Assistance to businesses</td><td colspan="2">Total state aid</td><td>6,88 mil. Eur</td><td>Share in %</td></tr>
<tr><td rowspan="3">from this SMEs</td><td>Assistance for micro enterprises</td><td>0,39 mil. Eur</td><td>5,67 %</td></tr>
<tr><td>Assistance for small enterprises</td><td>1,95 mil. Eur</td><td>28,34 %</td></tr>
<tr><td>Assistance for medium-sized enterprises</td><td>1,34 mil. Eur</td><td>19,33 %</td></tr>
<tr><td colspan="2">Assistance for large enterprises</td><td>3,20 mil. Eur</td><td>46,66 %</td></tr>
</table>

Source: MLSAF SR

Provided assistance for employment

State aid within the meaning of Regulation (EC) No. 800/2008 (General Block Exemption Regulation) as part of the measures – State aid scheme to promote employment (X 754/2009) was provided in a total volume of **EUR 0.66 million**, of which the volume of aid provided by the state budget totaled **EUR 0.10 million**, representing approximately **15%** of total aid granted. The aid was granted according to the scheme to **211** eligible beneficiaries comprising 79 micro-enterprises, 85 small enterprises, 35 medium enterprises (and 12 large enterprises).

Compared to 2012, aid granted in 2013 under this scheme to promote employment decreased by **EUR 0.24 million.**

The goal of the aid in the scheme at issue was primarily to support SMEs, and to promote employment in accordance with Act no. 5/2004 Coll. on employment services and amending certain acts as amended (the "Employment Services Act"), in particular helping to create and sustain new jobs with an emphasis on jobseekers disadvantaged in the labor market and job seekers – people with disabilities in Žilina, Košice and Nitra Regions.

Tab. no. 3.24: Scheme of State Aid for the Support of Employment (X 754/2009)

Employment Aid	**Total aid for employment**				**0,66 mil. Eur**	**%**
	from this	Central Labour Office authority			0,66 mil. Eur	100%
		Ministry of Labour, Social Affairs and Family SR/ SORO			0 mil. Eur	0%
Measure of the State Aid Scheme for Support of Employment (X 754/2009)	**According to type of enterprise**			**Number of recipients**	**0,66 mil. Eur**	**Share in %**
	from this	SMEs	Micro enterprises	79	0,39 mil. Eur	59.09 %
			Small enterprises	85	0,14 mil. Eur	21.21 %
			Medium enterprises	35	0,10 mil. Eur	15.15 %
		Large enterprises		*12*	*0,03 mil. Eur*	*4.55 %*
	According to NUTS II		**According to NUTS III**		**0,66 mil. Eur**	**Share in %**
	from this	**Bratislava Region**	Bratislava Region		0,05 mil. Eur	7.58 %
		West Slovakia	Trnava Region		0,09 mil. Eur	13.64 %
			Trenčín Region		0,11 mil. Eur	16.66 %
			Nitra Region		0,00 mil. Eur	0 %
		Central Slovakia	Žilina Region		0,17 mil. Eur	25.75 %
			Banská Bystrica Region		0,08 mil. Eur	12.12 %
		East Slovakia	Prešov Region		0,11 mil. Eur	16.67 %
			Košice Region		0,05 mil. Eur	7.58 %
Form of aid	non-recurring financial contribution (ESF + state budget)					

Source: MLSAF SR

Provided training aid

In 2013, state aid to support education could be provided in accordance with EC legislation:

- for state aid pursuant to Commission Regulation (EC) No. 800/2008 (General Block Exemption Regulation) as part of the measure – <u>Scheme of State Aid to Support Training (X 530/2009);</u>

In 2013 state aid to promote education within the measure (scheme) was provided solely from the state budget under active labor market measures for the LSAF Center under Paragraph 47 of the Employment Services Act, the aid granted under the scheme in accordance with Article 38 (2) "aid for general training" in a total volume of **EUR 1.10 million**. The aid was granted under this scheme to **2** eligible beneficiaries, one of them a medium enterprise (*and one large enterprise*);

- for state aid pursuant to Commission Regulation (EC) No. 800/2008 (General Block Exemption Regulation) and in the <u>State Aid Scheme to Promote the Education and Adaptability of Employees (X 531/2009);</u>

In 2013 SR MLSAF provided aid to promote education within the measure (scheme) under demand-driven SORO/Social Implementing Agency project in a total volume of **EUR 3.23 million**, of which aid was granted in the amount of **EUR 0.48 million** from the state budget, representing **15.00%** of the total volume of aid granted. In 2013, aid was granted under this scheme to **82** eligible beneficiaries in the form of the reimbursement of eligible expenses for approved activities on the basis of the requests for payment. Aid for education support provided throughout the SR MLSAF totaled **EUR 4.33 million**, of which **EUR 0.48 million** was from the state budget, the aid granted to **84** eligible beneficiaries, representing about **62.94%** of total aid granted by SR MLSAF.

Tab. no. 3.25: State Aid Scheme for Support of Training and Adaptability of Workers (X 531/2009)

Training Aid	**Total aid for training**				**4,33 mil. Eur**	**%**
	from this	Central Labour Office authority (pursuant to the Act no. 5/2004 Coll.)			1,10 mil. Eur	25,4 %
		MLSAF SR	SORO		3,23 mil. Eur	74,6 %
Form of aid	recurring financial contribution					
Central Labour Office authority	**According to type of enterprise**			**Number of recipients**	**1,10 mil. Eur**	**Share in %**
	from this	SMEs	Micro enterprises	0	0,00 mil. Eur	0 %
			Small enterprises	0	0,00 mil. Eur	0 %
			Medium enterprises	1	0,01 mil. Eur	0,9 %
		Large enterprises		1	1,09 mil. Eur	99,1 %
	According to NUTS II		**According to NUTS III**		**1,10 mil. Eur**	**Share in %**
	from this	**Bratislava Region**	Bratislava Region		1,09 mil. Eur	99,1 %
		West Slovakia	Trnava Region		0,00 mil. Eur	0 %
			Trenčín Region		0,00 mil. Eur	0 %
			Nitra Region		0,00 mil. Eur	0 %
		Central Slovakia	Žilina Region		0,01 mil. Eur	0,9 %
			Banská Bystrica Region		0,00 mil. Eur	0 %
		East Slovakia	Prešov Region		0,00 mil. Eur	0 %
			Košice Region		0,00 mil. Eur	0 %
MLSAF SR SORO	**According to type of enterprise**			**Number of recipients**	**3,23 mil. Eur**	**Share in %**
	from this	SMEs	Micro enterprises	0	0,00 mil. Eur	0,00 %
			Small enterprises	10	1,81 mil. Eur	56,04 %
			Medium enterprises	35	1,23 mil. Eur	38,08 %
		Large enterprises		37	0,19 mil. Eur	5,88 %
	According to NUTS II		**According to NUTS III**		**3,23 mil. Eur**	**Share in %**
	from this	**Bratislava Region**	Bratislava Region		0,14 mil. Eur	4,33 %
		West Slovakia	Trnava Region		0,23 mil. Eur	7,12 %
			Trenčín Region		0,44 mil. Eur	13,62 %
			Nitra Region		0,09 mil. Eur	2,79 %
		Central Slovakia	Žilina Region		0,04 mil. Eur	1,24 %
			Banská Bystrica Region		0,22 mil. Eur	6,81 %
		East Slovakia	Prešov Region		0,85 mil. Eur	26,32 %

			Košice Region	0,50 mil. Eur	15,48 %
		West, Central and East Slovakia*	Trnava Region, Trenčín Region, Nitra Region, Žilina Region Banská Bystrica Region, Prešov Region a Košice Region	0,72 mil. Eur	22,29 %
Form of aid	non-recurring financial contribution (ESF + state budget)				

Source: MLSAF SR

In 2013 there was a decline in state aid granted to promote education by **83.24%** compared to 2012, which was mainly due to the completion of the implementation of projects that had been contracted in the scheme to promote the education and adaptability of employees (X 531/2009). Overall, under that state aid scheme 253 projects were contracted. At the end of 2013 there was an implementation of 76 projects. In 2013, there was no recipient of state aid under Article 38 (1) "aid for specific education."

State aid granted to foreign investors

The provider of regional investment aid in for the form of a contribution for the creation of new jobs is the Ministry of Labour, Social Affairs and Family of the Slovak Republic through the LSAF Central Office under Paragraph 2, Section 4, Letter d) of Act No. 561/2007 Coll. on Investment Incentives and on the amendment of certain acts as amended (hereinafter "Investment Aid Act"). The regional investment aid to an investor is granted from the state budget on the basis of contracts concluded with the Center in accordance with Paragraph 2, Section 2 of the Act on Investment Aid and was granted for job creation and the training of staff for investors. In 2013 regional investment aid to investors was granted in a total volume of **EUR 1.89 million**, the investment aid granted to **6** eligible investors from Belgium, the Netherlands, the Republic of Korea, Italy and the USA. Of the total granted regional investment aid to investors there was granted investment aid in the form of:

- employment subsidy at **EUR 1.86 million** for **97** posts retained one year and **432** posts retained 2 years
- subsidy for the education of employees in the amount of **EUR 0.03 million** for **1** investor.

Compared to 2012, the investment aid in 2013 granted to investors in employment and education decreased by **EUR 2.96 million**, representing a decrease of approximately **61.03%.** In accordance with Paragraph 53d of Act No. 5/2004 Coll. on employment services and amending certain acts as amended, and the Investment Incentives Act in the first and second quarter of 2013 there were approved **4** new investment plans, under which the creation of at least **930** new jobs would be provided. In the first and second quarter of 2013 there were approved also **7** investment objectives, which received regional investment aid in a form other than a subsidy for new jobs. The following investment projects promoted and maintained regional employment, thus they created or maintained at least **1,399** jobs in disadvantaged regions.

Tab. no. 3.26: The amount of provided regional investment aid for investors in 2013

	NUTS II	**NUTS III**	**Number of investors**	**Amount** (in mil. of Eur)	**Amount** (share in %)
from this	Bratislava Region	Bratislava Region	1	0,00	0,00
	West Slovakia	Trnava Region	1	1,06	56,09
		Nitra Region	1	0,01	0,53

	Central Slovakia	Banská Bystrica Region	2	0,30	15,87
	East Slovakia	Košice Region	1	0,53	28,04
TOTAL	**4**	**5**	**6**	**1,89**	**100,00**

Source: MLSAF SR

Tab no. 3.27: Allocation of provided investment aid granted under § 53d of the Act on Employment Services by size categories of enterprises

Investor	**Location**	**Size category of enterprise**	**Regional aid Scheme**	**Allowance to the newly created job** (in mil. of Eur)	**Allowance to the training of employees** (in mil. Eur)
Constellium Extrusions Levice, s.r.o.	Levice	Medium enterprise	N 659/2006	0,011	0,00
Embraco Slovakia,s. r. o.	Spišská Nová Ves	Large enterprise	XR 84/2008	0,530	0,00
Johnson Controls Lučenec, s.r.o.	Lučenec	Large enterprise	N 659/2006	0,00	0,034
LVD S3, a.s.	Tornaľa	Medium enterprise	XR 84/2008	0,272	0,00
ON Semiconductor Slovakia, s.r.o.	Bratislava	Small enterprise	N 659/2006	0,008	0,00
Samsung Display Slovakia, s.r.o.	Trnava	Large enterprise	N 897/2006 (AH)	1,049	0,00

Source: MLSAF SR

Effectiveness of the aid granted

In 2013 providing assistance was subject only to the slow recovery of the Slovak economy and our major trading partners concerning the economic crisis and the problems in the euro area, which had only a minor impact on employment and the rate of reduction (rather maintain) in the registered unemployment rate and the number of registered unemployed. In 2013 state aid for employment was carried out in the framework of active labor market measures (ALMM) in accordance with the Act on Employment Services. In 2013 state aid was affected by the amendment (Act No. 96/2013 Coll., amending the Employment Services Act), which entered into force on 1 May 2013. The key change introduced by the amendment was the abolition of the then legal eligibility for the majority of the contributions to create and maintain jobs with employers within the ALMM instruments and to strengthen the regional aspect when deciding on the provision of subsidies by strengthening the power of the committees regarding employment issues, set up for each LSAF office. Providing subsidies, in particular to promote employment and retain jobs became even more effective precisely because of the better targeting of aid, taking into account regional aspects. The relevant ALMM in which the aid was granted (except for de minimis state aid, which constitutes a substantial and significant part of a subsidy for the creation or maintenance of jobs provided under the Employment Services Act, but that is not the subject of this review) were implemented in 2013 through the National Center for LSAF projects and through regional investment aid. Provided aid for the education of workers from the Social Implementing Agency through general education in particular helped increase staff qualifications, increase their professional skills and thus increase the professionalism of staff performance and the development of human capacities. At the same time it thus supported the retention on the labor market for these people, along with the facilitated access to the labor market in the future. **State aid for employment support helped mainly in the development of new jobs and the maintaining of existing ones, with an emphasis and focus in particular on the long-term unemployed, young people under 29 and people with disabilities**, which are the largest, and in terms of troublesome the most important groups of citizens unfavored in the labor market. Therefore, the greatest contribution of the provided aid is to promote employment and create new jobs for groups of jobseekers with a disability that prevents them from working, and the necessity of restoring their work habits and skills.

3.8 Recommendations

- Reorient the educational system to a system that encourages young people to take over more responsibility for themselves and economic fulfillment.

- Support the development of entrepreneurial thinking, entrepreneurial culture and entrepreneurial skills at all levels of education, and the need to combine a formal approach (modification of existing curricula) and informal approach of close contact with business practice.

- Tightening of accreditation of higher education institutions, which will enable the enhancement of quality education concerning labor market needs.

- Increase investment in education through specific programs for SMEs and their advisers in support structures and organizations representing the interests of SMEs.

- Better alignment of the education system of secondary vocational education with the needs of SMEs and the creation of cooperative links of practice and educational institutions to reduce the structural weaknesses of the labor market (e.g. support dual education)

- Develop an incentive system for investments in education, increased support for schools and for the graduates whom there is demand on the labor market for.

- Significant changes in the education system and access to a partnership involving the private sector, public administration, educational institutions and scientific research centers.

- Questions of education and training of future generations of entrepreneurs must create a system of lifelong learning. In the school system it is necessary to provide the basis for changing the philosophy of transition from an employee to employer company. Educate graduates of secondary schools and universities prepared for self-employment by increasing knowledge in the field of business economics, financial markets, law and information science and communication. It is important that future employees dominate the modern world of technology, methods/techniques and demonstrate the flexibility to use and enhance concerning global competitiveness. A good solution would be for example, the inclusion of business in the curricula of colleges and universities with a pedagogical focus, which should ensure the transfer of knowledge about entrepreneurship also in the lower levels of the education system.

- Recommend regional governments and local government entities to include measures under the provisions of the Small Business Act (SBA) in their strategies.

- Adopt the National Strategy for Supporting Corporate Social Responsibility (CSR) in Slovakia and an Action Plan for the application of CSR at the national level to promote the principles of responsibility in business. This will improve the sustainability and competitiveness of the SME sector.

- Following the completed projects continue to raise awareness of CSR among Slovak SMEs through the dissemination of information on this subject and the presenting/valuation of good practice.
- Modify a family business with specific legislative provisions. Since a family business is a specific form of business, it would be appropriate to regulate it in the form of a special law that would regulate asset and labor relations, as well as the eventual succession and intergenerational transfer of business.

- Exploit hitherto organizational base business support and strengthen it so as to ensure the support of family business with all its needs and specificities.

- Develop a methodological instrument – manual for entrepreneurs, which will deal with the accounting-psychological-legal aspects of generational change in family businesses, following the example of the Netherlands we recommend distributing this manual for all operators in a family business over 55 years old.

- Amend the legislation of the inheritance law in the matter of succession in the management of a family business, with the possibility to exercise their ideas and will in the case of death.

- In the field of entrepreneurship, we propose extending the range of persons who may do business based on small trade licensing of the deceased person by other persons within the definition of a family, so that the death of the founder would not cause the extinction of a small trade license ex officio, despite the interest of the family to continue doing business.

- Tax-favored firms supporting educational institutions, research, development and innovation.

- Information campaign aimed at promoting the interests of women in business, raising the awareness of other groups of potential entrepreneurs who previously did not use their full potential (school graduates, immigrants, seniors, people with disabilities...).

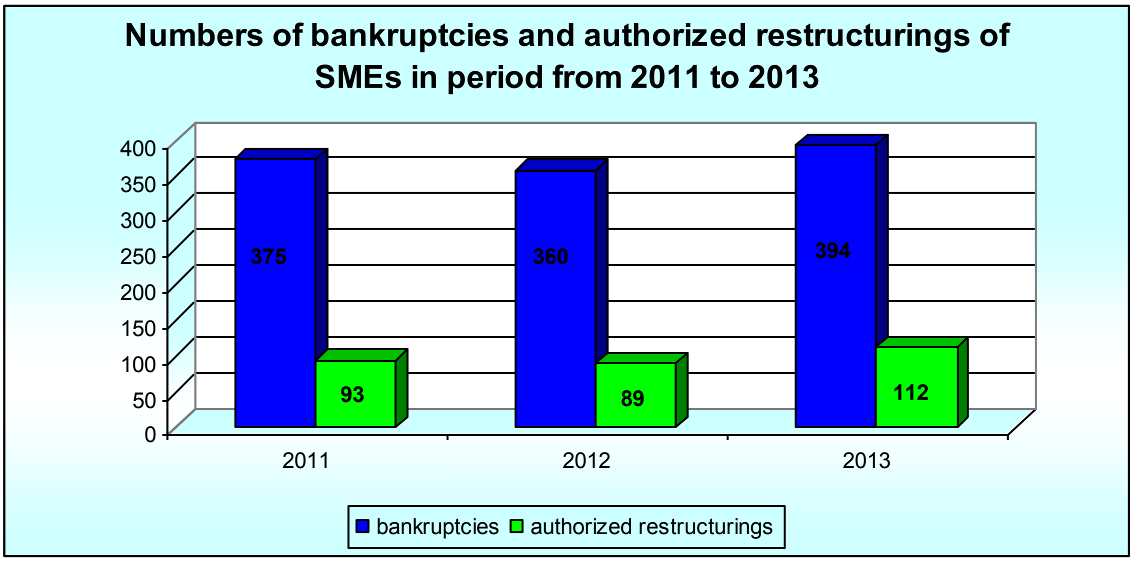
4. Principle 2 Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance

4.1 Development of bankruptcies and restructurings

Based on available data and initial analysis of all available information, it is clear that the structure of declared bankruptcies and authorised restructuring corresponds with the structure of enterprises in terms of size categories, sectors and regions.

In 2013, Slovakia declared 394 bankruptcies. Compared to 2012 it was an increase of 34 bankruptcies, which represents a relative year-on-year increase of 9.44%. Of the total number of bankruptcies nearly 85% were declared in micro-enterprises, with a year-on-year increase by almost 7 p.p. In 2013 in small enterprises declared bankruptcy less than in the previous year by 31.51%. In contrast, in the categories of medium enterprises there was reflected an upward trend in declared bankruptcies compared to 2012 (an increase of 140%), but the increase in 2013 as compared to the level of declared bankruptcy two years ago. In the last three years, the most declared bankruptcies were recorded in the sector of trade and services. In 2013 the most bankruptcies were declared in service, and their frequency grew by 34.31%. On the other hand, the least amount of bankruptcies was declared in agriculture (9 bankruptcies, compared to 2012 a decrease of 40%). As in the previous period, the highest number of bankruptcies was in the Bratislava Region, also in 2013. There were 113 declared. The Žilina Region ended in second place regarding the frequency of declared bankruptcies and the Prešov Region in third. On the other hand, the least declared bankruptcies were in the Trnava Region. When comparing changes year-on-year, the highest growth occurred in the Trenčín Region, where the frequency of bankruptcies increased by 82.61%. The Košice Region has long maintained a stable level of bankruptcies.

Chart No. 11



Source: Prepared by SBA, on the basis of data of CRIF - Slovak Credit Bureau, s.r.o.

Tab. no. 4.1: Development of numbers of declared bankruptcies during the period from 2011 to 2013

Size class	Declared bankruptcies			Rate of increase 2013/2012 (%)
	2011	**2012**	**2013**	
Micro	298	282	332	17.73
Small	66	73	50	-31.51
Medium	11	5	12	140.00
Total	**375**	**360**	**394**	**9.44**
Sector	**Declared bankruptcies**			**Rate of increase 2013/2012 (%)**
	2011	**2012**	**2013**	
Agriculture	15	15	9	-40.00
Industry	82	74	92	24.32
Construction	49	58	50	-13.79
Trade	95	111	106	-4.50
Services	134	102	137	34.31
Total	**375**	**360**	**394**	**9.44**
Region	**Declared bankruptcies**			**Rate of increase 2013/2012 (%)**
	2011	**2012**	**2013**	
Bratislava	90	111	113	1.80
Trnava	34	31	29	-6.45
Trenčín	25	23	42	82.61
Nitra	28	27	38	40.74
Žilina	48	51	49	-3.92
Banská Bystrica	51	36	40	11.11
Prešov	66	45	47	4.44
Košice	33	36	36	0.00
Total	**375**	**360**	**394**	**9.44**

Source: Prepared by SBA, on the basis of data of CRIF - Slovak Credit Bureau, s.r.o.

In 2013, Slovakia allowed 113 restructurings. Compared to 2012, this represents a growth of 24 restructurings, which is a relative year-on-year growth of around 27%. There was a year-on-year increase in the authorised restructuring of all size categories. Almost 55% restructurings were allowed in micro-enterprises. In 2013 there was an authorised restructuring of 37 small businesses (compared to 2012 an increase of 27.59%). The smallest year-on-year increase in authorised restructuring was in the category of medium enterprises (an increase of 8.33%).

In 2013, most restructuring was allowed in industry (36), and their frequency grew year-on-year by 28.57%. On the other hand, the least restructuring was in the agriculture sector (4 authorised restructuring). As in the previous period, the highest number of SME restructuring was recorded in the Bratislava Region for 2013. There were 28 authorised (compared to 2012 a growth of 33.33%). The Prešov Region had the second-most restructurings (19, compared to 2012 a growth of 111.11%). On the other hand, the least restructurings were enabled in the Košice Region, and the region has maintained a stable level of restructurings throughout the period under review. When comparing year-on-year changes in the highest growth occurred in the Nitra Region, where the frequency of restructurings increased by 266.67%.

Tab. no. 4.2: Development of numbers authorised restructuring during the period from 2011 to 2013

Size class	**Authorised restructuring**			**Rate of increase 2013/2012 (%)**
	2011	**2012**	**2013**	
Micro	60	48	62	29.17
Small	23	29	37	27.59
Medium	10	12	13	8.33
Large	0	0	1	
Total	**93**	**89**	**113**	**26.97**
Sector	**Authorised restructuring**			**Rate of increase 2013/2012 (%)**
	2011	**2012**	**2013**	
Agriculture	3	0	4	
Industry	25	28	36	28.57
Construction	15	17	22	29.41
Trade	24	21	25	19.05
Services	26	23	26	13.04
Total	**93**	**89**	**113**	**26.97**
Region	**Authorised restructuring**			**Rate of increase 2013/2012 (%)**
	2011	**2012**	**2013**	
Bratislava	19	21	28	33.33
Trnava	6	15	13	-13.33
Trenčín	9	12	13	8.33
Nitra	9	3	11	266.67
Žilina	7	8	10	25.00
Banská Bystrica	18	14	12	-14.29
Prešov	16	9	19	111.11
Košice	9	7	7	0.00
Total	**93**	**89**	**113**	**26.97**

Source: Prepared by SBA, on the basis of data of CRIF - Slovak Credit Bureau, s.r.o.

4.2 The development of the regulatory environment

Amendment to Bankruptcy and Restructuring (Act No. 7/2005 Coll.)

The aim of the amendment (**Act No. 348/2011 Coll.**) was to streamline the pressure to comply with financial discipline in trade, as well as pressure to address the imminent bankruptcy of the obligor in a timely manner, while not forcing the debtor to initiate insolvency proceedings and leave any initiative fully available to the creditor due to short-term and transitional payment insolvency. The changes, which substantially changed the definition of extension and newly amended the liability of statutories for the breach of the duty to announce bankruptcy, entered into force on 1 January 2013. These include changes in:

- **definition of over indebtedness** - any entity who is required to keep accounts, has more than one creditor, and whose value of liabilities exceeds the value of their assets is considered to be over indebted, taking into account any commitments (regardless of their maturity), as well as the expected future economic results of the company.
- **obligation of the debtor** and their statutory body on the debtor's behalf, a member of the statutory body, liquidator or legal representative to **file a proposal for bankruptcy** within 30 days from when they learned or could have learned about their over indebtedness while maintaining due diligence.
- **the specific liability mode** of capital company statutories in the event of failure to meet the above obligation – such a person will be required to pay the sum equal to the debtor's share capital registered in the corresponding register when the breach occurred, up to a maximum of EUR 10,000 in the case of an s.r.o. company, or EUR 50,000 in the case of an a.s. company in favor of the general merit

The amendment to the Act on Administrators (Act No. 8/2005 Coll.)

According to Act No. **72/2013 Coll.**, administrators determined by the courts during the bankruptcy proceedings or restructuring of companies should no longer have to choose from one general list. List of administrators was divided into the section of restructuring administrators, liquidation administrators for legal entities and liquidators for natural persons. Under the amendment, the random selection during the bankruptcy proceedings against a legal entity will be performed only from among the administrators who are included in the section of liquidators for legal entities. In bankruptcy proceedings against a natural person and in proceedings for debt relief, a random selection will be made only from among the administrators who are included in the section of liquidators for natural persons. There is also a change to the territorial districts, from which an administrator may be appointed. In the case of restructuring proceedings, or if the trustee is determined in the bankruptcy proceedings based on a proposal of the creditors, they may be selected from the district of the appellate bankruptcy court, in which the competent bankruptcy court resides. The above changes came into force on 1 January 2014.

4.3 Recommendations

- Carry out the analysis of resolving the insolvency of enterprises in Slovakia and propose measures that will lead to rapid action associated with the termination of the businesses and settlement of financial and property relations in accordance with the recommendations proposed in the SBA Action Plan to promote “second chance” for entrepreneurs. Limit the time to settle debts for an honest entrepreneur to max. 3 years.

- In the case of insolvency, allow the submission of an initiative to cancel a company regarding one's own company, and ex offo for oneself.

- Remove the long delays in deciding litigations in commercial matters.

- Implement long-term information campaign to eliminate prejudice against bankruptcy, in which the right to a fresh start for honest businesses will be promoted, and bankruptcy will be introduced to the public as the right to fail rather than a lifetime stigma of failure

5. Principle 3 Design rules according to the "think small first" principle

5.1 The development of the regulatory environment

The amendment to the Labor Code (Act No. 311/2001 Coll.)

The amendment to the Labour Code approved on 25 October 2012 through Act **No. 361/2012 Coll. with effect from 1 January 2013** in many ways modifies the relationship of employer and employee, while the focus is primarily on strengthening the position of the employee. The amendment of the Labour Code in particular enacted the following changes:

- **tightening the definition of dependent work** – dependent work is the work performed in relation to the employer's superiority and employee's subordination, personally by the employee for the employer, according to the employer's instruction, on their behalf during the working time designated by the employer, for a wages or remuneration
- employment for a definite period may be concluded only for two years. It may be extended or renewed within two years but maximum twice
- the notice period is at least one month, unless the law provides otherwise. The notice period of the employee to whom notice is given due to reasons stated in Paragraph 63, Section 1, Letter a) or b), or because with respect for their health and according to medical opinion the employee has lost their long term competence to perform the current job for at least two months in the cases when the employment of the employee with the employer lasted at least one year and less than five years on the date of the notice's delivery, and three months if the employment lasted at least five years,
- employer may give notice to an employee only for reasons when the employer or their part is cancelled or moved and the employee does not agree to change the agreed place of work performance. The employer may give a notice to the employee also if they perform work tasks in an unsatisfactory manner and the employer called for the removal of the deficiencies in writing in the last six months and the employee did not remove them within a reasonable time
- reintroduction of overlapping period of notice and severance package
- new amounts of the minimum wage and hourly rate (newly also for work agreement staff)
- changes in working hours, holidays and overtime
- collective rights of employees
- agreements on work performed outside employment and part-time work of students
- participation of representatives of employees on termination of employment
- severance and termination packages
- working time for medical staff
- performance of other earning activity
- pay for overtime and
- agreement on part-time student work.

Amendments to the Act on Income Tax (Act No. 595/2003 Coll.)

The amendment to the Act on Income Tax **(395/2012 Coll.) repealed** the flat tax **from 1 January 2013** and also introduced the progressive income taxation of natural persons with two tax rates:

- 19% of the tax base up to 176.8 times the amount of the applicable minimum subsistence
- 25% of the tax base exceeding 176.8 times the current subsistence level.

The amendment to the income tax also introduced other changes, namely:

Flat expenses – The amendment contains the possibility of applying the 40% flat rate expenses in the maximum amount of EUR 5,040 per year, or EUR 420 per month. The amendment also revokes the option of applying flat rate expenses when leasing property. Taxpayers who receive income from the lease will be able to continue to apply the demonstrable expenditure, either based on the maintained accounting or demonstrable records pursuant to Paragraph 6, Section 11 of the Act on Income Tax.

Tax bonus - Based on the amendment, only the parents with "active income" may use the tax credit for dependent or studying children up to the age of 26 years, i.e. income from dependent activity pursuant to Paragraph 5 of the act on income tax and income from business and other free lancing activity pursuant to Paragraph 6, Sections 1 and 2 of the Act on Income Tax. If the taxpayer reaches other taxable income during the tax period (passive income) specified in Paragraph 6, Sections 3 and 4 to 8 of the Act on Income Tax, the taxpayer shall not be granted the tax bonus.

Extending the deadline for filing tax returns – The amendment limits the possibility to postpone a tax return. An exception may be granted only to taxpayers upon notification to the tax office, if they had income from abroad during the tax period. The obtained deferment may be another three or six months.

Tax security – From 1 January, a special tax rate applicable to secure taxes was introduced, determined by the tax administrator's decision with regard to natural or legal entities, amounting to 9.5% (Paragraph 44, Section 1 of the Act), and also introduced a special tax rate of 19 % applicable to secure the income tax, resulting for a taxpayer with limited tax liability (Paragraph 44, Section 2 of the Act).

Application of non-taxable part of the tax base for the wife/husband – The amendment has tightened the conditions, for a husband/wife living in the same household with the taxpayer will be able to apply this non-taxable part of the tax base if:

- they take care for a child until reaching 3 or 6 years of the child's age and until termination of the right to parental allowance for a child, or
- if they receive allowance for caretaking, or
- if they are registered as a jobseeker.

More significant changes were introduced **from 1 January 2014** by an amendment, published under **no. 463/2013 Coll.,** which, among other changes, introduced the tax license institute, a minimum amount of natural person's income tax and also **reduced the tax rate for legal entities to 22%.**

Tax license of a legal entity - Tax license is the minimum tax, after depreciating the tax relief and after including tax paid abroad that the taxpayer paid for each tax period, for which the tax liability calculated in the tax return is smaller than the amount of the tax license determined for an individual taxpayer, or if the taxpayer showed a tax loss. Tax licenses will be paid for the first time in the tax return in 2015 for the 2014 tax period. The amount of the license is determined as follows:

- ***EUR 480*** – for a taxpayer who on the last day of the tax period is not the payer of value added tax with an annual turnover not exceeding EUR 500,000
- ***EUR 960*** – for a taxpayer who on the last day of the tax period is the payer of value added tax with an annual turnover not exceeding EUR 500,000, in the amount of

- ***EUR 2,880*** – for a taxpayer who during the tax year achieved an annual turnover of more than EUR 500,000

The minimum amount of natural person's tax - according to the amendment the tax shall not be levied and applied if it does not exceed EUR 17 during the tax period, or if the taxpayer's total taxable income for the tax period does not exceed 50% of the applicable minimum subsistence

Deduction of tax loss – according to the amendment, the tax loss may be deducted **evenly over a maximum of four** (formerly seven and without the uniformity conditions) consecutive tax periods, starting with the tax period immediately following the tax period in which the tax loss was recognized.

The amendment also introduces a **withholding tax**, which taxes **35%** of the payment of entities in off shore countries (refers to natural persons who have residence or legal entities that are established in a state, with which the Slovak Republic has not concluded a valid and effective international contract containing a clause on the exchange of information for tax purposes).

The amendment also allows the use of **tax records** for entrepreneurs who have employees, and the original limit of income representing EUR 170,000 was also repealed. At the same time, the record for flat expenses with tax records was united. A person who has rental income will also be able to use the tax records.

At the same time, the legislation regulates the base from which non-cash income is determined in the case of a **motor vehicle usage** by the employee for business and private purposes. The amendment introduces the possibility for natural persons to apply their business expenses for the use of their own personal vehicle not included in the commercial assets in the form of flat expenses up to 50% of the total demonstrated purchase of fuel.

The amendment also changed the principle of debt taxation towards the trading partner (i.e. **the taxation of old liabilities**). From 1 January 2014, the taxpayer will be required to increase the tax base in relation to the number of days that have elapsed since the maturity of the outstanding liability.

The new legislation **unifies the lower limit for payment of tax advances** regarding taxes of natural and legal entities (the limit sum for the payment of quarterly advances for the tax of legal entities is amended to EUR 2,500, for natural persons it is EUR 16,600)

The Act also repeals the **notification obligation** in the case of cash payments with regard to the adoption of law restricting cash payments, as well as the obligation to notify the start and end of not including exchange rate differences arising in the accounts due to unrealized receivables collection or unpaid liabilities.

The act also regulates the area of **financial leasing** in relation to the maintenance of accelerated leasing depreciation.

Amendment of the Act on Value Added Tax (Act No. 222/2004 Coll.)

Significant changes in the Act on VAT were brought by **Act No. 360/2013,** which entered into force on 31 December 2013, or **1 January 2014**. The Act establishes the obligation for taxpayers to submit data on the supply of goods and services in electronic form, entitled the **control statement**. Taxpayers will be required to indicate those data in the control statement which they themselves do not state in other types of reports, such as customs declarations on export of goods to third countries, or summaries for intra-community supplies of goods to other Member States. The amendment also handles the term “incorrect data.” Their indication in the control statement may be penalized with up to EUR 10,000. The **sample of the control statement** for value added tax imposes the measure of the SR Ministry of Finance No.

MF/19057/2013-73 dated 18 November 2013 (Notification No. 403/2013 Coll., FS No. 11/2013), which took effect on 1 January 2014.

Due to the consolidation of public finances, this amendment postponed the efficiency of the measure for taxpayers concerning the **reverse-charge of goods import from third countries** from 1 January 2014 to 1 January 2017.

The law also expands the material scope of existing measures (for example, in the form of changing the obligation to put down a security in the case of people who become taxpayers by law, or change the type of registration, or expand the domestic sector transfer of the tax obligation) and responds to the need of introducing new measures to prevent tax evasions (e.g. the continuation of the period to adjust the depreciable tax for the transferee of investment assets, which is the property, or the introduction of a rebuttable legal presumption to apply a specific adjustment, only if the invoice from another Member State contains verbal information on the sale of goods under the special governance). The Act also contains instruments for **reducing administrative burdens**, such as:

- governing the process when changing the registration from Paragraphs 5 and 6 to 4
- governing the process when cancelling the registration for under Paragraphs 7 and 7a
- removing the obligation to pay tax for certain persons, if the payable tax does not exceed an amount of EUR 5,
- removing the obligation of foreign persons to register for the tax under Paragraph 5 only for the import of goods from a third country.

Amendment to the Act on Tax Administration - Tax Procedure Code (Act No. 563/2009 Coll.)

Act No. 91/2012 Coll. of 29 February 2012 shifted the obligation of delivering submissions to the financial administration through electronic means resulting from Paragraph 14 of the Tax Code to 1 January 2013. This means that the above entities have the obligation to deliver the submissions to the financial administration through electronic means from 1 January 2013.

From 1 January 2014, taxpayers who are identified as value added tax payers under the VAT Act, or their representatives, as well as the representative of the tax entity who is not a taxpayer, and this representative is a lawyer or a tax adviser, whom this taxpayer has granted a power of attorney for representation before the tax administrator, will communicate, i.e. file - deliver all the **submissions** to the tax administrator **only electronically via the electronic registry** or electronic registry of the central public administration portal. For these taxpayers it is associated with the **withdrawal from "old" agreements and the conclusion of the "new" agreements** under the Tax Code. If the new agreement on electronic delivery was not concluded with the tax administrator by 31 December 2013, the taxpayer may not communicate with the tax administrator by electronic means starting from 1 January 2014. If an agreement on electronic communication is concluded after 1 January 2014, the tax entity will communicate electronically with the tax administrator from the date of the agreement's conclusion. These changes result from Paragraph **165b, Section 3** of the Tax Code as amended.

In order to reduce the administrative burden on tax entities in the registration procedure with effect from **1 January 2014, Act No. 435/2013 Coll.** revokes the obligation of tax entities to indicate certain particulars during registration. It also introduced the possibility that the tax administrator can re-bill a payment the tax entity erroneously paid to the account of another tax entity to their account at the request of the tax entity. **From 1 September 2014** the part of the Act introducing the **binding opinion institute** regarding the application of tax regulations will enter into force.

Based on the amendment, the financial management will be able to delete entities from the so-called **risk list of value added tax (VAT) payers,** if the grounds on which they were entered in the list cease to exist and if they violated no legal obligations in twelve consecutive months.

According to the amendment, the tax entity will be required to file an **additional tax return** within a period **to the end of the month** following the findings, correcting the data necessary for value added tax, or if it is found that the tax should be higher than it was levied, or the excessive deduction should be lower, or the claim for tax refund should be lower than recognized by the tax administrator, or if the tax loss is less than that specified in the tax return.

The provision for **the deferral of taxation and tax payment in installments** was adjusted so that the tax entity who fails to comply with installments or does not pay the tax within the period provided by the tax authorities in the decision to postpone the tax payment or allow tax payment in installments, was levied interest on the remaining amount of the unpaid tax from the date of original tax maturity.

Amendment of the Health Insurance Act (Act No. 580/2004 Coll.)

The amendment to the Health Insurance Act (**No. 421/2012 Coll.**) increases the rate for health insurance from 10% to 14% **from 1 January 2013** for **dividend income**. Medical payments of dividends are collected through their deduction from wages. The advance on insurance from dividends will be calculated and levied for the person receiving the dividends by the dividend payer, and it will be payable within two months from the date of the dividend's payment.

The amendment also cancels the concurrence of paying contributions for health insurance from the state and its working insurees. Only a person whose assessment base from an earning activity does not exceed 15 times the subsistence minimum will remain a state insuree.

The amendment to the law also supplements the regulation concerning reporting obligations for the monthly and annual redistribution of premiums, regulates the list of debtors, the procedure for the submission of objections against the statement of arrears, and the method of fulfilling the reporting obligations in relation to the health insurance company.

According to the amended of the Act (**Act No. 338/2013 Coll.**) **with effect from 1 November 2013**, **the status of a self-employed person** for the purposes of social insurance is not assessed depending on the registration with the tax administrator, but on the achievement of income from a self-employment activity. The conditions for the termination of compulsory health insurance and compulsory pension insurance were also amended following this change.

For the purposes of **determining the assessment base** for self-employed persons, the proportion of the tax base attributable to months when they reached income from entrepreneurship is not taken into account anymore within the meaning of the amendment, but all the months of the calendar year from which the income is determined (1/12) are taken into account.

Furthermore, the collection of the sickness benefits concurrently with income achieved in the period of entitlement to the payment of benefits was enabled, unless it is income for work performed during the period of entitlement to sickness benefits.

Within the amendment, failure to pay the premiums on voluntary insurance for a period of two consecutive calendar months will be considered as a declaration of intent to terminate voluntary insurance.

A premium rate was introduced at 0% of the assessment base in the case of an employer paying for an employee, who was a citizen **kept in the register of jobseekers for at least 12 consecutive months** prior to the start of employment and who met other specified conditions pursuant to Paragraph 11, Section 7, Letter v).

According to the amendment of the Act published under No. **463/2013 Coll.,** the specific assessment base for dividend income, which was in force from January 2013, is repealed. From 1 January 2014, levies will be paid from a common tax base along with other income (no more than from 60 times the average monthly salary of an employee in the SR economy from two years ago). The amendment governs the deadline for the payer of dividends to declare the total amount of paid dividends and advance insurance payments, and regulates the amount of the advance payment on insurance of the insuree who has the income from dividends paid by the dividend payer. These changes are effective from **1 January 2014**, and will affect the accounting of insurance premiums for the year 2013. Bond yields, which are part of the tax base from a natural person's income for the 2013 tax period will not be considered an earning activity either for the purposes of annual insurance premium accounting for the year 2013.

Amendments to the Social Insurance Act (Act No. 461/2003 Coll.)

Act No. **252/2012 Coll.** on social insurance, which amends in particular Act. 461/2003 Coll. on social insurance as well as 580/2004 Coll. on health insurance, with effect from 1 January 2013, introduces new contributions for employees working on agreement.

- an employee for the purposes of health insurance, pension insurance and unemployment insurance **is not** a natural person in the legal relationship on the basis of such an agreement or work activities if the beneficiary of an old-age, invalidity or retirement pension (Paragraph 4, Sec. 1)
- an employee for the purposes of health insurance, pension insurance and unemployment insurance **is not**
  a) a natural person in legal relation to the basic agreement on student work
  b) a natural person in legal relation to the basic agreement of such an agreement or work activities if the beneficiary of an old-age pension, disability pension or retirement pension (Paragraph 4, Sec. 1)
- an employee for the purposes of pension insurance **is** also
  a) a natural person in legal relation to the basic agreement on student work except for secondary school students up to 18 years with a monthly income of up to 66 Euros (this amount was amended in 2014 to 68 Euros).
  b) a natural person in legal relation to the basic agreement on such an agreement or work activities if the beneficiary of an old age, invalidity or retirement pension (Paragraph 4, Sec. 2).
- a natural person, who according to the contract for the performance of personal assistance is to perform personal assistance for a natural person with severe health disability is not a freelancer for the purpose of the Act on Social Insurance (Paragraph 5)

Based on the fact that workers-on-agreement will pay levies like regular employees, claims will also arise for them from the compulsory insurance, e.g. health benefits, including the right to income replacement during the first 10 days of sick leave, unemployment benefits, and of course, the benefits of pension insurance and the like.

The amendment also makes changes to the social and health insurance of freelancers. **The amendment changes the assessment base for social security and health insurance.** This change will take place in four transitional periods. The prior assessment basis applies to 30.06.2013. From 01.07.2013 the new definition of the assessment base with a coefficient of 1.9 will apply. From 01.07.2014 will also apply the new definition of the assessment base with a coefficient of 1.6 and a coefficient of 1.486 from 07/01/2015. The new assessment base will be given as a proportion of part of the income tax of natural persons' implemented business and other freelancing, which is not reduced by contributions and the corresponding coefficient according to the period.

The minimum assessment base for freelancing in regards to social insurance and health insurance is increasing from 1.1.2013 to 50% of the average wage (from the original 44.2%) two years ago. At the same time this step also increased the threshold for the formation of mandatory participation in sickness and pension insurance for freelancers to the amount of EUR 4,716 from July 1, 2013 (12 times the minimum contribution). The maximum measurement bases are for all social insurance funds, while health insurance from 1.1.2013 unites and increases up to 5 times the average wage.

Another amendment to social insurance, **Act No. 413/2012 Coll.,** effective from 1 January 2013 determines:

- A new method of determining the probable daily assessment base for calculating sick pay because people working on agreement do not have during the first 90 days a sickness benefit calculated from a base that is higher than their actual earnings. Within a period of 90 days sickness insurance will count only for the period in which the sick insurance premiums were actually paid.
- Establishment of pension insurance for students, allowing re-formation of pension insurance, if they actually paid remuneration is higher than EUR 66 (in 2014 this amount was amended to 68 Euros).
- An exception for students 18 to 26 years in paying contributions on agreement. When there are earnings to EUR 155 the employer pays contributions per student only for guarantee and accident insurance in the amount of 1.05% of the amount earned. This amount will increase each year, depending on the growth of the average wage in the Slovak Republic; for 2014 it was set at EUR 159.

The purpose of **Act No. 338/2013, which is effective from 1 November 2013**, is to particularly reduce the administrative burden on freelancers and voluntarily insured persons, modify the process of Social Insurance recovery and the empowerment of natural persons during periods of child care. Besides that this amendment:

- shortens the periods for which it monitors the payment of sickness insurance for the purposes of sickness benefits for freelancers and voluntarily insured persons from ten to five years
- removes the registration and cancellation obligation for compulsory sickness insurance and compulsory pension insurance for freelancers and introduces the obligation for the Social Insurance Agency to notify the freelancer about the formation of compulsory insurance, as well as the amount of the insurance fee
- introducing automatic termination of voluntary insurance if the voluntarily insured person has not paid premiums for voluntary insurance for two consecutive calendar months

- extending the period for hitherto single premium rates for accident insurance
- provides that statutories with at least 50% participation in the employer's assets will no longer be eligible for a guarantee benefit
- allows the sickness benefit concurrently with income achieved in the period of entitlement to the payment of benefits if there is no income for work performed during the period of entitlement for the payment of the sickness benefit
- introduces a provision whereby premiums for unemployment insurance in the amount of less than EUR 5 do not affect entitlement to unemployment benefits of the voluntarily insured person
- eliminates the possibility of transfer of claims of Social Insurance to another person, other than a legal entity with 100% state-owned assets
- provides that for the payment of the outstanding amount of the claim on the insurance transferred to third parties will be considered as premiums paid for the purpose of entitlement to benefits
- allows the enabling of payments of the amounts due and claims for benefits
- increase the discount rate in the permit payments of the owed premium amounts to three times the annual base rate of the European Central Bank on the date of the authorization of payments of the amounts due (at least 10%).

The status of freelancers for social insurance purposes within the meaning of Act No. 338/2013 Coll. will no longer be determined by reference to registration with the tax authorities, but the produced income. It is the income taxed as income from business or the exercise of any other freelancing (pursuant to Paragraph 6, Sec. 1 and 2 of the Act on Income Tax), in the calendar year crucial to the emergence of compulsory social insurance for freelancing. For the purposes of freelancing status there is maintained the condition of reaching 18 years of age. From the position of freelancers there remain excluded natural persons who perform personal assistance for natural persons with severe disabilities and natural persons who receive income from rental property. For freelancers who operate under a license, compulsory insurance expires after the date on which they are not authorized to perform this activity. For freelancers “without authority”, for example artists or authors, their compulsory insurance expires on the day when they submit an affidavit of work completion to the Social Insurance Agency. The amendment regulating the status of freelancers for the assessment of births and deaths compulsory insurance scheme **effective from 1 January 2014.**

The amendment to social insurance also provides for **the new determination of the assessment base for self-employed persons.** For the period **from 1 July 2014**, it is determined as follows: Partial tax base, not reduced by the premiums paid for mandatory health insurance and premiums for compulsory social insurance for freelancers: coefficient of 1.6/12. In contrast to current legislation, the tax base for the freelancers would not include income unrelated to their activities, for example, premiums paid for voluntary insurance and voluntary contributions to superannuation. The tax base for the purposes of the calculation basis is adjusted for income and expenses in the activities of a personal assistant and revenues and expenses from foreign countries, which are not critical for determining the tax base for self-employed persons. For purposes of determining the tax base for freelancers there will no longer be taken into account the proportion of the tax base attributable to the months when the natural person had the status of a freelancer, but take into account all the months of the calendar year from which the income is determined – i.e. 12.

The amendment also introduces **an exemption from the payment of social and health insurance** for the employer and the employee for the period up to the first 12 months of such employment or civil service with the exception of contributions to accident and guarantee insurance paid by the employer. A person who was prior to recruitment unemployed for a long period, registered in the register of jobseekers at least 12 consecutive months and their gross income as an employee may work in relation to a maximum level of 67% of the average monthly wage in the national economy two years ago. The Social Insurance company must not register insurance claims against an employer who wishes to exercise the levy break regarding social insurance, in terms of health insurance, the relevant health insurance company must not register claims on the insurance against an employer who wishes to exercise the levy break regarding health insurance. The employer may exercise a levy break only if they did not dismiss their former employee due to the employment of such an employee.

MOLSAF Measure No. 328/2013 establishes a new maximum amount of monthly income and a maximum amount of average monthly income from a specified agreement on **students working part-time for 2014**, namely:

a) **EUR 68** for a natural person who has not reached the age of 18 until the end of the calendar month in which they have attained the age of 18.
b) **EUR 159** for a natural person not listed in point a).

Amendment to supplementary pension (Act No. 650/2004 Coll.)

Act No. 318/2013 Coll. with effect from 1 January 2014 introduces significant changes in the third pension pillar. It restores **tax relief** for savers in supplementary pension companies, amounting to proven contributions for a tax period, in total, **no more than EUR 180 per year.** To be eligible for the tax relief it is necessary to meet the terms and conditions for contributions under local contracts concluded after 31 December 2013; a content change must waive the benefit plan, which formed part of the contract. If the taxpayer removes their contributions from the system in the form of early withdrawal after applying a tax advantage, they are obliged to finish paying the sum that they exercised as a tax advantage within three tax periods by increasing the tax base. The act also introduces a decrease in fees for the management of invested funds and cancels the condition of saving in the third pillar at least for 10 years.

The amendment to the act on the use of electronic cash registers (Act No. 289/2008 Coll.)

Businesses are, under **Act No. 361/2013 Coll**., from 1 January 2014 required to submit to the Finance Directorate of the SR technical and software instruments that allow control authorities easier access to data registered on electronic cash registers and allow inspection services to connect to the electronic cash register for access to stored data. The obligation to submit inspection records at the request of the tax office or customs office will not be imposed on an enterprise more than once a month. Entrepreneurs are also required to make the display of the receipt available at each sale spot.

Amendment to prices (Act No. 18/1996 Coll.)

In order to reduce the administrative burden on businesses that sell goods not covered by price regulation, from **Act No. 356/2013 Coll. effective from 1 January 2014** was removed the obligation to keep and retain records of prices, except for those who meet at least two of the following three conditions:

- the total amount of assets exceeds EUR 350,000

- turnover exceeds EUR 700,000 and
- is a business with a staff of more than ten

Act on unfair trade relations activities involving food (Act no. 362/2012 Coll.)

The purpose of this Regulation, which came into force on 1 January 2013, is the adjustment of the relationship between buyers and suppliers of food. The act promotes measures that would prevent customers (most often it is a supermarket chain) from abusing their economic status, creates conditions to improve market surveillance and assessment of the situation in the internal market, as well as conditions to increase the share of high quality Slovak food products on the internal market.

Amendment to the Act on Collective Bargaining (Act no. 416/2013 Coll.)

The purpose of **Act No. 416/2013 Coll.** was the adjustment of terms for extending the binding effect of Higher Level Collective Agreement (HLCA) to other employers in the sector. The condition for the extension of the HLCA will no longer be the consent of the employer on whom the binding effect of the collective agreement should be extended to. A proposal to extend the binding of the HLCA, as well as comments sent by employers will be decided by a tripartite commission. The commission will be appointed and established by MOLSAF and will be comprised of: representatives of ministries, representatives of employers, workers' representatives and a representative of the Statistical Office. The extension of the HLCA binding will exclude certain categories of employers, for example, an employer who has 20 employees and an employer who employs at least 10% of persons with disabilities. The binding effect of the CA will not extend to the employer who has performed business less than 24 months on the effective date of the extension, as well as an employer who was affected by an emergency the consequences of which have lasted till the effective date of the extension, and an employer who is in bankruptcy, liquidation, the recovery mode or receivership. The amendment took effect on 1 January 2014.

Amendment of the Act on Safety and Health at Work (Act No. 124/2006 Coll.)

Act. 154/2013 Coll., effective from 1 July 2013 and amending the Act on OSH may cause some companies to increase their expenditure in relation to the requirement to undergo work assessments for certain groups of workers. For instance, this is staff engaged in activities of revision technicians, scaffolders or persons operating selected construction or farm equipment. These are professions in which medical fitness for the work is a condition for the issue of a certificate or proof of completion of education and training to operate and perform certain activities.

Act No. 154/2013 Coll., amending the act on OSH came into force on 1 January 2014. The basic points of this amendment relates to employees engaged in more risky tasks classified in the third and fourth categories of risk. These employees are entitled to more frequent reconditioning stays in accordance with the amendment. Until now, the employee who continuously performed work included in the third category participated in reconditioning stays every six years, participating in these stays every five years. The claim for the reconditioning stay of an employee who continuously performs work included in the fourth category of risk is reduced from five to four years of service. These changes will have a potentially negative impact on the **growth of spending** by business entities.

Amendment to the act on labor inspection and the amendment of Act No. 82/2005 Coll. on illegal work and illegal employment (Act No. 125/2006 Coll.)

From 1 November 2013, pursuant to Act No. 308/2013 Coll., penalties for illegal employment increased. The penalty for illegal employment of two or more persons at the same time is determined to at least EUR 5,000. Before this date, the employer could have been fined from EUR 2,000 to EUR 200,000 regardless of the number of illegally employed people. At the same time, the lower and upper limit of disciplinary penalty for failure to comply with legal obligations increased from the previous EUR 65- 650 to EUR 100-1,000. The aim of the amendment to the Act is to promote employment secured in labor relations by focusing the inspections in particular on the supervision and guidance in labor relations.

5.2 Programs to support the implementation of "Think Small First"

❖ Ministry of Economy

- **The Better Regulation Agenda, a program for reducing administrative burdens and the Slovak Government's policy to improve the business environment**

One of the main features of the **Policy Proposals of the Government for the Improvement of the Business Environment** in Slovakia in 2011 (SR Government Resolution no. 486/2011) was to increase the quality of the business environment and create optimal conditions through measures to facilitate business, reduce administrative burdens at all stages – registration, business activity, business closure or transfer of business activity to another person. The material contained draft recommendations to reduce administrative burdens and improve the business environment. The aim was also to strengthen and systematically apply the Better Regulation agenda, which should contribute to ensuring the stability of the regulatory environment in Slovakia and improving the process of assessing the impact of legislation relating to the business environment.

Measures resulting from the material were carried out before 31.12.2013 and the deadline for the fulfillment of some was prolonged.

The implementation of various measures relating to the laws that have been subject to measurement of administrative burdens on entrepreneurs should lead to reduced administrative burdens on entrepreneurs by about EUR 109 million.

By 2013, the reduction of administrative burdens reached EUR 79 million, representing more than 70% of administrative burdens measured during the 1st and 2nd phase measurement of administrative burdens in Slovakia and almost 12% of the estimated burdens (EUR 659 mil.) based on this measurement.

In 2013, there was launched **the third phase of reducing administrative burdens, which aims to map the information obligations under all laws, decrees and regulations of the Government.** The role of "mapping information obligations arising from legislation and measuring the administrative costs of these information duties" was approved by Government Resolution no. 153/2013 of 3 April 2013 with the implementation date by 31 December 2013 but on a request for postponement, sent to the Prime Minister, **the date of fulfillment shifted to 31.12.2014.** In 2013 were analyzed over 1,100 legal regulations under which were identified the reporting obligations of businesses. The impact of measuring on the concerned entities, however, will only be reflected after the complete cessation of the third phase, which is planned in 2014. The results of the project should be a package of measures to reduce administrative burdens in Slovakia, which will most likely require a number of legislative changes. Another result is the creation of a database of information obligations, which will follow the continuous development of administrative burdens in Slovakia and access their systematic reduction.

- **Activities for reducing administrative burdens in the OP C&EG**

MoE SR as the managing authority for the Operational Programme Competitiveness and Economic Growth was, on the part of the Central Coordination Authority (Government Office of the SR), granted exceptions from the Management System of the Structural Funds and the Cohesion Fund for the 2007 – 2013 programming period. Based on these exceptions, MoE SR introduced the central authentication system in the approval process of subsidy applications (the mutual exchange of information with the state administration institutions that have relevant data necessary to verify certain conditions for aid provision). This means that the fulfillment of the conditions for subsidy provision are verified directly by the MoE SR (without requiring documentary evidence from the applicants), through the appropriate state institution.

5.3 Recommendations

- Failure of business entities to pay invoices by the due date should in certain cases be classified as a crime, because non-payment of invoices may be liquidating for honest entrepreneurs. Dishonest entrepreneurs use this deficiency in the law to avoid paying invoices.

- Institute of accelerated approval procedure at the NC SR can be used only in exceptional cases, to avoid thus de facto reduced professional consultations of the submitter with professionals from practice and thus ensure that the drafts of laws are well-prepared and evaluated. Consultations during the preparation of legislation should eliminate unsystematic interventions into laws through amendment and supplementation proposals by the Parliament Members. In this context, we recommend altering the legislative rules that shall determine the obligatory public commenting procedure throughout the legislative process (and the parliamentary amendments submitted within negotiations of the NC SR committees, as well as direct negotiations of the NC SR plenum).

- Prepare a draft law on the principles of simplicity, readability, conciseness and clarity.

- Continuous training of persons responsible for the transposition of EU directives, which would be aimed at avoiding so-called “improvement of legislation” (goldplating) and the harmonization of EU terminology and national legislation.

- Stabilize the regulatory framework for business, and regarding this, in particular:
  - define the system of consultation between the administration and the business sector, which can be implemented as part of the application of a uniform methodology for the preparation of standards that are stable and do not require subsequent modifications/repairs;
  - establish a system for assessing the impact of forthcoming legislative and administrative initiatives for SMEs (SME test) when drafting new legislation,
  - analyze the existing regulatory framework and eliminate standards or measures that are outdated and do not provide social benefits (have not met the objective the standard followed in the past).

By applying these measures the costs incurred to SMEs in the form of time spent studying regulatory changes and the necessary professional literature would significantly decrease, along with additional costs of technical support (e.g. accounting software update).

- Prepare a medium-term strategy for the development and promotion of SMEs, which would re-define targets for the development of the SME sector, a framework for the use of support instruments for SMEs, their institutional support and coordination, as well as the adaptation of the legal framework of the business environment in order to remove obstacles to the development of SMEs in Slovakia. The strategy should be based on the principles defined in the document Review of the "Small Business Act" for Europe (COM (2011) 78).
- Prepare an Act on SMEs, which would horizontally address the support for SMEs in Slovakia, as well as the needed adequate institutional framework.

- Reduce the administrative burden, streamline and simplify the procedures for collecting and using the support for SMEs, which are mainly in the programs financed by the Structural Funds excessively lengthy and administratively demanding. To facilitate the refinancing of projects applying advance payments for SMEs. Exclude change in the rules from announcing the call to the completion of the projects.

- Introduce the obligation of the locally relevant department to evaluate the real impact of the adopted legislation with a certain time lapse from their adoption, and make the necessary adjustments in the case of identifying unwanted negative impacts on the business environment.

- Remove all forms of undeclared work, which largely deforms the business environment and the state loses a large part of income. Honest entrepreneurs then simply cannot compete with dishonest entrepreneurs who have cheaper labor costs this way. Illegal work is not only in the case of entrepreneurs and various employment agencies, but also employees where the employer in addition to wages specified in the contract also pays a certain undeclared sum of money without corresponding levies based on an oral agreement.

- Levy VAT only after the invoice payment in order to support honest entrepreneurs. VAT levy before paying the invoice puts entrepreneurs at a disadvantage, and may be liquidating for them in case of a certain amount of unpaid invoices, and may also cause their insolvency. The adoption of measures to tighten legislation for the non-payment of invoices and introduction of VAT payment only after the payment of the invoice would certainly cure the business environment.

- Not delaying the effectiveness of alternative VAT payment options, particularly in the case of reverse-charge (tax is paid through the tax return and not directly when releasing it for the customs procedure)

- Provide support for employment of low-skilled workers in SMEs by reducing the tax burden, improving active labor market policies and focus on youth and long-term unemployed job seekers.

- Improve the financial implementing rules, with the involvement of the business community, so as to reflect the needs of experience in accounting, helping to further reduce costs in accounting.

- Amend any payroll tax laws and other regulations only once a year, as of 1 January b.r.

- Provide for a sufficiently long period between the adoption of the regulation and its entry into force.

- Consider suspending the effectiveness of provisions governing penalties in the amended provisions of the laws so that the changes can be exerted in practice.

- Develop samples for documents and standardized forms, where it has not been done yet (samples of written declarations and affidavits, forms to comply with reporting obligations...).

- Enforce that all taxes and levies are paid to the tax office, which would then split them between the Social Insurance Agency and health insurance companies.

- Tax offices should maintain a unified information system, where all applications, cancellations and statements on employees would be transferred to, in order to avoid double fulfillment of these obligations. Social Insurance Agency and health insurance companies would receive information from this system.

- Suggestion that the obligation to retain the documents selected by insurance payers over 10 years be reduced to half.

- Introduce the obligation of the legal standard's submitter to process simple, concise and easily understandable explanations of the rules and obligations arising from it along with the proposal.

- Based on the analysis regarding the introduction of the institute for preliminary binding opinion for the institutions and selected laws negotiated by the SR Government on 29 June 2011, ensure that the responsible department (creator of the legal standard) is required to give a binding interpretation of the legal standard. The measure is designed to correct the inconsistent interpretation of legislation.

- In the case of small trade licensees, independent farmers and the freelancers receiving pension, we suggest the voluntarization of levy payments for pension insurance, because these are reflected minimally in the total amount of the pension. At the same time, this would motivate these groups of entrepreneurs to further economic activity, which would result in increased tax yields.

- Implement legislative amendments relating to OSH and related legislation into one law, in order to ease the orientation of employers in this area due to the scattered nature. (OSH governance is contained not only in the law but also in 35 other regulations.)

- Take measures to reduce the administrative burden associated with the employment of staff (recruitment, system contributions to funds), and reduce the overall cost of labor by reducing contributions to funds on the basis of a comprehensive and objective analysis of needs and possibilities for further reducing the contribution burden in Slovakia.

- Ensure that the legislative framework (e.g. Health Insurance Act and Employment Services Act) not constitute an obstacle to the flexible working patterns of employed persons (e.g. work-on-agreement, employment through temporary employment agencies)

- We recommend extending the exemption from the extension of the obligation regarding higher class collective agreement or the appendices relating to employers to the whole category of small businesses.

- Remove excessive penalties of the state, municipal, public and other administrative authorities against SMEs in the case of a single failure to fulfill the obligations (e.g. as it was governed by Act No. 392/2011 Coll., on the marketing of defense products and amending certain laws, which amended Act No. 455/1991 Coll. on small business), especially non-monetary. In the case of minor deficiencies, establish the principle that the imposition of sanctions is preceded only by the remedy option by imposing a measure with a binding deadline for removal of the discovered irregularity.

- The supervisory authorities should enforce prevention, especially for smaller entrepreneurs (e.g. impose educational activities as a remedy) in contrast to repression.

- Establish a coordination process among different government agencies during the inspection of an enterprise. More inspection bodies should check the entrepreneur at the same time, thus avoiding multiple inspections of the same facts. The entrepreneur would, in addition save time and an administrative burden meant to reduce costs associated with the performance of inspection activities.

- Inclusion of electronic business control in the market supervision programs of the competent authorities, control and penalization of fraudulent practices in electronic business practices (the persons failing to comply with regulations gain a competitive advantage over honest entrepreneurs).

- In the area of commercial law to actively promote the use of alternative dispute resolution methods, especially mediation and arbitration and raise awareness of enterprises in this area.

- Raise awareness of SMEs through communication campaigns on the necessity of preparation for the planned transfer of enterprises with a considerable time lag. Promote dissemination of information needed for the transfer of enterprises through training and databases in order to increase the number of successful transfers of enterprises.

- Through a legislative amendment, introduce the integration of mandatory "sunset clauses" in the newly received regulatory standards *(possibly by-laws)*, within which the date of expiry of the given legal standard and the re-evaluation method are pre-determined.

- The introduction of rigorous monitoring over the business practices of large companies, including multinationals, particularly in terms of compliance with competition rules and their relationships with smaller suppliers (especially in the food sector)

- Reducing or requiring the lowest statutory tax on the value of collateral for start-ups. Reconsideration and unification of conditions and the method of decision of the tax administration on the amount of security for VAT in the case of risky entrepreneurs.

- Reducing the administrative burden associated with the maintenance of price records for the group of entrepreneurs falling into the category of small and medium-sized enterprises.

6. Principle 4 Make public administrations responsive to SMEs´needs

6.1 The development of the regulatory environment

Amendment to the Act on Commercial Register (Act no. 530/2003 Coll.)

Act No. 9/2013 Coll., effective from 1 February 2013, amending the Commercial Code, governs and defines the conditions for the registration of branch offices or other establishments of a company located in the district of another registry court other than the court where it is established.

On 1 December 2013, **Act No. 357/2013 Coll.**, which also supplements the Commercial Code, came into force. The amendment to the law shortened the registration time in the case of a cross-border merger and cross-border fusion of companies f**rom 30 to 21 days from the submission of the proposal** and explicitly set a time limit for the registration court to inform the applicant by **notifying regarding the refusal of registration, which is determined to 2 working days** after the deadline for registration.

Act No. 547/2011 Coll., amending Act No. 431/2002 Coll. on accounting, as amended, and on amendments to certain acts in Article XVI also amended the Act on the Commercial Register. With reference to SR Government Resolution No. 486/2011 of 6 July 2011, which approved the proposal of the SR Government policy to improve the business environment in Slovakia, the deadline for the registration court to **make an entry in the commercial register** was shortened **from 5 to 2 working days. The provisions come into force on 1 January 2014.**

Act on the Organization of Local Government (Act No. 180/2013 Coll.)

In the so-called first stage of integration of government under the ESO (effective, accountable, open government) were, on 1 January 2013, abolished the specialized local government authorities operating in the territory of the regions. The second stage of integration, with effect from **1 October 2013,** was to create a uniform system of local governments. This unification also includes the abolition of local environmental offices, district offices for road transport and roads, district forest offices, district offices and land cadastre administration, and these were integrated - the transfer of competence to an integrated local state administration body with a new name of the district office that is derived from the name of the territory in which it performs state administration. In terms of the legal form, the district office with an integrated scope is an advance organization of the Slovak Ministry of Interior, while the decision-making power regarding the legal rights of legal entities in public administration is entrusted to the relevant organizational units. The creation of a structure of 72 integrated local state administration bodies will eliminate the current disproportion of several district offices, whose territorial boundaries are defined by several districts, or in another way.

Act on exercising public authority powers via electronic means (Act No. 305/2013 Coll.)

The aim of the so-called **e-Government Act** effective from 1 November 2013 is to establish general rules to process a public authority electronically, including related legal institutions, and thereby enable the implementation of electronic services by public authorities in a uniform manner, without the need for intervention in any specific legislation, which in specific cases provides this power. The essence of the amendment is the codification of the electronic communication as the bearing form of communication with the public authorities and the public power among themselves, in order to facilitate the communication processes, accelerate them, make them more transparent, unite them and to increase the security of this communication. Another important factor in the introduction of completely new institutes (such as conversion of documents, electronic mailboxes) which lacked in the legal environment and are necessary for the proper functioning of electronic processes. The aim here is not to replace existing regulations (particularly for administrative/judicial proceedings), so to speak, but to provide an electronic alternative to the “paper, physical” way of exercising public power, while maintaining control of the power in the details of specific rules.

Amendment on the Act on Administrative Fees (Act No. 145/1995 Coll.)

Act No. 347/2013, effective from 1 December 2013, introduced a new concept of payment of administrative and court fees, which should help to increase the comfort of citizen security, as well as transparency and centralization of the selection of administrative and legal fees. From the point of view of the taxpayer, the options of fee payment are expanding – payment through an integrated service point or accredited payer is being introduced, the availability of places in which fees may be paid is expanding, the responsibilities of the system operator – Slovenská pošta, a.s. are being specified both for the collection and return of charges, and the deadline for cancellation of fee stamps and the termination of their use by taxpayers is shifting (stamps cannot be sold from 1 July 2014 and can be used only until 31 December 2014).

Amendment of the Act on Court Fees (Act No. 71/1992 Coll.)

Act No. 357/2013 Coll., effective from **1 January 2014**, refines the provisions of the Act on Court Fees. The amendment aligns the rate of the court fee during the handling of the entire application for the registration of a company in electronic form through a one-stop shop (OSS) at the rate of court fee for electronic filing in the commercial register implemented through the Public Administration Central Portal (PACP). A lower rate of court fee will therefore be applied in accordance with the amendment when filing the application for electronic registration through UCS.

At the same time, the rate of the court fee for the first registration of the enterprise or organizational branch of a foreign natural person's enterprise in the commercial register has increased.

At the same time, the rate of the court fee for the first registration of the enterprise or organizational branch of a foreign natural person's enterprise in the commercial register has increased from EUR 33 to EUR 165.50, which is uniform with the rate for the first registration of a (Slovak) natural entrepreneur in the commercial register.

Act on the Personal Data Protection (Act No. 122/2013 Coll.)

The new act does not change the original intent of Act No. 428/2002 Coll., consisting in providing the labor protection of individuals with regard to the processing of their personal data, guaranteed by the SR Constitution. The new act came into force **on 1 July 2013** and in addition to remaking several provisions of the previous legislation, it in particular:

- clarifies certain definitions
- removes ambiguity regarding some of the basic provisions that caused the need for frequent clarification in the application practice
- establishes a clearer governance of the operator and intermediary relationship
- redefines the conditions of biometric data processing
- adds the institute of the authorized person
- introduces a new governance of conditions for authorization of the responsible person, within which the responsible person's test of knowledge of generally binding legal regulations on the personal data protection is required,
- provides new rules for conditions of transfer of personal data to third-party countries without adequate/without an adequate level of protection of personal data
- regulates the specific conditions of registration, filing and recording of information systems
- establishes the mandatory imposition of penalties for violations of the law

For those who are required to adhere to the processing of personal data by the Act on the protection of personal data, **the periods prescribed in the transitional provisions are important** (Paragraph 75 et. seq.), in which there is need to streamline the processing of personal data in information systems with the conditions stipulated in the new law, namely:

- ***Within 6 months after the effective date of the new law (i.e. by 31.12.2013)***
    - the operator is required to align with the new law all information systems in which are processed personal data
    - operator and the intermediary are obliged to advise the authorized persons
    - the operator is obliged to re-sign their information system for registration or special registration under the new law

- ***Up to 9 months from the effective date of the new law (i.e. by 31.3.2014)***
    - the operator and the intermediary are obliged to harmonize the measures taken with the new law

- ***Within one year from the effective date of the new law (i.e. by 30.6.2014)***
    - the operator is obliged to put the contractual relationship with an intermediary in line with the new law
    - the operator and the intermediary are required to designate in writing a responsible person and their authority to notify the Slovak Office for Personal Data Protection

The Act on Personal Data Protection was at the beginning of 2014, amended by Act No. 84/2014 effective from 14 April 2014.

Amendment to the Accounting Act (Act No. 431/2002 Coll.)

The Amendment to the Act on Accounting, published under No. **352/2013 Coll.,** introduced from **1 January 2014** the institution of **micro-accounting units.** These units will be able to serve a simplified form of notes compared to conventional entities. A trading company, cooperative, natural person accounting in double-entry bookkeeping and a land community will be able to charge like this. The condition is that for the immediately preceding accounting period two of the following conditions are not exceeded:
1. the total assets did not exceed EUR 350,000
2. the net turnover does not exceed EUR 700,000
3. the average number of employees during the financial year does not exceed ten.

An accounting entity can become a micro-accounting unit and for the accounting period in which it arose, if it chooses to do so. A micro accounting may also be an entity that exceeded two of the above conditions only in one of the two consecutive accounting periods, while in the first of the two accounting periods it was considered to be a micro accounting entity. (Paragraph 4, Sec. 5)

Details of the arrangement, designation and content of the individual financial statement items and the scope of data determined to be published for micro accounting entities from individual financial statements are governed by the **MF SR Measure No.** MF/15464/2013-74 of 11 December, which entered into force on 1 January 2014.

The amendment cancels the obligation for the valuation of securities and derivatives at fair value for micro-entities and mitigates the obligations with accounting for entities that have been established for business purposes. Furthermore, the frequency for the asset inventory is being reduced. Long-term assets will have to be inventoried only once every four years, monetary resources only as of the date which the financial statements are prepared for. The amendment clarifies the fair value measurement for financial sector accounting entities.

From 1 January 2014, accounting entities will publish all the enclosures to the financial statement, as well as the annual report on the website of the **Register of Financial Statements** by the date of filing the tax returns.

Bureaucratic nonsense of 2013

In October 2013 were published the results of the second year of the biggest bureaucratic nonsense of the year, awarded by the Association of Young Entrepreneurs in Slovakia, the National Union of Employers, the National Agency for the Development of Small and Medium Enterprises and the Association of Entrepreneurs of Slovakia. The winner of the poll was the obligation of continuous registration and cancellation of work agreement employees at the health insurance company. Bureaucratic Nonsense is a competition for an “anti-award” for legislative action complicating the life of entrepreneurs. Its aim is to identify legislative measures or bureaucratic obligations that complicate the lives of entrepreneurs the most. The purpose of the competition is to try to remove the “winner” of the competition from legislation and thus help improve the business environment in Slovakia.

6.2 Programs implemented by public authorities to support SMEs

❖ SR Ministry of Interior

The Ministry of Interior is the central state administration body for, among other areas, also general internal administration, the registration of certain legal persons determined by law, small trade and coordination of state administration.

Tab. no. 6.1: Single Contact Point (SCP) activities for the years 2012 and 2013

Type of operation of SCP and the number of subjects	year 2012	year 2013
number of entrepreneurs using the services of SCP - total	194 787	210 543
number of entrepreneurs using the services of SCP - natural persons	163 519	177 703
number of entrepreneurs using the services of SCP - legal entities	31 269	32 837
total number of operations of SCP services for Tax authorities	223 934	241 334
total number of operations of SCP services for health insurance companies	148 713	166 674

- **Activities of individual contact sites in 2013**

Within the exercise of state administration in the area of provided services related to starting the business of Slovak and foreign natural and legal persons in the territory of the Slovak Republic (within the legal framework of the transposed EU legislation), district (small trade) offices in position of individual contact sites (the ICS) perform tasks of a place where it is also possible to get services associated with:
- obtaining a small trade license to do business under the Small Trade Act
- the acquisition of other than a small trade license under other special regulation than the Trade Act
- the filing of the application for registration in the commercial register of all legal entities and natural persons that must be entered in the commercial register
- compliance with the registration and reporting obligations of entrepreneurs to the tax authorities within the legal framework of the Act on Tax Procedure
- compliance with the reporting obligations related to registration in the system of mandatory health insurance towards health insurance companies within the legal framework of the Act on Health Insurance
- the acquisition of information from the Slovak Prosecutor General's Office and Slovak Criminal Record, needed to assess the satisfaction of integrity obligation within the mandatory group of people
- the identification of business entities for the purpose of statistical records in the legal framework of the Act on State Statistics
- compliance with the conditions stipulated by law and other professional competence regarding authorized bodies before obtaining business (trade) licenses
- compliance with the statutory circuit of so-called suspending conditions to be met before the commencement of the business

District (small trade) Office in ICS position also plays the role of:
- a notification site arising from EP and R Directive 2006/123/EC on services in the internal market to the competent authorities of the EU
- place where it is possible and necessary in a defined range to meet the obligations associated with the possibility of cross-border provision in the Slovak Republic by an authorized person

- place for fulfilling tasks and performing rights associated with the operation of the mechanism of the so-called IMI system in the territorial scope of the EU internal market (towards the competent authorities of the Member States of the EU)

From 1 January 2012, it is possible **to use all features of OSS electronically**, and to submit documents (notification) electronically signed by a qualified electronic signature. Part of ICS's electronic services from 1.1.2012 is also the possibility of the electronic payment of administrative and court fees. Administrative fee is not paid for the electronic registration of small trade and the application for an extract from the trade register when using ZEP.

For the year 2012 there was sent via OSS 17,840 electronic submissions and **39,225 electronic submissions in 2013**.

❖ SR Ministry of Economy

- **Establishment of the Business Friendly Slovakia web portal**

In order to improve the business environment in Slovakia, the Slovak Ministry of Economy, together with the Union of Employers launched the **"Business Friendly Slovakia"** (www.businessfriendly.sk) **web portal** on 2 April 2013, which is designed primarily for reporting duplicate information regarding obligations of entrepreneurs. The portal was created in response to the growing administrative burden on business. The portal is aimed in particular to ensure the improvement of the business environment with a view to greater prosperity and job creation. Through the portal, entrepreneurs are allowed to join the public debate on legislation that restricts them, create unnecessary costs or is not feasible, doing so through their comments, suggestions and proposals. The MoE SR refers the suggestions posted on the portal to the central government administration bodies that deal with the legislation concerning different areas arising from suggestions. In its opinion, the relevant government administration body then states whether it is possible to deal with the incentive, or whether it is planning legislative changes in its scope that would partially or fully address the incentive, or state why it is necessary to reject the complaint and not further address it. The MoE SR publishes the comments on the suggestions on the portal. The MoE SR, on the other hand, is directly informed about the regulations that burden business entities and complicate their business activities. On the basis of the suggestions there have been proposed several measures to improve the business environment in Slovakia.

❖ SR Statistical Office

The area of state statistics is the responsibility of the SR Statistical Office, which is a central state administration body. The legal base of SO SR's activities is represented by the NC SR Act No. 540/2001 Coll. on state statistics.

The SO SR in the group of small enterprises (under 20 employees) implements **selective statistical surveys** in which enterprises are assigned to the selection set in accordance with the principle of rotation of the reporting units in the selection unit. It applies **the random selection of rotation**, which in practice means the **annual variation of one third of units**. The frequency inclusion of units in the set of reporting units is influenced by the number of units in the stratification layer, in which the unit is located. The applied method of assigning reporting units to selection surveys, in which there is the annual variation of one-third of the units in layers with a sufficient number of subjects, is not in accordance with the SBA's recommendation not to include micro enterprises (up to 9 employees) in statistical surveys more than once every three years.

Within the new Integrated Statistical Information System (ISIS), the 2014 a new principle will be added to the module of preparing statistical surveys (Preparation), according to which SMEs with sufficient abundance in the respective losses will be selected for statistical surveys maximum once every three years.

- **Repeal of certain statistical surveys**

In connection with efforts to reduce the administrative burden for businesses in relation to statistical surveys **in 2013 there were canceled two types of statistical surveys**. The SO SR acquires the necessary information bases from the data that some public administration bodies already possess. The integration of data from various administrative sources has allowed the cancellation of the annual Year 3-01 survey, whose respondents were natural persons – entrepreneurs not incorporated in the Commercial Register. Cancellation of the 1-04 Forest Prices survey was undertaken after verification of the possibility to use data compiled by the Slovak Ministry of Agriculture and Rural Development. The respondents were also enterprises registered in the Commercial Register, regardless of the number of employees.

❖ SR Government Office

In addition to the tasks related to professional, organizational and technical realization of government activity the SR Government Office is the central government authority for monitoring performance related to the performance of government and controlling the handling of petitions and complaints, monitoring the performance of government resolutions, coordinating the fulfillment of tasks in the informatization of society and coordinating the use of European Union funds.

- **Implementation of Operational Programme Informatization of Society**

The SR Government Office is the Managing Authority for **the Operational Programme Informatization of Society (OPIS).** The operational program is aimed at developing the infrastructure of public administration information systems, state administration and local administration in order to streamline the functioning of public administration and develop eGovernment in accordance with the government-approved National Concept of Public Administration's Informatization. OPIS focuses on the processes and services provided by public administration and the technological application of infrastructure. It is mainly realized through national projects, while the beneficiaries and implementers are in particular state budgetary organizations (e.g. ministries), state budgetary organizations (e.g. repository and fund institutions) and also local governments (municipalities, HTUs). With its focus and results, OPIS also has a **mediated impact on the activities of SMEs**, especially in communication with state and local administration and the use of digital content made available by repository and fund institutions.

To fulfill the tasks in the area of society informatization, administration and operation of electronic communications networks and services, the **National Agency for Network and Electronic Services (NASES)** was established. Its main function and activity is the management, operation and development of the GOVNET government data network and the operation and development of the Central Public Administration Portal (CPAP)'s services as key instruments of public administration's informatization.

NASES is the beneficiary of aid under the OPIS national project **"Electronic services of common CPAP modules and access components".** The first part of the project is to be implemented from May 2010 to April 2014, the second part from November 2012 to July 2014. The target state after the completion of the project is to establish the common modules and access components of the Central Public Administration Portal. The services of these components and modules will be made available to other information systems, providing the basis for the full computerization of public administration agendas. Moreover, by centralizing the functions of the modules and components, other information systems will be relieved from the need of implementing the relevant functions. From the perspective of end users, through the use of common modules and access components it is possible to save costs for administrative fees and also save time that would be spent on offices, and at the same time the quality of public administration services should increase.

Within the meaning of Act No. 305/2013 Coll., **the legal entities were set up an email box in 2013** that enables B2G and G2B communication. Through access to the email box, the LE also receives access to electronic services of public authorities, which contributes to the development and increased interoperability in the EU market.

In 2013 **NASES** began to **implement the following national projects** within OPIS:

- Electronic Services Office of the Slovak Republic - eDemocracy and Open Government *(Project Period: 07/2013 – 10/2015)*
- Information system for registration and payment of administrative and court fees (IS PEP) as part of the comprehensive service E-stamp *(Project Period: 07/2013 - 12/2014)*
- Ensuring project engineering documentation for the project to build a basic broadband infrastructure subsidized by public funds in the "white spots" in Slovakia *(Project Period: 01/2013 - 06/2015)*

6.3 Recommendations

- Reduce the administrative burden on business, eliminate duplication of submission of documents for state administration, simplify and reduce the volume of required reporting, etc.

- In the establishment of any standard, apply the principle according to which public administration bodies, public institutions (Social Insurance Company, etc.) will not require documents, deeds, decisions, etc., from the entities within the administrative or other proceedings, which are issued by another state or public administration authority, public legal institution (Social Insurance Company, etc.). In this respect, support the informatization of state and public administration and the rapid introduction of e-government services in all areas where interaction of the public administration with business entities occurs, thereby eliminating many times repeating requests for information, documents and data from entrepreneurs.

- Improve the transition to electronic communication, implementation of mandatory electronic reports, which is technically handled very poorly (see the issue of tax administration in early 2012, Social Insurance Agency, health insurance companies). The fact that the smallest entrepreneurs may not be able to manage the new technical issues is not taken into consideration (newest PC, network coverage etc.). Therefore, we consider it feasible, if temporarily an alternative option that enables the small businesses or businesses in the regions to submit the reports by mail is allowed.

- Based on the NBA analysis “Weaknesses in the approach to the use of electronic signature and qualified electronic signature” (Document No. 281/2012 / IBEP / OEP-006) to create stimulating conditions for the wide use of electronic signatures by business entities. In this regard, it is necessary to implement Slovak legislation governing the issue of electronic signatures.
- Send the current samples of forms - to reduce the administrative burden on small and medium-sized enterprises it would also be advantageous, if, following the example of the measure taken in the case of the Foreign Exchange Act No. 202/1995 Coll., tax authorities within the electronic communication with the entrepreneur sent the sample of the appropriate tax return form to the entrepreneur in advance and also reminded them of their tax liability in this way.

- Consolidate the functions of the Small Trade and Commercial Register in one institution.

- Systematically address the status of a small trade licensee as a self-employer. Current legislation does not confer any benefits of an employee (self-employee) to small trade licensees and sees them rather as an organization, where the small trade licensee acts only as an owner, disregarding their own work. This particularly concerns the possibility of recognizing the small trade licensee's work as expenditure affecting their income tax base (at least at the minimum wage level) and enable the creation and drawing of the Social Fund for small trade licensees under the same conditions as in the case of an employee.

- Apply a court fee in the amount of EUR 66 for the proposal for registering a change also in the case of first-time registrations, or a complete removal of charges for company establishment could be considered.

- Based on an analysis of the potential use of an extract from the Commercial Register for legal purposes, negotiated by the Government on 7.3.2012, to ensure that the electronic certificate of incorporation was usable for legal purposes.

- We also recommend transferring the builder's responsibility of providing documents for the proceedings in the form of an opinion by the concerned authorities to the building office. Prospectively, it could be considered to establish an information system that would link all relevant authorities in the given area (thus the concerned authorities could then be identified as early as during territorial proceedings) and allow shortening the building proceedings.

- In the Building Act regarding penalties for illegal buildings, specify in which cases of the Building Act's violation the builder will be affected with a financial penalty, and what infringement they will be imposed the removal of the illegal building for. It should be addressed by the law clearly, the current wording allows circumvention of the law in general terms.

- In the context of spatial planning and thereafter within the building authorizations, strictly adhere to industrial zones and residential areas, and within residential areas, zones of houses, high-rise residential buildings, etc., under the threat of penalties by the building office. Such a provision in the law would help to avoid confusion in the Act, allowing to interpret provisions in any way.

- We recommend that the Statistical Office not include micro-enterprises in the survey more than once every three years, except if the needs for statistical and other types of information require otherwise.

- Encourage the preservation of jobs during reduced economic activity (various fiscal advantages for employers)

- We propose "motivating" the courts to speed up the issuance of a decision in the merit, for example by amending Act No. 71/1992 Coll. on court fees, as amended, which should help adopt the following precautions. If, for example, more than three months pass from the payment of the court fee for the proposal to start proceedings until the first date of hearing, the parties will be returned 50% of total premiums paid. Alternatively, we propose to introduce greater opportunities for the ineligible remuneration of judges, depending on the results of the evaluation of their performance (with an emphasis on the quality of decision-making).

- Reassessment of the need for developing a reserve fund (indivisible fund) for companies falling into the category of micro-enterprises.

- Greater protection for the rights of creditors in bankruptcy (e.g. through the possibility of satisfying their debts and loans from shareholders of those companies in bankruptcy)

- Review and increase the threshold to perform the mandatory auditing of financial statements

- In relation to the financial department's newly accepted institute of binding opinion regarding the application of tax regulations under the Tax Code (in force from 1 September 2014), we propose revising the amount of fees for the opinions

- Reduce the time needed for the recognition of professional experience and the recognition of professional qualifications of persons from EU Member States, the EEA or Switzerland in order to obtain a trade license

- Cancellation of the conditions to request consent of the tax administrator with the registration of an s.r.o. company in the CR, or the transfer of the business assets. We suggest that the CR should itself and directly request information from the tax authorities and thus also relieve entrepreneurs from the unnecessary administration.

- The creation of new types of companies with reduced requirements for the creation of basic capital; for example, 1 euro for s.r.o. (so-called 1 euro s.r.o. companies), in the case of a.s. half of the current state (*in relation to the preparation of JAS*)

7. Principle 5 Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use of state aid for SMEs

7.1 Institutions for SME support

7.1.1 Central government bodies and specialized organizations and agencies

SR Ministry of Economy

The key public administration body for policy-making regarding the business environment is under Act No. 575/2001 Coll. on the organization of activities of the government and central government, as amended, the Ministry of Economy of the Slovak Republic ("MoE"). **Under that stated Act, the MoE SR is the central state administration body for,** among other areas defined by in the law, **to support small and medium-sized enterprises, strategy of the business environment and its support**, internal trade, foreign trade and development of foreign trade policy, consumer protection, coordination of the European Union internal market's policy and strategy for the creation and implementation of innovations. **In connection with the implementation of the SBA, the ministry provides coordination activities in relation to the other state administration bodies in Slovakia.** A significant role is played by **the SR MoE agenda concerning better regulation**, which aims to create a healthy regulatory environment and simplify procedures in business. In the 2007 - 2013 programming period **SR MoE is performing the role of Managing Authority for the Operational Programme Competitiveness and Economic Growth** (hereinafter "OP C & EG"), whose various measures are intended to support small and medium-sized enterprises. The role of the Intermediate Body of the OP C&EG is performed by the Slovak Innovation and Energy Agency. The most important activities of the Ministry of Economy concerning Small and Medium Enterprises, financed from the state budget, include **government support programs**, carried out in accordance with Act No. 231/1999 Coll. on state aid, as amended. From 1 July 2011 the Ministry of Economy has been granting subsidies under Act no. 181/2011 Coll. on the provision of subsidies in the Ministry of Economy of the Slovak Republic, inter alia, to promote the development of small and medium-sized enterprises. Under the Act No. 71/2013 Coll. on the provision of subsidies by the Ministry of Economy of the Slovak Republic, with effect from 1 May 2013, the circuit subsidies provided by the MoE SR has expanded to the area of promoting research, development and innovation. The MoE SR performs the support for the export and marketing activities of entrepreneurs through the **financing and implementation of official expositions at exhibitions abroad.** It also provides **support for the development of strategic investments** through Act No. 561/2007 Coll. on investment incentives and on the amendment of certain acts as amended.

Slovak Business Agency

The Slovak Business Agency (hereinafter the "SBA") was established by the joint initiative of the SR Government and the European Union to support the development and growth of small and medium-sized enterprises in the Slovak Republic with state structural, industrial, technical, regional and social policy. **In the SR the SBA represent a key and the oldest, specialized institution for promoting SMEs.** The agency coordinates activities, including at the financial, international, national, regional and local level to support the development of SMEs in Slovakia. The agency, for the needs of the Ministry of Economy of the Slovak Republic, prepares proposals for state policies and strategies relevant to the area of small and medium-sized enterprises, ensuring the implementation of support programs for SMEs, identifying and analyzing barriers to business development and submitting proposals to remove them, providing connections to existing European information networks and banks in business and ensuring the development of the SME sector in particular in the form of information, publicity, education and building relationships with the public. In order to represent and promote the legitimate demands of SMEs at national and European level, the agency's director general has the position of SME Envoy in Slovakia.

The Slovak Agency for Investment and Trade Development (SITDA)

The main mission of the Slovak Agency for Investment and Trade, the supported organization of the MoE, is to **accelerate the development of the Slovak economy by attracting investment, the visibility of Slovakia in international political, economic and social structures, help Slovak entrepreneurs penetrate international markets in accordance with the concept of foreign-SR economic policy and thus contribute significantly to economic growth, job creation, better export performance and competitiveness of the country.** The key tasks of the agency is building a strong image of Slovakia as a country friendly to business, supporting and promoting measures to continuously improve the business environment, the definition of prospective markets and segments with investment potential, the preparation of valuable offers for investors, the systematic creation and cultivation of a network of investors, communication with established investors towards the buildup of investments, as well as building and developing relationships with the academic and corporate research and development community.

Slovak Innovation and Energy Agency

The Slovak Innovation and Energy Agency (hereinafter “SIEA”) is a state-owned institution of the Ministry of Economy. SIEA is an independent professional authority in the development of innovation and energy. The agency acquires, processes and disseminates information on the development of innovation and energy, energy efficiency and the rational use of energy resources. **SIEA also acts as an Intermediate Body under the Managing Authority (MoE) in the implementation of the Operational Programme Competitiveness and Economic Growth.** In this role, SIEA executes the role of state innovation strategy in the Slovak Republic, managing and coordinating international cooperation in activities related to innovation and energy management of foreign assistance and participation of the Slovak Republic in international organizations, provides activities for expert advice, training and promoting the development of innovation and efficient use of energy for households, businesses and the public sector. Based on the Memorandum on Joint Proceedings between MTCRD and the MoE SR dated 28 November 2013, the activities of the Slovak Agency for Tourism as the intermediate body under the Managing Authority for the Operational Programme Competitiveness and Economic Growth and for the Sectorial Operational Programme Industry and Services were discontinued, and the related activities were transferred under the Slovak Innovation and Energy Agency.

SR Ministry of Transport, Construction and Regional Development

The Ministry of Transport, Construction and Regional Development (hereinafter “SR MTCRD”) is the central state administration for, among others, transportation, housing, construction, regional development and tourism. The Ministry of Transport indirectly contributes to the development of the business environment mainly through investments in transport infrastructure. This applies to all business sectors, including SMEs. The construction of infrastructure has a positive impact on the construction industry and follow-up production services and activities. After the completion of transport infrastructure it becomes a factor for the inflow of foreign capital, which has a significant impact on business development in Slovakia. **The SR MTCRD supports small and medium-sized enterprises concentrated in tourism, construction and transport.** Support for business entities operating in the tourism sector was carried out by means of the OP C & EG, Measure 3.1 Support of business activities in tourism. In construction the SR MTCRD supports SMEs through the provision of subsidy aid from the state budget (subsidies for research and development and subsidies for scientific and technical services), which aims to increase the competitiveness of businesses through the implementation of applied research and innovation activities. In the transport sector, the promotion of small and medium-sized enterprises focuses on business activities carried out within the framework of combined transport.

Slovak Tourist Board

The Slovak Tourist Board (hereinafter the "STB") specializes in the marketing and state promotion of tourism in the Slovak Republic. Since the end of 2010, the STB has been a state contributory organization founded by the SR MTCRD. **It performs tourism marketing nationwide** and provides information on tourism in Slovakia and promotes Slovakia as a tourist destination. The Tourist Board contributes to the positive image of Slovakia abroad and supports the creation and marketing of tourism products of the Slovak Republic. STB also serves as an Intermediate Body under the Managing Authority for the OP C&EG 2007 - 2013, which is the Ministry of Economy (end of 2013). The aim of the activities of the STB is the growth of active foreign tourism and domestic tourism in terms of number of visitors, foreign income and other socio-economic and social benefits. In the Slovak Republic, the agency has offices in eight regional sites (Banská Bystrica, Bratislava, Košice, Nitra, Prešov, Trenčín, Ružomberok and High Tatras) and six abroad (the Czech Republic, Hungary, Germany, Poland, and the Russian Federation).

SR Ministry of Finance

The Ministry of Finance (hereinafter the "MoF") as a central government body has within its competencies an important support function in relation to the development of small and medium-sized enterprises, in particular through the implementation of financial and economic instruments in business.

The MoF primarily generates **the financial framework for the promotion of small and medium-sized enterprises in the sector primarily through the Slovenská záručná a rozvojová banka (Slovak Guarantee and Development Bank) and the Export-Import Bank of the Slovak Republic.** Slovenský záručný a rozvojový fond (Slovak Guarantee and Development Fund) established by the Slovenská záručná a rozvojová banka helps carry out the activities of the JEREMIE initiative in Slovakia, thereby improving access for small and medium-sized enterprises. The Ministry of Finance, in accordance with Act no. 231/1999 Coll. on state aid, as amended, **coordinates aid in relation to state aid providers in the Slovak Republic and in relation to the European Union.**

Slovenská záručná a rozvojová banka, a.s.

Slovenská záručná a rozvojová banka, a.s. (hereinafter the "SZRB") is a specialized banking institution, whose founder, owner and sole shareholder is the Slovak Republic represented by the Ministry of Finance. The SZRB was the first bank in Eastern Europe focused on SME support. SZRB began its activities on 1.9.1991. The SZRB mission in particular is to support and develop small and medium-sized enterprises in Slovakia, to find space in the market where commercial banks for various reasons, do not enter, or enter only with a limited amount of resources. To accomplish the mission, the bank, in addition to its loan products also has partnerships with commercial banks and other institutions supporting the target segment. The SZRB provides support to SMEs through the provision of **credit and bank guarantees for loans**. Bank guarantees are provided mainly for entrepreneurs who do not have sufficient security for a loan, or are risky for commercial banks, but there is interest in funding under certain conditions. The basic principle of providing guarantees for loans is based on risk distribution between the SZRB client and the partner enterprise.

Slovenský záručný a rozvojový fond, s. r. o.

Slovenský záručný a rozvojový fond, s. r. o. (hereinafter "SZRF") was established in March 2009 under the JEREMIE initiative in Slovakia as a state institution through which the European Investment Fund ("EIF") undertakes JEREMIE activities. The operations of the company, particularly **venture capital investments and portfolio guarantees for loans to SMEs through the EIF** are executed independently on the basis of individual management contracts, including the contracting of selected financial intermediaries. The SZRF and EIF are shareholders of the SGDF and the participation of the EIF on behalf of the Slovak government will last until 2015.

EXIMBANKA SR

EXIMBANKA SR is a specialized export-oriented financial institution established by Act No. 80/1997 Coll. on the Export-Import Bank of the Slovak Republic. The sole owner of EXIMBANKA SR is the state, which also guarantees its obligations. EXIMBANKA SR is the **only direct financial instrument used by the state in promoting exports.** The mission of EXIMBANKA SR is to support Slovak exports through banking and insurance activities. Its mission is to improve the economic exchange between the Slovak Republic and foreign countries and increase the competitiveness of Slovak producers in foreign markets. The role of EXIMBANKA SR is the promotion of exports maximizing the volume of products with a high value added. This role is emphasized by the fact that at present, the Slovak Republic exports a relatively low share of high-tech products, even when compared, for example, to the Czech Republic and Hungary. It allows Slovak exporters to export to territories with higher risk countries, including major projects with long delays in payment. The Bank also encourages investment abroad, particularly in setting up joint ventures. EXIMBANKA SR offers a full range of financial products related to exports, especially credit insurance, financing and guarantees. On the import side the bank supports the import of technologies that will ultimately allow the export of higher quality production with high value added. The offered products are designed for small, medium and large enterprises and significantly facilitate the application to foreign markets.

SR Ministry of Labour, Social Affairs and Family

The central government authority for employment strategy, coordinating their design and implementation is the Ministry of Labour, Social Affairs and Family (hereinafter "SR MLSAF"). Assistance provided to micro, small and medium-sized enterprises is **part of the SR MLSAF as the Managing Authority for the Operational Programme Employment and Social Inclusion** provided through the National Projects Center for Labour, Social Affairs and Family (LSAF) and through demand – driven projects by intermediary bodies under the Managing Authorities, which are Social Implementation Agency and the Social Development Fund. SR MLSAF promotes entrepreneurs and potential entrepreneurs through active measures on the labor market and promoting the employment of persons with disabilities in accordance with Act No. 5/2004 Coll. on employment services and amending certain acts as amended.

SR Ministry of Agriculture and Rural Development

The Ministry of Agriculture and Rural Development (hereinafter "SR MPRV") is the central state administration mainly for agriculture, forestry, food and rural development. **The SR MPRV manages and directs the provision of support in the area of agriculture, forestry, fisheries, rural development** and regional development from the state budget and implements financial management support provided by European funds. SR MPRV is the body **responsible for the management of the Rural Development Programme 2007 – 2013** (co-financed by the European Agricultural Fund for Rural Development), **the Fisheries Operational Programme 2007-2013** (co-funded by the European Fisheries Fund**), the Bratislava Region Operational Programme and the Slovak Republic - Czech Republic Cross-Border Cooperation Operational Programme 2007 – 2013** (SR MPRV as the intermediate body), financed by the European Regional Development Fund. The Agricultural Paying Agency as the budgetary organization of the Ministry provides administrative activity in providing support for agriculture, food, forestry and fisheries from the state budget in accordance with specific regulations for Agriculture, Rural Development and Fisheries under special regulations. The basic framework for state aid is primary and secondary EU legislation, which was approximated in Slovak law.

Ministry of Education, Science, Research and Sport of the Slovak Republic

The Ministry of Education, Science, Research and Sport of the Slovak Republic (hereinafter "SR MESRS") is the central state administration body for all types of schools and school facilities. From the perspective of SMEs, however, is important the **policy development of science, technology and education.** In the 2007 - 2013 programming period **SR MESRS is fulfilling the role of the Managing Authority for the Research and Development Operational Programme and the Education Operational Programme.** The Intermediate Body for these programs is Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic for EU Structural Funds (ASFEU), in the case of the Education Operational Programme and the Slovak Ministry of Health. From the state budget and in accordance with the Act No. 185/2009 Coll. on incentives for research and development and the amendment of Act No. 595/2003 on income tax, as amended, SR MESRS provides corporate subsidies aimed at encouraging the performance of research and development, the extension of staff capacities in research and development as well as increased investment in research and development. SR MESRS supports the implementation of research and development, also through support programs and calls of the Agency on Support of Research and Development, which are funded through the SR MESRS.

Agency for Support of Research and Development

The Agency for Support of Research and Development was established by the Ministry of Education, Science, Research and Sport of the Slovak Republic through Act No. 172/2005 Coll. on the organization of state aid for research and development and in order to support research and development. **The main objective of the agency is to promote excellent fundamental and applied research and development in all fields of science and technology** carried out by the state sector, higher education sector, business sector and non-profit sector. The support of research and development is carried out through research and development projects, selected by the bodies of the agency in an open competition by the announcing agency. The agency supports individual projects or projects within the agency programs. Another objective of the agency is to stimulate the participation of research and development entities in international and European programs and initiatives, as well as promote bilateral and multilateral cooperation in science and technology, through simple financial support schemes.

Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic for the SR Structural Funds

The Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic for the EU Structural Funds (ASFEU) was established by the Ministry of Education, Science, Research and Sport of the Slovak Republic (SR MESRS) on 1.1.2007. It is a state budgetary organization with a legal personality, which is with a state budget through the SR MESRS. Its main task is to ensure the implementation process from the EU Structural Funds in the 2007 – 2013 programming period. The ASFEU serves as the Intermediate Body under the Managing Authority, i.e. **carries out activities within the scope of the tasks delegated by SR MESRS as the Managing Authority for the Education and Research and Development Operational Programmes. The ASFEU's aim is to ensure a continuous process of the recruitment, evaluation, financial management and monitoring of projects** so that their implementation takes place in accordance with the schedule.

SR Ministry of Justice

The SR Ministry of Justice (hereinafter the "MJ") is the central state administration body for courts and prisons. Within its competencies MJ prepares legislation in the area of constitutional law, criminal law, civil law, commercial law, family law, bankruptcy law and international law. **In relation to the business environment it represents key legislation regulating commercial law, the basic rules that comprise the Commercial Code.** The Commercial Code governs the status of entrepreneurs, competition, the regulation of companies, commercial contractual relationships as well as some other relations connected with business. The Ministry of Justice regulates the conditions of operation for the **Commercial Register,** in which are entered laws providing information concerning business, or other persons designated as such by special law. Part of the Commercial Register is a **collection of papers required by law**, collecting documents put into it by entities registered in the Commercial Register. The Ministry of Justice is also the publisher, manager and operator of the **Business Journal** according to Slovak Government Regulation No. 42/2004 Coll. on the Business Journal. Through the Business Journal there are published mandatory personal data about them and their activities, whose publication is required by the Commercial Code and special laws. The Business Journal is also the most important medium of communication in the process of bankruptcy and restructuring, the liquidation of companies, the dissolution of a company and notices of companies in the Slovak Republic. In addition, the Ministry of Justice performs state supervision over the activities of the Slovak Chamber of Executors, the activities of the Chamber of Notaries of the Slovak Republic, the law provided for the scope of the activities of bailiffs and the activities of notaries. It also provides power to expert activities, translation and interpreting activities and the issuance of the Laws of the Slovak Republic.

SR Ministry of Interior

The most relevant competence of the Ministry of Interior in terms of the business environment and particularly SMEs is represented in the area of **small trade licensee entrepreneurship**. The terms of small trade licensee entrepreneurship in Slovakia is regulated by Act No. 455/1991 Coll. on Trade (the Trade Act). Institutions responsible for the performance of state administration in the area of small trade licensee entrepreneurship are 72 district offices and within their small trade licensee departments. From 1 June 2010 those are also carrying out the role of single contact points (SCPs). Since 1 January 2012, it has been possible to use all SCO features electronically and submitting electronically signed documents (notifications) through a qualified electronic signature, also the possibility of electronic payments of administrative and court fees. **The Small Trade Licensing Act regulates the conditions of establishment and monitors compliance with these conditions.** It thus has a significant impact on the quality of the business environment. The proclaimed objective of the Act is to protect the public interest in business, ensuring the proper exercise of the small trade licensing, business records and protection of the interests of customers, employees and employing entrepreneurs.

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

The Ministry of Foreign Affairs and European Affairs of the Slovak Republic (hereinafter “SR MFAaEA”) is the central state administration body for the foreign policy and relations of the Slovak Republic with other countries and international institutions. The amendment of Act No. 575/2001 Coll. on organization and government activities and the organization of central state administration (i.e. the Act on Competence) and Act No. 403/2010 Coll. and Act No. 287/2012 strengthened the competence of SR MFAaEA in the coordination of the enforcement of **the business and economic interests** of Slovakia abroad and the uniform presentation of Slovakia abroad. In this context SR MFAaEA supports export, inward investment and international development and scientific research cooperation. Through the Slovak diplomatic missions abroad it facilitates networking and a favorable environment especially in attracting foreign partners for SMEs. In the context of multilateral economic diplomacy within international economic organizations MFAaEA closely cooperates and coordinates its activities with many other relevant ministries. The aim of its foreign policy activities in international forums are not just global, or regional/EU priorities, but also (and especially) national priorities: the creation and promotion of preferential conditions for Slovak businesses, industries and economic sectors; building a brand name (Slovakia, Made in Slovakia); export promotion and the like. **The Business Center established by SR MFAaEA** contributes to the greater coherence and more efficient synergy of all participants in economic diplomacy, including intensifying the mutual cooperation between central state administration and businesses. The Business Center publishes information necessary to enforce business plans abroad: economic information about individual territories, current economic news, foreign tenders and calls, information on trade missions and trade fairs. The information is published on the web portal of the SR MFAaEA and since May 2013 through the Weekly Economic News from Abroad electronically distributed directly to business entities and business federations and associations. On the occasion of organizing trade missions and business forums MFAaEA SR distributes a special territorial or thematic issue of economic news.

SR Ministry of Culture

The Ministry of Culture of the Slovak Republic (hereinafter the "Ministry of Culture") is the central state administration body for the state language, heritage protection, cultural heritage, libraries, science, art, copyright and rights related to copyright, educational activities, crafts, presentation of Slovak culture abroad, relations with churches, religious communities, the media and audiovisuals. Within its competence, it manages the activities of Slovak institutes abroad through their cultural events. The Ministry of Culture has created a stable and transparent system of financing cultural and artistic activities through the subsidy system of the Ministry. Support from the subsidy system allows the applicant to be more successful in obtaining funds from programs of the European Commission and the Council of Europe, and also stimulates the preparation and implementation of projects requesting support from EU structural funds. The subsidy system is aimed primarily at non-government entities, including local government and organizations in their founding competence, natural persons (small trade licensees, citizens – owners of cultural monuments and natural persons whose activity is protected under the Copyright Act), legal entities (the owner of the national cultural heritage, a non-profit organization providing community services, foundations, civic associations, non-investment funds, interest associations of legal entities and commercial non-financial entities that are not broadcasters under the Act on Broadcasting and Retransmission), university artistic focus, churches, religious communities and the Slovak Matrix.

SR Ministry of Defense

The SR Ministry of Defense (hereinafter the "SR MoD") is the central state administration of the Slovak Republic in the SR Section of Defense based in Bratislava. It was established by the Act of the Slovak National Council No. 347/1990 Coll. the organization of ministries and other central bodies of the Slovak Republic, as amended, and created on 1 January 1993. The activities of the Ministry are regulated by Act No. 575/2001 Coll. on the organization of government activities and the central government administration. **The Ministry of Defense of the Slovak Republic is the central state administration authority for** the management of Defense of the Slovak Republic, construction, management and control of the Armed Forces of the Slovak Republic, coordination and control activities of state administration bodies, bodies of local self-government and other legal entities in the preparation of the defense of the Slovak Republic, the coordination of defense planning, ensuring the inviolability of Slovak airspace, military air traffic coordination with civil air traffic, military intelligence, civil service. The Modernization and Support Section of the Ministry of Defense (hereinafter "MSSMOD") ensures cooperation with the Association of Safety and Defense Industry (hereinafter "SR ASDI") and other entities of the public and private sector in the field of armaments. Under a cooperation agreement from 2012 there has operated the *Technical Council* - Joint Advisory Body whose task is the formulated objectives of capacity utilization by the Defense Industry for the needs of the Armed Forces and the coordination of actions in defense research, development and production. Each year a conference is organized on the possibilities of cooperation of the Ministry of Defense and security entities and Defense Industry, either at the Ministry of Defense or the SR ASDI. In 2013 the event was devoted to topics such as procurement processes through the NSPA, the armament projects of the Defense Ministry, the possibility of participation of Slovak industrial entities in the supply of technical equipment for the Ministry of Interior, the forms of export support in terms of the Ministry of Foreign Affairs and EXIMBANKA SR, trade legislation concerning industrial defense products.

SR Ministry of Health

The Ministry of Health (hereinafter the “SR MH”) is the central state administration body, among others, particularly for health care, health protection, health insurance and training of health professionals. Within their activities the Ministry of Health also supports SMEs through the Health Operational Programme (the “HOP”) and health subsidies under Act No. 525/2010 Coll. The Ministry of Health is the governing body of the HOP. HOP represents the programming document of the Slovak Republic to receive aid from the European Union (EU) for the health sector in the years 2007 - 2013. HOP follows the objectives and priorities of the National Strategic Reference Framework 2007-2013 (NSRF), as the basic strategic program document of the Slovak Republic in the area of cohesion and regional policy.

7.1.2 Regional centers of business support

Support for small and medium-sized enterprises in the regions of Slovakia is carried out through the activities of regional and local governments and regional development agencies. A role in this area is also played by regional business support centers, which consist of regional consulting and information centers (RCIC), first contact centers (FCC) and the Business Innovation Centre (BIC).

The Regional Advisory and Information Center (RAIC) was based on the partnership of the public and private sector and non-profit institutions **to promote economic development at the regional level through the development of SMEs.** They provide a wide range of information and consultancy services from management, marketing, through tax, accounting and legal services. The major target groups are SMEs, the unemployed, young people and all those interested in starting a business.

RPIC Prešov
The Regional Advisory and Information Centre of Prešov (hereinafter “RAIC Prešov”) was founded in 1993 on the platform of the Association of Legal Entities. Members of the association are currently three commercial companies (LPH a.s., Mliekofarma s.r.o., Stipe s.r.o.) and the city of Prešov. Since its inception the priority of the organization has concerned support for entrepreneurship in all its forms, related to the gradual expansion of services for the relevant target group. RAIC Prešov is also involved in the Slovak Association of Business and Technology Incubators (SABTI), the National Association for the Development of Enterprise (NADE) and is one of the non-Bratislava members of **Enterprise Europe Network (EEN)** consortium.

The mission of RAIC Prešov, through its services and activities, is to support SMEs and create favorable conditions for socio-economic development in the region of Prešov and

Košice. The vision is to build a dominant position for RAIC Prešov in the region as a partner for the innovation and internationalization of business.

The First Contact Center (FCC) was established as an association of legal entities, in which the local government, as well as selected institutions (e.g. RAIC, BIC and SCCI), has representation. **The aim of its founding was to expand the information network for entrepreneurs and those interested in business in more distant or less economically developed regions of Slovakia** (especially eastern and southern), not represented in any organization dedicated to helping SMEs. Besides SMEs, among the FCC's target groups belong potential entrepreneurs, the long-term unemployed, graduates, in addition to regional businesses and local authorities, government authorities.

Business Innovation Centers (BIC) were founded with a focus on innovation. **Their mission is to actively support selected business plans in a region** and provide them with long-term nurturing. Their aim is to focus mainly on companies of an innovative character dealing with new products, services or technologies. Their activities include processing business and marketing plans, loan applications, accounting and provision of services for the implementation of quality systems, technology and patent advice, and so on.

BIC Bratislava

The Business and Innovation Center (hereafter "BIC Bratislava") was established as a spol. s.r.o. in 1991. BIC Bratislava is a company focusing its activity on innovation in SMEs. The main target group of BIC Bratislava's activities are SMEs with a high value added, with active efforts to innovate their products and technologies, with an interest in the use of knowledge resources, whether in other companies, or in scientific research institutions in Slovakia and the EU. In this area BIC Bratislava heads a wide range of services from business consultancy, finance, providing contacts to initializing specific instruments to promote innovation in the regions of Slovakia.

Since 2008 part of the largest network of business support, innovation and research in Europe has been the **Enterprise Europe Network (EEN)**, which in Slovakia is also coordinating and freely offering some of its services. EEN is a Europe-wide initiative to promote the international cooperation of Slovak organizations with foreign partners in commercial, innovation and research areas. One of the project partners in Slovakia is the SBA - more information is also available under subchapter I.3 or at www.enterprise-europe-network.sk.

7.1.3 Interest, professional organizations

Among the most important interest and professional associations and professional organizations in the field of SMEs operating in the territory of the Slovak Republic include: the Entrepreneurs Association of Slovakia; the Slovak Small Trade Licensee Association; the Slovak Chamber of Small Trade Licensees; the Slovak Chamber of Trade and Industry; the Slovak Union of Producer Cooperatives; the Slovak Agricultural and Food Chamber and VTP Žilina.

The above professional organizations **represent the interests of its members, but also provide support to SMEs through consulting, training and through the promotion of the interests of SMEs in public institutions.**

Entrepreneurs Association of Slovakia

The Entrepreneurs Association of Slovakia ("EAS") is the first interest association of private entrepreneurs in the Slovak Republic founded in November 1989. From 1 March 1993, it has been an association member of the European Confederation of Associations of SMEs, based in Brussels. The EAS is also a founding member of the National Union of Employers, an umbrella association of employers. The EAS is a non-profit organization conducting its activities exclusively from members' contributions and the donations of domestic and foreign natural persons and legal entities.

The EAS, in its activities, mainly focuses on the core issues of creating and guaranteeing an adequate business environment. The basic objective is to contribute to building a modern and developed market economy.

Slovak Small Trade Licensee Association

The Slovak Small Trade Licensee Association (hereinafter SSTLA) is an association of professional companies - legal entities established in accordance with Act. 83/1990 on the associations of citizens. On a voluntary basis the SSTLA brings together legal entities – small trade licensee trade company collegia, guilds, associations and clubs, as their activity is in line with the aims of the SSTLA.

Its main activities include **support for the creation and development of all forms of entrepreneurship, especially SMEs**, providing advisory and consulting services to its members and the public, organizing seminars and training publications for small trade licensees. It also cooperates with state authorities in the application of the Small Trade Licensee Act, represents and defends the rights of its members against other entities, is involved in improving legal, economic and social backgrounds, organizes and carries out educational, training, consultancy and publication activities.

Žilina STP

The Žilina Science and Technology Park (the "Žilina STP") is an association of legal entities whose members are: the University of Žilina, the Žilina Region, the City of Žilina, Stredoslovenská energetika, a.s., the Slovak Association of the Electrotechnical Industry, The Small Trade Licensee Community of Žilina and the Union of Industrial Research and Development Organizations.

Žilina STP is an association dedicated to supporting small and medium-sized enterprises and employment in Žilina, enhancing the competitiveness of enterprises focused on innovation in the regional context, the potential enhancement of a research and scientific basis, supporting the action of a technology transfer mechanism, cooperation of the public and private sector in the development process of small and medium business, advisory services and a business incubator for start-ups and harmonize existing legislation in the field of small and medium-sized enterprises.

The Slovak Chamber of Commerce

The Slovak Chamber of Commerce (hereafter "SCC") was established by SNR. 9/1992 Coll. on the Chamber of Commerce, as amended, as a public institution. Chamber members can be legal entities and natural persons carrying on business in economic sectors except for agriculture and food industry. Members may however be other legal entities and natural persons when their focus is related to business activities in economic sectors. Membership starts the day of acceptance as a Chamber member upon written request. The amount of membership fees are approved by the Assembly of Delegates of the SCC.

Slovak Agricultural and Food Chamber

The Slovak Agricultural and Food Chamber (hereinafter "SAFC") was equipped by Act No. 30/1992 Coll. as a non-governmental, public service and local government institution based in Bratislava.

The **mission of the SAFC** is the application of the legitimate common interests of its members in the development of economic and social policy, participation in the implementation and promotion and protection of the business of its members for the development and improvement of agriculture and food industry in the Slovak Republic.

In SR there also operates **a variety of mixed chambers of commerce**, such as the Slovak – German Chamber of Commerce, the American Chamber of Commerce, the Slovak-Austrian Chamber of Commerce, the Slovak-Polish Chamber of Commerce, and the like. Chambers of Commerce provide assistance in establishing and developing business cooperation between Slovak and foreign entrepreneurs. Slovak companies also help in internationalization, the implementation of export and import operations.

A full list of institutions to support SMEs supplemented by exhaustive information on their activities can be found in the publication Support of Small and Medium Enterprises – guide initiatives in 2014, which is available on the website www.sbagency.sk.

7.2 Support programs for SMEs, the evaluation of the procurement process

The total financial aid statement for SBA Principle 5 in 2013 was: EUR 83,404,836.92.

❖ SR Ministry of Economy

- **Supports the development of strategic investment – Incentives**

In Slovak law are conditions for the granting of investment aid governed by Act No. 561/2007 Coll. on investment aid and amendments to certain Acts, as amended (hereinafter the "Act on Investment Aid").

According to Paragraph 4, Sec. 4 on investment aid there is also the minimum amount for the acquisition of long-term tangible assets and long-term intangible assets in industrial production for an investment plan implemented for small enterprises or medium enterprises by half.

Tab. no. 7.1: Conditions for the provision of investment aid

Industrial production	Minimal investment		Share of new technological equipment	Covered by own assets	
	Large enterprise	SME		Large enterprise	SME
Lower than Slovak-wide average	10 mil. Eur	5.0 mil. Eur	60%	5.0 mil. Eur	2.5 mil. Eur
Higher than Slovak-wide average	5 mil. Eur	2.5 mil. Eur	50%	2.5 mil. Eur	1.25 mil. Eur
At least 50% higher than Slovak-wide average	3 mil. Eur	1.5 mil. Eur	40%	1.5 mil. Eur	0.75 mil. Eur

Source: MoE SR

According to Paragraph 2, Sec. 2 of Government Regulation No. 481/2011 Coll., laying down the maximum intensity of investment aid and the amount of investment aid under form of investment aid and unemployment rates in districts by individual SR regions, if an investment project with eligible costs up to EUR 50 million is carried out by a small or medium enterprises, the intensity of investment aid under Appendix 1 can increase for small enterprises by 20% for medium enterprises by 10%.

The amendment on investment aid through Act No. 70/2013 Coll. positively affected the number of supported SMEs. While in 2012 there was no investment aid support or one investment focus on small or medium enterprises, in 2013 the Slovak Government approved investment aid for two investment projects implemented by a small and medium-sized enterprise. The total eligible costs of the investment **plans of the latter were EUR 13,273,000** and the planned amount of new jobs was 124. For these investment plans **were approved investment aid totaling EUR 4,364,000, from which SMEs drew EUR 2.76 million in 2013.**

- **Competitiveness and Economic Growth Operational Programme**

The aim of the OP C&EG is to maintain and develop the competitive and efficient manufacturing potential of industrial production, energy, and the potential of tourism and other selected services in terms of sustainable development, and thus effectively contribute to improving the economic performance of Slovakia as a whole, and reduce the disparities of economic performance in the regions of Slovakia. Attention is paid to promoting activities with a positive impact on employment and innovation development.

By 31.12.2013, based on signed contracts tied on NFC, there was a total of EUR 800.31 million, representing 70.69% of the total allocation to the OP C & EG, and from this amount were drawn EUR 548.84 million, representing 48.48% of the total allocation to the OP C & EG. The total amount of approved aggregate payment applications amounted by 31.12.2013 to EUR 548,842,693.17 (from EU sources EUR 469,736,613.93 and state budget resources EUR 79,106,079.24.

In 2013, from the OP C&EG measure, under which SMEs are supported (other than SMEs also larger enterprises can be supported) through respective state aid schemes and de minimis aid, was a non-repayable financial subsidy in the amount of **EUR 37,238,267.**

Tab. 7.2: Overview of funds drawn from sources of OP C&EG for SMEs in 2013

Measures of the Operational Programme Competitiveness and Economic Growth	Total drawn (EUR)	Drawn by SMEs (EUR)	Share drawn by SMEs (%)
Measure 1.1 Innovation and technology transfers	23 114 177	18 006 475	80%

Measure 1.3 Support of innovation activities in enterprises	3 246 407	2 908 772	93%
Measure 2.1 Increasing energy efficiency both on the side of generation and consumption; and introducing advanced technologies in the energy sector	13 128 227	10 942 364	95%
Measure 3.1 Support of business activities in tourism	5 380 656	5 380 656	100%
TOTAL	**44 869 467**	**37 238 267**	**90%**

Source: MoE SR

Priority Axis 1 - Innovation and Growth of Competitiveness

Priority 1 Innovation and Growth Competitiveness is the foundation of OP C & EG for the field of industry, tourism, and other selected services. Individual areas are included in 3 measures, with Measure 1.1 Innovation and Technology Transfers for reasons of diversity and greater clarity divided into 3 sub-measures.

Support for SMEs in 2013 was implemented under **Measure 1.2 OP C & EG - Support of common services for entrepreneurs**, through the declared written invitation CEG-12NP-1301 for a national project. The goal of the national project, whose beneficiary is the Slovak Environmental Agency, is to increase the awareness of SMEs, aimed at obligations relating to chemical EU and Slovak legislation.

The allocation of funds for the call is EUR 250,000, the total amount of the requested subsidy EUR 235,517.79 Euros. The call was announced on 05.12.2013, completed on 20.12.2013, and by 31.12.2013 was still being assessed.

Priority Axis 3 - Tourism

Priority Axis 3 Tourism is focused specifically on the tourism sector. Under this priority axis are created the conditions for the implementation of demand-driven projects and a national project to support the promotion of Slovak tourism at home and abroad with an indirect focus on SMEs in their presentation in domestic and foreign markets and fostering the image of tourism. In 2013, under this priority axis there was no declared demand-driven call or written invitation. Within the organizational structure of the OP C&EG, the activity of the Slovak Agency for Tourism as an Intermediary Body under the Managing Authority was terminated on **28 November 2013**. The only Intermediary Bodies under the Managing Authority for the Competitiveness and Economic Growth Operational Programme thus became the **Slovak Innovation and Energy Agency**, taking on activities related to the implementation of Priority Axis 3 OP C & EG – Tourism.

On 31.12.2013 the disbursed amount of the contracted funds under Priority Axis 3 Tourism from EU + SR resources was EUR 127.32 million, representing 57.21% of the allocation for Priority Axis 3. **In 2013, EUR 10.57 million were withdrawn** from this amount. The objectives under the OP C&EG priority tourism were to implement **133 projects** by the end of 2013, of which 80 have already been completed. **The same number of projects is dedicated to helping SMEs**. In tourism, the impact of completed projects financed by OP C & EG managed to create a total of **615 new jobs**. Some of the projects are **aimed at supporting SMEs**, so the situation concerning the creation of new jobs is the same within SMEs.

Tab. no. 7.3: Overview of funds drawn from sources of Measure 3.1 of OP C&EG - Support of business activities in tourism as at 31. 12. 2013

Call code for submission of applications for NRG	Indicative allocation of the call (in EUR)	Contacts concluded (number of projects / amount of NRG in EUR)	Number of projects completed (successfully / extraordinarily completed)	Drawing of financial resources as at 31. 12. 2013 in EUR
KaHR-31SP-0801 The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	82 984 797	19 projects / 68 114 881,43	18 / 5	68 002 612,83
KaHR-31SP-0802 The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	40 219 473	6 projects / 19 075 050,86	5 / 3	18 995 945,08
KaHR-31 DM-0902 The scheme to support business activities in tourism (*De minimis* Aid Scheme)	29 988 706	42 projects / 16 802 371,92	38 / 4	16 468 480,17
KaHR-31 SP-1101 The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	36 000 000	49 projects / 35 187 686,13	x	x

Source: MoE SR

Tab. no. 7.4: Overview of paid NRG within the Measure 3.1 of OP C&EG in 2013

Call code	Paid NRG in 2013 (in EUR)
KaHR-31SP-0812	2 080 763,65
KaHR-31DM-0801	0,00
KaHR-31SP-0802	25 411,84
KaHR-31DM-0902	1 947 267,17
KaHR-31DM-0801	0,00
KaHR-31SP-0802	25 411,84
KaHR-31DM-0902	1 947 267,17
Total	**6 026 121,67**

Source: MoE SR

In addition to the above calls, there was the implementation of the project "Support for the Promotion of Slovakia as a Tourist Destination" **under Measure 3.2 Development of Tourism Information Services, Presentation of Regions and Slovakia.**

❖ SR Ministry of Transport, Construction and Regional Development

The Ministry of Transport, Construction and Regional Development (MDVRR SR) is the central state administration body for rails and transport by road, rail and combined transport, roads, inland navigation and ports, maritime shipping, civil aviation, post, telecommunications, public works, building regulations and land use planning in addition to environmental aspects, construction and production of construction products, the creation and implementation of housing policy, the state premium for building savings and state contribution to mortgage loans, tourism, energy performance and the creation and implementation of urban development policies. It also coordinates the preparation of regional development policies and acts as a State Transport Authority and Maritime Authority.

- **Grants to support the development of tourism**

The law on the promotion of tourism has enabled all stakeholders (especially local government, businesses) to pool resources and with the support of the state ensure the implementation of projects that will contribute to increase the interest of tourists on a given destination, thereby supporting the extension of their stay in an area in order to increase their expenditure for local providers only of services, but also goods.

In 2013, Paragraph 29 of Act No. 91/2010 Coll. **supported 30 regional tourism organizations and two regional tourism organizations.** The cumulative amount of subsidies granted in 2013 amounted to **EUR 3,392,800.**

The number of accommodated visitors (tourists) increased by 9.3% in Slovakia in 2013 compared to 2012, and the number of overnight stays increased by 5.3%. The largest increase was recorded in the regions where a larger number of tourism organizations operate, in the Bratislava Region, the Žilina Region, the Prešov Region and the Košice Region. This means that the resources of the subsidy, which supports the main activity of tourism organizations, have a positive impact on the quality of tourism services and thus the satisfaction of visitors to the tourist destination.

- **Contributions to Regional Development Agencies**

Regional Development Agencies (RDAs) are self-interest associations of legal entities established under Act No. 40/1964 Coll. (the Civil Code). According to the act on regional development RDAs can apply annually to the SR MDVRR for a financial contribution by 31 January each year. In terms of the territorial scope of the RRA, the entire territory of Slovakia at the LAU I (district) level is integrated into the RRA network.

The RRA helps to mobilize the economic and social development of regions through the institutional combination of governance, private and non-profit sectors. It operates an information database on the territory within its competence, organizes educational, promotional and other events, creates partnerships at the international, national, regional and local level, prepares and implements projects aimed at promoting regional development in cooperation with partners. It provides information to various entities (business and third sector, public administration) through personal consultation by phone, email or even through educational and promotional activities. The most common topics of consultation are concentrated on the preparation of project plans regarding calls for applications for subsidies from EU funds, information on the possibilities of drawing non-repayable financial sources, rules for project financing, the current call for applications for subsidies or information on the public procurement process.

In 2013 SR MDVRR concluded a contract for the financial contribution to **44 regional development agencies (RDAs),** offering a contribution under Paragraph 14 of Act No. 539/2008 Coll. on regional development. The total amount of financial contribution for all the RRAs was **EUR 813,440**. The condition of the offered financial contribution is for the RRA to provide a minimum of 30% co-financing of the total amount of the financial contribution.

❖ The Slovak Tourist Board

The Slovak Tourist Board (hereinafter the "STB"), which falls within the scope of MDVRR SR, is an organization dedicated to the marketing and state promotion of tourism in Slovakia. It performs tourism marketing at the national level, provides information on tourism in Slovakia, and promotes Slovakia as a tourist destination. The STB contributes to the positive image of Slovakia abroad and supports the creation and marketing of SR tourism products. The aim of the STB marketing activities in 2013 were the growth of inbound and domestic tourism in terms of visitor numbers, income and other socio-economic and social benefits. In 2013 the STB directly and indirectly promoted and supported SMEs in several ways:

- **Participation in exhibitions and tourism fairs**

  SMEs in tourism have favorable conditions to participate in exhibitions and tourism fairs abroad, involving the STB. The STB thus **creates a platform for the presentation of various business activities**, and strengthening the networking and collaboration between entrepreneurs and potential foreign clients. In 2013, the STB participated in 20 exhibitions and tourism fairs in countries such as Germany, Hungary, Poland, the Czech Republic and Great Britain.

- **Advertising campaigns at home and abroad**

  Last year the STB implemented a promotional campaign for the global television channel Eurosport, the internet platform YouTube, Czech and Slovak Radio, the RTVS as well as cinemas in Russia, Hungary and Poland. The STB targeted advertising campaigns promote Slovakia as a tourism destination and indirectly, **SMEs in tourism**. It is motivating travelers to visit Slovakia. Past advertising campaigns have had an impact on an estimated 65 million potential travelers in 60 countries.

- **Infotrip for foreign journalists and tour operators**

  Last year, the Tourist Board organized more than 30 infotrips for foreign journalists and tour operators and thus presented various Slovak regions to them. In 2013 the target regions were Bratislava, the High and Low Tatras, the wine region, Pieniny, Slovenský Raj and great emphasis was also placed on the presentation of the project Košice – 2013 European Capital of Culture. Infotrip is currently regarded as one of the most effective instruments to raise awareness of tourist destinations. The subsequent increase in the number of visitors to Slovakia have had a positive impact on the development of the business environment and higher volume sales for SMEs in tourism.

- **National portal www.slovakia.travel**

  The National Portal for Tourism www.slovakia.travel, which the STB operates in six languages, provides information about activities, events and news in Slovak tourism. Thus, **the STB provides SMEs with a space to inform the general Slovak and foreign public about events that can be visited.** During each online campaign were created specialized microsites where they communicated specific topics concerning ski resorts, water parks, city stays, seasonal offers, a sub-page theme designed for winter and summer campaigns, the campaign the "Water Week" campaign, the Košice – 2013 European Capital of Culture project, and others. Online communication has been carried out through social networks, especially Facebook and YouTube.

❖ SR Ministry of Agriculture and Rural Development

Under Act No. 543/2007 Coll. on the competence of the government in providing support for agriculture and rural development, as amended, the Ministry of Agriculture and Rural Development manages and directs the provision of subsidies in agriculture, food, forestry and fisheries from the state budget and implements financial management support provided by European agricultural funds other than the European Fisheries Fund. All support mechanisms in the agricultural sector are administered by the **Agricultural Paying Agency.**

- **Rural Development Programme 2007 - 2013**
  Under the SR 2007 – 2013 Rural Development Programme (hereinafter referred to as "RDP") small and medium-sized enterprises (hereinafter "SMEs") are eligible under the following measures:

- 123 Adding value to agricultural and forestry products (aid intensity is 50% of eligible expenditure within the regions of Slovakia except Bratislava and 30% in the Bratislava region). Support for SMEs under this measure is defined by setting the final beneficiary of the aid. This is legal entity and natural persons (micro, small and medium-sized enterprises within the meaning of Commission Recommendation 2003/361/EC).
  In 2013 a call was declared within the measure. The deadline for the submission of applications for subsidies (hereinafter "GA") was 2 to 27 December 2013. In 2013, within the context of the measure, 138 subsidy contracts were concluded where the total amount of approved funds amounted to **EUR 6,395,405.**
- 313A Support of activities concerning rural tourism. Under this measure small and medium-sized enterprises are defined as natural persons authorized to conduct business in tourism.
  Within the measure a call was announced in December 2012. The deadline call for submitting the GA was 6 to 17 May 2013. Within the measure in 2013 there were concluded 13 subsidy contracts (under Axis 4 LEADER) where the total amount of approved funds amounted to **EUR 362,218.**
- 311 Diversification into non-agricultural activities. Support for SMEs under this measure is defined by setting the final beneficiary of the aid. This is a legal entity and natural person (micro, small and medium enterprises within the meaning of Commission Recommendation 2003/361/EC).
  Under the measure there were concluded 15 subsidy contracts (under Axis 4 LEADER) where the total amount of approved funds amounted to **EUR 947,979.**

Tab. no. 7.5: Support for SMEs in 2013 from Rural Development Programme of the SR 2007-2013

Measure	Number of SMEs supported in 2013 (with payment of fin. resources in 2013)					Total paid fin. resources from EAFDR SR 07-13 in EUR for SMEs in 2013 (source EU + state budget)
	overall	micro enterprises	small enterprises	medium-sized enterprises	other enterprises	
123 Adding value to agricultural and forestry products	52	13	26	13	0	5 694 011,00
311 Diversification into Non-agricultural Activities	80	0	68	12	0	19 857 347,00

311 through axis 4 Leader Diversification into Non-agricultural Activities	1	0	1	0	0	24 890,00
313A Encouragement of rural tourism	72	**	**	**	**	2 998 124,00
313A through axis 4 Leader Encouragement of rural tourism	9	**	**	**	**	289 793,00
Total**	**214**	***13***	***95***	***25***	***0***	**28 864 165,00**

** at the measure 313A the number of beneficiaries is not monitored according to SME categorizing

Source: MARD SR

- **Operational Programme Fisheries of the SR 2007 – 2013**

Within the framework of Operational Programme Fisheries of the SR 2007 – 2013 (OPF) applicants from the category of micro, small and medium-sized enterprises have the opportunity to draw in particular from the Measure *2.1. Investments in Aquaculture* and *2.2. Investments in Processing and Marketing*. The intensity of the aid depends on the size of the enterprise requesting support, and micro enterprises and small enterprises can be provided a non-repayable financial contribution (NFC) from public resources up to 60% and medium-sized enterprises up to 50% from total eligible costs.

In 2013, in the framework of Measure **2.1. Investments in Aquaculture 5 contracts** were closed. The total volume of financial resources paid for this measure in 2013 amounted to EUR 1,086,265.

In the framework of Measure **2.2 Investments in Processing and Marketing 4 contracts** were closed and total volume of approval financial resources represented **EUR 615,044.**

Tab. no. 7.6: Support for SMEs in 2013 from OP Fisheries of the SR 2007-2013

Measure	**Number of SMEs supported in 2013 (with payment of fin. resources in 2013)**					**Total paid fin. resources from EAFDR SR 07-13 in EUR for SMEs in 2013 (source EU + state budget)**
	overall	**micro enterprises**	**small enterprises**	**medium-sized enterprises**	**other enterprises***	
Measure 2.1 Investments in Aquaculture	10	5	2	3	0	1 086 328,35
Measure 2.2 Investments in Processing and Marketing	3	0	0	3	0	239 447,57
Total	**13**	**5**	**2**	**6**	**0**	**1 325 775,92**

Source: MARD SR

- **State aid offered by MPRV SR in 2013**

In 2013 the Ministry offered state aid under the Rural Development Programme and under specific legislation (e.g. Government Decree No. 319/2011 Coll., on the promotion of entrepreneurship in agriculture and rural development, as amended, and MPRV Decree No. 320/2011 Coll., on the scope, terms and conditions of providing support in forestry and rural development, as amended) totaling **EUR 46.20 million** Eur. Of the total amount of state aid totaling 46.20 million, community funds accounted for 49.74% (EUR 22.98 mil.). The Ministry reduced the amount of funding provided in state aid compared to 2012 by 23.06%. The decrease in funding provided by the Ministry for state aid in 2013 compared to 2012 was mainly because in 2013 it was less likely to have access to EU funds, also linked to a lower requirement for co-financing from the state budget in the form of state aid.

Within the RDP (PRV) there was granted **EUR 28.10 million** (SR SB – EUR 6.61 mil. and from the EU EUR 21.49 million) and under specific legislation EUR **18.10 million** (SR SB EUR 16.61 million and from the EU EUR 1.49 million) was provided.

Tab. no. 7.7: Overview of State aid granted by MARD SR in 2013

Number of the Scheme	Title of the Scheme	The assistance provided (in mil. EUR)	Share in %
Rural Development Programme of the SR 2007-2013			
N 482/2009	State aid scheme for measure 2.1 - Restoring forestry potential and introducing preventation actions (within the measure 5.3.2.2.4 of Rural Development Programme of the SR 2007-2013)	6,91	14,96
X 370/2010	Diversification into Non-agricultural Activities implemented through the axis 4 Leader	0,03	0,06
X 428/2009	State aid scheme to support diversification into Non-agricultural Activities (within the measure 5.3.3.1 of Rural Development Programme of the SR 2007-2013)	19,86	42,99
N 410/2010	State aid scheme to support payments under Natura 2000 system - forest land (within the measure 5.3.2.2.2. of Rural Development Programme of the SR 2007-2013)	0,85	1,84
N 165/2010	State aid scheme to support first aforestation of agricultural land under the measure 5.3.2.2.1 of Rural Development Programme of the SR 2007-2013	0,25	0,54
N 519/2010	State aid scheme for Forest-environmental payments under the measure 5.3.2.2.3 of Rural Development Programme of the SR 2007-2013	0,20	0,43
Other legislation			
N 652/2008	State aid scheme for creation of forestry management plans	2,45	5,30
N 592/2008	State aid scheme for technical assistance and forest management plans	0,02	0,04
N 566/2008	State aid scheme to protect forests in state ownership and leased forests in the Tatra National Park and Pieniny National Park and its buffer zones	0,91	1,97
XA 255/2009	State aid scheme for prevention and eradication of animal diseases	2,79	6,04
SA.34601 (2012/XA)	State aid scheme for securing the participation of farmers at exhibitions under Annex III	0,1	0,22
SA.34588 (2012/XA)	State aid scheme for establishment and management of the herd book and herd record keeping under Annex I	0,38	0,82
SA.34589 (2012/XA)	State aid scheme for utility controls, testing and assessment of breeding value of animals under Annex II	1,18	2,55

SA.34478 (2012/X)	State aid scheme for employment of disadvantaged and severely disadvantaged employees	1,02	2,21
SA.34571 (2012/N)	State aid scheme to support for the forest management	1,26	2,73
SA.35733 (2013/N)	Contribution for the payment of part of excise duties on mineral oils	7,99	17,30
TOTAL		**46,20**	**100,00**

Source: MARD SR

From the total EUR 46.20 million there was offered EUR 1.40 million (3.03%) to large enterprises and the amount of **EUR 44.80 million (96.97%) was granted to micro, small and medium-sized enterprises.** In 2013 state aid in the Agricultural and Rural Development Ministry mainly focused on:

- co-financing of RDP,
- reducing unemployment through employment of disadvantaged and severely disadvantaged workers in primary agricultural production
- improve the genetic quality of farm animals
- risk reduction in primary agricultural production,
- sanitation in animal husbandry
- presentation of agricultural primary products through exhibitions
- increasing the competitiveness of primary agricultural production,
- sustainable forest management,
- nature conversation in NATURA 2000
- diversification of rural activities towards non-agricultural activities and increasing employment in rural areas.

- **National Programme for the promotion of "SK Seal of Quality" agricultural products and foodstuffs**

The National Programme for the Promotion of "SK Seal of Quality" Agricultural Products and Foodstuffs is used to promote the consumption of domestic food production in a highly competitive environment in the EU single market. The priority of the program from the beginning was to promote quality domestic products and enhance their competitiveness in the domestic market. The SK Seal of Quality is usually conferred twice a year as part of the Danubius Gastro (January) and AGROKOMPLEX (August) exhibitions. The target group of the program is Slovak producers, which helps to increase the competitiveness of their products on the market, and consumers who purchase goods bearing an SK Seal of Quality receive a guarantee that it is safe and high quality food and support the development of the national economy. In 2013 the SR MPRV granted the SK Seal of Quality to **53 manufacturers and 257 products**. In 2013 EUR 129,598 were used to promote the SK Seal of Quality.

❖ SR Ministry of Health

The Ministry of Health is the central state administration, among others, particularly for health care, health protection, health insurance and the training of health professionals.

- **Health subsidies under Act No. 525/2010 Coll.**

In 2013 the Ministry of Health provided subsidies to support anti-drug activities. The target group of the subsidies was legal entities or natural persons – entrepreneurs, who have a certificate of competence to carry out research and development or proof of competency to carry out research and development in the health sector. In 2013, 20 subsidies were approved totaling EUR 515,000, **SMEs receiving a subsidy for three projects totaling EUR 99,915.**

❖ SR Government Office

- **Culture of national minorities program**

In 2013 within the 2013 Culture of National Minorities Program (hereinafter "CNM") there were distributed a total of EUR 4.25 million of funding from the state budget for the purpose of the preservation, expression, protection and development of identity and cultural values of national minorities, education and training on the rights of national minorities, interethnic and intercultural dialogue and understanding between the ethnic majority and ethnic minorities and ethnic groups. Besides the target group among other eligible applicants were natural persons authorized to do business with a place of business in the territory of the Slovak Republic or a legal entity authorized to conduct business based in Slovakia.

It is not possible to determine precisely the number of supported SMEs because within the subsidy system there is not specified information about the type of business. In 2013, however, **the CNM subsidy supported 33 projects with 10 natural persons authorized to do business in the total amount of EUR 114,800 and 68 projects with 19 legal entities authorized to conduct business in the total amount of EUR 513,700.**

❖ SR Ministry of Culture

The Ministry of Culture is the central state administration body for the state language, heritage protection, cultural heritage and libraries, science, art, copyright and rights related to copyright, educational activities and crafts, presentation of Slovak culture abroad, relations with churches and religious societies, media and audiovisuals.

- **Grant system of the SR Ministry of Culture**

The SR Ministry of Culture has created a stable and transparent system of financing cultural and artistic activities through the subsidy system of the Ministry. The Ministry of Culture applies Act No. 434/2010 Coll. on subsidies offered by the Ministry of Culture, as amended, and Ministry of Culture Decree No. 503/2010 Coll. on details of the purpose of providing subsidies, application form, project description and the total project budget and other details on application requirements, as amended. Support from the subsidy system allows the applicant to be more successful in obtaining funds from programs of the European Commission and the Council of Europe, and also stimulates the preparation and implementation of projects requesting support from EU structural funds.

In 2013 the Ministry of Culture's subsidy system offered in subsidy form the total sum EUR 2,184,274 supporting a total of 210 SME projects. Entities can be supported through the following eight programs of the Grant System, namely:

1) ***Let's renew our home / National Cemetery in Martin***
   Within this program **34 SMEs** were supported in subsidy form – the owners and managers of cultural monuments and cultural organizers of public events totaling **EUR 209,855.**
2) ***Cultural activities in memorial institutions***

Within this program **2 SMEs** were supported in subsidy form – museums, galleries and libraries totaling **EUR 6,130.**

3) ***2013 European Capital of Culture 2013 – Košice***
   Within this **15 SMEs** were supported in subsidy form – organizers of public cultural events totaling **EUR 209,855.**
4) ***Arts***
   Within this program 87 SMEs were supported in subsidy form – public cultural events organizers and publishers in the total amount of **EUR 1,039,500.**
5) ***For Slovakia***
   Within this program **20 SMEs** were supported in subsidy form – organizers of public cultural events abroad totaling **EUR 98,350.**
6) ***Culture of Disadvantaged Groups***
   In 2013 **no SME** was supported within this program.
7) ***Intangible cultural heritage and educational activities***
   Within this program **8 SMEs** were supported in subsidy form – public cultural events organizers and publishers in the total amount of **EUR 42,000.**
8) ***Culture Vouchers***
   Within this program **44 SMEs** were supported in subsidy form, totaling **EUR 354,939.**

- **Supported activity of Audiovisual Fund**

The Audiovisual Fund was established through Act. No. 516/2008 Coll. on the Audiovisual Fund, as amended, on 1 January 2009. The Audiovisual Fund is a public institution for the promotion and development of audiovisual culture and industry. The Audiovisual Fund provides funding to the creators of Slovak audiovisual works and producers of Slovak audiovisual works, persons regarding the reconstruction and development of technical infrastructure for production and distribution of audiovisual works, implementing public cultural events in the area of audiovisual culture, the dissemination and presentation of audiovisual works. The Fund also provides scholarships to natural persons who are creative or contribute research to the development of audiovisual culture and industry in the Slovak Republic. The support focused on audiovisual works is created from the financial resources of the Fund for the respective calendar year regulating the support structure of the Fund.

SMEs are the largest group of beneficiaries, as almost all business activities related to the creation, production and distribution of audiovisual works or related activities in the audiovision are carried out by SMEs. Large enterprises operate in Slovakia only in television broadcasting and the production of programs intended exclusively for television broadcasting. These entities are not eligible recipients for financial assistance from the Audiovisual Fund because of the conditions of state aid in the audiovisual industry.

In 2013 the Audiovisual Fund offered a total of EUR 5,122,200 in subsidy form and a loan in the amount of EUR 20,000 to a total of 115 SME enterprises.

Subjects were supported through the following programs: Structure of Support Activity for 2013:

1) ***Creation and execution of Slovak audiovisual works***
   Within this program **73 SMEs** were supported in the form of subsidies - producers of Slovak audiovisual works, totaling **EUR 4,458,800.**
2) ***Distribution and other presentation of audiovisual works to the public***
   Within this program **32 SMEs** were supported in subsidy form - distributors of audiovisual works and organizers of public audiovisual cultural events, totaling **EUR 509,900.**

3) ***Research, education and editing of audiovisual culture***
   With this program **5 SMEs** were supported in subsidy form - publishers and organizers of educational and training events, totaling **EUR 36,000.**
4) ***Development of audiovisual technologies in the Slovak Republic***
   Within this program **5 SMEs** were in subsidy or loan form - operators of technical equipment for the screening of films (cinema), **subsidies totaling EUR 117,500 and loans EUR 20,000.**

❖ Office for Public Procurement

The Office for Public Procurement (OPP) under Act No. 575/2001 Coll. on the organization of government activities and the organization of central state administration as amended is the central government authority for public procurement. Within their activities is the issuance of the Public Procurement Bulletin, which is available electronically at the OPP.

Within their competence the Office for Public Procurement does not have direct possibilities for providing address, or program assistance and support to small and medium-sized enterprises. However, within its competence, the OPP, besides other **implements the guidance of tenderers**, publishes all methodological guidelines on its website and also all its decisions in opposition proceedings. Also the Office on its website publishes the most common law violations and in interaction with different persons is also involved in **training activities**. These activities undoubtedly contribute to informing the general public, and therefore SMEs on current issues in public procurement.

- **Statistical evaluation of the procurement process for the year 2013**[8]

In 2013, a total of **8,896 procedures** were completed, including civilian contracts and contracts in the fields of defense and security, on the basis of which there were awarded contracts totaling **EUR 5,851,064 million**. Compared to 2012 it represents an increase of 13.9% of completed procedures and 44.9% of the contract value. In 2013, from the total number of procedures there were 1,050 procedures concluding framework agreements. Excessive procurement numbering 1,348 (15.2%) completed procedures represented the value of contracts at EUR 4,735,157 million (80.9%). Below limit procurement numbering 2,992 (33.6%) completed procedures represented contracts worth EUR 645,885 (11.0%). Subliminal procurement numbering 4,556 (51.2%) completed procedures were contracts worth EUR 470,022 million. (8.1%). 687 were withdrawn from all declared procedures, of which 354 (51.5%) cases were procedures financed from the European Union.

Contracts relating to **projects financed by European Union funds** were classified as follows: 3,620 procedures completed at a contract value of EUR 3,106,144 million representing 40.7% of the number of procedures and 53.1% of the total value end-points. Compared to 2012 there was an increase in the number of procedures by 69.2% and the value of contracts by 103.7%.

In 2013, compared to 2012, there was an increase in active procuring entities by 44.5%. The increase in the number of active entities particularly occurred regarding different **entities that had been given a subsidy (an increase of 156.1%).**

According to the **regional division** of the Slovak Republic the Bratislava Region accounted for 33.0% of the value of the public procurement contracts, the Trnava Region 7.3%, the Trenčín Region 8.5%, the Nitra Region 9.3%, the Žilina Region 10.0%, the Banská

[8] Source: “Information about the overall statistical evaluation of the procurement process for the year 2013” available at https://www.uvo.gov.sk/statistika-2013

Bystrica Region 10.7%, the Prešov Region 8.3%, and the Košice Region 10.2%. For the Slovak Republic there accounted 97.3% and for abroad 2.7% of the value of the concluded contracts.

According to **type of ownership** and the value of public procurement contracts the private sector accounted for up to 81.5% of the value of public procurement contracts concluded, the public sector 2.6%, regarding businesses located abroad 14.6% and still unspecified property companies 1.3%. **According legal form** legal entities accounted for 92.1% of the value of public procurement contracts, natural persons 6.5% and for foreign organizations and other unspecified entities 1.4%.

According to the **size of business**, i.e. by number of employees, large enterprises (250 or more employees) accounted for 12.5% of the value of contracts awarded, medium companies (50-249 employees) 25.8%, small enterprises (0-49 employees) 59.9% and enterprises located abroad and other unspecified entities 1.8%. **Small and medium enterprises** that succeeded in the procurement process and closed contracts thus in the year accounted for **84.9%** of the total value of closed contracts.

7.3 Development of the regulatory environment

Amendments to the Public Procurement Act (Act No. 25/2006 Coll.)

On 18 February 2013 Act No. 28/2013 Coll. came into force, as amended by Act. 25/2006 Coll. on public procurement and amending certain acts. The main objective of the amendment of the Act was to achieve the acceleration and streamlining of certain procurement processes (particularly speeding up the process of drawing funds from the European Union). The main areas of change are:

1. elimination of administrative burdens in the procurement process

- the amendment simplifies the demonstration of fulfilled requirements of participating contenders or candidates, **introducing the possibility of demonstrating the fulfillment of various conditions for participation in public procurement only with the solemn declaration of contenders** or candidates, with the presentation of original documents required only from a successful tenderer. The reason for such a change is to relieve the contenders or candidates of the administrative burden, and also for the OPP in the assessment of objections in relation to the conditions of participation, reduced to the assessment of the tender winner.

- the option of closing a contract with the second and third one in order if the successful tenderer refuses to enter into a contract or framework agreement or provide the public authorities or authorities proper closing of the contract.

2. simplification in the review procedures

- concentration of opposition proceedings into two proceedings in any one decision

3. introduction of ex ante control of projects funded by the EU

- The aim is confirmation by the OPP, that the chosen procedure and documents of the public authority or authority are correct, and in the event that the authority deviates from the confirmed process and documentation, opposition against them cannot be successful.

4. introduction of penalties prohibiting participation in the procurement

- there was introduced a new set of penalties for tenderers, candidates and suppliers in the form of a fine from EUR 1,000 to EUR 10,000 and non-participation in a public procurement for a period of three years for the submission of falsified, invalid or forged information, documents or sworn statements for proving particular conditions concerning participation in public procurement or for data entry in the list of entrepreneurs.

The main objective of a further amendment to the Public Procurement Act, publication No. **95/2013 Coll.,** was to achieve efficiency of public resources, ensuring flexibility and active openness in procurement processes and protecting the quality and honest suppliers. The main areas of change are:

1. the substantial expansion of disclosure obligations and linking to the cancellation of negotiated proceedings without release
2. introduction of banning amendments on price performance and the introduction of the principle of reduction rates in repeated supply
3. reinforcement of the principle of an economically advantageous offer and the adjustment extremely low prices
4. unification adjustments for below the limit, subliminal and low-value contracts
5. introduction of a reference system for quality and rating of suppliers
6. change of the system in relation to the list of entrepreneurs and the introduction of penalties banning participation in the procurement in connection with the strengthening of the control relationship with sub-suppliers
7. the establishment of central procurement for common goods, services and labor,
8. simplify the review procedures and the introduction of the second stage of the opposition proceedings.

Amendment to the Investment Incentives Act (Act no. 561/2007 Coll.)

The amendment, published under **No. 70/2013 Coll., amends with effect from 1 May 2013** the conditions for granting investment aid for regional development, process and scope of public administration bodies in their provision and control of use, with an emphasis on equality of domestic and foreign investors, as well as transparency providing investment aid in Slovakia. The subject of change was also the modification of the minimum amount of acquisition of long-term tangible assets and intangible assets, thereby creating wider opportunities for offering investment aid for initial investments made by small and medium-sized enterprises.

According to the amendment of the Act there will not be a net increase of new jobs less than 10% of new jobs on average for the last twelve months, but not less than 40 employees. Established investors requesting state incentives will also need to expand production, at least 15% compared to the average of the last three financial years. The recipient of investment aid will, according to the new rules, also maintain the number of newly created jobs for at least five years from the date of the first hiring. The beneficiary is obliged to implement the investment project so that at least 25% of eligible costs must be funded from their own resources or through external financing that does not involve state aid.

In connection with the adoption of the amendment was also **approved SR Ministry of Economy Decree No. 156/2013 Coll.,** which provides templates for financial analysis of the investment plan and details of the information board. It entered into force on 1 July 2013.

At the beginning of 2014 the Investment Aid Act was amended by Act No. 102/2014 Coll., effective from 1 May 2014.

The amendment to the Act on Measures Concerning the Preparation of Major Investments (Act No. 175/1999 Coll.)

On 1 August 2013 **Act No. 219/2013 Coll.** became effective, according to which a significant investment should consider construction with an investment cost of at least EUR 100 million instead of the previous amount of EUR 33.194 million (previously SK 1 billion). Another condition for significant investment should be that the construction will have national economic significance or its implementation will create at least three hundred new jobs.

An Act to provide subsidies within the scope of the SR Ministry of Economy (Act No. 71/2013 Coll.)

The Ministry may, in respect of new Act No. 71/2013 Coll., effective from 1 May 2013, on the basis of a written request for a subsidy, support mining, the tradition and history of mining activities, the elimination of the consequences of mining activities, the reimbursement of the social impact attenuating mining activities, development of small and medium-sized enterprises, use of biomass and solar energy for heating, consumer protection, the development of manufacturing and services, and research, development and innovation. (Paragraph 2, Sec. 1)

Amendment on the support of tourism (Act No. 91/2010 Coll.)

Act No. 415/2013, effective from **1 January 2014** regulates the obligations relating to the establishment and operation of regional tourism organizations and tourism organizations. It further sets the requirements for tourist information centers and establishes the registration of tourism organizations. It details the model application on the subsidy offers for tourism organizations and project particulars decreed by SR MDVRR on 10 February 2014 No. 04210/2014/B710-SCR/8331-M (published under No. 33/2014 Coll.).

Act on the State Housing Development Fund (Act No. 150/2013 Coll.)

From 1 January 2014 comes into force **Act No. 150/2013 Coll.** on the State Housing Development Fund. The Fund will be used for state support offered with the aim of effectuating state aid for the expansion and granted to effect a State aid for expanding and building upon the housing fund. Support under this regulation may be granted for the acquisition of an apartment, renting an apartment, renovation of an apartment building, renovation of social service facilities and for the construction or completion of social service facilities. The Act also provides for the form and amount of support for a particular purpose with respect to the type of applicant and the detailed conditions for offered support.

Amendments to the Employment Services Act (Act No. 5/2004 Coll.)

Act No. **96/2013 Coll., effective from 1 May 2013**, addresses the need for ensuring the reduction of unemployment among disadvantaged people and their vulnerability in the labor market, as well as support for the creation of real jobs at the local and regional level, to more efficient and effective use of funds from public sources. In this context, several changes have occurred regarding the registered unemployed, for example, the unemployed no longer need to visit the Office of Labour and Social Affairs once a month, but as determined by the Labour Office. Changes have also occurred in the provision of multiple contributions. **The amendment cancelled 11 instruments of active labor market policies** (particularly under

Paragraph 48b, Paragraph 48c, Paragraph 49a, Paragraph 50a, Paragraph 50c, Paragraph 50i, Paragraph 53c, Paragraph 55a, Paragraph 55b, Paragraph 55c and Paragraph 57a). At the same time eight obligatory, legally claimable ALMM, having replaced optional, legally unclaimable ALMM, namely the following contributions:

- Contribution for freelancing activities (Paragraph 49)
- Contribution to support the employment of disadvantaged job seekers (Paragraph 50)
- Contribution to support the development of local and regional employment (Paragraph 50j)
- Contribution to performance of graduate internships (Paragraph 51)
- Contribution for activation of activity through voluntary service (Paragraph 52a)
- Contribution to the establishment of a sheltered workshop or workplace (Paragraph 56)
- Contribution to the maintenance of a disabled person in employment (Paragraph 56a)
- Contribution to citizens with disabilities for freelancing activities (Paragraph 57).

The contribution to freelancing activities (FA) according to the new rules are provided in two stages, and up to 60% after signing the agreement and 40% after the operation of freelancing activities. The obligation to operate a business has been extended from at least two to at least three years. Recipients of this contribution will submit annual reports on the operation of freelancing activities for the duration of the agreement. The period of re-entitlement to the contribution will be extended from five to eight years.

From 1 May 2013, has been renewed **the contribution to support job retention for companies** that for serious operational reasons cannot assign work to employees and thus provide them with wage compensation of at least 60% of average earnings. The state contribution will amount to half of wage compensation for the employee, but not exceeding the amount of 50% of the average wage.

Concerning the amendment to the Act new provision Paragraph 67 was introduced, which also addresses the situation of **the transfer of information between state administration bodies** and other relevant institutions through the interfaces of information systems (IS). The aim of the legislation is also to “relieve” the current bureaucracy that requires documenting the various documents, confirmations of various institutions (including duplicates), the IS interfaces communicating with each other on information and documents, and thereby achieving efficiency, speed and accuracy in their processing.

In connection with the amendment of the act there was adopted on 22 April 2013 **MLSAF Decree No. 106/2013 Coll.,** implementing Act. 5/2004 Coll. on employment services and amending certain acts as amended (effective from 01.05.2013).

Act No. 352/2013 Coll. (amendment to the Act on Accounting), effective **from 15 November 2013**, introduced the new ALMM - **Financial assistance to support the maintenance of employment in small and medium-sized enterprises (Paragraph 53e)** to promote and maintain employment. Financial assistance will be provided through a selected bank or branch of a foreign bank under a contract concluded between the SR Ministry of Finance and by the selected bank or branch of a foreign bank under specified conditions. In this context, the following types of financial aid were introduced:

- provision of a guarantee for a loan granted by a selected bank or branch of a foreign bank, representing a commitment of the Ministry of Finance, for the small employer to satisfy their obligation towards the bank resulting from the loan agreement concluded between the bank and small employers

- payment of interest on the loan from the state budget (interest rate subsidies), under the conditions defined by law.

Act No. 495/2013 Coll. (amendment to the Act on Asylum) **effective from 1 January 2014** regulates the conditions for the granting of work permits for third-country nationals in the Slovak Republic, regulates the conditions of their employment and in this context extends the scope of Labour, Social Affairs and Family. In addition, this regulates the scope of the Temporary Employment Agencies and prevents employers from the temporary allocation of an employee whose employment is supported by a contribution to work for the user employer.

Act on Assistance in Material Need (Act No. 417/2013 Coll.)

On 1 January 2014 there came into effect Act No. 417/2013 Coll. on assistance in material need, which redefines legal relations in providing assistance in material need, special contributions and a single subsidy. The new law defines the conditions for entitlement to the **activation of a contribution**. Persons who enter into business and freelancing activities under the Act on Small Trade Licensees already with an activation for contributions (worth EUR 63.07 per month) **cannot be recognized.**

The activation for contributions is intended only has to support the acquisition, maintenance, deepening or increasing knowledge, professional skills, practical experience, and work habits to increase job prospects in the labor market. Under the previous legislation (Act No. 599/2003 Coll.) there belonged to the activation of contribution of six months for the long-term unemployed, who freelancing activities under the Act on Small Trade Licensees and before that activity had secured basic living conditions and provision of assistance in material need.

Amendment to the organization of government activities and central state administration (Act No. 575/2001 Coll.)

On 13 March 2013, there came into effect Act No. 60/2013 Coll., as amended and Act No. 575/2001 Coll. on the organization of government activities and central state administration, as amended. The above law transferred the competence of the SR Ministry of Transport, Construction and Regional Development on coordinating the use of finances from EU funds to the SR Government Office, effective from 1 April 2013. From that date, the SR Government Office will act as the central coordinating body and is responsible for preparing SR Partnership Agreement for the 2014 – 2020 period.

7.4 Recommendations

- Implement transparency rules at the central level and the regional level – autonomous, adopt an effective public procurement law, to take effective measures to reduce corruption and cronyism, increase responsibility of officials responsible for procurement, releasing contracts with the state and municipalities.

- Create more space for the application of quality criteria in the procurement process, especially for service delivery. The current legislative practice associated with a strong preference for the price criterion causes problems in selecting the best offers concerning the requirements of the contract. On the other hand, the offers of high quality entrepreneurs are often unsuccessful due to the submission of a cheaper but lower quality offer.

- Analyze the impact of existing state aid programs for SMEs and adapt their conditions to provide for the needs of SMEs.

- Training of public procurers in order to improve the quality of procurement, not only in terms of formality, but economy as well.

- Determine the limit for the proportion of small enterprise contracts to be financed from public funds at 30%, as is common in European countries. This would also help to eliminate corruption in the procurement of public finances. The objective conditions for tenders would allow the success of small enterprises and small trade licensees. Funds from public sources could be the engine for this segment – small enterprise entities would employ more workers, paying taxes, levies, expanding due to this.

- The requirement for the lowest price in public procurement creates room for dishonest business. For the procurement of construction work we propose prohibiting only the criterion of the lowest price, as long as the tender work is not a defined, detailed project, precise and comprehensive with competitive work is not defined detailed design, precise and comprehensive statements of assessed and properly executed documentation or a quantitatively and qualitatively comprehensive description of the work. Using the lowest price as the sole and decisive criteria for the successful tenderer for construction work method distorts this market segment.

- Exclude from the tender offers with the highest and lowest prices. This rule is applied in many EU countries in order to eliminate extreme variations.

- In the interest of improvements to the current system of publishing options for obtaining state support we propose creating a separate web portal, in which it will be possible to seek out a particular type of state aid according to various criteria such as line of business, region, amount and type of support and the like.

- Carry out practical training for SMEs aimed at reducing the rate of technical and procedural deficiencies in the public procurement process on their part, regular publication of the most common deficiencies in the public procurement process along with practical advice and recommendations for SMEs/entrepreneurs.

- The earliest possible introduction of electronic forms of public procurement through an electronic marketplace in practical application.

- In connection with the problem of the non-payment of subcontractors for major public works contracts concerning public procurement winners, we propose revising the existing means of payment and enabling the public procurers to make direct payments for the goods, work performed and services provided directly to subcontractors

- Adaptation of the participation rules for the public procurement needs of small and medium-sized enterprises (e.g. dividing of large orders into parts, reducing the maximum amount of turnover whose demonstration by the candidate might be required by the procurers) and the possibility to impose a ban on participation in public procurement for legal entities and natural persons who in the past committed wrongdoing in the public procurement process

- Processing codex for timeliness of payments made by the public authorities and limiting the possibility of extension regarding 30-day overdue invoices for public authorities

- Favoring established domestic entities for the provision of investment aid and increase the transparency of investment aid

- Through public support instruments introduce innovative project selection process that will reduce the administrative burden for applicants (e.g. videopitching, digital storytelling...)

- In relation to prepared measures and support programs for starting entrepreneurs, we do not recommend associating aid with the obligation of their entry into the unemployment register or their stay in it for the determined duration

8. Principle 6 Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payment in commercial transactions

8.1 Development of SME financing, financial performance of SMEs

8.1.1 Development of SME financing

On the basis of the financial reporting of business entities in 2012 there was granted the status of business loans for SMEs by 31.12.2012 in the amount of EUR 11.038 billion (out of which almost 41% were short-term business loans, thus falling due within one year). Year-on-year there were indications that provided business loans increased by about 4%. The highest value for provided business loans was achieved in the pre-crisis year 2008 (EUR 12.092 billion, of which almost 40% were in the form of short-term business loans), while in the next two years, the level of business loans granted to SMEs remained at a constant level. The sharpest year-on-year fall of the indicator occurred in 2011, by about 12%.

Statistical data on newly provided business loans for SMEs were launched through NBS, in form and structure to collect only in 2012. In 2013, the value of newly granted business loans was in the amount of EUR 2.632 billion (a year-on-year growth of around 10%). State-guaranteed loans were provided by the Slovenská záručná a rozvojová banka in particular to those SMEs that do not have sufficient collateral for a loan, or are risky for commercial banks. The basic principle was of providing guarantees for loans based on risk distribution between the SZRB, client, and the partner entity. In 2013, the total amount of the bank guarantee portfolio was EUR 157 million (year-on-year growth of nearly 15.5%), while in 2013 the total portfolio value of bank guarantees reached second highest absolute value in the 2007-2013 period (the highest value was in 2011: EUR 167 mil.).

Tab. no. 8.1: Development of SME financing in 2007 -2013

Indicator	Year						
	2007	2008	2009	2010	2011	2012	2013
Provided business loans for SMEs (status) in milion Eur	9 136	12 092	12 032	12 046	10 600	11 038	
Total provided business loans (status) in milion. Eur	13 906	15 679	15 156	15 174	16 117	15 523	15 102
Newly provided business loans for SMEs in milion Eur						2 391	2 632
Total newly provided business loans in milion. Eur						11 687	11 876
Provides short-term loans for SMEs (status) in milion Eur	4 609	4 797	4 981	4 987	4 188	4 481	
State provided guarantees for SMEs in milion Eur	82	99	81	70	84	87	38
State-guaranteed loans for SMEs in milion Eur	115	157	143	139	167	136	157
Interest rade for SMEs in %	5,5	4,6	3	3,2	3,2	3,8	3,6

Source: Financial statements of business entities (Datacentrum), NBS, SZRB prepared by SBA

8.1.2 The financial performance of SMEs

The analysis of the financial performance indicators of SMEs allows to evaluate the results and financial position of SMEs in terms of the different size categories of SMEs, sectors and regions.

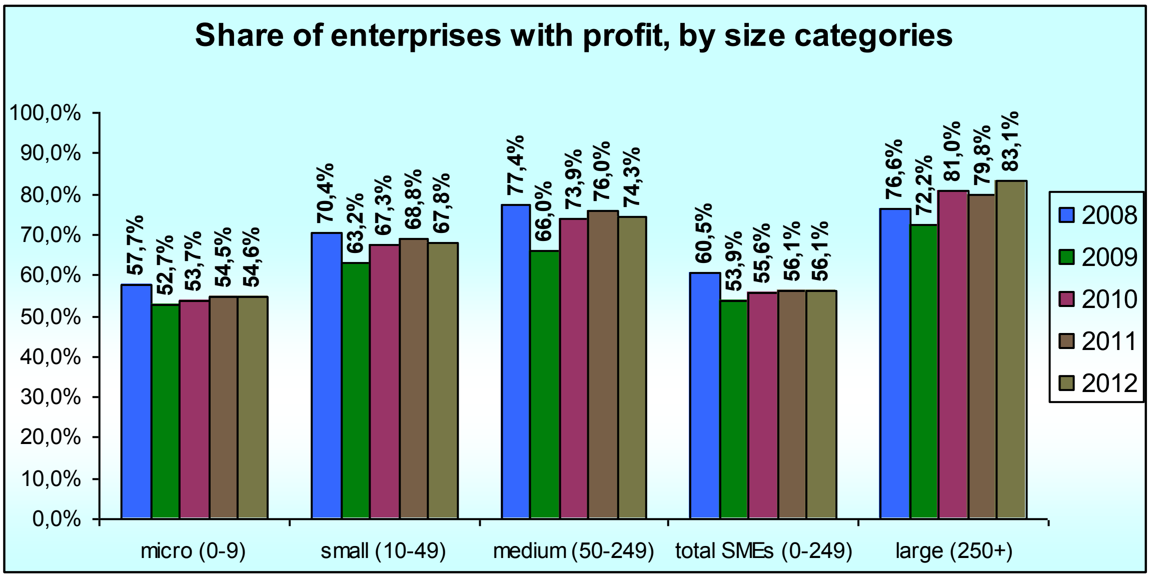
In 2012, based on the processed data from financial statements[9] available **the share of small and medium-sized enterprises with a positive financial performance reached 56.1%, which was unchanged year-on-year**. Within each size class SMEs achieved a positive financial performance, almost three quarters (74.3%) for medium enterprises, more than two thirds (67.8%) for small enterprises and more than half (54.6%) for micro-enterprises. Year-on-year there was slight increased share of subjects with a positive financial performance only for micro-enterprises (0.1 p.p.); in the case of small and medium-sized enterprises, the year-on-year rate decreased (by 1.0 percentage points, or 1.7 p.p.). **Compared to the pre-crisis year of 2008 in all size categories of SMEs there was recorded a lower share of entities with a positive financial performance** (collectively for the SME sector by 4.4 p.p.). The share of large enterprises with a positive financial performance reached 83.1%, a year-on-year increase of 3.3 p.p. Large enterprises as a single size class recorded higher values of specified proportion than in 2008. The above data indicates that fluctuations in the Slovak economy had a more significant impact on the sector of small and medium-sized enterprises than large enterprises. **In 2012, the reached median positive financial performance before tax for SMEs** was in absolute terms **EUR 3,342**, but this was less than in 2011 (26.7%), and 2008 (55.8%).

In terms of industrial structure of SMEs the agriculture sector remains with the highest share of SMEs with a positive financial performance (67.1%). Conversely, the least profitable SMEs were established in the construction sector (54.3%). In a year-on-year comparison there was an increase in the share of SMEs with a positive financial performance only in agriculture (growth by 0.5 percentage points) and services (an increase of 0.3 percentage points). Agriculture as one showed a higher value of indicator compared to 2008.

Despite year-on-year growth in the share of profitable SMEs in the Bratislava region (0.8 p.p.), **this region reached the lowest share of profitable SMEs (52.6%).** In other regions, the proportion of said volumes decreased or did not change. The highest proportion of SMEs with a positive financial performance was recorded in the Prešov Region (60.3%). One possible explanation for the worst position of the Bratislava Region may be the fact that the Bratislava Region has the highest proportion of inactive SMEs. It can also be assumed that the entities in the Bratislava Region used the measure of tax optimization to a greater extent than in other regions of Slovakia (nearly one-third of firms providing legal and accounting services is established in the Bratislava Region).

[9] Processing of indicators was carried out on the basis of the available data from the anonymised financial statements of businesses accounting in double entry. The calculation of indicators for 2012 were conducted with a total number of 151,146 business entities, representing 91.3% of the total number of active enterprises (legal entities) in the register of the Statistical Office of the Slovak Republic to 31.12.2012.

Chart No. 12



Source: Available financial statements of SMEs, DataCentrum, prepared by SBA

The indicator of return on assets, which is compiled as the ratio of achieved pre-tax profit to total assets, was characterized by an evaluation of total company assets. In 2012 **the mean value (median) of return on sales indicators** (preparation based on EBITDA) **reached in the category of small and medium-sized enterprises to 1.3%.** Since 2008 the median value of the return on sales of SMEs has continued a downward trend (down from 4.0% to 1.3%), while it declined year-on-year by 0.7 p. p. Most of the value of the return on sales of SMEs was contributed by the category of micro-enterprises (0.7%). In a year-on-year there was a decrease by half. Small enterprises achieved a median return on sales of 4.0%, a year-on-year decrease by 0.5 p.p. and medium enterprises 5.4%, a year-on-year decrease of 1.0 p.p. The intermediate value of return on sales for large enterprises decreased by 0.5 p.p. to 5.4%.

The return on sales for SMEs in 2012 decreased across the range of sectors. Within sectorial breakdown the lowest median value return on sales were in trade (0.2%) and construction (0.5%). The highest level of profitability return on sales for SMEs was in industry (2.6%). In previous positive developments there did not follow any return on sales in agriculture, which also decreased year-on-year (by 2.9 p.p., a decline in the economic performance of agriculture in 2012 is also stated in the Report on Agriculture and the Food Industry in Slovakia in 2012[10]).

In a year-on-year comparison, the return on sales decreased for SMEs in all regions of Slovakia, most notably in the Bratislava Region (by almost half, or 1.0 p.p.). The lowest level was reached in the Košice Region (0.7%) and the Banská Bystrica Region (0.9%). Conversely, the highest was in the Trnava Region (1.9%) and Trenčín Region (1.8%).

The debt asset ratio[11] indicator represents the share of liabilities (including accrued) on equity and total liabilities or assets. **In 2012 the median total debt asset value reached 65.7%** (a year-on-year decrease of 1.1 p.p.). The decline in the debt assets of SMEs was due

[10] Source: Ministry of Agriculture and Rural Development, Report on Agriculture and the Food Industry in Slovakia in 2012, http://www.mpsr.sk/index.php?navID=122
[11] Recommended values of the indicator range from 30% to 70%

mainly to a fall in the category of micro-enterprises (by 1.7 p.p. to 63.7%). Conversely, above the recommended values there increased the median value of total debt assets for small (by 2.4 p.p. to 76.8%) and medium enterprises (by 3.1 p.p., to 70.2%).

The decline in the debt ratio of SMEs is evident in individual sectors, most notably decreased in the case of agriculture (by 7.7 p.p., to 45.6%). The highest debt asset ratio was reached by SMEs in the construction sector (73.5%), trade (72.4%) and industry (70.2%). Compared with 2008, the debt ratio was slightly higher for SMEs in all sectors except agriculture (down by 10.4 p.p.).

In regional terms, the median value debt ratio for SMEs reported a year-on-year decline in all regions of Slovakia except the Bratislava Region (an increase of 0.3 p.p.). The lowest debt ratio of SMEs was achieved in the Prešov Region (62.6%) and the Trenčín Region (63.0%), and the highest in the Bratislava Region (67.6%) and Trnava Region (67.1%).

The maturity (collection) of trade receivables states the payment discipline of customers, i.e. how much time elapses between the date of implementation (billing) to payment[12]. **In 2012, the median value of the maturity of short-term trade receivables for SMEs** decreased year-on-year to a level of 24.5 days (compared to 2011, down by 0.8 days). The decline in the short-term maturity of trade receivables was recorded in all size categories of enterprises. The best paying discipline for customers was within micro-enterprises (median reached 19.6 days) and the worst in the context of medium enterprises (median reached 49.7 days).

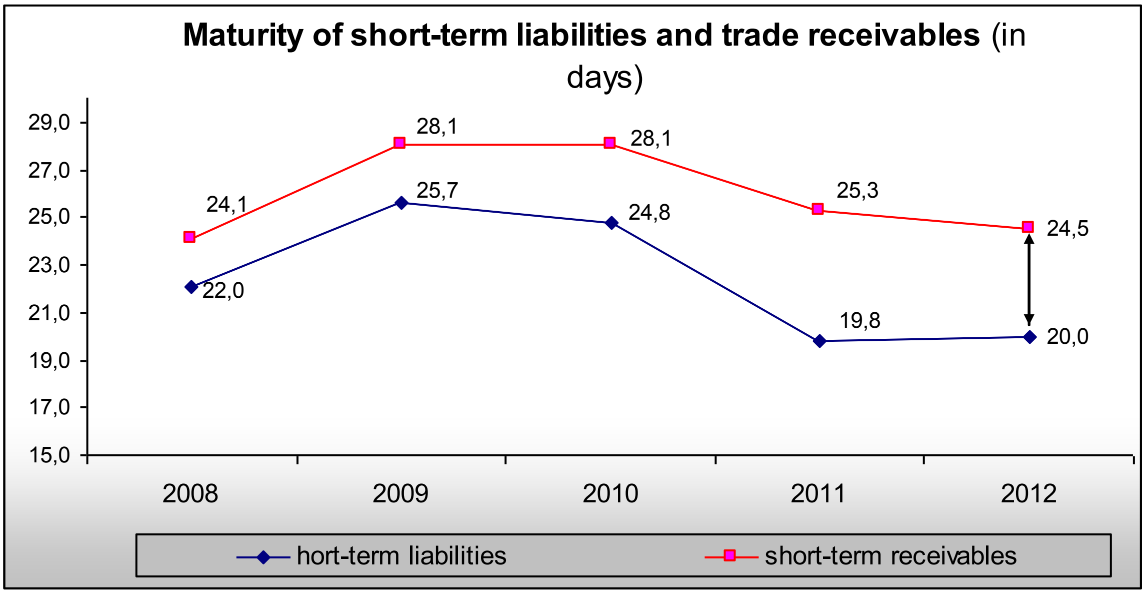
In all sectors except trade (an increase of 0.3 days), the maturity of short-term trade receivables decreased year-on-year, most notably in agriculture (10.1 days). Agriculture is also the sector where there has been a relatively sharp reduction in the maturities of short-term trade receivables continuously since 2009. The highest short-term maturity of trade receivables was achieved in industry (the median is 37.5 days).

In 2012, from a regional perspective, the lowest maturity of short-term trade receivables for SMEs was recorded in the Bratislava Region (21.8 days), while the highest was in the Žilina Region (28.4 days) and the Prešov Region (28.3 days).

Since pre-crisis 2008, there has been a widening gap between the maturities of receivables and trade payables for SMEs. The growing nature of the difference between those **indicators shows the unconsolidated relations between businesses and thus the slowing of mutual cash flows.** In 2012, however, this trend stopped, because the difference between the two indicators decreased year-on-year by one day.

[12] Source: Karol Zalai et al: Financial Analysis of Enterprises, 2010

Chart No. 13



Source: Available financial statements of SMEs, DataCentrum, prepared by

The Altman Index of Financial Health is a comprehensive evaluation index of companies through which it is possible to distinguish a company going bankrupt from those likely to be in minimal bankruptcy.

In 2012, the share of SMEs in good financial standing were at 38.4% and the share of poor financial standing 39.7%. **Compared to previous years, the trend** of inclusion of individual size classes of enterprises (particularly micro and small enterprises) in the range of bad financial standing and good financial standing has become **inversed**. This means that **in 2012, compared to 2008**, in connection with micro and small enterprises there was **an increase in the share of enterprises in poor financial situation and** conversely, **the decrease of enterprises in good financial standing**. There was a different development in the category of medium and large enterprises. Since 2009, their share in the category of good financial standing has been growing every year. In 2012, compared to 2008, they increased their share by about 9 p.p.

From a sectorial perspective, the development of the enterprises was in different ranges of the Altman model similar according to size categories. **All sectors (excluding agriculture) had, in the 2008-2012 period a share fall in the range of good financial standing, while their development was accompanied by a growth inclusion in the bad financial standing range.** As mentioned, the only sector was agriculture, whose share in the range of good financial standing grew about 9 p.p. (2008-2012), and had a declining share in the range of bad financial standing.

From the regional perspective the **share of enterprises in good financial standing range (comparing 2008 to 2012) also showed a downward trend. On the other hand, there was an upward trend in the representation of enterprises in bad financial standing range over the years.** The Bratislava Region had enterprises with the highest share in the bad financial standing range compared to other regions. This is due to the lesser inclusion of enterprises in the gray zones, each year approximately less by about 3-5 p.p.

8.2 Financial programs to support SMEs

The total financial aid statement on SBA Principle 6 in 2013 was: EUR 18,820,778.00.

Venture capital funds

The Slovak Business Agency implements support growth-oriented business projects by providing venture capital (deposit into the capital of the company) through the specialized subsidiary **Fond fondov, s.r.o.** (from 03.20.2014 under the name **the National Holding Fund**). The long-term mission of the company is regulatory of activities concerning various funds in order to stimulate the development of the SME sector throughout Slovakia, recover the amount of funding for each fund and the achieved profits are used to implement the long-term objective of promoting small and medium-sized enterprises. In 2013 through Fond Fondov s.r.o. there were managed three venture capital funds without legal personality (Fond štartovacieho kapitálu, Regionálny fond štartovacieho kapitálu a Fond SISME) and three venture capital funds with a separate legal personality (Fond Seed Capital, k. s., Slovenský Rozvojový Fond, a.s. and Slovenský rastový kapitálový fond, a. s.). The emergence of funds with individual legal personality created the conditions for the access of institutional investors to funds to increase the funds available for SMEs, the management funds of management of professional funds by management companies and also cover a wider range of demands on the investment amount for target SMEs. In SBA portfolio there also belongs **Fond inovácií a technológií, a.s.**, which was founded in 2013 with an independent legal personality.

Tab. no. 8.2: Number and volume of approved investment proposals (by individual funds) in 2013

Fund name	year 2013 (number)	year 2013 volume (in EUR)	Number of approved proposals since creation of the funds (number)	Volume of approved proposals since creation of the funds (in EUR)
Seed Capital Fund	0	0	71	21 465 463
Regional Seed Capital Fund	0	0	37	3 715 004
SISME Fund	0	0	10	1 490 330
Fund Seed Capital, k.s.	0	0	34	11 336 408
Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	6	493 368	24	24 195 873
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	1	2 500 000	22	46 302 074
Innovation and Technology Fund, a.s.	0	0	0	0
Funds total	**7**	**2 993 368**	**198**	**108 505 152**

Source: SBA

Tab. no. 8.3: Overview of venture capital funds in the portfolio of SBA / Fund of Funds, s.r.o.

Name	Administrator	Manager	Characteristics
Seed Capital Fund	Fund of Funds, s.r.o.	Fund of Funds, s.r.o.	The investment amounts to between 6 600 EUR - 663,878 EUR. The resources of the Fund may be invested in three basic stages of the life cycle of the company (i.e. seed, start-up and development) in the form of equity or its combination with a credit.
Regional Seed Capital Fund	Fund of Funds, s.r.o.	Fund of Funds, s.r.o.	The amount of single investment from this Fund is determined by the interval **from 6 600 EUR to 165 959 EUR**. The fund is intended for traditional manufacturing and craft industries, as well as manufacturing and business services and inbound tourism. From the resources of the Fund may be financed enterprises located in three main stages of the life cycle of the company (i.e. seed, start-up and development) in the form of equity or its combination with a credit.
SISME Fund	Fund of Funds, s.r.o.	Fund of Funds, s.r.o.	The maximum amount of investment may reach **165 969 EUR.** This fund is designed for companies located in an seed and start-up stage of life-cycle of the company. The funds are invested to recipients in the form of equity, respectively through its combination with credit.
Innovation and Technology Fund, a.s.	Fund of Funds, s.r.o.	Stengl Finance, a.s.	This fund aims to actively support the implementation of innovative projects in different areas.
Fund Seed Capital, k.s.	Fond Seed Capital, k.s.	Funds Managers, a.s.	The permissible amount of financial investment in one company reaches an average of **663,878 EUR**. It is intended for start-up or innovative projects. It prefers a investment in the form of equity, respectively with its combination with convertible or subordinated loan.
Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	Quadrica private equity, a.s.	It focuses on investments in equity in the small and medium-sized enterprises. The companies in which the Fund invests must have a mature management team that has the necessary management skills and entrepreneurial approach. They should produce products or provide services with high added value and should have high growth potential. SRF, a. s. does not have any sectoral preferences and it typically invests in the equity of the company. The Fund generally does not acquire majority stakes in companies, but through statutes it seeks to ensure adequate protection of minority ownership.
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	Wood & Company, a.s	The Fund mostly invests in a portfolio investments generally exceeding 25% of the registered capital of the target company or equity instruments that will guarantee adequate impact on the activities of target company. The average duration of the investment participation of the Fund is four years. The maximum average amount of investments in one calendar year shall not exceed **3,319,392 EUR.** Target companies of the Fund are small and medium enterprises in the Slovak Republic. The investments are indented to companies in various stages of their development.

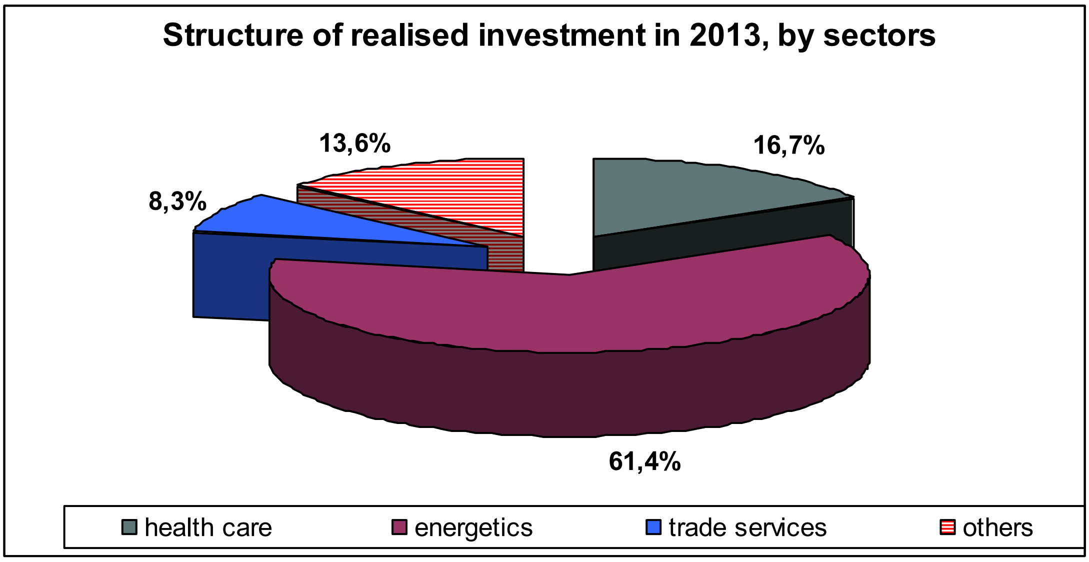
Source: SBA

Tab. no. 8.4: Number and volume of realized investment proposals (by individual funds)

Fund name	Number of realized new proposals / year 2013	Volume of realized proposals in 2013 (in EUR)	Number of realized proposals since creation of the funds (number)	Volume of realized proposals since creation of the funds (in EUR)
Seed Capital Fund	0	0	52	12 906 271
Regional Seed Capital Fund	0	0	33	2 611 963
SISME Fund	0	0	8	1 204 830
Fund Seed Capital, k.s.	5	1 220 000	48	12 889 111
Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	10	6 271 786	24	22 720 683
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	0/1	1 500 000	12	24 933 144
Innovation and Technology Fund, a.s.	0	0	0	0
Funds total	**15/1**	**8 991 786**	**177**	**77 266 002**

Source: SBA

Chart No. 3



Source: SBA

Tab. no. 8.5: Investment exposure of investors and available resources of the Funds as at 31.12.2013

Investor	Current amount of deposit		Current investment exposure of investors		Resources available for SMEs in EUR
	in EUR	%	in EUR	%	31.12.2013
Seed Capital Fund	7 768 529	10,16	8 220 917	10,61	446 612
Regional Seed Capital Fund	1 510 025	1,98	1 810 133	2,34	90 020
SISME Fund	1 100 000	1,44	1 363 355	1,76	229 048
Fund Seed Capital, k.s.	13 411 671	17,54	13 411 671	17,31	753 093
Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	26 555 135	34,73	26 555 135	34,28	5 159 458
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	21 906 192	28,65	21 906 192	28,28	4 218 339
Innovation and Technology Fund, a.s.	4 200 000	5,49	4 200 000	5,42	4 200 000
Funds total	**76 451 552**	**100,00**	**77 467 403**	**100,00**	**15 096 570**

Source: SBA

Tab. no. 8.6: Life-cycle stage of the company when making investment proposals as at 31.12.2013

Life-cycle stage of the company when making investment proposals	2013		Since estabilishment	
	Number	Volume (in EUR)	Number	Volume (in EUR)
Seed	2	60 000	69	12 939 102
Start-up	0	0	50	22 360 734
Development	13	8 131 786	57	41 966 165
Total	**15**	**8 191 786**	**176**	**77 266 002**

- **Micro-loan program**

This program contributes to the direct fulfillment of the Slovak Business Agency's objective, which is to allow the development of small enterprises, increase the survival rate of small enterprises, and contribute to maintaining employment and job creation in the various regions of Slovakia, by making available credit resources under more favorable conditions.

The program, launched by the Slovak Business Agency in 1997, is intended for small enterprises employing up to 50 employees. Micro-loans may be used for the acquisition of tangible and intangible fixed assets, reconstruction of premises, as well as the purchase of necessary supplies, materials and goods and other investment projects. The minimum amount of the micro-loan is EUR 2,500 and the maximum is EUR 50,000. The loan is provided at an interest rate at the reference rate in the Commission Communication on the Revision of the Method for Setting the Reference and Discount rates (2008/C14/02). The reference rate is defined as the ECB base rate plus a margin, the amount of which depends on the rating of the applicant concerned and the relevant collateral level, applying the method of "credit spreads in basis points." Maturity is set from 6 months to 4 years; there may be granted a deferral of principal payments for a maximum period of six months.

In 2013 the ORMP was prepared and subsequently the Administration Board of the Slovak Business Agency gave approval at the meeting held on 15.3.2013, proposing the new text of Micro-Loan Program Manual. The new text of the Manual is based on Government Resolution No. 64/2010, with which the SR Government approved the proposal of the Micro-Loan Program and the draft criteria for its implementation, and at the same time concerning the text of the program to support small and medium-sized enterprises 07K 02 1E Micro-Loan program, announced by the Ministry of Economy on 17.02.2010 in the Business Journal (OV 32A/2010). The SBA launched the new Microlending program April 2013, subsequent to the conclusion of the implementation of the Microlending program for cooperating institutions, namely RAIC Poprad, RAIC Prievidza, RAIC Prešov, RAIC Dunajská Streda, RAIC Trebišov, RAIC Komárno and Fond fondov.

In **2013**, after clients met drawing conditions, they were provided **33 micro-loans in the amount of EUR 1,249,900**. Overall, since the launch of the Microlending program there have been provided 1,860 micro-loans in the amount of EUR 32,438,970.

Tab. no. 8.7: The overview of provided microloans by centers

CENTRE	2013		Cumulatively as at 31.12.2013	
	Number	Amount in EUR	Number	Amount in EUR
Fund of funds, s.r.o. Bratislava	4	185 000	157	3 301 956
RPIC Dunajská Streda	6	235 000	79	1 499 059
RPIC Komárno	0	0	132	2 265 433
RPIC Košice	0	0	49	1 288 657
RPIC Lučenec	0	0	97	1 888 142
RPIC Martin	0	0	93	1 733 370
RPIC Nitra	0	0	137	1 610 428
RPIC Poprad	9	297 400	36	1 275 807
RPIC Považská Bystrica	0	0	193	2 575 019
RPIC Prešov	9	342 500	220	3 765 380
BIC Prievidza	5	190 000	213	4 105 500
BIC Spišská Nová Ves	0	0	114	1 576 910
RPIC Trebišov	0	0	97	1 659 299
RPIC Trenčín	0	0	84	1 815 350
RPIC Zvolen	0	0	159	2 078 660
Total	**33**	**1 249 900**	**1 860**	**32 438 970**

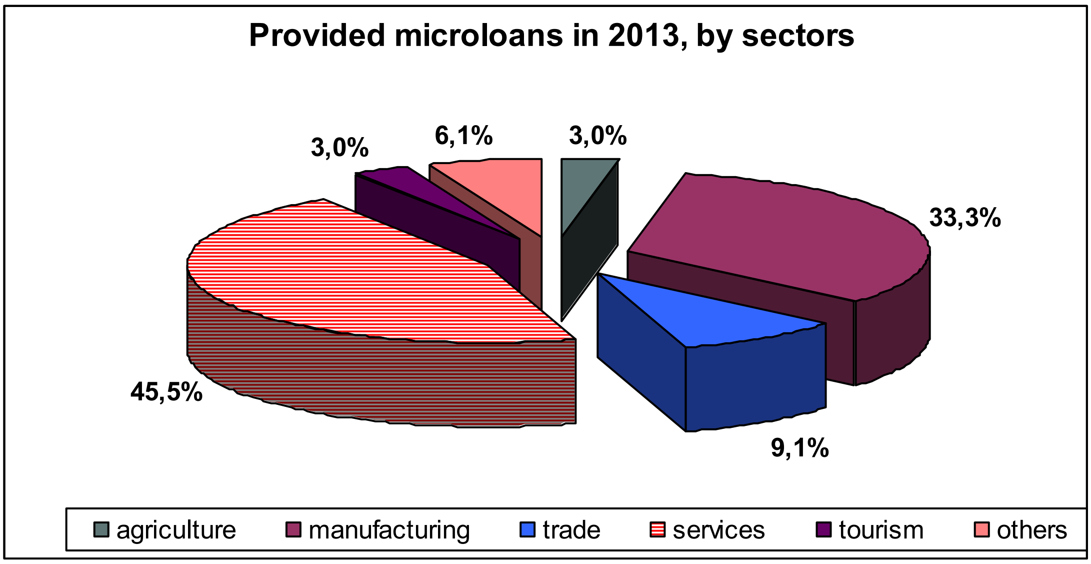
Tab. no. 8.8: Selected indicators of implementation of the MicroLoan Programme

Indicators	2013		Cumulatively as at 31.12.2013	
	Number	Amount in EUR	Number	Amount in EUR
number of applications processed	64	-	-	-
number of provided microloans	33	1 249 900	1 860	32 438 970
average amount of the microloan	-	37 875,75	-	17 440

number of newly created jobs	21	-	2 949	-
number of maintained jobs	212	-	5 028	-

Source: SBA

Chart No. 4



Source: SBA

❖ SR Ministry of Finance

The Slovak Ministry of Finance (MoF) is the central state administration body in the area of finance, taxes and charges, customs, financial controls, internal audit and government audit. MoF is the also the central state administration body for informing companies, coordination of state aid and the area of prices and price controls, with the exception of prices and price controls on goods regulated by special laws.

- **Slovenská záručná a rozvojová banka, a. s.**

Slovenská záručná a rozvojová banka, a.s. (SZRB) is a specialized development bank focused mainly on the development of small and medium-sized enterprises in Slovakia, support of towns and municipalities and support of the recovery of housing funds. The owner and sole shareholder of the Bank is the Slovak Republic, represented by the Ministry of Finance. To fulfill its mission, the Bank, in addition to its loan products, also has partnerships with commercial banks and other institutions supporting target segments.

In 2013, the SZRB focused on supporting the development and stabilization of business, in particular:

- **by offering loans** – mostly to small and medium-sized enterprises, as well as towns and municipalities or legal entities governed by specific rules (e.g. associations of apartment owners) and
- **by offering loan guarantees** – especially for those entrepreneurs who do not have sufficient collateral for a loan, or are risky for commercial banks, but are interesting in financing them under certain conditions. The basic principle of providing guarantees for loans is based on risk distribution between SZRB, client and the partner entity.

Direct loans

In 2013 the Bank approved **667 direct loans totaling EUR 149.55 million**, while the average loan amount was EUR 224,000. The volume of provided (drawn) direct loans amounted to EUR 114.47 million. The status of the direct loan portfolio (including transferred claims) disregarding amortization was, at the end of 2013, in the amount of **EUR 346.36 million.**

Tab. no. 8.9: Direct loans in the period 2011-2013 (data only for SMEs)

Period	2013		2012		2011	
Indicator	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number
Approved	142 941	597	115 738	438	124 517	614
Granted	107 879	592	106 829	531	110 983	622
Portfolio	330 986	1 436	260 140	1 312	235 223	1 333

Portfolio loan programs to 31.12.2013:

Direct loans
- Support for financing investment and operational needs of SMEs, funding development of regions, towns and municipalities.

Loans for farmers
- AGROloan – help for entrepreneurs applying for direct payments to bridge funding gaps.
- LAND and MY LAND Loan – represents long-term loans to agricultural producers to purchase agricultural land, which is mostly rented.

Housing restoration fund
- Funding of projects for the rehabilitation of residential buildings, modernization and reconstruction of common areas, equipment and accessories for residential buildings.

Contribution loan
- serves to support the maintenance of employment for the employer, which is a form of SME operating loan, with the possibility of obtaining financial assistance from the Ministry of Finance

Loan with the support of the European Union (JEREMIE initiative)
- supports the development of small and medium-sized enterprises in the Slovak Republic under favorable conditions, particularly in terms of conditions of interest and securing loans. Funding is ensured under the benefits from the support of the operational program, which is co-financed by EU Structural Funds in accordance with the JEREMIE initiative

Loan for SME support from CEB sources
- support especially for the development of small and medium-sized enterprises

Micro-loans
- Supports the development of small businesses, helps women – entrepreneurs in developing their business activities, facilitating access to credit resources for young entrepreneurs, providing initial capital for university students to develop their business during the study or after completion.

SZRB and EU funds
- Participation in the projects supported by the Structural Funds and the Cohesion Fund. Offers funding opportunities for client costs in the preparation and implementation of projects co-financed by European Union funds.

Guarantee programs

In 2013 the Bank **approved 400 guarantees totaling EUR 35.92 million**, of which over 96% were quick loan guarantees for commercial banks. The average amount of guarantees was EUR 89.79 thousand. The total amount of the bank guarantee portfolio to 31.12.2013 was EUR 156.99 million.

Portfolio of guarantee products to 31.12.2013:

Fast bank guarantees

SZRB guarantees business loans in commercial banks amounting to 55% of the loan principal - in the case of guarantees for bank loans it cooperates with Tatra Banka, Slovenská Sporiteľňa, VÚB Bank, UniCredit Bank, and OTP Bank.

Bank guarantees for financial loans

There are provided other types of loan guarantee products for small and medium-sized enterprises in commercial banks and special guarantees for owners of residential apartment and non-residential space, as well as owners of residential and non-residential spaces represented by the administrator of a residential building and for towns and municipalities through loans for the construction of general rental housing.

Tab. no. 8.10: Bank guarantees in the period 2011 - 2013 (data only for SMEs)

Period	2013		2012		2011	
Indicator	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number
Approved - total	35 916	400	79 969	851	84 249	1 018
- of this						
Fast guarantees	34 593	387	74 588	840	80 153	1 008
State Housing Development Fund	-	-	-	-	-	-
Other	1 324	13	5 382	11	4 097	10
Granted	35 946	401	79 969	851	84 263	1 018
Portfolio	156 990	1 449	135 758	1 353	135 028	1 379

Source: SBA, on the basis of SZRB data

❖ JEREMIE INITIATIVE

JEREMIE (Joint European Resources for Micro to Medium Enterprises) is a joint initiative of the European Commission (DG Regio) and the European Investment Fund (EIF) to improve access to finance for SMEs within EU Structural Funds for the 2007 to 2013 period. JEREMIE allows EU Member States and their regions to allocate funds from the Structural Funds and national resources into holding funds that can provide financing to SMEs in a more flexible and innovative manner. The initiative seeks to develop and promote the role of business in the EU, the structural funds to helping to bring more benefits to the market.

Success, after several-year problems setting up the implementation of the **JEREMIE** initiative in Slovakia, was the launch of the first soft loans under the FLPG instrument.

On 13 May 2013 there was approved by the Investment Board of SZRF, s.r.o., in order of the fifth update of the Investment Strategy, which counts with an allocation of EUR 49.7 million from OP C&EG for the **FLPG** guarantee instrument, EUR 13.3 million from the OP

C&EG for the credit risk-sharing instruments **PRSL** and EUR 31 million from OP R & D and OP BK on **venture capital instruments.**

Tab no. 8.11: Total allocation and overview of distribution by Investment Strategy in mil. Eur

OP	RO	ERDF	National co-financing	Total allocation	Venture capital	Venture capital	FLPG	PRSL
					BR	except BR	except BR	except BR
OP CaEG	MoE SR	57	10,06	67,06	-	-	49,7[13]	13,3[14]
OP BR	MoARD	3	0,53	3,53	3,3[15]	-	-	-
OP R&D	ASFEU	25	4,41	29,41	5,6[16]	22,1[17]	-	-
Total		**85**	**15**	**100**	**8,9**	**22,1**	**49,7**	**13,3**

Source: SBA

In 2013, under the **FLPG** instrument of the **JEREMIE** initiative there started to be provided soft loans for SMEs - **a total of 34 loans were approved in the amount of EUR 8.15 million, from which amount of offered funds to 31.12.2013 amounted to EUR 4.88 million.** So far 690 projects have been successfully completed within the program, tracked in terms of their mandatory retention 5, or 3 years in the event of selected calls for SMEs.

Tab. no. 8.12: Implementation of the JEREMIE initiative– approved loan as of 31.12.2013 distributed by NUTS II

Region	Number of loans	Amount of loans approved (in Eur)
West Slovakia	12	2 651 050,00
Central Slovakia	10	2 770 000,00
East Slovakia	12	2 733 800,00
Total	**34**	**8 154 850,00**

Source: MoE SR

- **First Loss Portfolio Guarantee (FLPG)**

The instruments the FLPG guarantees to financial intermediaries cover part of their potential losses on a specified portfolio of loans to SMEs. Reducing the risk for financial intermediaries, the FLPG instrument stimulates lending for SMEs with lower credit rates and reduces the need for collateral.

During the first quarter of 2013 there was completed the contractual negotiation of the security agreement between SZRF and EIF and subsequently intended to guarantee the financial intermediaries stored in EXIMBANKA SR. The completion of these steps enabled at the end of March 2013 the signing of operational agreements with three commercial banks (financial intermediaries). Starting the first instrument under the JEREMIE initiative, the first loss portfolio guarantees (FLPG) was presented to the public at a press conference on 3.4.2013 with the participation of the EIF and commercial banks. On the basis of the contracts, the banks began in late June and July 2013 to provide soft loans for SMEs – the

[13] In month march 2014 there was a change of allocation FLPG to 42,98 mil. EUR.
[14] In month march 2014 there was a change of allocation PRSL to 20,02 mil. EUR.
[15] For Bratislava region - Seed Fund.
[16] For Bratislava region - Venture Capital Fund or Co-Investment Fund.
[17] Out of Bratislava region - Venture Capital Fund or Co-Investment Fund (max. 4 mil. EUR to Seed Fund).

total volume of new loans should represent EUR 170 million. On 20.11.2013 there was signed an operating agreement with a fourth commercial bank, which under it will be provided soft loans to SMEs from 1.1.2014, raising the expected total volume of new loans made through the instrument at the level of EUR 245.6 million.

After reducing the demand of the fourth bank for the instrument in comparison with the state in 2012, however, an unallocated amount of EUR 6.72 million remained for the instrument. The EIF in the first quarter of 2014 suggests IR alternative uses of these funds**. By 31.12.2013 the FLPG guarantee had legitimately exhausted EUR 853,302.80.**

Tab. no. 8.13: Financial intermediaries for FLPG in mil. Eur

Intermediary	Proposed portfolio	Redistrubution of budget
Slovenská sporiteľňa, a.s.	75,6	13,23
Tatra banka, a.s.	60	10,50
UniCredit Bank Slovakia, a.s.	70	12,25
SZRB	40	7,00
Total	**245,6**	**42,98**

Source: MoE SR

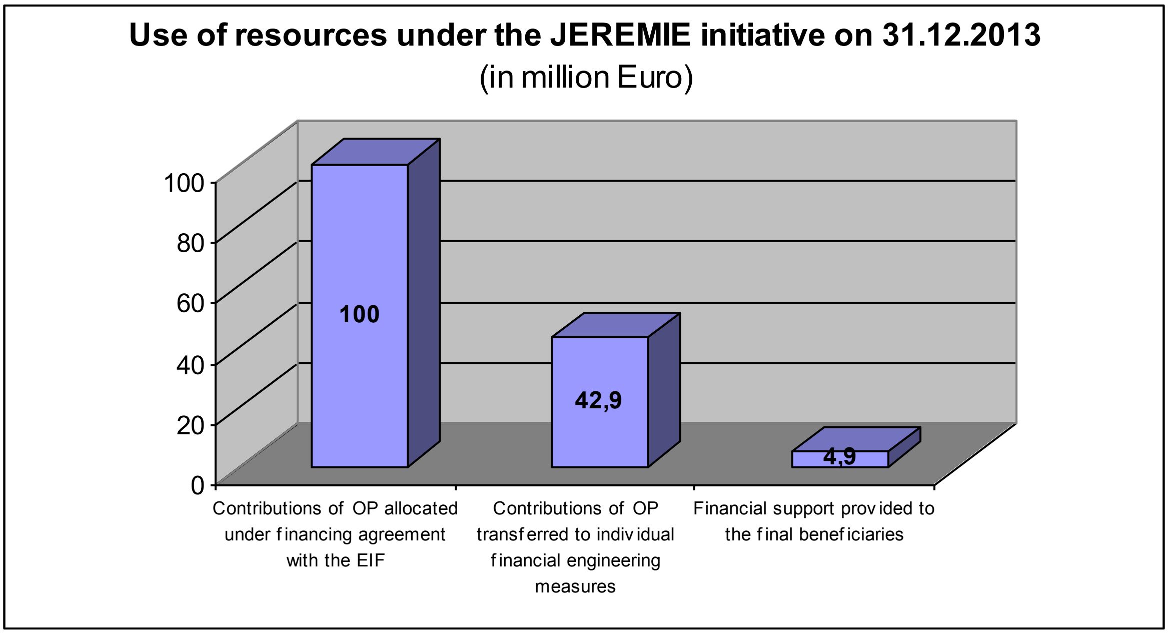
- **Portfolio Risk Sharing Loan**

Through the PRSL instrument the JEREMIE Holding Fund co-financed lending to SMEs and, consequently, the same proportion of shared risk created by the loan portfolio at a ratio of 1:1. This instrument only leads to further stimulate lending on concessional terms for SMEs, as is the case with FLPG instruments.

After considering the initial proposal for PRSL instruments, the Investment Board on 13.5.2013 approved it together with a change concerning the Investment Strategy on the allocation into the PRSL instrument. Subsequently, the EIF on 15.5.2013 opened a call for financial intermediaries, which was concluded on 30.6.2013. The EIF in October 2013 chose two commercial banks. One of the selected banks meanwhile resigned from signing of the operational contract, resulting in the unallocated amount of EUR 5 million. The second bank (Sberbank Slovakia, a.s.) there was completed in December 2013 the contractual negotiation and the signature of operational contracts; however, there will follow a clarification of the status of financial instruments in the OP C & EG. After the expected signing of the contract in the first quarter of 2014, the bank will provide soft loans to SMEs, the expected total amount of the new portfolio being EUR 16.6 million. Due to market development the EIF, jointly with the Ministry of Economy, decided on not allocating additional funds of EUR 25 million, which were designed to support SMEs and youth employment, in the PRSL.

The **PRSL instrument,** as well as a third instrument initiative JEREMIE (**Venture Capital Instruments**) will be implemented in **the course of 2014.**

Chart No. 16



Source: Minister of Finance of the SR

❖ Loans with support for the community program EU Competitiveness and Innovation

Československá obchodná banka, a.s. under the Community Programme of the European Union **Competitiveness and Innovation Programme** (CIP) offered as the first in Slovakia, in cooperation with the European Investment Fund (EIF), two types of loan products for entrepreneurs:

1. **EU Investment Loan** as a flexible loan of up to EUR 165,000, whose parameters can be adapted to the needs of business - non-purpose or special-purpose type, annuity or linear repayment, with maturities up to 10 years.
2. **EU Operating Loan** as a non-purpose operating loan installment loan of up to EUROS 100,000 used to finance business operations, and through irregular linear repayment there arises the advantage of lower monthly payments.

In 2013, it was thanks to these loans that ČSOB supported **1,005 SMEs in the amount of EUR 37,115,778, representing 1,262 loans.** The average amount of an investment loan in 2013 stood at EUR 38,077, while the average maturity of the loan was 5.20 years. The average amount of an operating loan in 2013 was **EUR 22,715**, with an average maturity of 3.18 years. Operating loans represent only 65 percent of the total granted EU loans. Compared to 2012, in 2013 the bank provided a 37% increase in the number of loans and 30% in volume.

The ČSOB loans with EU guarantee were mostly seeked by legal entities (75%). The greatest interest was on the part of entrepreneurs from retail, wholesale, services and construction. The greatest interest was by entrepreneurs in Poprad, Banská Bystrica and Žilina. In the available volume in the first three partitions placed the regions of Žilina, Poprad and Bratislava, Bratislava ending up with the highest average loan amount – EUR 33,349.

The overview of financial support to SMEs in terms of forms of financing and sources of funds are shown in the following table.

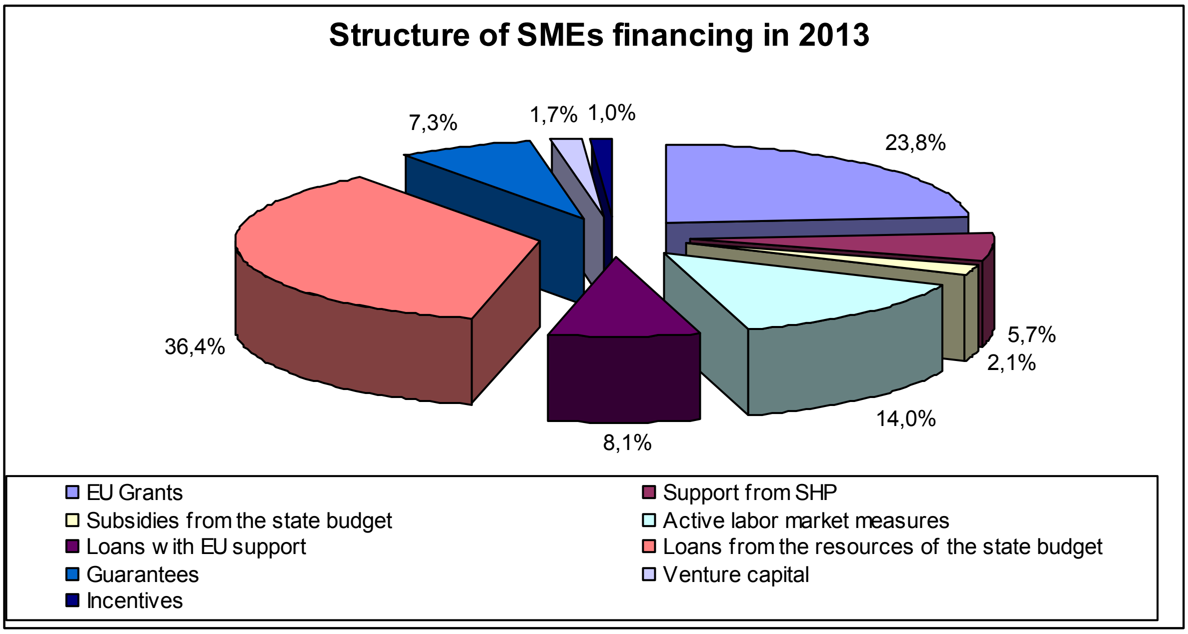
Tab. no. 8.14: The volume of drawn amounts funds by SMEs in 2013, according to their source in EUR

Source	Volume of funds (EUR)	Expressed in percentage
EU Grants	125 882 393,53	23,80%
Support from SHP	30 091 303,41	5,69%
Subsidies from the state budget	11 059 297,50	2,09%
Active labor market measures	74 090 878,00	14,01%
Loans with EU support	42 849 080,80	8,10%
Loans from the resources of the state budget	192 267 369,00	36,36%
Guarantees	38 351 000,00	7,25%
Venture capital	8 991 786,00	1,70%
Incentives	5 247 907,00	0,99%
Total	**528 831 015,24**	**100,00%**

The largest group of financial resources with more than 36% shares was represented by loans from SR state budget resources. In 2013 the total amount of these loans exceeded the value of EUR 192 million. In 2013 through the form of EU subsidies there was under operational programs supported more than 142 SMEs in amount of EUR 125,882,393.53 and their share of the financing structure was almost 24%.

A significant proportion (14.01%) in the financing of SMEs in the given period should be shown in the measures of active labor market policies, which have helped to support SMEs in the amount of EUR 74,090,878.00. Compared with the previous year, however, the volume of funds decreased by 13%. Another form of financing loans are supported by the EU, accounting for about 8% of the funds drawn by SMEs.

Chart No. 17



Compared to 2012 there was a significant decrease in the volume of guarantees. While in 2012 the amount of guarantees granted was in the amount of EUR 87,414,000.00 already in 2013 it was only EUR 38,351,000.00. Year-on-year, there was a more than 56% decline mainly due to lower guarantees from SZRB. The Common Agricultural Policy provided support for development funds of EUR 30,091,303.41, which is less than 6% of the total budget drawn by SMEs.

The volume of subsidies for the SME segment in comparison with the previous year did not change significantly. The total SME financing accounts for about 2%. A positive signal in the structure of financing forms was increasing the use of venture capital. Compared to 2012, the volume of funds in this way increased by almost 29%. As a result of amendments to the Act on Investment Aid there was also an increase in investment incentives year-on-year by 16%.

8.3 Development of the regulatory environment

Act on restrictions of cash payments (Act No. 394/2012 Coll.)

On 1 January 2013, there came into effect the Act on restriction of cash payments. The Act regulates the conditions of restrictions on certain cash payments. It prohibits cash payments of a value exceeding EUR 5,000. The provisions of the law have validity also outside the territory of the Slovak Republic on cash payments related to operations conducted on the territory of the Slovak Republic, while the donor or the recipient has in Slovakia a permanent residence, temporary residence, tolerated stay, residence, establishment or place of business.

Amendment to the Act on Collective Investment (Act No. 203/2011 Coll.)

Collective investment in Slovakia in connection with the amendment of the **Act No. 206/2013 Coll.** extended the concept of an alternative investment fund. The purpose of this amendment effective from 22 July 2013 was to implement in Slovak legislation the Directive on Alternative Investment Fund Managers. All alternative investment fund managers who want to work in the EU must be based on new rules to obtain a permit from the competent authority of their home Member State and must meet minimum capital requirements.

8.4 Results of analysis and surveys

The survey "*SMEs' Access to Finance Survey 2013*[18]" evaluation approach for SMEs regarding finance was implemented by the European Commission (General Directorate for Enterprise and Industry) in collaboration with the European Central Bank and building on previous surveys in 2011 and 2009.

The survey was conducted on a sample of nearly 14,900 business entities (including 13,900 within the EU - 28) and covers a total of 37 countries (the EU - 28 and the other countries involved in the promotion of entrepreneurship and innovation – the EIP). From Slovakia 300 business entities were involved in the survey, of which 270 small and medium-sized enterprises with employees numbering less than 250. In the materials are evaluated survey results for the category of small and medium-sized enterprises (employing 1-249).

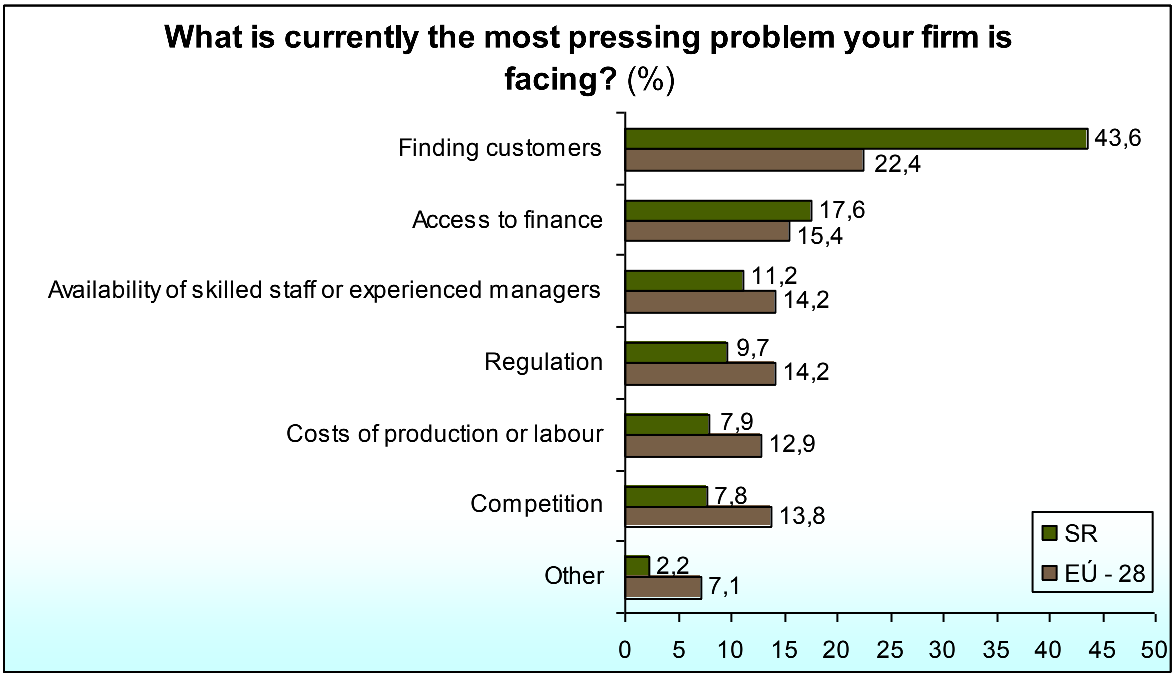
According to the survey in 2013, more than two-fifths (43.6%, a rise of 7.5 p.p. compared to 2011) of Slovak SMEs considered finding customers from the most serious problems

[18] http://ec.europa.eu/enterprise/policies/finance/files/2013-safe-analytical-report_en.pdf

facing businesses (EU-28 22.4%). The second most important problem was access to finance for 17.6% of respondents, a slightly higher level than for EU-28 respondents (15.4%).

15.7% of respondents from Slovakia declared in the preceding 6 months they had requested a loan from the bank, which was, however, a 5.7 p.p. less than in the EU – 28. Compared to 2011, the representation of entrepreneurs who requested a bank loan in Slovakia decreased (by 0.9 p.p.), however in the EU – 28, there was an increase (by 2.7 p.p.).

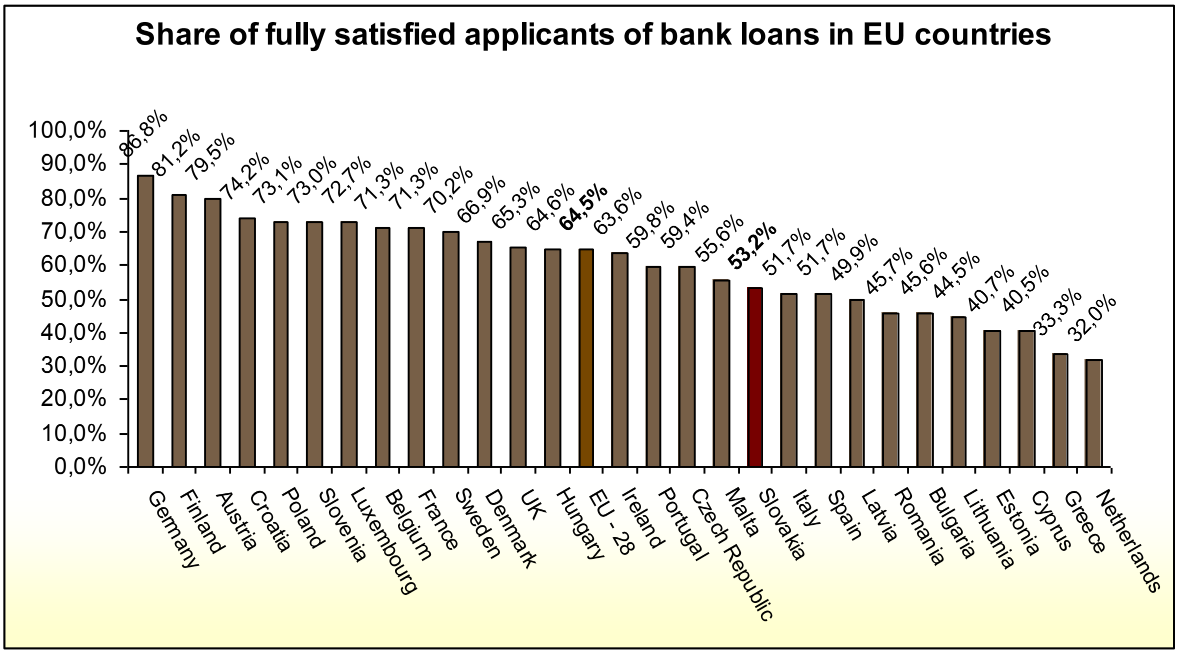
Chart No. 18



Source: *European Commission 2013:"SMEs' Access to Finance Survey",* processed by SBA

Of the total number of SMEs from Slovakia that requested the bank to provide a bank loan more than half (53.2%) were fully successful, which is 11.3 p.p. less than respondents in the EU – 28. Compared to 2011, the success rate of applicants who were fully successful within the EU – 28 increased (by 1.6 p.p.), but on the contrary, Slovakia decreased (by 4.0 pp). Compared with other countries, Slovakia is characterized by lower levels of full success when applying for a bank loan. Within the V4 countries Slovakia ranks last.

Chart No. 19



Source: *European Commission 2013: "SMEs' Access to Finance Survey",* processed by SBA

From the most limiting factor in obtaining bank loan financing in the future, for Slovak entrepreneurs still remains the too high interest rates (19%) and insufficient security and guarantees (17.7%).

8.5 Recommendations

- Improve the provision of information on financial support for SMEs and present significant existing support programs at the local, national and European level.

- At a greater degree of providing support to business in the form of repayable forms of assistance, having a significantly less distortive effect on economic competition.

- At a greater degree focusing attention on financing start-ups and small enterprises, financial assistance in the form of subsidies or loans to supplement the provision of training and consulting services and interconnected through this support.

- Strengthening and better linking of existing financial support programs (structural funds, guarantee and loan programs SZRB, EXIMBANKA SR, SBA, loan links of commercial banks financed by the EIB program SLOVSEFF), as well as the upcoming JEREMIE initiative to ensure effective support for various types of SMEs. Particular emphasis should be directed on facilitating access to finance for start-ups and micro-entrepreneurs that represent the category of businesses most affected by market failures. Periodically evaluate the need to supplement resources in these programs.

- To set up effective support for SMEs through Structural Funds in the 2014 – 2020 programming period carry out a market analysis, identify market gaps and the need for funding in various types of business. On this basis, identify and prepare financial instruments based on a suitable combination of recoverable and non-recoverable aid to eliminate gaps in the market and create conditions for improving the competitiveness of SMEs.

- Improve the financial situation of SMEs by supporting potential investors, in order to invest or borrow funds for new entrepreneurs and businesses through tax relief, which investor can apply at 2.5% of the loan amount. The advantage of such a scheme is a simple operating principle, which just minimally burdens the state budget and suitably stimulates the market environment (e.g. working model, for example Win-Win Loans in Belgium).

- Consider establishing a support scheme for the reimbursement claims of SMEs towards state institutions and other entities with state participation. Using this scheme an enterprise would be reimbursed a substantial part of the value of the claim (e.g. 80%). This measure would allow the entrepreneur to continue to grow as the financing should be available and not be blocked in the form of debt (e.g., a working model, for example the Casheo support scheme in Belgium).

- Encourage the creation of a so-called credit ombudsman to facilitate dialogue/communication between SMEs and lending institutions.

- Develop lending and micro-lending scheme involving private and banking resources, in respect to the particularities of a family business, i.e. provide long-term resources with acceptable interest.

- At a greater degree combine support for start-up SMEs through subsidies and micro-loans with the provision of training, counseling and mentoring services.

- The introduction of instruments for more efficient use of the possibilities of cooperation of public and private investors (exploiting the so-called “leverage effect”)

9. Principle 7 Help SMEs to benefit more from the opportunities offered by the Single Market

9.1 Development of foreign trade of SMEs with an emphasis on the EU single market

Development of SR foreign trade

In 2013, according to preliminary data from the Statistical Office of the SR and NBS there were exported from Slovakia **goods and services totaling EUR 70.430,2 million**, a year-on-year increase of 4.5%. **Imports of goods and services** were up year-on-year by 2.9% and **reached EUR 65.880,0 million.**

The exports of goods from Slovakia, according to preliminary data from the Statistical Office of the SR had a year-on-year increase of 3.6%, to EUR 64,361.1 million. The import of goods grew by 2.5% and reached EUR 60,077.4 million.

The **export performance** of the economy, expressing the share of exports of goods and services concerning the GDP, **reached 97.6%. The import demandingness** expressing the share of imports of goods and services concerning the GDP **amounted to 91.3%.**

The commodity structure of total exports of Slovakia (by HS Sections) formed a decisive proportion of machinery, devices, electrical equipment, recorders, speakers and screens (32.7%), vehicles, aircraft, vessels and associated transport equipment (25.3%), base metals and articles of base metals (10.6%) and mineral products (6.1%). The major share in the commodity structure of Slovakia's total imports consisted of machinery, electrical equipment, recorders and speakers and screens, (30.2%), mineral products (14.3%), vehicles, aircraft, vessels and associated transport equipment (12.3%) and base metals and articles from base metals (9.6%).

Slovakia reached the most significant surplus in foreign trade activity in Germany (EUR 4,240.7 mil.), the Czech Republic (EUR 2,526.7 mil.), Poland (EUR 2,485.7 mil.), Austria (EUR 2.418 million), the United Kingdom (EUR 2.340 mil.) and France (EUR 1.587,6 mil.). The most negative balance was achieved with the Republic of Korea (EUR 5.073,9 mil.), the Russian Federation (EUR 3.600,6 mil.), China (EUR 2.732,1 mil.) and Japan (EUR 677.9 mil.).

Among the main economic groupings, export to the EU countries **increased by 2% (representing 82.8% of the total export of the SR)** and to the OECD countries by 2.7% (from the total export of the SR it comprised 85.9%). **Imports from EU countries increased by 0.7% (representing 62.6% of total imports),** from the OECD countries by 2.4% (of the total import of the SR it comprised 63%).

Exports of SMEs

According to preliminary results of the SO SR in 2013 there occurred a slight decrease in the total exports of small and medium-sized enterprises by 0.1% (in absolute terms by EUR 22.2 mil.) **to EUR 17.388,8 million.** (data not counted into the operations carried out by foreign entities).

Similarly as in the case of total SME exports there was a year-on-year decrease in the share of SMEs in total exports by 0.9 p.p. to 29.4%.

In 2013 the share of micro-enterprises (0-9) in total reached 11.3%, representing EUR 6.698,4 million (this category also includes enterprises with an unknown number of employees in the volume of exports amounting to EUR 2.069,3 mil.). For small enterprises (10-49) total exports accounted for 6.3%, in absolute terms EUR 3.702,8 million and medium enterprises (50-249) 11.8%, in absolute terms EUR 6.987,5 million. In 2013 the dominant position in foreign trade was reinforced for large enterprises when the share was 70.6%, representing EUR 41.797,3 million.

In a year-on-year comparison, export decreased by 8.2% for micro-enterprises, in absolute terms by EUR 597,6 million. Exports of small enterprises grew by 7.4% (EUR 256,2 mil.) and export enterprises about 4.8% (EUR 319.2 mil.). For comparison, the year-on-year growth in exports for large enterprises was 3.1%, restated in absolute terms EUR 1.761.3 million.

Territorial Structure of SME Exports

The territorial structure of SME exports is characterized by significant dominance of the EU markets. In 2013 **the total exports of small and medium-sized enterprises** (EUR 17,388.8 mil.) **export to the EU-28 countries amounted to an 89.2% share** (EUR 15,508.8 mil.), while exports to the old EU member states – 15 accounted for a 39.8% share, EUR 6,917.6 mil.) and the new EU countries – 13 a 49.4% share (EUR 8,591.2 mil.).

SME exports of to EU countries

In 2013 small and medium-sized enterprises accounted for a total volume of exports to EU countries at 31.8% (EUR 15,508.8 mil.). The share of micro-enterprises represented 12.0%, in absolute terms EUR 5,862.4 mil. For small enterprises the total exports to EU countries accounted for 7.0%, in absolute terms EUR 3,402.1 mil., and for medium enterprises 12.8%, in absolute terms EUR 6,244.2 mil. The share of large enterprises was 68.2%, in absolute terms EUR 33,285.7 mil.

Based on the final results of processed foreign trade statistics for 2012, in terms of size categories of enterprises it is possible to further characterize by the territorial export of SMEs to the EU single market. In 2012, **more than a quarter (27.1%) of the total exports of SMEs in the EU went to the Czech Republic.** 17.1% of SME export to EU countries went to Germany, 15.5% to Hungary, 9.5% to Poland, 7.2% to Austria and 5.8% to Italy. Other countries had a share of less than 4%. Within the most significant countries concerning SME export to the EU, dynamic growth was preserved by exports to the Czech Republic (growth compared to 2011 by 10.8%), Germany (growth compared to 2011 by 3.1%), Hungary (growth compared to 2011 8.6%) and Poland (growth compared to 2011 by 29.6%). With the other major countries for SME export to the EU there was stagnation or a slight decrease.

In comparison with large enterprises SMEs significantly thrived in pushing forward exports to countries such as Malta (81.0% of SMEs), **Cyprus** (72.4% of SMEs), **Hungary**

(58.1% of SMEs) **and the Czech Republic** (51.0% of SMEs). Conversely, the dominance of large enterprises and the low representation of SMEs is evident in exports to Luxembourg (8.3% of SMEs), Portugal (9.8% of SMEs), the UK (11.1% of SMEs), Spain (11.3% of SMEs) and France (19.2% of SMEs).

Compare the situation of SMEs in exports in Slovakia and the EU

In 2011, according to Eurostat data and methodology consisted of small and medium-sized enterprises across the 25 EU countries comprised an aggregate 45.2% of total exports to the EU (not counting business entities with an unknown number of employees), an increase of 11.6 p.p. more than achieved by the share of SMEs in Slovakia exporting to EU countries (33.6%) in 2011 (according to the data and methodology of the Statistical Office of the Slovak Republic and the SBA, including data subjects with an unknown number of employees).

Compared to other EU countries, the Slovak Republic ranked fourth from the end (33.6%). A smaller share was observed only in Finland (27.9%), Hungary (33.0%) and Poland (33.1%). A similar share compared to Slovakia was recorded also in the Czech Republic (33.6%; Appendix, Chart. 41).

SME export to neighboring countries of Slovakia

More than half of the total SME exports were directed to the markets of Slovakia's neighboring countries. According to the final results of foreign trade statistics for 2012, the share of total SMS exports from Slovakia to neighboring countries reached 54.0%. Nearly a quarter of the total exports of SMEs went to the Czech Republic (24.2%; EUR 4,216.0 mil.), 13.9% to Hungary (EUR 2,412.5 mil.), 8.4% to Poland (EUR 1,470.1 mil.), 6.4% to Austria (EUR 1,117.2 mil.) and 1.1% to Ukraine (EUR 187.8 mil.).

In a year-on-year comparison, there increased export to the Czech Republic (about EUR 411.2 mil.), Hungary (EUR 190.9 mil.) and Poland (about EUR 335.7 mil.). By contrast, exports to Austria and Ukraine decreased year-on-year (EUR 4.7 mil., EUR 40.5 mil.) – Appendix, Chart 40.

Frequency of exporting SMEs

Of the total number of SMEs (including natural persons – entrepreneurs - 551,608) registered in the Register of the Slovak Statistical organization, in 2012 the exports of goods was carried out by 5.0% of SMEs. **Concerning natural persons – entrepreneurs (387,451), the share of exporting entities reached 1.3%, and in the case of SMEs – legal entities (164,157) 13.8%.** In industry the exports of goods was performed by almost every third (31.4%) SME – legal entity, or 7.9% of SMEs (including NP – entrepreneurs).

Imports of SMEs

According to preliminary results of the SO SR, in 2013 SME imports amounted to in absolute terms to EUR 22,813.4, a year-on-year decrease of 1.6% (or about EUR 375.7 mil.).

In 2013, the share of SMEs in total imports amounted to 41.2%, while compared to 2012 decreased by 1.5 p.p.

In 2013, the share of micro-enterprises (0-9 employees) in regards to total imports amounted to 16.4%, in absolute terms EUR 9,108.0 mil., while in this category were included enterprises with an unknown number of employees in the amount of EUR 2,200.4 mil. Small enterprises (10-49) accounted for 10.4% of total imports, in absolute terms EUR 5,775.2 mil. and medium enterprises (50-249 employees) contributed 14.3%, in absolute terms EUR 7,930.1 mil. Large enterprises accounted for the largest share of total imports (58.8%), representing EUR 32,589.5 mil.

Year-on-year imports by micro-enterprises decreased by 10.7%, in absolute terms by EUR 1,095.3 mil. Imports for small enterprises were up 11.0%, in absolute terms by EUR 573.6 mil., and medium enterprises by 1.9%, in absolute terms by EUR 145.9 mil. The total volume of imports in the category of large enterprises increased by 4.5%, in absolute terms by EUR 1,411.3 mil.

Territorial structure of SME import

Of the total SME imports **(EUR 22,813.4 mil.) in 2013, imports from the EU countries – 28,** accounted for **80.4%** (EUR 18,330.9 mil.), while imports from the old EU countries – 15, accounted for a 40.2% share (EUR 9,178.5 mil.) and imports from the new EU countries – 13, accounted for 40.1% (EUR 9,178.5 mil.).

SME imports from the EU

In 2013, small and medium-sized enterprises accounted for the total volume of imports from EU countries – 28, more than half at 53.0% (EUR 18,330.9 mil.). The share of micro-enterprises represented 22.7%, in absolute terms EUR 7,859.6 mil. In total imports to EU countries small enterprises accounted for 12.8%, in absolute terms, EUR 4,445.9 mil. and medium enterprises at 17.4%, in absolute terms EUR 6,025,4 mil. The share of large enterprises accounted for 47.0%, in absolute terms EUR 16,284.6 mil.

According to the final results of foreign trade statistics for 2012 SMEs accounted for 29.3% of total imported goods (according to the goods' country of origin) of EU imports from the Czech Republic, 17.7% from Germany, 9.7% from Poland, 8.3% from Hungary, 7.6% from Italy and 6.9% from Austria. The share for other countries amounted to less than 4%.

The most significant representation by SMEs on imports was within countries such as Cyprus (98.2%), Malta (88.4%), Lithuania (79.8%), Austria (74.7%) and the Netherlands (73.9%). In 2012, imports from SMEs to the most significant countries declined year-on-year in the Czech Republic (1.2%), Germany (5.2%), Austria (4.0%) and France (11.8%).

9.2 Actions taken to support SMEs trading in the single market

In 2013, the total financial aid statement for SBA Principle 7 in 2013: EUR 128,389,361.40

❖ Enterprise Europe Network - Business and Innovation Support Services in Slovakia Project

Small and medium enterprises (SMEs), on account of their role in the economy, are always at the heart of the European Commission. The flexibility of SMEs allows them to quickly and effectively apply the cutting edge of research and the development of new technologies; the potential is provided for SMEs to quickly create new job opportunities to penetrate foreign markets and contribute to economic growth. To support the development of SMEs and accelerate their effective functioning in terms of the single European market, the European Commission has created a large number of support instruments. One of the instruments regarding support for the development of the internationalization and international cooperation of SMEs **is the international business support network – the Enterprise Europe Network.**

The Enterprise Europe Network (EEN) is, with more than **600 contact points in more than 50 countries and nearly 4,000 experienced workers** the most structured not only in Europe but also globally, in the provision of consultancy and business services with a primary focus on small and medium-sized enterprises.

In Slovakia, the network has been represented since 2008 by **the BISS Slovakia project (Business and Innovation Support Services in Slovakia).** The project partners of BISS Slovakia are BIC Bratislava, the National Agency for the Development of Small and Medium Enterprises, the Slovak Chamber of Commerce, Regional Advisory and Information Centre of Prešov (RAIC Prešov), the BIC Group and EurActiv.sk.

The aim of the EEN is to especially help small and medium-sized enterprises to penetrate foreign markets, help to develop their innovative potential and increase knowledge of the EU market and policy development. The European Commission initiative offers entrepreneurs a "**one stop shop**", where they can get information, advice and benefit from a wide range of easily accessible business support services under one roof.

The main objectives of the EEN are:

- strengthen synergies among network partners through the provision of integrated services
- maintain and continually improve the access, proximity, quality and professionalism of the integrated services provided by the network
- raise awareness, especially among SMEs, in terms of policy and service offered by the network, including the improvement of environmental awareness and energy efficiency of SMEs, as well as awareness of cohesion policy and structural funds
- consult businesses and obtain their opinions on Community policy
- ensure complementarities between the network and other providers of services for SMEs
- reduce the administrative burden for all parties

<u>EEN Services in Slovakia:</u>

1. Guidance and support for SMEs

- consultations regarding the operation of SMEs in the EU internal market
- raising awareness of European legislation and policies
- organization of events for SMEs (business in internal EU market and in third countries, EU policies and legislation, funding sources, CE marking, online marketing, search for marketing partners, increasing competitiveness, standardization, intellectual property, health and safety, franchising, cross-border services, the environment, international cooperation, etc.)
- publications on various topics

2. Access to EU funds and their effective use
- sources of financing for SMEs
- assistance in finding current tenders and calls

3. Promoting SME participation in European projects and research programs
- raising awareness regarding the 7th Framework Programme for research, development and demonstration activities
- identification of needs and support for implementation of R & D results in practice
- use of databases on research and development results

4. Supporting innovation, transfer of technology and know-how
- support services to encourage SMEs, especially in the early stages of their business, supporting innovation activities for SMEs
- support for penetration of new technologies and research results into practice
- technology audits and profiles
- intellectual property
- use of science and research results

5. Support for the development of international cooperation
- information, advice and support services for SME cooperation
- aid in penetrating foreign markets (internationalization)
- increasing the competitiveness of European SMEs
- finding business and technology partners
- partner matchmaking events and trade missions
- preparation of business and technology profiles
- use of databases for commercial and technological cooperation

6. Feedback from SMEs to the EC
- SME comments on legislation and regulations of the EU on business

EEN services, even if they are designed especially for SMEs, are available for companies of all sizes, regardless of whether they are in manufacturing or service. The following are intended for research institutions, universities, technology centers and business and innovation development agencies.

Activities within the Enterprise Europe Network is funded partly from Community resources, but will also be co-financed by a project partner.

Comprehensive information on the activities and services of the Enterprise Europe Network in Slovakia are available at www.enterprise-europe-network.sk. In 2013 Slovak entrepreneurs had the opportunity to receive up-to-date information directly into their email box. By e-mail registered businesses were regularly informed about news from the European business environment – current articles, tenders and calls for project proposals, upcoming events (seminars, training for entrepreneurs, international matchmaking events and business missions), partnership offers for EU and non-EU countries, as well as new projects for entrepreneurs.

Activities EEN implemented in 2013:

In 2013, through information and assistance focused on the development of international cooperation in the field of entrepreneurship, innovation and research, there was support for all types of SMEs as well as large enterprises, universities, academic departments, clusters, associations and other entities. The specific types of activities gathered feedback for the European Commission.

Information services:

- seminars and regional events: 1,236 supported entities
- answers to questions: 1,187 supported entities
- feedback: 30 supported entities
- number of registered entities for electronic services: 1,827

Assistance:

- visits: 184 supported entities
- specific depth of internationalization and innovation services: 154 supported entities
- international partner events: 675 supported entities
- prepared cooperation profiles: 61

A result of the support activities was the **signing of agreements on international cooperation**, in which **25 entities** were supported. The above activities were financed by the European Commission from the CIP for around EUR 300,000.

One of the project partners for BISS Slovakia in 2013-2014 is also the **Slovak Business Agency**, whose project activities **for the year 2013** is characterized by the following table:

	Services provided for SMEs and their indicators (with SBA in 2013)	Number
1	**Propagation of the network Enterprise Europe Network** (radio and TV spots, information flyers, brochures, presentation of the network Enterprise Europe Network, the Web page www.een.sk, information letters, country profiles "How to do business abroad" etc.)	
	The number of SMEs, or individuals from target groups, affected by promotional activities of the EEN network [19]	5 000
2	**Organization of local and/or regional events** (seminars, workshops, informational and consultation days, training for SMEs on different subjects[20])	11
	Number of participants at local and regional events	322
3	**Obtaining feedback from SMEs for the EC** (expressing of opinions, comments, proposals of entrepreneurs on preparation or already existing legislation through feedback instruments – online consultations, panels for SMEs, SME feedback database, EBTP, Solvit)	

[19] except participants at events

[20] SBA organized in 2013 according to project BISS Slovakia 2013-2014 11 events for SMEs on some different themes: Starting a business on the EU internal market, Financing business activities, Increasing competitiveness of enterprise through online marketing (2x), Support of innovation in tourism through new cluster concepts, Access to finance, Effective online marketing and technological innovation in tourism (2x), Cross-border provision of services in Austria, Do business in Poland etc.)

	Number of participants connected to SME feedback activities	8
4	**Corresponding question form SMEs, partner networks, stakeholders**	
	Number of corresponding question[21]	494
5	**Analysis of needs of next clients** (first visits of clients/companies with a goal of obtaining basic information about companies and on their basis to offer certain types of services of the Enterprise Europe Network)	
	Number of analysis of needs of new clients	42
6	**Provision of services in the area of international and for the support of innovation** (IPR counseling, technological audits and/or trade reviews, financial consultancy, others)	
	Number of counseling services provided	37
7	**Organizational cooperation of events and business missions[22]**	6
	Number of SMEs participating in cooperation events and business missions	107
	Number linked contacts/meetings for cooperation events and missions	206
8	**Provision of make-to-order services in the form of calls, tenders and the like**	
	Number of registered clients	32
9	**Creation of proposals for cooperation (Business Cooperation Database profiles, profiles of Bulletin Board Services, FP7 profiles)**	
	Provided contacts for Slovak companies for foreign companies	29
	Provided contacts for Slovak companies to foreign companies	25
	Profiles of Slovak companies registered to databases[23]	21
10	**Participation in EEN activities and consortia** (active contributions to EEN network activities and activities of consortia)	
	Participation and active participation in activities of networks and consortia	12

Source: SBA

All the aforesaid services, whether to promote and help Slovak SMEs in search of production, trade and project cooperation partners, organizing the participation of Slovak enterprises in international cooperation events, business missions, identifying the innovative potential of the company, information and advice, or other, all services are directed towards one goal: to increase the competitiveness of Slovak SMEs, promote their innovative potency and promote international cooperation. In 2013 on the basis of services rendered SBA

[21] In 2013 outweigh especially questions of starting a business, cross-border provision of services, especially in Austria and German, delegating workers, financing questions, creating business plan and etc.

22 They organized and cooperated various sectors oriented co-organized cooperation events throughout Europe during some famous exhibitions. Conducted on these bilateral negotiations potential business or technological partners, established on the basis of their choice, i. e. after processing and adding profile as well as through schedule generated by software prepared in advance

Registered delegates of companies logged on meetings either by themselves or with the assistance of SBA. The participation on event, on exhibition as well as on others complementary, assistance and interpretation services were provided to participants free of charge. On March 2013 SBA has organized international cooperation event Furniture and Living in Nitra.

In negotiations, attended by 36 entrepreneurs from Slovakia and neighboring countries, which between them have completed 118 meetings. The participation of Slovak companies was ensured also at other international co-organized cooperation events – HEESLBAUERMESSEE in Austrian Graz, in Hungarian Budapest on OKOINDUSTRIA 2013, in Serbian Niši at cooperation events for women – Women Entrepreneurs in Progress, in Germany Klagenfurt, or in international engineering exhibition in Brno, in Ostrava's Business rendezvous with Czechs and Poles. At events participated in total 107 companies that completed 206 negotiations.

[23] SBA tries to support international cooperation also through assistance by searching business and technological partners, for example through database of offer of partnership, which is connected at the database of others 53 partners of the network Enterprise Europe Network.

concluded seven agreements on international cooperation between Slovak and foreign SMEs (the Czech Republic, Hungary), resulting in increased sales turnover in some cases and strengthening job creation.

❖ Slovak Business Agency

In addition to the above-mentioned BISS Slovakia project, in 2013 the SBA also implemented the following supporting projects and programs:

- **SME Help on the EU Market Program – 2013**

Support under the SME Help on the EU Market Program was based on the co-financing costs of the activities of the Enterprise Europe Network in Slovakia implemented by the SBA as a partner institution. The purpose is to provide free of charge services to SMEs, thus helping to increase competitiveness, innovation of Slovak enterprises and ensure their effective international cooperation.

The drawing on 31.12.2013 in the amount of EUR **26,107.30** by the SBA have been used for the organization and promotion of national and international events for SMEs (seminars, workshops, training for SMEs, international cooperation events) and the costs associated with external services related to their organization, professionalism, logistics, marketing and technical support. In order to continually improve services for SMEs, those funds also covered the cost of training and mission workers within the Enterprise Europe Network in Slovakia. Financial resources were used in accordance with the terms of contracts and the state program.

Tab. no. 9.1: Indicators of National Program „Assistance SMEs on EÚ market“ from 1.4. to 31.12.2013

Indicators	Status
The number of SMEs, or individuals from target groups, affected by promotional activities of the EEN network (except participants at events)	3 750
Number of participants at events (except participants at cooperating events)	208
Feedback for European Commission (IPM)	33
Corresponding question from SMEs (email, phone, personally)	333
Number of analysis of needs new clients realized during a personal meetings, e-mail or phone	35
Provided counseling services for SMEs	29
Number of SMEs participating in cooperation events and business mission.	70
Provided contact for foreign companies (made).	23
Provided contact to foreign companies (received)	21
Number of acquired contacts	86
Profiles of Slovak companies registered to databases	16
Total	**4 592**

Source: SBA

- **SR Development Assistance Projects**

During 2013, nine subsidy rounds for Slovak official development assistance (ODA) were called, through which the SR MFAaEA approved thirty projects.

The ODA has been intensifying the utilization of the diplomatic **CETIR ministry program for the transmission of transforming and integrating experience** to partner countries, primarily in the Western Balkans and Eastern Europe. In total almost three dozen activities have been managed, through which were trained one hundred twenty-two foreign partners and the number of Slovak experts abroad reached seventeen. Under **"Public Finance for Development"** implemented by the Ministry of Finance in cooperation with the UNDP Regional Center in Bratislava, there took place during the year 2013 active cooperation with Moldova, and Slovakia provided assistance to the country in the implementation of program budgeting at the central level. The successful operation of Slovak experts within **technical assistance** projects opens the way for long-term cooperation with Slovak entities, including businesses in the partner countries.

❖ SR Ministry of Finance

- **EXIMBANKA SR**

The Export-Import Bank of the Slovak Republic (EXIMBANKA SR) is a specialized financial institution established to support the export of Slovak producers and production services to foreign markets, according to Act No. 80/1997 Coll. on the Export-Import Bank of the Slovak Republic, as amended. Its main objective is to promote the maximum volume of exports of sophisticated production mainly to European Union countries and the OECD, as well as developing countries to ensure the return of funds minimizing risks arising from insurance, loans, guarantee and financial operations. EXIMBANKA SR is trying to diversify its support among a large group, or medium enterprises on the one hand and a group of SMEs on the other. Specific support for the export activities of SMEs is also performed with respect to the fact that these operators employ a large number of employees, thus increasing employment, are more flexible and more responsive to changes in external consumer demand.

In 2013 EXIMBANKA SR, supported, through its banking and insurance activities, exports totaling EUR **2,599,350,000.** For that amount, the banking activities contributed a sum of EUR 1,652,045,000. and **insurance activities** at a volume of EUR **947,305,000.**

Bank activities

In 2013, support through banking activities reached the value of 1,652,045,000, of which part of the export support consisting of large clients was EUR 1,569,013,000 (94.97%) and SME segment clients concerning the support of exports accounted for EUR 83,032,000. (5.03%). From a value of EUR 83,032,000 EXIMBANKA supported export to the EU Member States in the SME segment for 2013 in the amount of EUR 58,166,000.

In 2013, the proportion of clients in the SME segment accounted for 56.41% of the total number of clients for the EXIMBANKA SR banking division. **The share of loans** offered to clients in the **SME segment amounted to 19.89%** of the total commitment towards clients by the EXIMBANKA SR banking division **and the share of guarantees** for clients in the SME segment was 1.55% of the total issued guarantees.

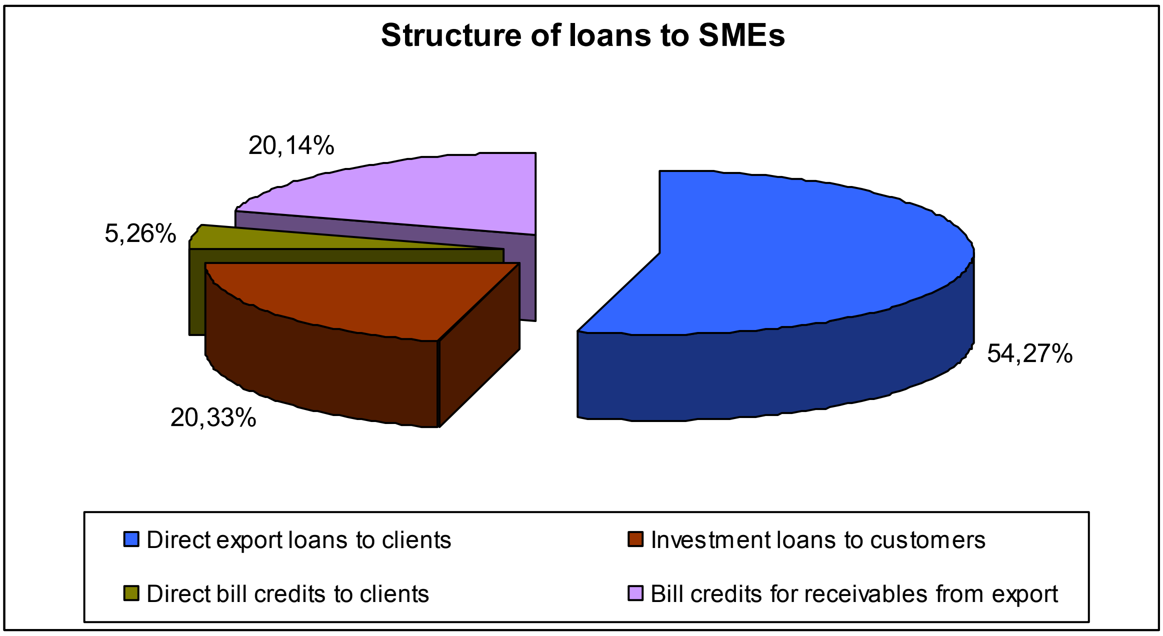
Tab. no. 9.2: Development of support of SMEs export through EXIMBANKA SR bank activities

Period	2009	2010	2011	2012	2013
Total support of export (thous. Eur)	1 957 144	2 057 756	2 221 226	2 596 464	1 652 045
- of this support of export of SMEs (thous. Eur)	166 398	96 842	77 974	130 821	83 032
Share of support of SMEs in total support (%)	8,50	4,71	3,51	5,04	5,03

Bank loans

In the area of loans clients in the **SME segment** had the best use of direct export loans, particularly loans for export support up to two years, enabling them to finance specific export contracts. Working capital financing for the implementation of individual export contracts in the form of loans for export support up to two years is for many businesses path to growth. The same applies for bill loans and export receivables, since many clients in the SME segment intensively search and find export opportunities in new territories. Receivables on loans to SMEs to 31.12.2013 in the amount of **EUR 42,511,000 accounted for 19.89%** of the total state receivables on loans to clients.

Chart No. 20

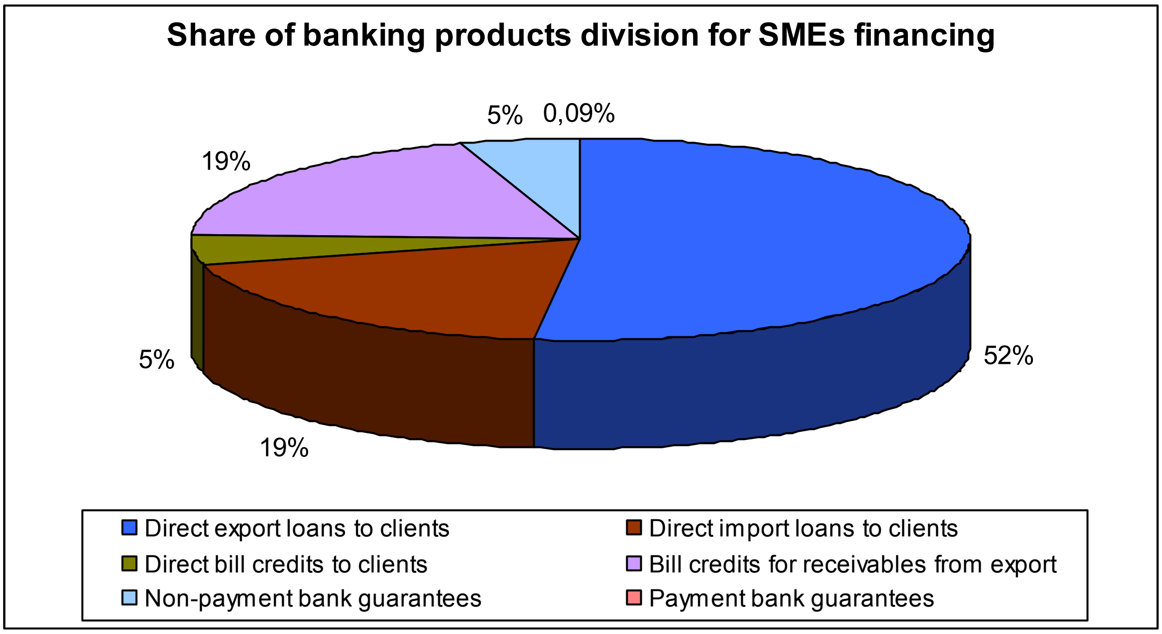


Source: Export-Import Bank of the Slovak Republic

Bank guarantees

In the **SME segment,** the interest regarding non-payment bank guarantees for contracts executed abroad by Slovak exporters (worth EUR 2,366,000) is significantly predominant, the payment of bank guarantees to 31 December 2013 were represented only marginally (EUR 39,000).

Chart No. 21



Source: Export-Import Bank of the Slovak Republic

Insurance business

The insurance activities of EXIMBANKA SR are aimed at promoting exports of Slovak businesses by providing insurance protection to exporters against short, medium and long term risk.

In 2013, EXIMBANKA SR supported exports through insurance activities in the amount of EUR 947,305,000, of which part of the export support consisting of large clients was EUR 653,896,000 (69.03%) and **SME segment clients regarding support for exports accounted for EUR 293,409,000 (30.97%).** From the value of 293,409,000 EXIMBANKA supported **export to the EU Member States in the SME segment for the year 2013 in the amount of EUR 225,521,000.**

Tab. no. 9.3: Development of the share of the SME segment in supporting exports through insurance activities, the insurance Premium and the number of clients for 2009 – 2013 in the area of short-term risk insurance.

Share of SMEs	2009	2010	2011	2012	2013
- in the number of clients	78,20 %	77,70 %	79,85 %	81,02 %	82,58 %
- in the insurance premium	26,60 %	27,59 %	33,29 %	39,10 %	40,91 %
- in the support of export	21,60 %	19,32 %	21,80 %	28,79 %	25,93 %

Source: Eximbanka

New in 2013 was the introduction of a special product designed for small and medium-sized enterprises, **"eSME insurance"**, because of the increasing tendency of the share of SMEs in the total number of clients. The product is used predominantly for so-called "MICRO" companies, which is those that have fewer than 10 employees and an annual turnover of less than EUR 2 million. The benefits include simplified conditions of credit insurance, as well as the closing of the application for the general insurance contract online via the Internet 24 hours a day. The success of the new product was reflected almost immediately. The ratio of newly closed insurance contracts for short-term insurance in 2013 amounted to 68.75% in favor of the eSME product and 31.25% for the older insurance product ABT.

❖ SR Ministry of Economy

- **Support for official participation of the Slovak Republic in exhibitions and fairs abroad**

Also in 2013 the Ministry of Economy continued the implementation of official participation in trade fairs abroad, providing space for the presentation of enterprises in national stands to increase their export performance. Official participation in exhibitions creates conditions for the participation of businesses under the auspices and with the financial support of the Ministry for selected events abroad in the form of a common national stand for Slovakia with an area of 30-100 square meters, depending on the significance of the fair, business entities interested in participating in a particular fair and the possibility of financial support from the Ministry concerning appropriations allocated to support exhibitions. Within the Ministry support from its own budget for participation in exhibitions, its bears the cost of building a national stand (space rental, stand construction and technical connections), which may be free to present a Slovak company. Depending on the size of the stand in a particular fair, one stand may present 5 to 15 companies.

In 2013, for the implementation of official participation the Ministry of Economy earmarked **EUR 441,361.40** from the budget, used for space rental, the construction of joint stands and the technical connections for stands at exhibitions. In accordance with the approved list of exhibition participants in 2013, the Ministry implemented and financially supported **participation in 16 exhibitions abroad**. With the support of the Ministry **95 Slovak companies** were presented at exhibitions in 2013. Outside the plan for approved participation there was support for the FIHAV Cuba exhibition, which were presented 11 Slovak companies

The participation of Slovak producers in trade fairs, exhibitions and trade missions was also supported by a call of the OP C & EG (Sub-measure 1.1.3) – **Call C & EG-113DM-1201 "Supporting the participation of Slovak producers at trade fairs, exhibitions and trade missions"** with an indicative allocation of EUR 3,000,000.00. The call was announced on 24.02.2012. The deadline of the call for subsidy applications, which was 28 May 2012, 54 subsidy applications with a total subsidy request of EUR 4,278,650.45 was received at the SIEA address, from which 25 applications for a subsidy of EUR 828,768.54 was not approved. By 31 December 2013 there had been **contracted 19 projects totaling EUR 604,783.32.** By 31 December 2013 not one of the projects had been properly completed and likewise there was no drawing within this call. Exceptionally 2 projects have been completed.

❖ The Slovak Agency for Investment and Trade Development

- **Support for the export activities of SMEs**

MIS 14 is a project to support the export activities of small and medium companies successful in the Slovak market. The name is an abbreviation for MADE IN SLOVAKIA 2014. The project was prepared by SITDA in cooperation with partners who have an equally keen interest in the promotion of Slovak exports. Today, there is Google|Sapie, Slovak Telekom, Zoznam.sk, Sberbank, Eximbank, Effectivity|Publicis and the associate partner Samsung. The project partners face a challenge – they want, for the success of Slovak SMBs, more thought and their export ambitions. They want attention on the fact that an ambitious and high quality company in the domestic market has a chance to be successful abroad, too. The ultimate aim of the project is to transform export ambitions into real exports.

- **Export and Cooperation Opportunities Portal**

The web portal is one of the essential instruments to ensure effective communication and the exchange of information on supply and demand in virtually all industries. The web portal works on the platform of a modern information system and meets all the parameters for the trouble-free communication of ideas between domestic and foreign entities. The portal was created in order to more effectively support Slovak export products, intermediate products, services and export capital, both for the purpose of promoting the creation of cooperative linkages and joint ventures between Slovakia and other countries. The functionality of the Portal is based on this philosophy. In this interactive environment, national entities were enabled to enter their bids, and foreign entities were enabled their demands exclusively for Slovak production. Each request goes through an approval process and other alternatives do not meet the fundamental mission of the Portal and are not approved. SITDA is a member of the association "Trade Promotion Organization" (TPO). The Portal is connected to pan-European system of the exchange offers and demands of associated organizations, the offer of national producers presented simultaneously in several countries in this manner. The Export and Cooperation Opportunities Portal provides the following options:

- allows registered Slovak entities free publication offering goods or services or presenting other forms of cooperation with foreign entities
- registration of national entities and the commissioning of their offers and their company profiles creating a database of Slovak businesses showing their product portfolio
- allows the registration of foreign entities that have the possibility of searching for potential suppliers from Slovakia as well directly enter their requests
- after registration the user has the opportunity to get more information about SITDA activities in promoting trade and export activities,
- The Portal provides updated information from SR MoE staff abroad (commercial and economic dept. ZÚ/OBEO), who entered requests into the Portal directly from abroad.

❖ SR Ministry of Defense

Although the Ministry of Defense has no responsibility in regards to supporting SMEs or business in the SR, The Modernization and Support Section (MSSMOD) of the Ministry of Defense ensures cooperation with the Association of Safety and the Defense Industry (SR ASDI) and other entities from the public and private sector in the field of armaments.

In the implementation of the economic dimension of foreign policy under the Programming Declaration of the Slovak Government and the continued cooperation of SD NATO with SR ASDI, SD NATO, there was organized by SD NATO for the organizational synergies of MSSMOD Ministry of Defense on 24 January 2013 for members of the association **Slovak Industrial Day,** in the NATO Support Agency, held directly at its head office in Luxembourg in Capellen. Industrial Day was attended by representatives of the DMD Group a.s. (within the DMD Group the companies KONŠTRUKTA – Defense, a.s., ZTS – ŠPECIÁL, a.s., ZVS holding, a.s.), Letecké opravovne Trenčín, Vývoj Martin a.s. and the Corinex Group. Industrial Day at the NSPA agency was focused on the **presentation of specific projects and current opportunities for the Slovak security and defense industry**, and there were also agency briefings specifically targeted at current company profile. The Agency is prepared to support a trainee program, in which there will be introduced capacity and possible involvement in procurement processes by specifically targeting individual companies. Representatives of the companies should have the opportunity to present their current projects and production capabilities.

Each year a **conference is organized on the possibilities of cooperation between the Ministry of Defense and the security and defense industry entities of the Slovak Republic**, either on the premises of the Ministry of Defense or SR ZBOP. In 2013, the Conference on Cooperation Opportunities between the Ministry of Defense and Security and Defense Industry Entities of the Slovak Republic was held on 16 October 2013 in Trenčianske Teplice, attended by the General Manager of NATO Support Agency (NSPA) and the Director of NSPA procurement. The event was dedicated to topics such as **procurement processes through the NSPA**, armament projects for the Ministry of Defense, the possibility of the participation of Slovak industrial entities in the supply of technical equipment for the Ministry of Interior, the **forms of export support** in terms of the Ministry of Foreign Affairs and EXIMBANKA SR and legislated trade with defense products.

❖ SR Office of Standards, Metrology and Testing

The Office of Standards, Metrology and Testing of the Slovak Republic (SOSMT) is the central state administration body for technical standardization, metrology, quality, conformity assessment and the accreditation body for conformity assessment. SOSMT elaborates state policy, implementing methodology and supervising the performance of tasks in the field of standardization, metrology, quality, conformity assessment and the accreditation body for conformity assessment.

In 2013 SOSMT continued in relation to SMEs in the application of the principle of mutual recognition and the provision of information on technical requirements for products in Slovakia and EU Member States. In 2013, it gave the **National Contact Point for Products**, established at SOSMT, information on technical standards and requirements for production, including rules governing the requirement of **prior approval in 115 cases**. From entrepreneurs there arrived 80% of these applications, the vast majority from SMEs.

SOSMT, as the coordinator of the national quality policy, annually announces the **Slovak National Prize** for quality, in which small and medium-sized enterprises have the opportunity to test their management according to the European EFQM Excellence Model, demonstrating their exceptional results achieved in business and thus strengthening their position in the domestic and foreign markets.

In the field of standardization, SOSMT in cooperation with the Slovak Standards Institute (SITS), focused on the following measures in 2013:

- **The review of charges** for access to standards via SSI-online. The business model of SSI-line was re-evaluated several times during the year, charges differentiated according to the individual user. Members of technical commissions have, within the scope of their work, free access to draft standards. Basic information on standards, including their structure, breakdown and summary are www.sutn.sk provided free of charge.
- **Review of the composition of the national technical committees** (TC) at SITS. In 2013 there were verified 97 TC, 44 sub-commissions, and 7 working groups with an adequate representation of stakeholders. Under the bylaw membership is free of charge and open to any interested group. In the course of 2013 the membership of any SME representative

was not rejected. Within international cooperation there was provided a contribution to the TC/SC in the amount of **EUR 1,000 (8 experts).**

- **Providing information via SSI online**. The measure contributes to competitiveness, facilitating the transition to technology and innovation literacy in schools, easier orientation in European or worldwide accepted state of the art.
- **Providing information in the SSI Infocenter.** Ensuring the provision of comprehensive technical information to the general public in order to improve access to information on TN for SMEs and educational institutions.
- **SITS and SOSMT promotional activities for SMEs**, e.g.: Normalization Forum, World Standardization Day, the International Engineering Fair, promotional activities in the Infocenter to popularize participation in the standardization process and the use of standards and thus promoting the participation of SMEs in the process. SME awareness is created for this group of users along with a more favorable position in the application on the market. On 29 April 2013, there was a seminar for small and medium-sized enterprises, **"Technical Standardization – Supporting SMEs"** with the participation of 23 entities, with the participation of lecturers from the CEN/CENELEC control center.

❖ SR Government Office

- **Troubleshooter System exercising the rights of the EU Single Market – SOLVIT**

The SOLVIT network, which ensures the functioning in the SR of the Government Legislation Section, Department of Law Approximation, is an informal network for solving problems faced by citizens and businesses in exercising their rights in the internal market of the European Union. The network provides fast and efficient solutions and provides its services free of charge. The network was founded at the initiative of the European Commission in 2002.

SOLVIT helps in all areas regulated by EU law. Of course, when meeting further prerequisites to solving problems in SOLVIT, and that is the problem of a citizen or entrepreneur in another Member State of the European Union than where they have residence, and which is caused by the public administration body with its action or inaction. Most often these are the cases related to the use of one (or even more) freedoms of the internal market of the European Union: free movement of persons, goods, services and capital.

Of the 73 cases registered in the SOLVIT database (in relation to the Slovak Republic) in 2013, businesses covered approximately 10% of cases.

9.3 Development of Regulatory Environment

The SR Government Council for the support of exports and investment issued on 6 May 2013 the **Background to the Strategy of External Economic Relations (VEV**), which aims to increase the competitiveness and export performance of the Slovak economy by streamlining the process of involving countries in international economic relations. VEV strategy focuses on streamlining national system of export promotion and its alignment with the medium-term trend in the external economic environment in 2020, and the interests of the business community.

Since the term "external economic relations" is very complex, the Council at the meeting of 6 May 2013 decided to narrow down the focus of the present VEV strategy predominantly in the areas of foreign policy in terms of material Basis of Strategy for External Economic Relations for the years 2014 - 2020. The SR Government Council for the support of export and investments at the end of the meeting of 13 November 2013 recommended the adoption of the VEV Strategy.

For the purposes of implementing the strategy there has been over the years 2012-2013 the following measures:

In relation to the VEV strategy there were implemented measures governing the powers of the MoE and the SR MFAaEA through the **Memorandum of the Cooperation of the Ministry of Economy and MFAaEA in the fulfillment of the tasks of SR economic diplomacy** from 1 August 2012 led by the common interest to create favorable conditions for the development of external economic relations.

This process follows **the amendment to Act No. 575/2001 Coll. on the organization and activities of the central state administration organizations** (i.e. the Competence Act), as amended from 1 January 2011, in which the steering commercial and economic departments divisions of the representative offices are integrated into the steering representative offices in the scope of the MFAaEA and the Ministry of Economy oriented on intergovernmental bargaining and sectorial agreements of an economic nature, the implementation of intergovernmental and sectorial agreements of an economic nature, the implementation of intergovernmental and mixed commissions, the implementation of official participation of the Slovak Republic in trade fairs, exhibitions and world exhibitions.

The above competency change made room for closer cooperation between the diplomatic sector and the business sphere, ensuring the integration of the political and economic scope of the Slovak foreign service and the efficient management and use of financial and human resources. In accordance with the SR Government's programming declaration, the revised version of the Competence Act and the Memorandum of Cooperation between the ministries of foreign affairs and the economy was carried out by the MFAaEA SR 2013 through the coordinating role in economic diplomacy.

Furthermore, in accordance with the Programming Statement of the Government of the Slovak Republic in December 2012, **the Council of the Slovak Government to Support Exports and Investment** (RVPEI) was established. RVPEI The first meeting was held in March of the following year, under the approved work program for 2013 comprising an assessment of the strategy of external economic relations in 2020.

The establishment of the **SR Government Council to Support Exports and Investment** (RVPEI), an advisory and coordinating body of the Slovak government for state support of international economic cooperation and the presentation of the SR abroad, was an established institutional platform to support exports and investments and direct interaction between the representatives of the state and the business environment. At its six meetings RVPEI discussed various materials of strategic importance, for example. "The strategy on external economic relations for the years 2014-2020", "Strategy of EXIMBANKA SR for the years 2014 - 2020", and measures to streamline the system of intergovernmental and interdepartmental joint commissions for economic cooperation and the system of official participation in trade fairs and exhibitions abroad.

At the same time in the conclusions of RVPEI No. 01/05/2013 from 25 March 2013, there was created a **Working Group for Developing VEV Strategies in the 2014-2020 period**, its composition and orientation activities. The Working Group is a professional platform, which paves the interdepartmental coordination of activities leading to the adoption and implementation of the strategy of external economic relations of the Slovak Republic for the 2014 - 2020 period in the scope of the Government of the Slovak Republic to promote exports and investment. Simultaneously there was created the **Working Group to Coordinate the Activities of the SR Government Council for the Support of** Export and **Investment** and the **Working Group to Coordinate the Presentation of Slovakia Abroad**.

Also during 2013 there was **consolidated the network of economic diplomats** in key territories in terms of economic cooperation and intensification potential, in the EU Member States and the USA. In accordance with the recommendations of the business sector there has been currently created **49 systemized jobs for economic diplomats** concerning the representing offices. The performance of economic diplomacy was transferred to the responsible heads of the embassies. 2013 was the year of transition for orientation project of the performance of economic diplomacy. A container of trade, investment, research and production-cooperation projects initiated by embassies, or projects in whose implementation embassies were involved.

Within the interdepartmental coordination MFAaEA SR implemented an overview of the presentation activities of individual departments and agencies and prepared an interdepartmental information platform, which enables the participants to share information about upcoming activities, achieve synergies and avoid duplication.

In the course of 2013 there were adopted several important documents, which builds on Strategy of Foreign Economic Relations for 2014-2020. In May 2013 the SR Government adopted Measures in Economic Policy to Promote Economic Growth, aiming to boost growth in the export performance of the Slovak economy. It also reflects the adoption of the **Strategy of Tourism Development to 2020**, aiming to promote inbound tourism. Similarly, there is taken into account the forthcoming concepts of the **Medium-Term Strategy for Official Development Assistance for 2014-2018**, and **The Research and Innovation Strategy for Intelligent Specialization in the SR.**

A specific legislative measure is the **EXIMBANKA Slovak Republic 2014-2020 Strategy**, which was discussed at the 4th session of the SR Government Council to Support Export and Investment on 23 October 2013 and it is the cooperating documents with the **Strategy on External Economic Relations.** The strategic objectives of EXIMBANKA SR is included in the EXIMBANK Strategy and updated in relation to Slovak and global economy developments and will build on the current policies of the SR Government as a follow-up to the set objectives of the pro-export policy in the forthcoming Strategy on External Economic Relations.

In the long-term perspective in the proposal of the development strategy of EXIMBANKA SR for the years 2013-2020 there was the government in December 2012 Resolution No. 725/2012 was approved in December 2012 at government discussions, "Proposal for a stake of state financial assets in the equity capital of the Export-Import Bank of the Slovak Republic, and to reinforce the insurance and guarantee fund through a reduction of the share capital of the Export-Import Bank of the Slovak Republic." The above material builds on the Government's Programming Statement for the Years 2012-2016, where within the support for Slovak entrepreneurs talks of the application of pro-export policy also through the expansion of the resource capacity of EXIMBANKA SR. For 2013, the fund has been **reinforced to guarantee EUR 20 million**, which **will increase the guarantee capacity to nearly EUR 143 million**, bringing the total level of capacity guarantee to EUR 389.4 million. At the same time after subsidizing the fund to cover non-marketable risks by EUR 40 million EXIMBANKA SR will be able to subscribe to risks for this type of insurance by over EUR 320 million and total insurance capacity thus exceeding the level of EUR 1 billion (EUR 1,070 mil.).

9.4 Recommendations

- To increase awareness of the business opportunities offered by the Single Market.

- Extend support for exports of commodity also in the territorial structure with a focus on markets with commercial potential for the expansion of Slovak SMEs.

- Greater support for counseling and education about business opportunities in the EU markets to address technical barriers to trade and improving the management of exporting SMEs. The lack of experience in foreign trade transactions, the lack of knowledge of the market and regulations, obtaining business partners, financing export, and so on, represent a significant barrier to using the opportunities offered by the Single Market.

- In the case of support aimed at acquisition activities allow disbursement through business groups and associations that can provide service to SMEs in the organization of exhibitions, especially in common exhibitions and be able to use resources more efficiently and comprehensively.

- Enhance the competitiveness of Slovak companies for foreign markets by promoting the reduction of domestic energy and resource intensity of production and increasing the value added of products and services.

- To promote the export of exporting companies through the effective export policy of the state and strengthen the capital of Eximbanka and the Slovenská záručná a rozvojová banka.

- Easier access to Slovak technical standards - support the establishment of INFOPOINT intermediary access to read the full text of the SSI at universities and colleges, or alternatively in business centers.

- Digitalization of the permitting and licensing procedures in foreign trade

- Increase the effectiveness and efficiency of customs clearance, together with the reduction of the administrative burden by increasing the boundaries of the amount of import duties for which customs authorities may not require security

10. Principle 8 Promote the upgrading of skills in SMEs and all forms of innovation

10.1 Structure of SMEs according to the technological level of production and knowledge intensity of services

Category of entrepreneurs, natural person – small trade licensees

The level of development of the knowledge of economy, among other indicators show the structure of business entities according to the technological level of industries and knowledge-intensity services defined through the NACE classification.

At the end of 2013 the total number of small trade licensees in the manufacturing sector (55,657) registered 6.0% (in 2011 6.2%) of small trade licensees collectively in the medium-high and high technological level production sector (economic activities, intermediate and high intensity research and development), 56.7% of small trade licensees (year-on-year growth of 0.6 p.p.) in sectors with a medium-low-tech level and 37.3% of small trade licensees (down 0.5 p.p.) in sectors with a low technological level (Appendix, Chart 46)

Of the total number of small trade licensees in the service sector (203,498, Section SK NACE G to S collectively covering trade and services) dealt in knowledge-intensive services, which are heavily based on the use of knowledge or knowledge of a particular discipline 27.3% (year-on-year growth by 0.5 p.p.) of small trade licensees and in knowledge-efficient services 72.7% (a year-on-year decrease by 0.5 p.p.) of small trade licensees (Appendix, Chart 47) [24]. In the long term the positive trend increase in the proportion of entrepreneurs in knowledge-intensive services, and a decline in the share of knowledge-efficient services are clear.

The structure of small trade licensees according to the technological level of production in regions of SR is shown in the Appendix, Map 4. The highest proportion of small trade licensees in the sector of high-tech and medium-high-tech level is in the Bratislava region (cumulatively 8.7%) and Žilina (7.1%). Within services the representation of entrepreneurs in knowledge-intensive services, the highest is in the Bratislava Region (33.9%) and the Banská Bystrica Region (29.7%), while the lowest is in the Nitra Region (22.0%) (Appendix, Map no. 6).

Business categories – legal entities

In 2013 according to the technological level of the manufacturing industry the total number of SME-LEs registered in the manufacturing sector (14,406) was **3.1% in the production of high-technology** (economic activities with high R & D intensity), **14.0% in the sectors of a medium-high technological level, 40.7% in sectors with medium-low**

[24] The definition of the sector according to the technological level and knowledge intensity services described in the following link: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/htec_esms_an3.pdf

technological level and 42.3% in sectors with a low technological level (Appendix, Chart 48). In the long term, the structure is relatively stable, with no major changes.

Of the total number of SME-LEs in the services sector (145,175, Section SK NACE G to S comprising aggregate trade and services) dealt in knowledge-intensive services, which are heavily based on the use of knowledge or expertise was 35.3% for SME-LEs and knowledge-efficient services 64.7% for SME-LEs (Appendix, Chart 49). The above information shows that in 2013 there was a trend in the gradual cessation of growth in the share of knowledge-intensive services, evident from 2009.

The structure of the SME-LEs based on technological level of production in the regions of Slovakia was characterized by above-average representation of sectors at a high-tech and medium high-tech level in the Bratislava Region (cumulatively 20.4%), in the Trenčín Region (19.5%) and the Žilina Region (19.3%). The representation of SME-LEs in knowledge intensive services was the highest in the Bratislava Region (42.6%). In other regions, it breaks down in a range from 27.6% in the Žilina Region to 33.9% in Banská Bystrica Region (Appendix, Map 3 and 5).

10.2 Programs/measures to promote science, research and innovation

The total financial aid statement on SBA Principle 8 for the year was: EUR 64,153, 993.37

❖ Slovak Business Agency

- **The "CluStrat" Project ("Promoting innovation through new cluster concepts in support of emerging sectors and cross-cutting themes")**

The project "Boosting innovation through new cluster concepts in support of emerging issues and cross-sectorial themes" has been implemented since 2011. It is better known under the name CluStrat and we are implementing it within the Central Europe Program.

During the project implementation we have become one of the 18 professional and expert organizations from the region of Central Europe, **the aim of which is to promote the development and competitiveness of SMEs through clusters and their innovative concepts**. Since clusters are one of the support instruments for the development of SMEs and their aim is to promote cooperation between SMEs in a particular sector, we decided to also enter into this form of support for SMEs. The specific objectives of the project are: setting up a political dialogue between key players, the development of a new strategy and concept clusters, the implementation of pilot actions.

Activities:

- Bringing innovation to clusters - the existence of clusters not only in Slovakia, but also in other EU countries and especially in Central Europe, however, is contingent on their classic form – cooperation only within certain sectors and focusing on the classic sectors (engineering, automotive, tourism). Our goal is to change the traditional view and bring innovation to the field – throughout the project we will focus on new areas, namely:

Emerging industry sectors

1. *Active human evolution and aging*
2. *Sustainable development and green economy*
3. *Sustainable mobility*

Cross-cutting themes

1. *Gender and innovation, including the diversity of perspectives*
2. *Internationalization*
3. *Knowledge and technology transfer*

- mapping and analytical activity
- organization of expert events, aimed at the regional, national and transnational level to gather information and advice from key players – SMEs, clusters, European institutions, policy makers at every level – and on that basis prepare and test new forms of clusters.
- development of new cluster forms

Project results as of 31.12. 2013:

	Activities/Services provided for SMEs and their indicators	Number
1	**Project promotion**	
	Building and launching of the Web page: www.clustrat.eu	1
	Project leaflet	100
2	**The most important area within newly originating sectors in the Bratislava Region**	4
	• automobile indurstry	
	• machining industry	
	• research and development	
	• financial sector	
3	**The most important area wihtin newly originating sectors in the Trenčín Region**	**4**
	• machining industry	
	• research and develompment	
	• education	
	• industrial and research activities	
4	**Number of interview conducted with interested institution**	**6**
5	**Number of regional dialogues held**	**2**
	Regional dialogues, Bratislava, 11.4.2013	
	Regional dialogues to cluster concepts, Bratislava, 23.7.2013, panel discussion on the topic Internationalization and Transfer technological know how	
6	**Number of national dialogues held**	**2**
	National dialogues in Katowice – results of mapping all projects partners in Central Europe, presentation of the key elements of the strategy	
	National dialogues in Budapešt – presentation of proposals for pilots projects, the selection of pilot projects coordinators	
7	**Number of workshops**	**3**
	Workshop – topic of gender equality, the posibility of applying this issue in the development of new concepts of clusters, Linzi	
	Workshop – topic Ambient Assisted Living and Zero Energy Building, Budapešť	

	Workshop – Active Ageing – target group seniors and hendicapped people, Ľjublana	
8	**Number of realized pilot projects in Slovak Business Agency**	**2**
	Topics of pilot projects: 1. Green economy 2. Active Aging	

Source: SBA

All organized events were rated as major benefits from the participants, as it is an emerging industry and the information presented was very interesting and innovative. The participating companies obtained information and experience moving SMEs in a further direction, operating in green Economy and Active Aging. Both topics have received little attention in our country. For SMEs, dealing with the construction or robotics and automation, it is a challenge for the next period.

- **"TwinEntrepreneurs" Project**

The "TwinEntrepreneurs" Project is an initiative of the SBA, Vienna Business Agency and the Association of Young Entrepreneurs of Slovakia to support start-ups and small businesses in the Vienna – Bratislava region. Small businesses play a very important role in the economy of the region of Vienna and Bratislava. Support for SMEs is one of the primary objectives of the three project partners. So far, however, there was carried out only at the regional or national level. Within the framework of the TwinEntrepreneurs project this objective will be realized together.

The planned measures are aimed at existing and start-up companies; particular focus is on companies with a growing but still unreleased potential (hereinafter "startup"). Bratislava and Vienna – emphasizing their role as capital cities – are the most developed and most dynamic areas of their countries. The first step of the project is to analyze the startup environment. This will be followed by a series of workshops aimed at improving the skills and abilities of the startups to break through. We want to contribute discussion, networking and mutual cooperation to regional development and improve the situation of start-ups in both cities.

Objectives:

- bring together stakeholders to support startups in Vienna and Bratislava, to get through the discussion to share experiences and information about events in these cities
- obtain feedback on support activities for Slovak and Austrian startups scheduled for the years 2013 to 2014.
- Increasing competitiveness, and especially support for young entrepreneurs and SMEs, is the aim of the 2007-2013 operational programs (ERDF) in the regions of Vienna and Bratislava.

Activities:

- Free workshops and seminars on business know-how
- Coaching on how to grow and expand
- Networking
- Twin Cities Vienna – Bratislava Regional Analysis

Project results 2013:

	Activities/Services provided for SME and their indicators	Number
1	**Project promotion**	
	Launch website http://www.twinentrepreneurs.eu/	1
2	**Regional study Viedeň-Bratislava, analysis of start-ups and young enterprises in region SK-AT**	
	Regional study Viedeň-Bratislava, analysis of start-ups and young enterprises in regione SK-AT	1
	Presentation of analysis – 11_12_2013 – Viedeň /participants	40
3	**External workshops**	
	1st workshop – 28_05_2013 – Viedeň – Idea Enrichment on how to Expand your Business	
	2nd workshop – 05_06_2013 – Bratislava – Know your market before you leap: Learn how to systematically develop your market and your customers	
	3rd workshop – 20_06_2013 – Viedeň – Get your company noticed: Learn how to place your company and your product	
	4th workshop – 27_06_2013 – Bratislava - Finance your way to growth	
	5th workshop – 14_10_2013 – Viedeň: Taking your business from inception to growth	
	6th workshop – 21_10_2013 – Getting to a Product-Market fit – Bratislava	
	7th workshop – 28_10_2013 – Growing into a new market – Viedeň	
	8th workshop – 04_11_2013 – Gearing up for marketing success – Bratislava	
	9th workshop – 11_11_2013 – Making it ready for capital – Viedeň	
	Approximate total number of participants of workshops	130
4	**Coaching**	
	Ensure couch for coaching program, that will be launched in the spring 2014	

Source: SBA

The primary assumption of the project was that such activities, discussion, networking and mutual cooperation project will contribute to regional development and improve the situation of start-ups in both cities. **One year after the project's running,** we can say that the prerequisite is slowly and partially being successfully met, since the project successfully combines the Slovak and Austrian start-up scene and opens the Slovak market to Austrian entrepreneurs and the Austrian market to Slovak entrepreneurs. In 2014 they will carry out the remaining planned project activities – a 3rd series of workshops, two seminars and free coaching. The Agency is communicating with partners about the possibility of continuing the project after its completion.

- **"InnoFun" Project**

In 2012 the SBA (at that time as NADSME) joined the InnoFun project, whose main idea is the creation of a space in which innovators, professionals and investors can communicate with one another. It facilitates access to information and accelerates the funding of innovative ideas. Investors will be able to easily select the business plan and innovators will get to funding in a simpler way. The aim of the project is to improve regional policies in financing innovation and facilitating their transfer to commercial use through a specialized instrument that will act as a pilot action plan project.

Project activities:

- Promotion of the project through the project website http://www.innofun.org/, publication of newsletters and brochures about the project
- *Phase 1 - Screening and exchange of best practices within the partnership* - In this phase, the project partners will map existing ways in which how public funds may adapt to the decision process on private funds, thereby improving the system of choice for innovative ideas suitable for funding.
- *Phase 2 – Discussing examples of good practice in a series of meetings with regional and national key players* - regional and national key players in the field of academia and the private sector will be invited to technical workshops to share their insights and suggestions with the project team regarding the upcoming improvements of policies and methodologies.
- *Phase 3 – Proposal of policies and methods in collaboration with relevant experts* - project partners in working groups, together with external experts proposing specific topics for pilot actions.
- *Phase 4 - Pilot actions to improve regional policies for financing innovation or methodology on how to bring innovation to markets, people, finance*

  5 pilot actions that will be implemented and experimenting with new ways and structures for innovative financing:
    - Pilot Action I: Presentation of business plans by pitching (CZ)
    - Pilot Action II: Website for funding (CY)
    - Pilot Action III: Financial portal and training in preparedness of innovators for investors (UK)
    - Pilot Action IV: Support for digital pitching (FIN)
    - Pilot Action V: Support for digital pitching (F)
- *Phase 5 – Preparation of regional implementation plans* - Partners establish the Regional Implementation Plans, describing a political instrument that will provide better state funding of innovation in the regions
- Innovative table discussion on the topic of inspiration for innovation - the aim of the event was to discuss the promotion and funding opportunities for innovation in Slovakia as well as the discussion of ideas, suggestions of instruments for state support innovation for the next programming period. The table discussion brought together practitioners and people developing national policies and sparked a debate as to whether there are national policies currently compatible with the needs and experiences of practice
- Preparation of Studies on regional instruments to promote the use of the innovative potential of the Slovak Republic

Project results 2013:

	Activities/Services provided for SME and their indicators	Number
1.	**Project promotion**	
	• website update • edition project newsletter • publication, print and distribution brochure about the project	 3 3000
2.	**Phase 3 – Proposal policies and methods in collaboration with competent experts**	
	• cooperation in working groups • prepearing topics for pilot action	1
3.	**Phase 4 – Pilot actions to improve regional policies for financing innovation or methodolody on how to bring innovation to markets, people, finance**	
	• participate of preparing 5 pilot actions	5

4.	**Organization and realization roundtable: Inspiration to inovation- 24.10.2013**	**1**
	Number of participants	**21**
5.	**Working Summit of project partners**	**2**
	Working Summit Peterborough- Kick off 3. phase of project Working Summit Nikózia- Kick off 4. phase of project	
	Number of participants	**30**

Source: SBA

Improving regional policies to finance innovation and proposal of the methodology of how to bring innovation to markets, people, finance. Facilitate access to information and the acceleration options for financing innovative ideas.

❖ Enterprise Europe Network

In addition to the BISS Slovakia project, which is one of the subjects of the previous chapters, there have also been carried out through the EEN activities in other areas, particularly in the platform cooperating organizations concerning EEN Slovakia entitled titled "Innovation Forum Slovakia".

This open platform, which was created in 2012, brings together innovation experts from all over Slovakia on the basis of written expressions of interest to participate in the activities of the Innovation Forum. The Innovation Forum Slovakia is coordinated by BIC Bratislava within the EEN SR MESRS, Ministry of Economy initiative in cooperation with the Slovak Center for Scientific and Technical Information. Innovation Forum organizes meetings to discuss current issues in the promotion and management of innovation, technology transfer and application of innovative business, responses to relevant legislative changes.

In 2013, two meeting platforms were organized, on 12/03/2013 with a focus on **"Innovative Strategies in the Slovak Republic"** and on 25.9.2013 with the theme of **"Innovation Support in the Slovak Republic".**

❖ SR Ministry of Transport, Construction and Regional Development

- **Grants for scientific and technical services pursuant to Paragraph 8a. 8 of Act No. 172/2005 Coll.**

In 2013, a subsidy from the state budget supported **one SME entity with the sum of EUR 38,717**, while it co-financed the project with its own additional funds in the amount of EUR 3,283.

The aim of the solution was to create a national framework for cost-optimal solutions, including the refinement of the assessment methodology of cost-optimal solutions to ensure minimum energy performance requirements for buildings in Slovakia and processing user input data reflecting the economic life of a plant and the required return on money spent on energy. The conditions and obligations to ensure the evaluation of cost-optimal measures within the requirements were created under Directive 2010/31/ EU on the energy performance of the EU Member States. The implementation of the results of the task solutions into legal and technical standards will be available for use by the general professional public.

❖ SR Ministry of Economy

- **Scheme to support cooperation between business entities and scientific research institutions through innovation vouchers (De minimis scheme DM 1/2012)**

The SR Ministry of Economy has processed and prepared various support schemes. For instance, the already known instrument **Innovation Vouchers**, whose purpose was to encourage the development of innovative activities of enterprises based on product innovation, technological processes, or services. The subject of the scheme was to provide support in the form of subsidies – through innovation vouchers from the state budget. It is a form of money order, whereby an entrepreneur will cover all or part of the cost of providing performance relating to innovation from the selected contractor. The intention was to create a direct link to the business sector, particularly SMEs with selected professional research and development facilities, to enhance the competitiveness of enterprises through the innovation of its own products, services or technologies. The support providers were the SR Ministry of Economy. The Scheme Executor was the **Slovak Innovation and Energy Agency**

The pilot project launched in 2013 supported the following **20 business entities falling within the category of SMEs**. From the budget of the Ministry of Economy through the scheme there were given subsidies to **9 solver – authorized organizations, totaling EU 70,000**, which carried out 20 projects for SMEs. The provided minimal support for one beneficiary was **EUR 3,500.**

The received subsidies were used for scientific studies/methodology/software needs of SMEs with a direct impact on production practice and in particular the following fields:

- precision engineering (e.g. Kall s.r.o., Engul, s.r.o projects)
- precision instrumentronics (POWERTECH, s.r.o. project)
- construction (VSK Mineral, s.r.o., ECORAW, s.r.o., Betonárka NADLICE, s.r.o. projects)
- material analysis (Metas, s.r.o., Paleko, s.r.o., WINFER, s.r.o. projects)
- software development (Unifin Slovakia, s.r.o., Slovak Center for Productivity projects)
- social innovation (VILLMAR, s.r.o. a CHRÁNENÉ PRACOVISKO.EÚ, s.r.o. projects)
- natural sciences and medicine (MEDIPRODUCT, a.s. projects).

- **Scheme to support industrial clusters (De minimis scheme)**

The aim of the scheme is to promote the increased competitiveness of industrial cluster members by streamlining their cooperation, as well as strengthening industrial clusters internationally. Under this scheme, **6 cluster organizations were supported, totaling EUR 151,391.50.**

Tab. no. 10.1: Assistance provided from the Support Scheme to support industrial clusters (the de minimis) in 2013

Cluster organization, project name	Actual drawing (in Eur)
Košice IT Valley, z p. o., Košice, Mapping the functioning of Košice IT Valley as a base for long-term strategy development of association– MAP-IT	11 700,00
Slovenský plastikársky klaster (Slovak plastics cluster), Nitra, Vocational education in the area of plastics industry	34 035,00
Klaster AT+R, z p.o., Košice, Increasing competitiveness cluster members at high-tech field	31 259,26
Elektrotechnický klaster (Electrotechnical cluster) – West Slovakia,	17 508,96

Elektrotechnický klaster (Electrotechnical cluster) – Enhancing capacity	
Za@ict, Žilina, Increasing cluster competitiveness by training a skilled human resouces	37 320,00
1. Slovenský strojárenský klaster (Slovak engineering cluster), Detva, Increasing competitiveness of 1.SSK and their members	19 568,28
Total	**151 391,50**

Source: MoE SR

- The "Eduplast" Project: training in the plastics industry, intended to raise the professional level of technology in plastics processing in two member companies of the Slovak plastics cluster, especially in the processing of biodegradable polymers:

- increase the professional level concerning the adjustment of injection molding (plastics processing technology, optimization of the injection process
- increase knowledge and practical experience of professionals in the field of processing, utilization and economic efficiency of biodegradable polymers.

- The "Mapping the Functioning of the Košice IT Valley Project as a Basis for the Strategic Development of the MAP – IT Association": The project output is a document of an analytical character document prepared for the IT Valley cluster in order to determine the interaction of cluster members in the region, trade and competitive relationships, strengths and weaknesses of the functioning cluster, the main driving forces of the cluster in terms of increasing competitiveness and innovation, cooperation within the cluster and recommendations for the development of the cluster and the value addition for members.

- "Improving the competitiveness of the 1st Slovak Engineering Cluster (1st SEC) and its members": The outcome of the project was training 1st SEC members and the Engineering conference. Through the implementation of the above activities the following objectives were met:

- development of human resources in the 1st SEC member companies
- increase in the innovation potential of the member companies of the cluster and the engineering sector in the region of Central Slovakia.

- "Capacity - EKS" Project: The project's output is the processed "Strategy for the Development of the Electrotechnical Industry in the Trnava Region" based on the analysis of the electrical technical industry in TT EN within the overall development of the industry in that region. The document charts a distribution network for the largest enterprises of the electrical technical industry in the region, performs the identification of companies with potential cluster cooperation with the private sector, with the public sector, research institutions and academia, analyzing the possibilities of cooperation with foreign partners, examples of the best practicing work clusters in the Central European and European Area, as well as characteristics of cluster policies in Europe for the new 2014 – 2020 programming period.

- "Improving the Competitiveness of AT + R Cluster Members in High-Tech Industries" Project: The outputs of the project were the following activities:

- expert cluster training, expert consultation and participation in international events to develop the international networking cluster AT + R, mapping out the latest trends and markets for the products of member companies

- processing of underlying materials suitable for the organization of workshops in the field of new materials, lightweight construction and also the energy efficiency of buildings
- database of findings in the field of mechatronics, automated manufacturing systems, robotics, including the implementation of pilot training.

- The "Enhancing the Competitiveness of the Cluster Z@ict Training of Qualified Human Resources and Strengthening International Status" Project:
Within the project the following activities were implemented:
- mapping of secondary education space in Žilina and Trenčín in terms of the future use of secondary school graduates for the needs of cluster members
- drafting the proposal for the innovation of the educational curricula regarding Java programming language, namely
    - *the curriculum was analyzed and new education modules were designed*
    - *defined the requirements for the form and method of teaching in terms of the needs of cluster members*
    - *implemented the training of secondary school teachers involved in secondary schools in Java programming language.*

- **Innovation fund, n. f.**
  Innovation fund, a non-investment fund, is an independent non-profit, non-state legal entity operating in the territory of the Slovak Republic, which was established by the Ministry of Economy under Act No. 147/1997 Coll. on non-investment funds. Inovačný fond, in accordance with its statute, provides **repayable financial assistance** to support the creation of favorable conditions for the exploitation of research, development, innovation, patents, industrial designs and utility models in close liaison with scientific, research and technical institutions. The purpose of providing repayable financial assistance is to support entities addressing research, development and innovation, the use and protection of patents, industrial designs and utility models, while the resulting solutions should be innovative products and services with a higher value added and the hope of success in the domestic and European or world market. The repayable financial assistance is provided to address projects that qualify for subsidy assistance and facilitate access to finance at favorable interest terms.

Tab. no. 10.2: Support for the Innovation Fund, n. f. in 2013

Project subjects	**Repayable financial assistance (in Eur)**
BUKÓZA INVEST spol. s r. o.	170 000,00
VIPO, a. s.	246 750,00
Cestné a stavebné mechanizmy Tisovec, a. s.*	100 000,00
Total	**516 750,00**

* they have more than 250 employees– **requested information**

- **Operational Programme Competitiveness and Economic Growth (OP C & EG)**

Priority Axis 1 - Innovation and Growth of Competitiveness

By 31.12.2013 the disbursement of contracted funds within Priority Axis 1 Innovation and Growth of Competitiveness from EU + SR resources amounted to EUR 300.07 mil., representing 45.17% of the allocation for Priority Axis 1. From this amount, EUR 39.22 mil. were disbursed in 2013.

Particularly meeting the objectives in the support of innovation and technology transfer involved a share of **611 projects**, of which 371 projects were completed by the end of 2013. **93% of the total number of completed projects are concentrated in support of SMEs**, including 34 **projects** through **JEREMIE** so far.

Part of the transfer of innovations and technologies, **particularly in the private sector with the priority support of SMEs was also the creation of new jobs**. Through OP Competitiveness were created **more than 1,8000 jobs** in all Slovakia by the end of 2013, particularly through the transfer of innovation and technology (including 1,700 in the SME category). Under the contracts already concluded by the NFC, another approximately 4,500 new jobs will be created under this priority axis, while this data will be increased even more through the contractual binding of all successful applications for SME in 2014.

Tab.no. 10.3: Funds drawn priority axis OP KaHR as of 31. 12. 2013 in Eur

Priority axis 1 – Innovation and Growth of Competitiveness	Commitment 2007-2013 for EU resources	Drawn in 2013 (EU resources)		Cumulative drawn to 31. 12. 2013 (EU resources)	
		Total	%	Total	%
	567 817 374	**33 744 001,63**	**5,94**	**256 898 511,94**	**45,24**
Measure 1.1 – Innovation and technol. transfers	414 963 841	19 614 473,95	4,73	176 980 386,78	42,65
Measure 1.2 – Support of common services for entrepreneurs	62 500 273	11 390 609,96	18,22	44 620 995,37	71,39
Measure 1.3 – Support of innovation activities in enterprises	90 353 260	2 738 917,72	3,03	35 297 129,79	39,07

Overview of selected calls within OP Competitiveness:

Sub-measure 1.1.1- "Promoting innovation and technology transfer"

- Call C & EG-111SP-0801
- Call C & EG-111SP-0902
- Call C & EG-111SP-1001
- Call C & EG-111SP-1101
- Call C & EG-111SP/LSKxP-1101 "Supporting innovation and technology transfer with relevance to local strategies for a comprehensive approach"
- Call C & EG-13SP-1201

Sub-measure 1.1.3 "Promotion of innovation and technology transfer"

- Call C & EG-113DM-0801
- Call C & EG-113DM-0901

Measure 1.3 "Support of innovation activities in enterprises"

- Call C & EG-13SP-0801 – State aid scheme to promote innovation through industrial research and experimental development
- Call C & EG-13DM-0901 – Scheme to support innovation, the introduction of quality management systems, the protection of industrial property and the introduction of technical standards in production and services (de minimis aid scheme)
- Call C & EG-13SP-1001 – State aid scheme to promote innovation through industrial research and experimental development

Tab. no. 10.4: Overview of payable NRG of priority axis 1 OP KaHR in 2013

Call code	Paid NFC in 2013 (Eur)
KaHR-111SP-0801	181 448,00
KaHR-111SP-0902	6 068 011,10
KaHR-111SP-1001	11 270 694,78
KaHR-111DM-0901	208 093,43
KaHR111DM-0801	0,00
DOP2008-SIP001	0,00
KaHR-113DM-0901	20 774,33
KaHR-113DM-0801	0,00
KaHR-13DM-0901	340 636,00
KaHR-13SP-0801	1 993 826,98
KaHR-13SP-1001	574 309,08
SPOLU	**20 657 793,70**

Source: MoE SR

❖ SR Ministry of Education, Science, Research and Sports

- **Incentives for Research and Development**

In applying Act No. 185/2009 Coll. in 2013, there was completed the support of **nine R & D projects** through the final assessments of projects for research and development and the control of the use regarding provided incentives for research and development in 2013 and for the entire period of providing incentives in the years 2010 – 2013.

Tab. no. 10.5: Overview provided incentives to recipients in 2013, which closed solution of projR&D in 2013

Recipient of incentives	Amount of subsidies from state budget (Eur)	Tax relief volume (Eur)	Amount of co-financing from own resources by recipient (Eur)
VVÚ ZŤS Košice, a. s.,	285 138	0	99 162
DB Biotech, s. r. o., Košice, (1)	268 298	0	0
DB Biotech, s. r. o., Košice, (3)	163 461	0	0
Prvá zváračská, a. s., Bratislava	291 523	0	101 939
Imuna Pharm, a. s., Šarišské Michaľany	141 955	0	50 000
Slovanet, a. s., Bratislava	306 228	0	0
VIPO, a. s., Partizánske	471 897	0	172 549
CEIT KE, s. r. o., Košice	109 310	0	0
MicroStep, s. r. o., Bratislava*	450 097	0	300 065
Total	**2 487 907**	**0**	**723 715**

Source: ASFEU

In 2013, on the basis of a published notice concerning the possibility of providing incentives for R & D following the assessment submitted applications from candidates submitted for incentives by independent experts and a committee appointed by the Minister, there were given incentives for research and development to five candidates.

Tab. no. 10.6: Overview of incentives provided to recipients in 2013, which started the project solution R&D in 2013

Recipient of incentives	Amount of subsidies from state budget (Eur)	Tax relief volume (Eur)	Amount of co-financing from own resources by recipient (Eur)
VÚPC, a. s., Bratislava	150 000	0	37 500
EVPÚ, a. s., Nová Dubnica	900 000	0	300 000
Imuna Pharm, a. s., Šarišské Michaľany	98 735	1000	34 000
CEIT, a. s., Žilina	138 384	0	38 920
VIPO, a. s., Partizánske	148 791	0	51 216
Total	**1 435 910**	**1000**	**461 636**

Source: ASFEU

- **Subsidies for scientific and technical services under Act No. 172/2005 Coll.**

On 30 August 2013, the MESRS published in accordance with Paragraph 8a., Section 8 of the Act a notice about applying for a subsidy from the state budget to support activities in scientific and technical services (STS), applied research and development in the support of STS in the preparation of dual education conducive to key sectors of the Slovak industry with export-led growth by focusing on the following areas:

1) engineering, with special emphasis on the automotive industry
2) metallurgy in the use of new materials and technological processes.

The subsidy was granted to VOLKSWAGEN SLOVAKIA, a.s., Bratislava (for 2013 – EUR 150,000, for 2014 – EUR 200,000), or Železiarne Podbrezová, a.s., Podbrezová (for 2013 – EUR 150,000, for 2014 –EUR 200,000). **Enterprises** offered a STS subsidy **do not fall into the category of small and medium-sized enterprises**

- **Operational Programme Research and Development (R & OP)**

The Operational Programme Research and Development was implemented by the **Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic for EU Structural Funds (ASFEU).** OP R & D is an essential instrument to support the scientific and research process in Slovakia and the implementation of its results into practice. **In 2013** the ASFEU launched **one call** for subsidy applications (hereinafter “the subsidy application”) **in order to support SMEs** within the Operational Programme Research and Development – under the **“Scheme to promote research and development” (state aid scheme).**

The call with the code **OPVaV-2013/4.1/04-SORO** was announced by the ASFEU on 28.8.2013. The call was aimed at supporting centers of excellence of transnational importance and international cooperation in research, (state aid scheme). The aim of the call was to support projects on the establishment of research centers of transnational importance, whose research focus is oriented to future and emerging technologies. The eligible activities supported were Slovak R & D exchange and joint research programs and educational institutions in the Bratislava Region, which will have international cooperation with foreign research and development institutions, promote cooperation between regional structures and research and development facilities, including cooperation between research and development institutions and secondary schools in the Bratislava Region and the promotion of international cooperation in research and development in the Bratislava region. **In 2013 has yet to be any contract for the provision of subsidy.**

Tab. no. 10.7: Overview of funds contracted and drawn by SME according to OP R&D (Eur)

Source	Small enterprice	Medium enterprise	Total
Contracted amount attributable to SMEs in EUR as of 31. 12. 2013			
EU funds	42 665 051,40	26 980 927,21	69 645 978,61
State budget funds	7 529 189,92	4 761 300,84	12 290 490,76
NFC	50 199 241,32	31 742 228,05	81 941 469,37
Private funds	13 958 230,31	11 088 040,45	25 046 270,76
Drawn amount attributable to SMEs in EUR as of 31. 12. 2013			
EU funds	15 440 579,47	11 520 487,40	26 961 066,87
State budget funds	2 725 623,67	2 033 002,92	4 758 626,59
NFC	18 166 203,14	13 553 490,32	31 719 693,46
Private funds	5 372 364,72	4 839 810,20	10 212 174,92
Drawn amount attributable to SMEs in EUR as of 2013			
EU funds	10 483 502,28	6 051 096,88	16 534 599,16
State budget funds	1 850 839,51	1 067 839,54	2 918 679,05
NFC	12 334 341,79	7 118 936,42	19 453 278,21
Private funds	3 351 386,15	2 348 728,95	5 700 115,10

Source: ASFEU

In terms of the localization of the total aid granted to SMEs it can be concluded that the aid to 31.12.2013 was localized in all NUTS III region, i.e. in all regions of Slovakia. By 31.12.2013 there had been implemented under the OP R & D under the Scheme to promote research and development (scheme) a **total of 100 projects**, one less than in 2012. In 2013 a special project finished, meaning that **one recipient withdrew from an awarded contract**. By 31.12.2013 in 80 projects totaling a subsidy of EUR 195,359, 952.39 there were featured as recipient or partner a total of 74 SMEs, while the amount of the closed contracts accounting for SMEs amounted to a total of EUR 81,941,469.37 in subsidies.

By 31.12.2013 through 77 projects there were supported a total of 71 SMEs in the total amount of EUR 31,719,693.46 in subsidies. **45 small and 26 enterprises were supported. In 2013 through 76 projects there were supported a total of 70 SMEs in the total amount of EUR 19,453,278.21 in subsidies. 44 small and 26 medium enterprises were supported.** Year-on-year the disbursements increased by 267% for small enterprises, a 299% increase in medium enterprises a 225% increase. The high percentage of increases in subsidy disbursements reported by 31.12.2013 manifested themselves in the enhanced implementation of activities under different SME projects.

10.3 Programs/measures that promote skills and training for SMEs

❖ SR Ministry of Education, Science, Research and Sports

- **Operational Programme Education (OP E)**

In 2013 the ASFEU continued to implement projects with the calls with the codes OPV-2009/2.1/01-SORO, OPV-2009/4.2/02-SORO, OPV-2010/2.1/02-SORO, OPV-2012/2.1/03-SORO, while in 2013 there was announced a new call with the code OPV-2013/2.1/04-SORO.

For all projects ASFEU implemented under such calls there apply the rules for de minimis aid scheme, i.e. projects must meet all the conditions and criteria *Schemes to promote the development of modern education for the societal knowledge, as amended by Supplement 1, Supplement 2, Supplement 3, Supplement 4 (de minimis aid scheme)* and the rules for *Scheme N222/2009 for the temporary provision of small aid in the Slovak Republic, during a financial and economic crisis.* Assistance under the de minimis aid scheme in the Education operational program, there is implemented through the subsidy the covering of demonstrable eligible expenses related with the performance of activities and activities for the implementation of eligible projects. Beneficiaries must involve in the project expenditure at least %5 of their own resources. The remaining maximum of 95% of eligible project costs are paid through 80.75% from the ESF and 14.25% from the state budget. The same applies for Calls OPV-2009/2.1/01-SORO, OPV-2010/2.1/02-SORO a OPV-2013/2.1/04-SORO. For Call OPV-2012/2.1/03 – SORO Recipients must involve in the project expenditure at least 5% of own resources, the remaining maximum of 95% of the eligible project expenses paid by 85% through the ESF and 10% from the SR state budget.

Beneficiaries under the de minimis aid scheme could have been **micro, small and medium enterprises** and **large enterprises** that perform or intend to perform educational activities under Act No. 568/2009 Coll. on lifelong learning and on amendments to certain laws. For the purposes of Call OPV-2012/2.1/03-SORO under business means state, public and private universities as founders of Third Age universities and villages at the level of the LAU 1 local administrative units.

- Calls OPV-2009/2.1/01-SORO and OPV-2009/4.2/02-SORO

These two calls were designed to promote education that responds to changing employer demands for quality human resources and the efficiency of their management. Call activities were simultaneously targeted within the activity for **lifelong development of competencies and qualifications** in accordance with the Recommendation of the European Parliament and the Council No. 2006/962/EC of 18.12.2006 on key competences for lifelong learning – the European reference framework. The eligible activity was created and implemented through the training programs for persons participating in the activities of further education and lecturers of further education, focusing on consolidating and extending the qualifications, competence and development of key competences for the construction, textile, electrical, mechanical and chemical sectors, considering new technologies, innovative processes and their use in practice.

Within the calls with the codes OPV-2009/2.1/01-SORO and OPV-2009/4.2/02-SORO, in April and May 2010 ASFEU concluded a total of 8 of Subsidy Contracts. The total amount of **contracted subsidies was EUR 3,286,665.23**, while the volume of total eligible expenditure amounted to EUR 3,459,647.61, and the ensured co-financing by the beneficiary amounted to EUR 172,982.38. In the call with the code OPV-2009/4.2/02-SORO there was implemented just a single project, but which in 2013 was exceptionally terminated. Within Call OPV-

2009/2.1/01-SORO there ended the implementation of activities of 5 projects in 2013 and 2 projects are ongoing in the project.

- Call OPV-2010/2.1/02-SORO

The activities of the call were aimed at **Supporting Further Education in the Field of Tourism.** The aim is to create conditions for the tourism and hotel industry in order to increase the share of this economic sector in the gross domestic product of the Slovak Republic, through economic incentives and financial instruments to improve the quality and comprehensiveness of the services provided. Eligible activities under the present call for subsidy applications was the creation and implementation of accredited training programs for persons engaged in activities in further education focusing on consolidating and extending the qualifications, competence and development of key competences for tourism services and services related to tourism, with a view to new technologies, innovative processes and their use in practice.

In December 2010, 9 Subsidy Contracts were concluded. **The total amount of contracted subsidy was EUR 3,504,155.20**, while the volume of total eligible expenditure amounted to EUR 3,688,584.42, and ensured co-financing by the beneficiary amounted to EUR 184,429.22. In Call OPV-2010/2.1/02-SORO the implementation of activities were completed for 5 projects in 2013 and 3 projects are ongoing in the project implementation. One project was exceptionally terminated.

- Call OPV-2012/2.1/03-SORO

The ASFEU announced this call on 28.8.2012. The activities of the call are focused on Active Aging through the Advancement of Knowledge and Skills, Enhancing the Quality of Life of Seniors. **The activities of the calls, however, have no direct relationship to business or support for SMEs.** In 2013, 36 Subsidy Contracts were concluded. The total amount of contracted subsidies was **EUR 4,585,757.61**, while the volume of total eligible expenditure amounted to EUR 4,827,113.27 and ensured co-financing by the beneficiary amounted to EUR 241,355.66.

- Call OPV-2013/2.1/04-SORO

The ASFEU announced this call on 27.08.2013. Activities of the call are intended to **Support Further Education in Industry**. The call supports the implementation of the Programme Declaration of the SR Government for the 2012-2016 period, which is committed to take such steps that promote growth in the level and quality of education for all citizens, with emphasis on the younger generation, the development and use of knowledge and creative potential with increasing demands for adaptability and the expertise of people. Eligible activities under the present call for subsidy applications is the creation/innovation and implementation of training programs that enhance or extend the knowledge, skills and abilities of employees in the national economy with a view to improving their qualifications on the basis of the requirements defined for example, employer associations, social partners, regional authorities, with increasing involvement of employers in non-formal education programs. **In 2013 no Subsidy Contract was concluded.**

Tab. no. 10.8: Total volume of assistance provided in relevant calls OP V as of 31.12.2013 (Eur)

Call code	EU funds	State budget funds	Private funds	NFC
OPV-2009/2.1/01-SORO	2 145 718,57	378 656,21	132 861,83	2 524 374,78
OPV-2010/2.1/02-SORO	2 696 707,47	475 889,56	166 978,79	3 172 597,03
OPV-2012/2.1/03-SORO	4 103 046,23	482 711,36	241 355,68	4 585 757,59
OPV-2013/2.1/04-SORO	x	x	x	x
Total	**8 945 472,27**	**1 337 257,13**	**541 196,30**	**10 282 729,40**

Source: ASFEU

By 31.12.2013 there occurred under the de minimis scheme the disbursement of funds **totaling EUR 3,808,076.72,** EUR 3,075,014.20 disbursed from EU resources, EUR 542,656.69 disbursed from state budget resources, with the amount of the private recipient's own funds amounting to EUR 190,405.83. During the monitoring period within the De Minimis scheme, aid was disbursed to **16 (13 of which are SMEs) recipients active in consulting services in business and management as well as in other areas of education. In 2013 there was a total allocation of EUR 1,401,604.63 (including EUR 1,401,566.31 EUR disbursed to SMEs).**

Tab. no. 10.9: Assistance provided within OPV as of 31. 12. 2013 by regions (Eur)

Regions	Assistance provided (in Eur)	Source		Number of projects implemented
		EU (in Eur)	State budget (in Eur)	
Nitra	1 111 975,09	922 870,45	133 505,88	5
Banská Bystrica	1 150 799,56	978 179,60	115 079,97	8
Prešov	1 924 367,27	1 616 025,80	423 239,29	12
Žilina	1 078 884,04	898 829,86	126 109,97	6
Trnava	346 570,04	294 584,53	34 657,00	3
Trenčín	269 485,85	229 062,97	26 948,59	2
Košice	206 002,75	175 102,34	20 600,28	2
Projects carried out in several regions (aside from BA)	4 735 841,10	4 735 841,10	668 232,33	12
Total	**9 673 126,14**	**3 028 942,88**	**1 042 928,15**	**50**

Source: ASFEU

The proportion of micro-enterprises from the total number of micro recipients was 24% (12 recipients), the proportion of small enterprises 4% (2 recipients), the proportion of medium enterprises 44% (22 recipients) and the proportion of large enterprises 28% (14 recipients).

❖ SR Ministry of Agriculture and Rural Development

- **Operational Programme Bratislava Region (OP BR)**

Within the OP BR, for SMEs since the beginning of the programming period there have been concluded 232 subsidy contracts, totaling **EUR 27,532,285.82** (ERDF + state budget), out of which by 31 December 2013 189 projects had been completed, totaling EUR 22,520,615.19 (European Regional Development Fund (ERDF) + state budget).

In 2013 within the OP BR there was declared for the private sector one call for subsidy applications. The call with the code OPBK/2013/2.2/11 was announced for the *Measure 2.2 Informatization of Companies*, for group activities 2.2.3 ***Implementation and effective use of access to ICT in Small and Medium Enterprises***. By 31 December 2013 **41 applications** for subsidies **totaling EUR 2,630,899.91** (ERDF + state budget) had been approved within the aforementioned call.

Tab. no. 10.10: Financial support of OP Bratislava Region in 2013 2013 for SMEs

Measure	Number of SMEs supported in 2013 (with payment of funds in 2013)					Total paid fund from OP BR SMEs in EUR in 2013 (EU + SR source)
	Total	Micro enterprises	Small enterprises	Medium enterprises	Other enterprises*	
Measure 2.1 Innovation and technol. transfers	34	18	12	4	0	4 859 862,28
Measure 2.2 Informatisation of society	17	5	8	4	0	696 097,94
Total	**51**	**23**	**20**	**8**	**0**	**5 555 960,22**

Source: MoARD

❖ Industrial Property Office of the Slovak Republic

The Industrial Property Office of the Slovak Republic (IPO SR) is a central state administration body for the field of industrial property. The IPO SR performs through the central state administration in the field of invention, utility models, design, topography semi-conductor products, trademark, designation of product origin and protected geographical indication. It also maintains a central collection of patent literature and ensures exchange and access to information in the field of industrial property rights.

Since 2008 the IPO SR has provided SMEs with a service called **Pre-diagnostics of Industrial Property Rights.** The aim of prediagnostics of industrial property rights is to provide basic information in the field of industrial property, understand the value and importance of industrial property on the side of SME representatives, warning SME representatives of the possible effects of unfair competition and the provision of objective advice. Pre-diagnostics of industrial property rights include: analysis of the SME situation and the familiarization of their representatives with the possibilities of industrial property protection. In 2013 the IPO SR continued the implementation of prediagnostics for SMEs. During 2013 Office staff visited **13 companies** from all over Slovakia.

Through the **Information center** operated since 2008, the IPO SR performs professional consulting services in obtaining information on the possible and most appropriate form of intellectual property protection. For the public there are search services for patent information sources (inventions, technical solutions, designs and the descriptions of products and services and designation of origin). The number of requests for information in the Office’s information center in comparison with the previous year increased to **8,020 applications**, out of which 6,291 were information center workers equipped by telephone, 1,345 by e-mail, 244 in person, 139 by post and 1 piece of information was sent to the applicant by fax. Search site workers accepted 385 orders for processing searches and performed 932 searches, trademark searches being long dominant with 827 performed, followed by patent and design searches. In particular there was a surge of interest for the search service introduced in 2011, named International Patent Search as an alternative to patent search on technical states. The service is for those who are considering the possibility of protecting a product or technology, patent or other suitable means of industrial property protection on the market. In 2013 this service was used by 18 interested persons, which corresponds with the situation in the use of patent information services and reflects growing interest in research, development and innovation.

10.4 Development of regulatory environment

The amendment to the Act on incentives for research and development (Act No. 185/2009 Coll.)

In October 2013 the National Council of the Slovak Republic approved Act No. 363/2013 Coll., which, **effective from 1 December 2013**, amends the law on incentives for research and development and amends Act No. 595/2003 Coll. on income tax, as amended. The amendment deleted Sec. 5 in Paragraph 4 of the law, which lays down the minimum amount of total eligible project costs for research and development. The aim of the amendment was to simplify the process of providing incentives for micro-entrepreneurs and small enterprises from the state budget allocated in the budget of the Ministry of Education, Science, Research and Sports. The amendment to the act allowed access of micro-entrepreneurs and small enterprises to the solution of research and development through incentives for research and development with a view to basing their development and business plans more on the results of research and development.

Research and innovation strategy for smart specialization in the SR-Knowledge for prosperity

The Ministry of Economy, in cooperation with the Ministry of Education, Science, Research and Sports prepared, as indicated above, the Research and Innovation Strategy for Smart Specialization in the SR (RIS3), was approved by the Government at its meeting on 13 November 2013 through Resolution No. 665/2013. In the creation of the RIS3 there was the involvement of the SR Government Office, and representatives from the business, academic and research sector. The RIS3 is a basic strategic framework document to support research and innovation in the next 2014-2020 programming period and is the basis for the development of operational programs. It is a key document, aimed at sustainable economic growth and employment growth in Slovakia through the targeted support of research and innovation and achieving critical mass in each strategic priority, taking into account regional differences. The task of the RIS3 is to define a vision, objectives and measures on the basis of a comprehensive analytical section and the prioritization of economic specialization and research and development in Slovakia, and takes into account the principles of smart, sustainable and inclusive growth to strengthen the competitiveness of the Slovak Republic. The RIS3's objectives are:

- to deepen the integration and anchoring of key industries that increase local value added through the cooperation of local supply chains and promoting their peer networking
- to increase the contribution of research for economic growth through global excellence and local relevance

- to create a dynamic, open and inclusive innovative company as one of the preconditions for improving the quality of life
- to improve the quality of human resources for an innovative Slovakia

Horizon 2020 - the EU Framework Programme for Research and Innovation

On 11 December 2013 European Parliament and Council (EU) Regulation No. 1291/2013 established the **Horizon 2020 program** – a Framework Program for Research and Innovation (2014-2020), containing provisions on general objectives, reasons and Union value added, financial protection, control, monitoring and evaluation. In December 2013 there was also approved a specific program for the implementation of the program (setting out methods for performance and basic content for scope of activities) and a single set of rules for participation and dissemination (setting out methods of financing and cost recovery, local conditions, criteria for selection and awarding of subsidies, as well as rules about responsibility for the program, the use and dissemination of its results). The first calls for the program were already announced on 11 December 2013.

The Horizon 2020 program is a key instrument to support the research, development and innovation of the European Commission for the years 2014-2020, which integrates support for research and innovation, emphasis on supporting SMEs and addressing major societal challenges. The program offers the opportunity top Slovak researchers to participate in European projects on the basis of public calls to be issued by the European Commission. Horizon 2020 is based on three pillars, namely:

- **Excellent science** - Support for top scientists and young researchers
- **Industrial Leadership** - Supporting leadership for European industry in the fields of ICT, nanotechnology, advanced manufacturing, robotics, biotechnology and space.
- **Societal Challenges** - Innovative projects focused on the seven social challenges of Horizon 2020: health, agriculture, marine and bio-economy, energy, transport, the fight against climate change, environment, effective use of resources and raw materials, reflective communities and security.

10.5 Results of analysis and surveys

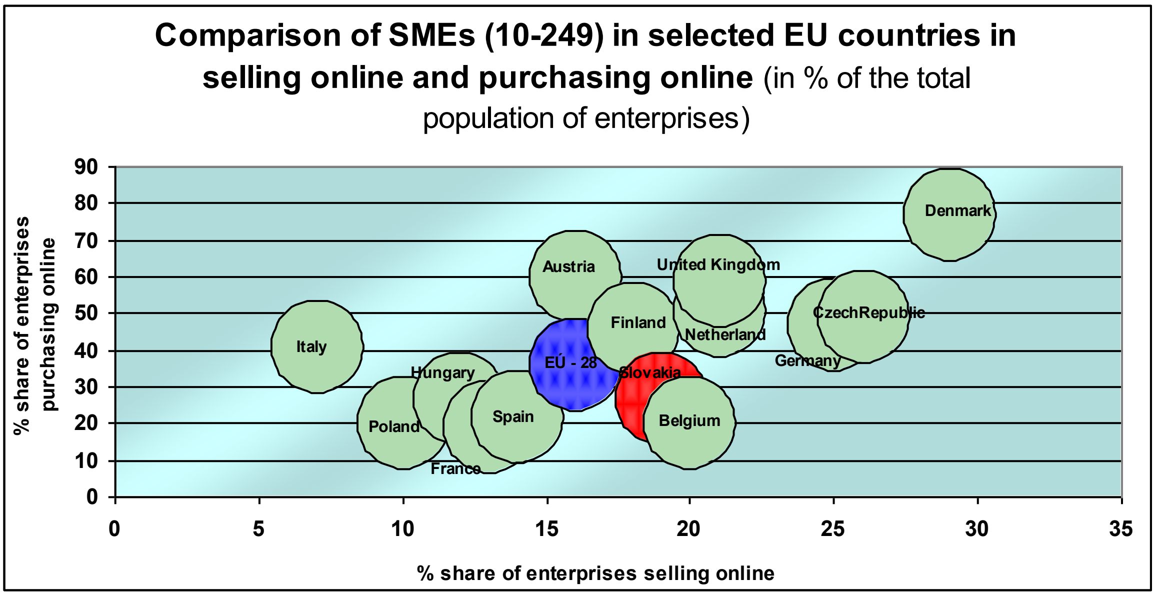
Eurostat annually carries out a survey entitled **“Survey on ICT usage and e-commerce in enterprises”**, which surveys businesses on topics like using the Internet in business, using e-commerce in business, the use of social networking in business and the like. Below are processed selected results of the 2013 survey in connection with the use of ICT in small and medium-sized enterprises (employing 1-249).

In 2013, based on Chart 50 (attached) 85% of micro-enterprises from all micro-enterprises (employing 1-9) used the Internet for business. Other size categories of enterprises are characterized by a higher proportion of Internet use. The proportion of small enterprises using the Internet is 95%, and almost all medium and large enterprises use the Internet (99%).

The content of Chart 51 (Appendix) is three variables, namely the proportion of enterprises purchasing online, the proportion of enterprises selling online and the achieved sales of e-commerce. All variables are reported with respect to the respective size categories of the enterprises. Firstly, the direct correlation between the use of e-commerce (buying and selling) and the size category of the enterprise is apparent. This means that a higher size category is also increasing the use of e-commerce. A related development is also the share of sales of each size class of enterprises made through e-commerce compared to total sales, which also grow with higher size categories. In 2013 only 8% of all micro-enterprises sold the output of their business online, but 15% of all micro-enterprises purchases were done online, with micro-enterprises receiving 2% of their revenues from e-commerce. In 2013, small enterprises had indicators at a higher level (19% of small enterprises selling online, 26% of small enterprises' online buyers at 10% of revenues from e-commerce). In 2013 among SMEs, the highest value in e-commerce use was for medium enterprises (21% of medium enterprises selling online, 32% of the enterprises' purchasing online for 10% of the revenues from e-commerce).

A bubble chart compares the use of e-commerce in small and medium-sized enterprises (employing 10-249) in selected EU countries, with part of the graph being two indicators. On the x-axis is quantified the proportion of small and medium-sized enterprises selling online (% of all enterprises) in selected EU countries, while making the countries more to the right, thus, a higher proportion of sales online. On the y-axis is quantified the proportion of SMEs buying online (% of all enterprises) in selected EU countries, which are the countries above, thus having a higher share of online purchases. In general, we can also say that the country is closer to the upper right (lower left) corner, thus having a higher (lower) share on the use of e-commerce. In 2013, approximately 19% of Slovak SMEs sold their business output online (EU average of 16% of SMEs). On the other hand, online shopping lags behind the European average of about 9 p.p. In 2013, 27% of Slovak SMEs utilized online shopping (EU average of 36%). In general, Slovak SMEs rank among the European average in the use of e-commerce. SMEs in Denmark, the Czech Republic and Germany utilize e-commerce the most, while SMEs in Poland, Hungary and Italy use e-commerce the least.

Chart No. 22



Source: Eurostat – ICT Usage and e-Commerce in Enterprises: 2013

"The Community Innovation Survey (CIS) 2010" is a survey on the innovation activity of enterprises, carried out by Eurostat in cooperation with the national statistical offices of EU member states. In the Slovak Republic the SO SR[25] conducts the survey. The survey collects information on the use of different kinds of innovation in enterprises operating in different sectors (industry, construction, services) in 2008-2010.

From Chart 53 (Appendix), it is clear that in the industrial sector, according to the survey, 26.03% of small enterprises, 46.51% medium enterprises and 33.10% of SMEs (excluding micro enterprises) had innovation activity (share of all enterprises). The highest share of enterprises with innovation activity was in the size category of large enterprises (64.78%). The remainder (100%) of the three units for different size categories represents enterprises without innovation activity. This means that in industrial enterprises small enterprises had the lowest innovative activity. From those industrial enterprises that declared innovative activity, they innovated to the greatest extent in technological innovation.

According to Chart 54 (in the appendix) the lowest level of innovation activities for individual size categories of companies was in construction, namely 15.15% of small enterprises, 25.24% of medium enterprises and 17.29% of SMEs (excluding micro-enterprises) showed innovation activities (of all enterprises). The highest proportion of enterprises with innovation activity was in large enterprises (47.62%).

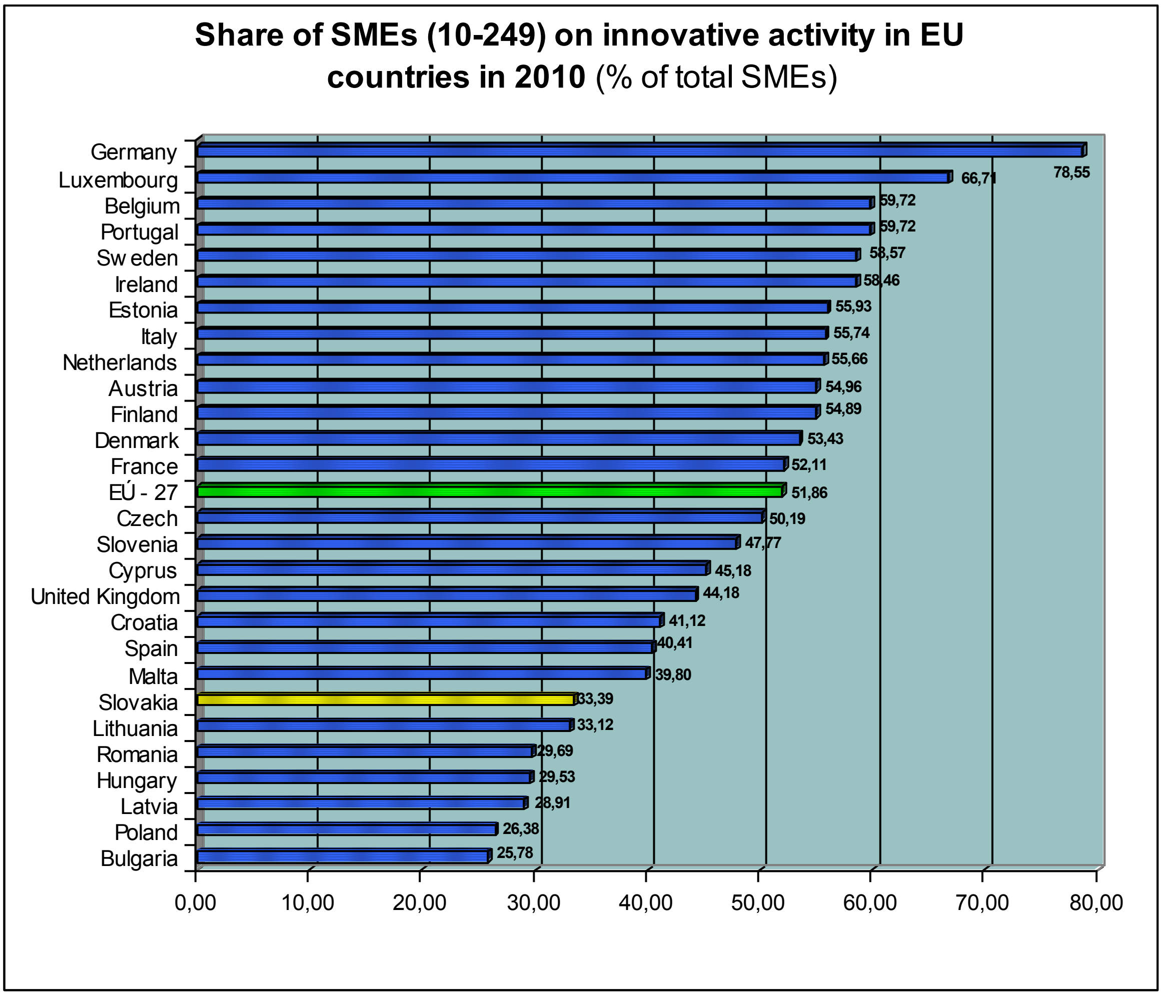
In the services sector, according to Chart 55, 32.78% of small enterprises, 37.74% of medium enterprises and 33.88% of SMEs (excluding micro enterprises) had innovation activity (of all enterprises), with the highest share of enterprises with innovation activity being, as well in the previous sectors, in large enterprises (66.04%). From the available data of the survey (and the available data) it is clear that the most innovative small and large enterprises are operating in service and medium enterprises in industry; on the other hand, the least innovative enterprises are in the construction industry.

From the available data based on the **"Community Innovation Survey (CIS) 2010"** published on Eurostat's[26] website is the created ranking of SMEs (including enterprises with 10-249 employees) involved in innovative activity across the EU (the indicator in Chart 23 expresses in % the innovating SMEs from total SMEs). In innovation activities among EU countries Slovak SMEs placed on the end of the ranking (7th place from the end). Approximately one third of SMEs in Slovakia display innovation activities. Compared to the average of the EU – 27, however, Slovak SMEs lag behind by about 18.5 p.p. Behind Slovak SMEs there ended up SMEs from Lithuania, Romania, Hungary, Latvia, Poland and Bulgaria. On the other hand, it can be seen that the most innovative SMEs are from Germany (almost 80% of SMEs reported innovation activities). German SMEs were followed by SMEs from Luxembourg and Belgium.

[25] Part of the research at the national level are the following sectors: mining and quarrying (SK NACE Rev. 2 to 05 through 09), manufacturing (10-33), electricity, gas, steam and air conditioning supply (35) water supply; cleaning and sewerage, waste management and remediation activities (36-39), construction (41-43), wholesale trade, except for motor vehicles and motorcycles (46), transport and storage (49-53), publishing activities (58), telecommunications (61) computer programming, consultancy and related activities (62), information services (63), financial services and insurance (64 to 66), architectural and engineering activities; technical testing and analysis (71), scientific research and development (72).

[26] International comparison includes the following: SK NACE Sections (B, C, D, E, G46, H, J58, J61, J62, J63, K and M71).

Chart No. 23



Source: Eurostat, processed by SBA

The Slovak Business Agency, as a partner for the GEM national coordinating project for Slovakia, which is the Faculty of Management at Comenius University in Bratislava, conducted in 2013 one of the **GEM project activities: Survey of the Adult Population of the Slovak Republic** (APS). The GEM (Global Entrepreneurship Monitor) project is a global initiative aimed at the exploration of attitudes towards entrepreneurship. Based on the survey, it was found that one in ten budding entrepreneurs introduces innovation into their business (new product or service).

10.6 Recommendations

- To increase the awareness of the importance of business innovation activities for SMEs.

- System to support regional governments and regional structures created in previous periods to support innovation (e.g. technological incubators) with goal of supporting innovative ideas, the dissemination of good practice and the development of lifelong learning (as part of building a knowledgeable economy and society).

- Implement an effective motivational instrument for a sustained increase in innovative activities.

- Put into practice the instruments to promote closer cooperation between the private sector and academia/research using the best examples of the EU.

- Put in place and promote new and innovative types of counseling services for fast-growing technology companies (i.e. start-ups) like mentoring, technology scouting, coaching, market intelligence and technology foresighting.

- Support the establishment of cluster organizations, which will increase the innovation capacity of corporate members of cluster organizations and stimulate the development of the SME sector.

- Use of innovative financial instruments to support the expansion and innovative performance of firms with growth potential. In this sense also prepare measures for the next programming period of EU assistance.

- Review the priorities of state scientific and technical policy and determine the optimal number of priority directions for research and development in line with expected economic growth. Concentrate state resources in research and development, where it is possible to achieve internationally acceptable and realistic results. Current results regularly verify the focus.

- Review the system of support for applied research and development funds from EU structural funds and ensure comparable conditions for the use of these organizational resources from all sectors of science and technology, including organizations operating in the field of science and technology.

- Raising awareness of the possibilities of intellectual property and technology transfer especially in the area of research and development, clarification of intellectual property protection and promotion of the establishment and operation of centers for technology transfer.

- Develop instruments to systematically promote the participation of Slovak companies and organizations in European and international programs for research and innovation (Horizon 2020, ERC, ERANET, KIC EIT ESFRI CARS 2020 Danube Strategy, etc.), for example, through development activities at the Liaison Office of the Slovak Republic for Research and Development in Brussels, or through national support structures for EU community programs.

11. Principle 9 Enable SMEs to turn environmental challenges into opportunities

11.1 Support programs and measures

The total financial aid statement on SBA Principle 9 in 2013 was: EUR 35,608,040.79.

❖ Slovak Business Agency

- **The "EKOprofit Bratislava" Project**

EKOprofit Bratislava is a project initiative between the cities of Vienna and Bratislava, the main objective being to help small and medium-sized enterprises to improve the relationship with the environment while reducing their operating costs. The project partners is the company Denkstatt, the Municipality of the City of Vienna /MA22, the Municipality of the City of Bratislava, the Bratislava Regional Chamber SOPK and the National Agency for Development of Small and Medium Enterprises.

The main objective of the project is an Introduction Program for cleaner production in the surroundings of Bratislava (including the Trnava Region), along the lines of the "ÖkoBusinessPlan Wien" to promote the sustainable development of the Austria-Slovakia border region.

Project objectives:
- Promoting economic growth in the CENTROPE Region through the implementation of the "ÖKOPROFIT" model in the Bratislava/Trnava Regions
- Transfer of know-how in the field of Resource Management and Program Administration, from Vienna to Bratislava
- Build awareness ("sustainable business = business profit"), for decision makers in industry, trade and public administration
- Strengthening existing partnerships and creating new networking at management and operational levels
- Development of cross-border market for advice on the environment and resource management (through training of local environmental consultants)
- Promoting eco-innovation in SME environment

The benefits of the project are:
- Reduce costs (energy, waste, water, raw materials ...)
- Reduction of negative effects on the environment
- Advice on legislation
- Improved teamwork in companies
- Improved project management skills
- Public recognition
- Preparation for ISO 14001, or EMAS

Participation in the ECOprofit Bratislava project is designed especially for small and medium-sized enterprises in production as well as in services wishing to obtain a comprehensive overview of their possibilities of saving resources and enforcing specific measures. Companies from the Bratislava and Trnava Regions can participate.

Services/Activities:

- the provision of free, individual counseling and support (care) to improve their relationship with the environment, which will also lead to lower their operating costs.
- increase knowledge about how to:
  - check the status-quo of their company regarding the environment (input-output analysis)
  - recognize and assess weaknesses in their operation in regards the environment,
  - effectively plan and implement policies to improve and monitor their effects.
- carry out consultation days devoted to the company and provide specific support for the implementation of measures for participating SMEs

Projects results in 2013:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Building and launching of the Website: www.ekoprofitbratislava.eu/sk	1
2	1. Training programme (18.12. - 21.12. 2012 - Trainee Program: 3 days of basic training and minimally 5 days of practice directly in selected EKOprofit- companies (region BA/TT) in the position of assistant consultant).	1
	Number of participants/trainees	10
3	Press conterence (at the City Council of Bratislava, 18.12.2012 – organised by the Bratislava City Council for participants of project partners, media and participants in training)	1
4	Seminar for leaders and projects partners at the City Council in Vienna, 3.10.2012	1
5	Four 4-days trainings for companies involved in the project and parallel after trainings begin consultation directly in companies: I. group (24.6.; 18.9.; 10.10; 12.11.2013) number of participants 15 II. group (17.9.; 17.10; 20.11; 10.12.2013) number of participants 15 III. group 12.12.2013 started with first workshop, number of participants	30 11
6	Internship of employee Slovak Business Agency at the City Council in Vienna	1

Source: SBA

According to the project the participation of 52 Slovak companies was envisaged. **By the end of 2013, 50 companies had been registered.** Companies that expressed interest in the ECOprofit Bratislava project were divided into 4 groups. The first two groups successfully completed the 4-day training courses attended by the staff of Denkstatt Bratislava and Vienna. At the training SMEs received basic information as to how to run an internal eco-audit. The first workshop consisted of presentations: ECOprofit methodology and Cleaner Production (CP); CP - Team; Quick Scan. Upon the first visit to the organization they had to take necessary steps (determine data source and the individual who enters the input-output analysis, continued in data collection; insert data into Excel file, define a process for flow diagram maps and materials for the whole company, define indicators relevant to company, find ideas, solutions and objectives for improvement). In the second workshop, participants were given information about the analysis of inputs and outputs and processed criteria for defining the focus of the audit. In each business will be created the so-called CP (Cleaner Production), working closely with experts to create sustainable development from an economic, environmental and socio-cultural perspective. The participants worked in groups on a variety of case solutions such as search inputs, causes of errors and saving measures for effective production. During the third workshop, the participants learned information about

EMS, Compliance with Legislation; Sustainable Procurement; the Environmental Report and the other steps. During practical exercises develop environmental policy, implemented three environmental measures and to learn how to prepare an environmental report. It is expected that through training and individual consultations directly in companies they will gradually improve their relationship with the environment and at the same time also reduce their operating costs. For the part of the project, the staff of Denkstatt Bratislava, together with experts from Austria, personally visited the company, carrying out for 4 days individual consultations and audits. In January 2014 training for the fourth group of SMEs will start.

During 2013 the internal staff of the Slovak Business Agency attended an internship in Vienna. The staff of the Vienna City Municipality, MA 22, Department of Environment, directly clarified the support systems for large companies and EKOprofit and EKObonus for smaller companies. They also agreed to a meeting with all key players involved in the financing of the project such as the Ministry of Environment, the Austrian Chamber of Commerce, the Ministry of Agriculture - EKOlabelling, Denkstatt. They were also introduced to the project implementation process in Serbia. In December, a second staff attended meetings of commissions, within which were evaluated the results achieved in various Austrian companies. For Austrian companies participation in the project is very important for obtaining a certificate and hence prestige in the region. Every year some 200 Viennese organizations enter the project. The aim of this project is to set up a similar system of support for SMEs in the Bratislava Region.

❖ SR Ministry of Transport, Construction and Regional Development

- **The national plan aimed at increasing the number of nearly zero energy needs**

The program was approved in 2012. The subsidy may be granted on the basis of Act No. 555/2005 Coll. on the energy performance of buildings and amending certain acts on **research and development in energy efficiency, as well as accelerating energy efficiency of buildings** and their transition into buildings with almost zero energy needs through the national plan effective from 1.1.2013. **Till now there have no subsidies offered.** The objective of aid in the financial sector will be to mainly adapt existing financial instruments to increase investments in energy efficiency in buildings, as well as seeking new forms within the scope of the state budget.

❖ SR Ministry of Environment

The Ministry of Environment (ME SR) is the central state administration body for the creation and protection of the environment, including nature and landscape protection, water management, protection of air, ozone layer and climate system, environmental aspects of urban planning, waste management, impact assessment environment, ensuring a unified information system on the environment and extensive monitoring, geological research and exploration, conservation and regulation of trade in endangered species of wild fauna and flora and genetically modified organisms.

- **Support from the Environmental Fund**

The Environmental Fund as a public fund for the provision of state aid for the environment annually publishes a specification of support activities through subsidies or loans, for which applicants may send their applications for support. The Environmental Fund focuses primarily on subsidies in support of environmental projects of municipalities and has created a program designed expressly for SME candidates**. Businesses entities (not just SMEs) may require Fund support either through subsidies or loans with a favorable interest rate of 1% p.a. with a maturity of 5-15 years without limitation on the loan amount.**

In 2013, businesses can receive funds for **support in the form of subsidies in the following activities:**

1. Activity E1: Environmental education and promotion - In 2013 there was provided support for this activity in **1 business entity (SME) in the amount of EUR 20,000.**
2. 2. Activity F1: research, study and development aimed at identifying and improving the environment - in 2013 **no subsidy was offered to a business entity.**

In 2013, businesses can receive funds for **support in the form of loans in the following areas:**

- **A.** Area: Protection of air and ozone layer protection
- **B.** Area: Conservation and utilization of water
- **C.** Area: Development of waste management
- **D.** Area: Nature and landscape
- **E.** Area: Environmental education, training and promotion
- **F.** Area: Research, study and development aimed at identifying and improving the environment
- **G.** Area: Green Investment Scheme
- **H.** Area: Environmental Burdens

Within those areas were approved aid **in the form of loans to 4 businesses (SMEs all) totaling 1,974,719 Euros.**

- **Promotion of Recycling Fund**

The Recycling Fund is a non-state specific fund established by Act No. 223/2001 Coll. on waste and amending certain laws that collects funds to support the collection, recycling and processing of waste in statutory commodities. The purpose of providing funds from the Recycling Fund is to support activities meeting the social requirements for an environmentally optimal load for waste management in the Slovak Republic and **does not relate directly to business support**. In 2013 applicants received funding totaling **EUR 7,013,154.** The means of the Recycling Fund may, in accordance of the purpose and objectives regarding waste management expressed in the current Waste Management Plan of the Slovak Republic can be used for:

1. ***Payment of operating and investment costs necessary for separate collection and waste recovery and processing of old vehicles.***
   In 2013, under this objective there was granted **EUR 6,606,433** for 1,984 contracts (out of which 1,935 framework contracts with municipalities and associations of municipalities on the claimed contribution under Article 64 of. 1 of the Act. No. 223/2001 Coll. was bound to prove recovered quantities of separated components of municipal waste in the amount of EUR 2,642,013).
2. ***Payment of economical eligible costs related to the transport of old vehicles to designated parking and the cost of running a designated parking lot.***
   In 2013 no resources were used for this purpose.

3. ***Promotion of separate collection and recovery of waste.***
   In 2013, this objective was granted **EUR 138,901 Euros** on the basis of four contracts.
4. ***Providing information system for support of waste recovery.***
   In 2013, EUR **249,820 Euros** were granted for this objective less than one contract.
5. ***Support of research, development, search and application of new waste recovery.***
   In 2013, this objective was granted **EUR 18,000** under one contract

- **Operational Programmed Environment**

The main objective of the Operational Programmed Environment (OPE) is to improve the environment and the rational use of resources through the improvement of the environmental infrastructure in line with the EU and the Slovak Republic. Assistance from EU funds within the OPE mainly follows the achievement of environmental objectives and improves the parameters of the individual components of the environment. Within the OPE SMEs are one of several types of eligible beneficiaries in the case of **Priority Axis 3 Air Protection and Minimization of Adverse Effects of Climate Change and Priority Axis 4 Waste Management**, the assistance given depending on whether and how the implemented activities contribute to the objectives of the program. Business entities are supported through the subsidy, while the target group is the general public sector as well as the private one. In accordance with the rules on state aid to beneficiaries (including SMEs), depending on the type of activities there is applied one of the following **state aid schemes**:

- The state aid scheme for the improvement and development of infrastructure for air protection for the programming period /years 2007 – 2013
- The state aid scheme for the improvement and development of waste management infrastructure for the programming period/ years 2007 – 2013 and
- The state aid scheme for environmental protection in the field of air and minimizing the adverse impacts of climate change for the programming period/years 2007 – 2013.

Tab. no. 11.1: Implementation of selected indicators OP Environment related on support SMEs (actual status as of 31.12.2013)

Prority axis	**Number of projects of direct investment support for SMEs** (goals are mentioned in parentheses)	**Number of jobs created by direct investment support of SMEs** (goals are mentioned in parentheses)
Priority axis 3 Air Protection and Minimisation of Adverse Impacts of Climate Change	6 (goal 20)	3 (goal 15)
Prioritná os 4 Waste Management	39 (goal 30)	49 (goal 25)

Source: ME SR

The greatest degree of support for SMEs (in terms of volume of EU funds as well as the number of supported projects) within the OPE is characterized by **Priority Axis 4 Waste Management**, especially operational objective *4.2 Support for waste recovery activities.* In the case of *operational objective 4.1 Support of activities for separate collection* there is limited support for SMEs that in accordance with the valid legislation on waste management, as well as on the establishment, the provision of separate collection is an obligation of municipalities, of which necessarily follows that more applicants and subsequently beneficiaries under this operational objective are from public sector entities (local government entities). Within operational objective *4.3 the management of hazardous wastes in an environmentally sound manner*, there is room for the promotion of businesses created especially under 2nd Group activities – Disposal of hazardous waste, including construction and reconstruction of facilities for the recovery and disposal of hazardous wastes in an environmentally sound manner.

In the case of Priority Axis. 3 Air protection and minimization of adverse effects of climate change there are business entities, including SMEs, eligible for support under the operational objective *3.1 Protection of the atmosphere*, as well as operational objective 3.2 *Minimizing the adverse effects of climate change, including the promotion of renewable energy sources*. The interest of SMEs and the degree of SME support in the case of Priority Axis 3 is affected by activities within the area of reducing air pollution in the enterprises and activities carried out by them subject to the rules for state aid (regional aid or group exemption) governing the maximum intensity of assistance. In the case of the state aid scheme to protect the environment in the area of air and minimizing the adverse effects of climate change (group exemption) businesses are eligible for aid only if it comes to investment aid enabling enterprises to go beyond Community standards for environmental protection or increase the level of environmental protection in the absence of Community standards. In the current economic situation, the interest of enterprises in implementing projects limiting air pollution in excess of the applicable rules is limited.

By 31.12.2013 the MoE SR recorded a total of 56 projects contracted under state aid schemes in the amount of EUR 163.69 mil. From that number, 32 projects had already been completed and in 2014 the end of another 17 projects is assumed. **In 2013, 6 projects were approved under the state aid schemes and in the amount of EUR 21.1 mil. Two projects were submitted by the applicants falling into the category of SMEs.**

Tab. no. 11.2: Financial support within OP Environment for 2013 (Eur)

Priority axis 3	Number	Total support (EU + SB))	Priority axis 4	Number	Total support (EU + SB)
micro enterprise	0	0,00	micro enterprise	1	676 439,87
small enterprise	1	201 047,92	small enterprise	6	16 555 834,00
medium enterprise	0	0,00	medium enterprise	0	0,00
large enterprise	3	10 791 837,00	large enterprise	0	0,00
Total	**4**	**10 992 884,92**	**Total**	**7**	**17 232 273,87**
From this operational objective 3.1	*3*	*10 791 837,00*	*From this oparational objective 4.1*	*2*	*11 669 590,03*
3.2	*1*	*201047,92*	*4.2*	*5*	*5 562 683,84*
			4.3	*0*	*0,00*

Source: ME SR

Tab. no. 11.3: Share of state aid provided to SMEs in total state aid provided in 2013

Type of enterprise	Volume in EUR	Share (%)
Micro enterprises and small enterprises	17 433 321,79	61,77
Medium-sized enterprises	0,00	0,00
Large enterprises	10 791 837,00	38,23
Total	**28 225 158,79**	**100,00**

Source: ME SR

❖ SR Government Office

- **Implementation of the Financial Mechanism of the European Economic Area and the Norwegian Financial Mechanism**

In 2013, under the Financial Mechanism of the European Economic Area and the Norwegian Financial Mechanism was declared a call which also included SMEs, in particular the area:

- SK07 green innovation in industry

The call (code GII01) was opened on 28.03.2013 and closed on 13.09.2013. In 2013, **the evaluation process was conducted and the project contracts were concluded**. The target groups for the call were small and medium-sized enterprises based in Slovakia.

Support under the scheme is provided through a subsidy; the state aid scheme for green innovation in industry and the Scheme to support the introduction of green innovation in industry (the de minimis schema).

❖ SR Ministry of Economy

- **Operational Programme Competitiveness and Economic Growth (OP C & EG)**

<u>Priority Axis 2 – Energy</u>

Priority 2 Energy is focused specifically on promoting energy efficiency, advanced technologies and building and upgrading the municipality public lighting. Under this priority axis are created the conditions for the implementation of demand-driven projects and national projects aimed at promoting advice on energy-saving opportunities for the public and for the deployment and optimization of measures in the field of energy efficiency in public buildings.

By 31.12.2013 the disbursement of contracted funds from EU + SR sources under Priority Axis 2 Energy amounted to EUR 102.14 mil., representing 48.75% of the allocation for Priority Axis 2. From this amount **EUR 16.18 mil. were disbursed from this amount in 2013.**

Until now, under this priority there have been created **85 jobs** (including **73 in the category of SMEs**) within **the 405 supported projects** aimed at increasing energy efficiency and improving public lighting. Promoting the increase of energy efficiency and the increase of consumption of renewable energy will be continued through the implementation of other project call C & EG-21SP-1301. From the previously implemented projects 191 have been completed successfully.

In 2013 under Priority Axis 2 there was declared 1 call for demand-oriented projects and one written invitation for the submission of a national project. The call issued under Measure 2.1 Increasing energy efficiency in production and consumption and introducing advanced technologies in energy code C & EG-21SP-1301 was focused on projects supporting energy efficiency and increasing the share of renewables in total energy consumption. The written invitation was announced under measure 2.2 on the implementation of the national project "Support Instruments for the Deployment and Optimization of Measures in the Field of Energy Efficiency in Public Buildings."

Tab.no. 11.4: Funds drawn priority axis 2 as of 31. 12. 2013 in Eur

Priority axis 2 - Energy	Commitment 2007-2013 for EÚ resources	Drawn in 2013 (EU resources)		Cumulative drawn to 31. 12. 2013 (EU resources)	
		Total	%	Total	%
	180 946 401	**12 673 688,93**	**7,00**	**86 207 189,83**	**47,64**
Measure 2. 1 – Increasing energy efficiency both on the side of generation and consuption; and introducing advanced Technologies in the energy sector	123 457 808,00	9 968 908,31	8,07	64 953 199,47	52,61
Measure 2.2- Building and modernisation of public lighting for towns and municipalities and the provision of energy consultant services	57 488 593,00	2 704 780,62	4,70	21 253 990,36	36,97

Overview of selected calls within OP Competitiveness & Economic Growth:

- Call C & EG-21SP-0801 "The state aid scheme for improving energy efficiency in production and consumption and introducing advanced technologies in energy through direct aid"
- Call C & EG-21DM-0901 "Scheme to promote sustainable development (de minimis aid scheme)"
- Call C & EG-21SP-0901 "State aid scheme for improving energy efficiency in production and consumption and introducing advanced technologies in energy through direct aid"
- "State aid scheme for increasing energy efficiency in production and consumption and introducing advanced technologies in the energy sector through direct aid"

Tab. no. 11.5: Funds drawn priority axis 2 OP KaHR in 2013 by calls

Call code	Paid NFC in 2013 (Eur)
KaHR-21DM-0901	314 172,12
KaHR-21SP-0801	0,00
KaHR-21SP-0901	11 054 196,04
KaHR-21DM-0801	280 087,30
Total	**11 648 455,46**

❖ European Bank for Reconstruction and Development

The European Bank for Reconstruction and Development operates in Slovakia two programs for energy efficiency with the ultimate benefit for SMEs, namely:

1. A loan program to encourage the development of energy efficiency and renewable energy sources in Slovakia – **SLOVSEFF**
2. A line of credit to support the development of energy efficiency municipalities in Slovakia – **MUNSEFF**

- **SLOVSEFF**

The SLOVSEFF program aims to promote the development of energy efficiency in the industrial sector, renewable energy and energy efficiency projects in the residential sector. **The first phase of SLOVSEFF** was launched in 2007, when there were four banks involved in the project: Dexia Bank Slovakia, Slovak Savings Bank, Tatrabanka and VUB. The SLOVSEFF investment funds of EUR 60 mil. for the sustainable development of energy was supplemented by a subsidy funding of EUR 15 mil. support from the International Fund for the decommissioning of the V1 nuclear power station in Jaslovské Bohunice V1 (BIDSF). The BIDSF objectives include, among activities focused on nuclear safety, also the support of energy efficiency and renewable energy. The subsidy size was determined for technical support through the services of consulting firms, further on for incentives for potential clients and administration fees to participating banks. Due to the rapid exhaustion of the first phase of SLOVSEFF and its high success rate in 2010, the EBRD, in cooperation with the Ministry of Economy, decided to implement the **second phase of SLOVSEFF** in the amount of EUR 90 mil. and subsidy funding of EUR 15 mil. from BIDSF while the second phase involved 6 Slovak banks, namely: KBC, Slovenská Sporiteľňa, Tatrabanka, Unicredit Bank Slovensko and VÚB. The target segment is, on one hand, the housing sector (housing associations, management companies) and other private industrial companies implementing energy efficiency projects, or private industrial companies implementing renewable energy projects.

Both SLOVSEFF lines totaling EUR 150 mil. along with total subsidy funding of EUR 30 mil. are already fully exhausted and 687 projects have been implemented, most of which went to the housing sector (596 projects, 61% of the total credit line together for SLOVSEFF I and also SLOVSEFF II). The floor space of the structures reconstructed within both SLOVSEFFs was over EUR 2.5 mil.. square meters, while with cost savings, greater thermal comfort and improved sanitary conditions affecting more than 86,000 people. The average savings achieved in the residential sector was 33%, which is double compared to the original assumptions. The total annual heat savings through SLOVSEFF exceeds 580,000 MWh and the total annual CO2 reduction is equal to 110,000 tons. It is important to mention that the projects financed by SLOVSEFF are in the absolute majority carried out by Slovak companies, thereby contributing to job creation, particularly in SMEs.

- **MUNSEFF**

The MunSEFF Program is an initiative of the EBRD and the European Commission to support the development and financing of municipalities and their companies in Slovakia through commercial banks. The main objective of the program is to encourage the introduction of the energy-efficient infrastructure rehabilitation of towns and villages, especially in cases with a high potential to achieve savings in the sector of municipal and residential buildings. Currently, the MunSEFF program is the only instrument specifically aimed at financing energy efficiency projects for municipalities and the prospective applicant can achieve a non-repayable subsidy of up to 20% of the loan principal. So far, the EBRD has provided loans under MUNSEFF totaling **EUR 90 mil.** from two banks and they are Slovenská Sporiteľňa and VÚB, the aforementioned banks providing loans to over 125 projects with a **total energy savings of 46.1 GWh**. Eligible applicants for funding from MunSEFF II are:

- municipality
- companies owned by municipalities
- private companies providing public services
- ESCO carrying out investments in energy efficiency projects in cooperation with one or more municipalities.

11.2 Development of regulatory environment

The amendment to the promotion of renewable energy and high efficiency cogeneration (Act No. 309/2009 Coll.)

The amendment, published under **No. 30/2013 Coll.,** was adopted for the purpose of clarification and amendments hitherto the statutory regularization on support of electricity production from renewable energy sources, biomethane production and high-efficiency cogeneration. It narrows the range of support for facilities of electricity producers that use solar energy as a source (instead of 100 kilowatts just to 30 kilowatts). Support will also no longer apply to electricity, which means production through a hydro power plant with an installed capacity of over five megawatts. The amendment to the Act came into force on **1 March 2013.**

The amendment to the Energy Performance of Buildings (Act No. 555/2005 Coll.)

The amendment published under **No. 300/2012 Coll.** lays down the conditions and rules for granting subsidies (up to 100% of economically eligible costs) that may be provided for research and development in energy efficiency, as well as accelerate the energy efficiency of buildings and their transition to a building with nearly zero energy needs according to a national plan aimed at increasing the number of buildings with nearly zero energy requirement (Paragraph 9a Section 1). Applicants for subsidies can be a legal entity or natural person - entrepreneur (Paragraph 9b Section 1). The amendment came into force on 1 January 2013.

In connection with the amendment there was also adopted SR **MDVRR SR Decree No. 364/2012 Coll.,** implementing Act No. 555/2005 Coll. on the energy performance of buildings. The decree was also effective from 1 January 2013.

Amendments to the Waste Act (Act No. 223/2001 Coll.)

The amendment to the Waste Act, **Act No. 343/2012 Coll.,** introduced with effect from 1 January 2013 new obligations that may increase the cost of waste management for certain business enterprises. The beneficial effects, however, can be expected in the case of SMEs, which are smaller waste producers. The law increases the threshold beyond which the entity is required to prepare a program originator. The amendment introduces the institution of “end-of-waste” and “by-product” that have contributed to the reduction of waste. The amendment also brings other changes in waste disposal. Some measures may also reduce the cost of data subjects.

Act No. 484/2013 Coll. with effect from **1 January 2014** introduced so-called extended batteries’ and accumulators’ producers responsibility, which means that producers bear all the financial costs associated with the collection, treatment and recycling of all collected waste batteries and accumulators. Furthermore, the law establishes the collective disposal of waste batteries and accumulators, with a precise definition of the rules of a collective organization, collective responsibility of the organization as well as the termination of a collective organization.

The Act on integrated pollution prevention and control of environmental pollution (Act No. 39/2013 Coll.)

The Act, effective from **15 March 2013** revised a state action in the permitting and control of larger landfills, incinerators, refineries, production and the processing of metals, minerals, slaughterhouses, rendering plants, chemical plants, cement factory, the production of pulp, paper, paperboard, and fur and others. The Act contains a scale of fines that Slovak environmental Inspection may assess for administrative offenses. They may, in some cases, amount to only EUR 330, if the operator does not allow the person exercising the state control the operation’s inspection, but in some cases, fines are permitted from EUR 10,000 to EUR 331,940, for example, if the operator is operating without a permit or they did not limit or stop activity in operation based on a decision of the state supervisory authority.

11.3 Results of analysis and surveys

Efficient use of resources and environmental markets

In 2013 the European Commission implemented the survey *“SMEs, resource efficiency and green markets”*, which aimed to assess the state of the green market and the measures to promote the efficient use of resources and the introduction of organic products.

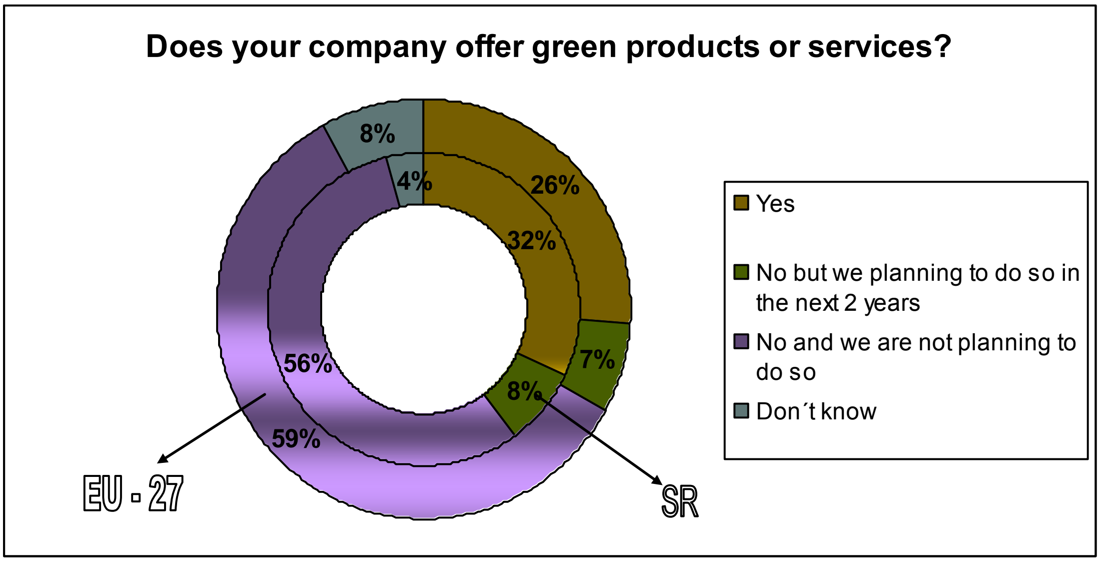
The survey was conducted on a sample of 13,509 SMEs with a staff of 1 to 249, of which 11,207 SMEs were involved in the study of EU countries. The survey involved 400 SMEs from Slovakia. The data collection was performed from 9 to 27 September 2013.

Offer of environmental products and services

According to the survey, almost one third (32%) of SMEs in Slovakia offers organic products or services. Within the EU-28 countries the above response was indicated by more than one quarter (26%) of the respondents, which is about 6 p.p. less than in Slovakia. Compared to the prior 2012 survey the representation of operators who offer green products or services in Slovakia increased by 3 p. b, but in the EU it has not changed.

Over the next two years there are plans to offer green products or services by 8% of SMEs in Slovakia and 7% in the EU – 28, 56% of SME representatives from Slovakia are not planning to introduce any organic products or services in the future, which is 3 p.p. less than in the EU – 28.

Chart No. 24



Source: *European Commission 2013*: *SMEs, resource efficiency and green markets (Flash Eurobarometer 381)*, processed by SBA

18% of small and medium-sized enterprises in Slovakia offering organic products or services generated sales of these products in more than 50% of the annual turnover, which is 4 p.p. less than in the EU – 28.

The main reasons why SMEs do not offer green products or services

The main reasons why small and medium-sized enterprises in Slovakia do not offer green products or services include the following: offering organic products or services is not important for the basic values of a company and it is not in compliance with them (21%, EU – 28: 20%), **offering organic products or services does not correspond to the image of the company** or it is not important for its image (16%, EU – 28: 22%), the introduction of organic products or services **does not have not sufficient public support** (15%, EU – 28: 11 %), insufficient demand from customers (13%, EU – 28: 25%), the introduction of organic products or services does not constitute a competitive advantage or other business benefits (13%, EU – 28: 17%), it is not essential for catching up to main competitors (11%, EU – 28: 12%), it is not essential for compliance with the relevant legislation (7%, of EU – 28: 8%).

Preferred support for the introduction of ecological products or services

For more than one-third (34%) representatives of small and medium-sized enterprises in Slovakia financial incentives to develop new products, services or new manufacturing processes **would be most helpful** in the marketing of ecological products or services, which is about 5 p.p. more than in the EU – 28.

Help with potential markets or customers were indicated as appropriate support by 22% of SMEs in Slovakia, which is about 5 p.p. more than in the EU – 28.

Technical advice and consultancy services in the development of products, services or production processes was indicated by 16% of representatives from Slovakia, which is 2 p.p.

more than in the EU – 28. Advice for marketing or distribution was reported by 16% of SMEs in Slovakia, which is 4 p.p. more than in the EU – 28.

Attaining support for the introduction of organic products or services

69% of small and medium-sized enterprises from Slovakia rely on their own financial resources for the implementation of environmental products or services, (11 p.p. more than in the EU – 28), 56% on its own technical experience (about 1 p.p. more than in the EU – 28) and 10% from external support (by 12 p.p. less than in the EU – 28).

External support in Slovakia is comprised of public support by 27% (1 p.p. than in the EU – 28) and private aid measures by 50% (about 19 p.p. less than in the EU – 28; from the number of respondents who use external support).

Of the respondents surveyed the share of entrepreneurs who rely on public support for the introduction of ecological products or services, were 2.7% in Slovakia and 5.7% in the EU – 28.

Introducing measures on the effective use of resources

95% of small and medium-sized enterprises in Slovakia and the EU – 28 countries performed in their enterprise at least one measure of resource efficiency.

In the survey 76% of respondents from Slovakia said their enterprise saves energy (6 p.p. more than in the EU – 28), 73% saves water (about 19 p.p. more than the EU – 28), 70% saves materials and minimizes waste (about 8 p.p. or 4 p.p. more than in the EU – 28), 60% recycled wastes (as in the EU – 28).

Using support for resource efficiency

68% of entrepreneurs from Slovakia in resource efficiency relies on their own financial resources, (8 p.p. more than in the EU – 28), 59% on their own technical expertise (by 6 p.p. more than in the EU – 28) and 15% external support (by 4 percentage points less than in the EU - 28).

External support in Slovakia is comprised of public support measures by 64% (up 29 p.p. more than in the EU – 28) and private aid measures by 70% (5 p.p. less than in the EU – 28, from the number of respondents who use external support).

Of the respondents surveyed the share of entrepreneurs who rely on public support in resource efficiency reached 9.6% in Slovakia and 6.7% in the EU – 28.

Preferred support for the efficient use of resources

Grants and subsidies would be most helpful to improve resource efficiency in the opinion of 37% of the SME representatives in Slovakia and 34% in the EU – 28.

Advice on funding opportunities for investments in more efficient use of resources was reported in the survey by more than one quarter (27%) of respondents from Slovakia, which is about 5 p.p. more than in the EU – 28. Greater collaboration between entrepreneurs in new processes enabling the reuse of waste was also noted as helpful by more than one quarter (27%) of respondents from Slovakia and 19% in the EU – 28.

Advice on how to improve resource efficiency was reported as helpful by 22% of entrepreneurs from Slovakia and 25% in the EU – 28. 19% of respondents from Slovakia reported as helpful the demonstration of new technologies and procedures to improve the efficiency of resource use (also 19% in the EU – 28) and a database of case studies that show the benefits of resource efficiency for companies (16% in the EU – 28).

11.4 Recommendations

- Improve information for support of business entities in the field of environmental protection and environmental management.

- Raising awareness of green business as a business with high value added in relation to the concept of CSR.

- Promote the uptake of green procurement in response to the European Commission Communication COM (2008) 400 system. It is a process in which public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle when compared to goods, services and works with the same primary function that would otherwise be procured.

- Development of training programs at all levels, even in the field of lifelong learning with a focus on ecology.

- Increasing the stability and continuity of environmental strategies in a wider political and social context.

- Improvement of infrastructure for the implementation of eco-innovation in the business environment, particularly the SME sector.

- Promote the implementation of the environmental management systems EMS, EMAS and the eco-labeling of products in small and medium-sized enterprises as instruments capable of reducing negative environmental impacts.

- Broadening the need to promote the implementation of energy efficiency and promote the reduction of energy intensity of production in the small and medium-sized enterprises.

- More effective provision of advice to small and medium-sized enterprises in the field of environmental legislation (for example http://www.go-eco.sk/).

- Establish incentives to promote ecological products and clean production in the SME environment.

- Raise awareness on the implementation of the Europe 2020 strategy with a focus on the environment and corporate social responsibility (CSR) in Slovakia.

- Raising awareness of entrepreneurs about eco-labeling on products, streamlining and effectuating the scope of application of environmental labeling and public awareness campaigns, which should encourage the promotion of voluntary compliance with environmental regulations and standards.

12. Principle 10 Encourage and support SMEs to benefit from growth of markets

12.1 Foreign trade activities of SMEs in markets outside the EU

SME exports to markets outside the EU

From a geographical point of view, small and medium-sized enterprises are unable to reduce dependence on demand from the EU. **In 2013, exports of SMEs to markets outside the EU reached a share of only 10.8%** (EUR 1,880.0 mil.) **of total SME exports.**

The share of small and medium-sized enterprises in the **total volume of exports to countries outside the EU** (EUR 10,391.7 mil.) **was 18.1%** (EUR 1,880.0 mil.). The share of total exports to non-EU countries by micro-enterprises reached 8.0%, in absolute terms EUR 836 million. In total exports to non-EU countries small enterprises accounted for 2.9%, in absolute terms EUR 300.7 mil. and medium enterprises 7.2%, in absolute terms EUR 743.3 mil. More than four-fifths (81.9%) of total exports to non-EU countries was accounted by the share of large enterprises, in absolute terms, EUR 8,511.6 mil.

According to the final results of foreign trade statistics for 2012 the **largest export markets for SMEs outside the EU were Russia** (18.4% share), **Switzerland** (10.2%), **Ukraine** (10.0%), **the United States** (7.6%) and **Turkey** (7.3%). In summary, these countries comprised more than half (53.5%) of the total exports of SMEs outside the EU. Other countries had a share of less than 5%.

The growing development of SMEs in export markets outside the EU is clear in destinations such as Switzerland, the United States, Turkey and Croatia. By contrast, small and medium-sized enterprises in 2012 did not maintain their outlets in Eastern and Southeastern Europe. A year-on-year decline in SME exports to Russia amounted to 2.5%, in Ukraine 17.7% and 13.6% in Serbia. **In 2012 SMEs were struggling to fully exploit the potential of any other rapidly developing countries** (country we know as the BRICS - Russia, Brazil, India, China, South Africa). Exports to Brazil dropped year-on-year by 9.1% and in South Africa by 30.3%. Modest growth in SME export amounted to just China (2.2%), but still below the level of exports in 2010 (exact data on SME exports to India is not known).

In 2012, the most significant representation in SME exports were to Belarus (61.0%), **Ukraine** (48.6%), **Croatia** (39.4%), **Korea**, and **Brazil** (both with 28.5%). Conversely, the lowest rate recorded for SME exports were to China (6.3%), Australia (9.3%), Canada (9.7%) and South Africa (10.8%).

Compare the situation of SMEs in export markets outside the EU in Slovakia and the EU

In 2011, within the selected EU – 25 countries, the share of SMEs in total exports to markets outside the EU reached 38.0% (according to Eurostat), which was up by 16.7 p.p. more than in Slovakia. In a comparison of the share of SMEs in total exports to countries outside the EU the Slovak Republic is in the penultimate position. Below Slovakia was only

Luxembourg (20.8%). In Hungary, the share of SMEs in total exports to countries outside the EU was 26.7%, 30.1% in the Czech Republic and 31.8% in Poland (Appendix, Chart 42).

SME imports from markets outside the EU

In 2013, the SME imports of goods from markets outside the EU reached 19.6% of total SME imports (EUR 4,482.5 mil.).

The share of small and medium-sized enterprises in **the total volume of imports from outside the EU** (EUR 20,787.5 mil.) **was 21.6%** (EUR 4,482.5 mil.). The share of micro-enterprises for total imports from non-EU countries reached 6.0%, in absolute terms EUR 1,248.4 mil. In total imports from non-EU countries small enterprises accounted for 6.4%, in absolute terms EUR 1,329.3 mil. and medium enterprises 9.2%, both in absolute terms EUR 1,904.7. 78.4% of total imports from non-EU countries were by the share of large enterprises, in absolute terms EUR 16,305.0 mil.

According to the final results of foreign trade statistics for the year 2012, **the highest share of total imports of SME markets outside the EU were from East Asian countries such as China** (23.5%) and **South Korea** (16.1%). Then Russia with a share of 12.2%, the United States (6.3%), Japan (4.3%), and Switzerland (4.2%). Other countries had shares of less than 4%.

The most significant representation small and medium-sized enterprise import was from Serbia (91.1%), **Belarus** (79.3%), **Switzerland** (68.6%) and **the United States** (59.5%). By contrast, large enterprises dominated mainly in imports from Russia (90.3%), Macedonia (87.8%) and Korea (85.7%).

The dynamics of SME import development from the most important countries outside the EU is characterized by stable growth in imports from Russia, Serbia, Vietnam, in 2012 growth also recorded in imports from the Republic of Korea. By contrast, SME imports from China, the United States, Japan and Ukraine showed a slight decline.

12.2 Executed measures to support SME trading in markets outside the EU

The total financial aid statement for SBA Principle 10 in 2013 was: EUR 24,901,000.00.

❖ - The Slovak Agency for Investment and Trade Development (SAITD)

- **MISIA 14 Project**

SITDA, in cooperation with partners Google, Sapi, Slovak Telekom, Zoznam.sk, Sberbank, Eximbank, Effectivity, Publicis and associate partner Samsung, launched in September 2013 the MISIA 2014 project. **MISIA 14** is a project to support the export activities of SMEs for success in the Slovak market. The name is an abbreviation for "MADE IN SLOVAKIA 2014". The project, among other factors, is also based on the conclusions of the Government Council for Investment and Trade, which seeks an understandable way of conveying SMEs.

The aim of the project is that successful Slovak SMEs think more about their export ambitions, because an ambitious and high-quality company in the domestic market has a chance to be successful abroad. The ultimate aim of the project is thus to transform export ambitions into real exports. The project partners identified several reasons why SMEs do not export more. For example, because they are not well informed about the help that they can be provided to them when by exporting state and commercial companies. The project aim is therefore an understandable way of presenting the offer of existing and new services to support exports.

The main form of project execution is a dialogue between SMEs and project partners. The basic instrument for dialogue is the www.misia14.sk portal. Partners want to identify the most important obstacles to the development of the export potential of SMEs and to get an overview of their expectations from the state and from project partners. The first step of the dialogue is the completed questionnaire located on the project website www.misia14.sk. After processing the partners prepare **packages of integrated services tailored** to individual SME segments with export ambitions. The packages will be based on real needs and will be presented to the public in early 2014.

The end result of the project will be to achieve the primary objective of export growth of SMEs, both in absolute terms as well as an increase their share for total Slovak exports.

❖ SR Ministry of Finance

- **EXIMBANKA SR**

The SR Export-Import Bank of Slovakia (EXIMBANKA SR) is a specialized financial institution established to support the export of Slovak production services to foreign markets, according to Act No. 80/1997 Coll. on the Export-Import Bank of the Slovak Republic, as amended. Its main objective is to promote the maximum volume of exports of sophisticated production mainly to European Union countries and the OECD, as well as in developing countries to ensure the return of funds minimizing risks arising from insurance, loan, guarantee and financial operations.

Bank activities

In 2013, export support through banking activities reached the value of **EUR 1,652,045,000,** of which part of the export support consists of large clients at EUR 1,569,013,000 (94.97%) and SME segment clients **for export support accounted for EUR 83,032,000 (5.03%).** In 2013, from the value of EUR 83,032,000 EXIMBANKA supported **SME segment export to countries outside the EU with EUR 24,866,000.**

Insurance activities

In 2013 EXIMBANKA SR supported exports through insurance activities in the amount of EUR 947,305,000, of which part of the export support consisted of large clients at EUR 653,896,000 (69.03%) and **SME segment clients regarding export support accounted for EUR 293,409,000 (30.97%)**. In 2013, from the value of EUR 293,409,000 EXIMBANKA supported SME segment **export to countries outside the EU member states with EUR 67,888,000.**

❖ The Ministry of Foreign Affairs and European Issues of the Slovak Republic

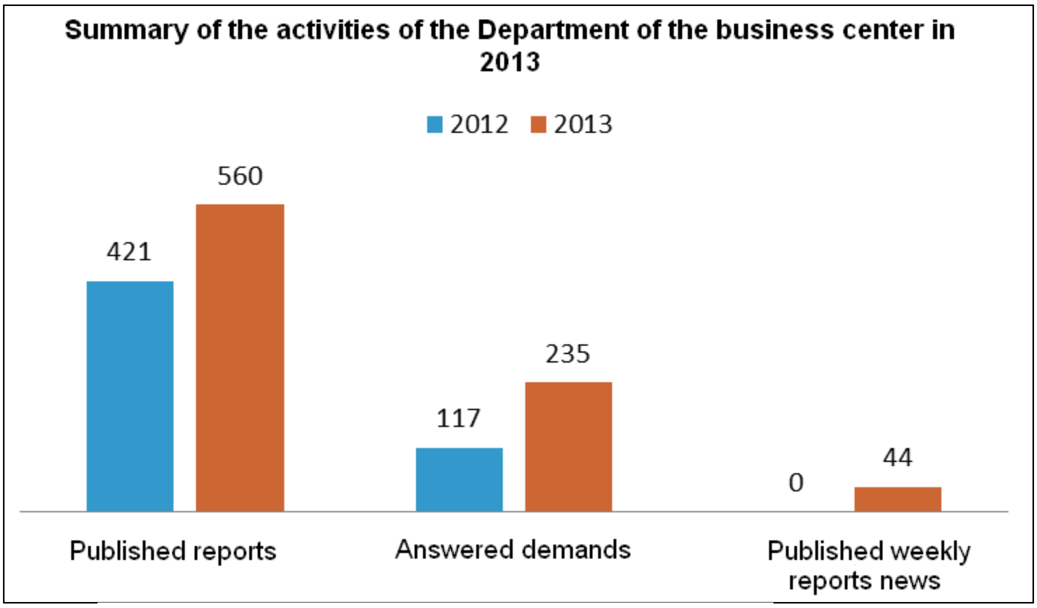
The Ministry of Foreign Affairs and European Issues of the Slovak Republic (SR MZVEZ) is the central state administration body for foreign policy and the relationships between the other countries, international organizations and groups, and European institutions. Among other activities, the Ministry ensures the coordination and promotion of business and economic interests of Slovakia abroad and the uniform presentation of Slovakia abroad.

- **Activities of the Business Center**

The MFAaEA SR business center contributes towards greater coherence and more efficient synergy of all participants of economic diplomacy, including intensifying the mutual cooperation between central state administration bodies and businesses. It provides information of the business community, the need to promote their business plans and activities in the field of exports of goods and services, creating cooperation links and the establishment of enterprises abroad. Information is provided free of charge directly (by phone, e-mail) or via the **"Business Abroad"** portal. In 2013, the MFAaEA SR Business Center began to publish and send to the business community – individual companies, as well as professional associations, an electronic **weekly on Economic News from abroad**. The first issue was sent to about 200 e-mail addresses at the end of 2013, the number of subscribers to this economic e-weekly rising to 1,170. In 2013 there were published 560 economic reports, there were **answered 235 queries from Slovak entities** with an interest in foreign markets and published 45 weekly current reports. In 2013, the financial value of MFAaEA activities in this area amounted to EUR 5,000.

In 2013, the Business Center expanded the opportunities for the export of goods and services from Slovak entities through the publication of calls for the involvement of Slovak companies in **projects financed under the EU's external financial assistance**: the pre-accession aid instrument IPA/IPAII, the neighborhood policies instrument ENPI/ENI, and the common EU and OECD instrument – SIGMA. In 2013 MFAaEA SR also took over the role of **the National Contact Point for SR** for Twinning - an EU implementation instrument for building state and public administration institutions and for TAIEX – an instrument for EU technical assistance and information exchange to third countries.

Chart No. 25



Source: Ministry of Foreign and European Affairs of the Slovak Republic

In addition to the publication of calls for EU external financial assistance projects, the Business Center also organizes expert seminars on selected EU programs for entrepreneurs on how to access **EU external assistance programs**. In 2013 it organized three seminars on the use of the EU external policy instruments IPA and ENPI, in Bratislava (12.02.2013) and Prešov (03.06.2013) and the use of the COSME instrument in Bratislava (26.06.2013). The theme of the workshops were about the possibility of involvement in EU projects in the Accession Countries and Eastern Partnership countries as well as the COSME SME internationalization program for the 2014-2020 programming period. In 2013 the financial value of MFAaEA activities in this area amounted to EUR 10,000.

Another new thing MFAaEA SR from the Business Center in the past year, was a new block of information for entrepreneurs of tenders in 36 international economic organizations, in which was published 185 specific requests, tenders and calls. **The National Contact Point for public procurement in an international environment**, in addition to providing advice and information services in 2013, also focused on the development of public procurement in international organizations and national public procurement systems. In this context, on 5 June 2013 were organized a seminar on public procurement and participation in the UNIDO (UN) projects. The financial value of the activities of the National Contact Point for public procurement in an international environment amounted to **EUR 15,000** in 2013.

- **Supporting and encouraging SMEs to enter international markets, particularly third countries**

In 2013 MFAaEA SR focused on the supply of new trade and investment opportunities abroad:

a) **organizing smaller trade missions** led by MFAaEA SR representatives and with the possible involvement of other economic ministries in countries for potential trade and investment implementation. There have been a total of **8 such missions** in Laos and Thailand, the United Arab Emirates, Kuwait, Qatar, Georgia, Armenia, Azerbaijan, Vietnam, Cambodia, Mongolia, China, Belarus, Cuba, Ecuador, Colombia and the Republic of Korea;

b) **supporting a knowledge-based economy and international cooperation in science, research and innovation.** The MFAaEA SR participated in organizing innovation forums and conferences in Slovakia with the US and the non-profit sector (ZVONS) and abroad – in Denmark, the Netherlands and Switzerland, as well as the organization of scientific and research cooperation between SR MESRS and the Slovak Academy of Sciences in Turkey, Israel and Sweden. In Israel, MFAaEA also launched a project connecting major innovators – Slovak entrepreneurs and start-ups using modern means of communication, the **Hangout Innovators Connect** project. The scientific cooperation of the V4 countries and Japan in the field of new materials was also dedicated to the international seminar co-organized by the Visegrad Fund in Smoleniciach. The function of Ambassador was created for the MFAaEA SR to coordinate activities in this area, with a special mission for science and innovation. In 2013 the financial value of the activities in this area amounted to the sum of **EUR 16,000.**

c) In 2013, in cooperation with international economic organizations, **five projects were implemented between the OECD and the SR state administration with an impact on the business sector** and organized the joint conference Danube Axis – the Development of the Port Cities of Bratislava, Komarno, Štúrovo.

d) **an investment dialogue** between state administration representatives and foreign investors operating in Slovakia was organized in 2013 with Chinese, Taiwanese, French and Australian investors.

e) organizing or co-organizing expert advice regarding **territorially oriented events with an economic and business focus**, or business forums with foreign partners (e.g. on trade with Russia and the countries of the Customs Union 18.04, 23.05, 09.09 and 08.10.2013, with Turkey on 06.02.2013, *with the Czech Republic on 05.04, 17.10 and 03.12.2013, with Poland on 24.10.201*3, with Australia on 06.06.2013, the United Arab Emirates on 26.26 and 14.07.2013, *with* Bulgaria on 06.11.2013, with Ukraine on 06.06 and 16.10 in 2013, with India on 27.08.2013, with Nigeria on 28.06.2013 and undertaking the envisaged agreement on the Transatlantic Trade and Investment Partnership - TTIP between the EU and the USA 12.09.2013)

- **Activities of Slovak diplomatic missions abroad**

In 2013 Slovakia's diplomatic missions abroad to support the penetration of Slovak business entities abroad dealt with **3,208 demands** from Slovak and foreign traders on the import/export of goods and services and **987 offers** from Slovak businesses to export abroad. The demands and offers were processed, either directly or through the portals of SITDA, SOPK and the MFAaEA SR Business Center. Moreover:

- involved in transmitting information on the invitation of 266 public procurements in accredited or pre-accredited countries;
- through information and services involved in the implementation of 213 investment, trade and research projects;
- the implementation of 558 presented events in the countries of accreditation and pre-accreditation and either their own presented events or events related to the participation of Slovak businesses in exhibitions and fairs abroad;
- ensured in 2013 a total of 155 trade missions and business forums directly or in collaboration with SOPK or SITDA.

The interest of entrepreneurs in supply and demand are concentrated mainly in Europe and Asia. Most of these activities were directed on Eastern European markets – Ukraine, the Russian Federation, the European Union countries – the Federal Republic of Germany, Austria, Denmark, neighboring countries – mainly in the Czech Republic, Poland and Hungary, the Balkans, dominated by Serbia and Croatia and other countries, to Switzerland. In Asia, business interests concentrated mainly on China, South Korea, Indonesia, India, Vietnam and Japan. In 2013 interest in Slovak investment and trade cooperation was reflected mainly by the African countries of Ethiopia, Kenya and Nigeria organizing trade missions and business forums in Bratislava, with the participation of business sector representatives in order to establish contacts with Slovak partners. Since the pursuit of economic activities in these territories is not only expensive, but also very locally specific, MFAaEA SR pays special attention to strengthening a bilateral contractual basis and direct consultation with Slovak entrepreneurs regarding the penetration of these markets.

The financial value of MFAaEA activities to raise awareness for SMEs regarding support for SME internationalization implemented by providing economic information about foreign territories and services for exporters in 2013 accounted for the **sum of EUR 35,000.**

- **Supporting the involvement of SMEs in international development cooperation**

In 2013 the aim of MFAaEA SR was also to **raise the awareness and knowledge** of business entities on the development activities of **Slovak Aid and development aid** as a whole. The aim was also to create a **space for the involvement of the business sphere** in development activities of the Slovak Republic, the EU and the international donor community In 2013, Slovak companies, together with representatives of the non-governmental sector and the Slovak University of Agriculture in Nitra participated in the **2013 Global South – South Development Expo on the UN premises in Nairobi**, where they presented their solutions for developing countries of the African continent. The result show the new partnerships in Kenya that may help Slovak companies and organizations to establish and participate easier also in projects and official development assistance in 2014.

The stated intent should help entrepreneurs create a **Platform for foreign development cooperation**, which formed the context of the Concept of participation of Slovak entrepreneurs in development assistance. The platform was established on 15.3.2013 as a civic association that brings together association representatives and representatives of the private sector in order to implement projects of official development assistance, creating policies for international development cooperation and the promotion of economic diplomacy in practice. Its main mission is to disseminate information on significant foreign development cooperation and sharing knowledge and experience between entrepreneurs, interested persons on foreign development cooperation.

The staff of MFAaEA Slovakia and the Slovak Agency for Development Cooperation (SAMRS) participated in several presentations for the business community in Bratislava and in other regions of Slovakia (e.g. in Prešov). The MFAaEA SR, in collaboration with the European Commission, organized an event for Slovak NGOs and businesses on **the use of EU external assistance instruments** (accession instrument – IPA, neighborly cooperation instrument – ENPI and cooperation with developed countries – DCI).

In consultation with the participants of development assistance (including entrepreneurs) MFAaEA SR prepared the **Medium-Term Strategy for the Development Cooperation of the Slovak Republic for the Years 2014-2018**, in which is defined a separate program for business partnerships and presents several new instruments (start-ups, loans with a subsidy element, the supply of goods and services and others). On 17. 9. 2013 the Slovak Republic became a member of the OECD Committee for Development Assistance – DAC.

❖ SR Government Office

- **The implementation of the Financial Mechanism of the European Economic Area and the Norwegian Financial Mechanism**

In 2013 under the Financial Mechanism of the European Economic Area and the Norwegian Financial Mechanism was declared a call that also included SMEs, in particular the area:

- SK08 Cross-border cooperation (focused on Ukrainian-Slovak cooperation)
Within this area were announced 2 calls. The call with code CBC01 was announced on 30.09.2013 and closed on 31.01.2014. The call with code CBC02 for small subsidies was announced on 30.12.2013 and closed on 31.03.2014. The administrator of a small subsidy scheme is the Prešov Region, currently in the **ongoing evaluation process.**
Support will be performed through the subsidy, the eligible applicants also small and medium-sized enterprises. Since cross-border cooperation also continues into the business sector, a significant number of applicants arise precisely from the group of small and medium-sized enterprises (about 19% of eligible applicants). So far, successful applicants have not been selected; the number of supported entities will be known in the second half of the 2014.

❖ Ministry of Finance/European Bank for Reconstruction and Development

- **Technical Cooperation Fund of the Slovak Republic and the European Bank for Reconstruction and Development**

The SR became a donor in the European Bank for Reconstruction and Development ("EBRD") for the first time in 2006 and the mutual cooperation between the Slovak Republic and the EBRD gradually strengthened. The Ministry of Finance on the basis of intensive cooperation with the EBRD based in London, created on 3 July 2009 the **SR European Bank Technical Cooperation Fund for Reconstruction and Development** (hereinafter the "Fund"). Since the establishment of the Fund, the Slovak Republic through MoF has **provided** to the Fund a total of **EUR 4,725 mil., allocated and for planning projects** in the amount of **EUR 3,874,723.**

The **purpose of the Fund** is to finance advisory services and technical cooperation for projects that the EBRD within its mandate finances, or funds in its recipient countries based on a successful selection process. It is smaller projects that can serve as a first step towards greater investment projects, gain experience in the field, obtain a business partner and the like. The **Territorial Fund** covers the countries of Eastern Europe and Central Asia: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, Kosovo, Macedonia, Moldova, Mongolia, Montenegro, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan and the Southern and Eastern Mediterranean: Egypt, Jordan, Morocco and Tunisia. **It is a bound fund**, which is **intended to support the activities of Slovak entities (consultants, consulting companies based in Slovakia)** to help the aforementioned countries of Eastern Europe, Central Asia and the Southern and Eastern Mediterranean in their transition to a market economy with an emphasis on support for the private sector. The priority is to ensure a fully developed cooperation between the EBRD and Slovak business entities in developing countries so that Slovak entities to engage in development cooperation and implement EBRD projects and enable them to apply their experience and know-how...

For the period of 2006 to October 2013 Slovak entities in the process of procurement for technical cooperation projects in the EBRD **received contracts totaling approximately EUR 10,520 mil**. Among the projects in which Slovak companies were involved there was:

- a project in **Albania** in the amount of EUR 410,225, within which were carried out activities in the Legal Transition Programme
- A project aimed at the model transformation of the water sector in **Turkey** (Bodrum Water Project) – In the project execution Slovak consultants achieved a reform of water and sewerage tariffs, which will bring the municipal water companies a 30% increase in revenues without a negative impact on low-income households, as well as the transformation of the water company;
- reform of public procurement in the countries of the **Commonwealth of Independent States (CIS) and Mongolia**. The SR Project was co-financed by the Fund in the amount of EUR 450,731.
- projects for **Georgia and Moldova** concerning their accession to the WTO Agreement on Government Procurement. For the implementation of the first phase of the project there were allocated resources from the Fund in the amount of EUR 43,000 relating to the preparing negotiation for Moldova regarding the WTO Agreement on Government Procurement.

- Technical cooperation in the implementation of EU Directive 31/2010/EU under the new legislation on energy efficiency in buildings in **Kyrgyzstan**. The financial participation of the Ministry of Finance was set at EUR 125,000.

The MoF, within educating and enhancing the awareness of Slovak business entities organized a seminar on 13 March 2013 entitled "Public Procurement in EBRD Projects" – the first seminar in Slovakia focused on procurement for the provision of supplies and services for projects co-financed by the EBRD.

In order to increase the awareness of Slovak entrepreneurs about business opportunities in the markets of the countries in which the EBRD operates, as well as the EBRD "Trade Facilitation Programme", on **12 November 2013 in Bratislava there was conducted the workshop** "Export Financing and Cross-Border Investment and Support in Austria" with the participation of representatives of the EBRD, commercial banks and exporters.

Tab. no. 12.1 Project overview funded from the Technical Cooperation Fund SR and EBOR, implemented in 2013

Recipient	Project/Sector	Sector	Begin of implementation-completion of the project	Commitement to the project (in EUR)
Albania	Reform of support tools for public procurement *(3 project phase)*	justice, public order and safety	24.10.2012 –	125 000
Tadjikistan	Improving transport	transport	17.10.2011 – 31.1.2013	33 994
Turkey	Model transtormation of Wather Supply sector in Turkey– Development project of watherworks in Bodrum	municipal and environmental infrastructure	20.10.2011 – 4.11.2013	280 000
			25.4.2013 – 25.10.2014	74 800
Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, Tajikistan	Reform of public procurement in in countries of Commonwealth of Independent States and Mongolia, called. Initiative EBOR-UNCITRAL *(Regional project)*	transition of law	1.9.2011 – 1.9.2014	450 731
Ukraine	Building capacity to public procurement	transition of law	18.11.2011 –	160 000
	Commission review of public procurement– building capacity - cooperation to prepearing brochure	transition of law	12.2.2013 – 30.4.2013	19 000
Kirghizia	Technical cooperation in the implementation EU directive 31/2010/EU within new legislation of energy efficiency of buildings in Kirghizia	energy efficiency and climate change	1.2.2012 – 31.1.2013	267 000
Turkey	Waste management in Mersin	municipal and environmental infrastructure	1.12.2012 – 30.11.2014	300 000
Georgia	Advice and support to the Government of Georgia to accession WTO Agreement on Government Procurement	transition of law	22.3.2013 – 2.12.2013	254 000
Moldova	Support the Government of Moldova to the preparation of the WTO Agreement on Government Procurement	transition of law	1.3.2013 – 31.10.2013	43 000

Kirghizia	Capacity building of the Association of of Kyrgyzstan in the energy efficiency of buildings	energy efficiency and climate change	21.10.2013 – 20.4.2014	66 198
Turkey	Turkey: Izmir Ferries - Lenders Supervisor	municipal and environmental infrastructure	22.10.2013 –	150 000
Total				**2 020 723**
Amount allocated to all projects (including projects implemented in 2013)				**2 799 723**

Source: MFSR

12.2 Development of regulatory environment

Legislative measures relate to the upcoming **Foreign Economic Relations Strategy for 2014-2020 and the EXIMBANKA Slovak Republic Strategy for 2014-2020**. Within the Strategy of External Economic Relations have been implemented measures to harmonize the institutional and financial framework of the Ministry of Economy and the MFAaEA up to the amendment of the "Competence Act". The refined changes in the regulatory environment are given in Subsection 9.3 Development of the regulatory environment within Principle 7.

12.3 Recommendations

- Stimulate SME for the internationalization of its activities.

- Extend support for commodity exports and also in the territorial structure with a focus on markets with commercial potential for the expansion of Slovak SMEs.

- Greater support for counseling and education about business opportunities in the markets of third countries to address technical barriers to trade and improving the management of exporting SMEs. The lack of experience in foreign trade transactions, lack of knowledge of the market and regulations, obtaining business partners, export financing, and so on, represent significant barriers to the internationalization of SMEs.

- In the case of support aimed at acquisition activities allow disbursement for business groups and associations that can provide service to SMEs in the organization of exhibitions, especially in the common exhibitions and use resources more efficiently and comprehensively.

- Enhance the competitiveness of Slovak companies for foreign markets by promoting the reduction of domestic energy and resource intensity of production and increase the value added of products and services.

- To a greater degree use the experience of large companies with external trade activities to strengthen the internationalization of SMEs.

- To support the export of exporting companies with the effective export policy of the state and concerning capital strengthen Eximbanka and the Slovenská záručná a rozvojová banka.

- Digitalization of permission and licensing procedures in foreign trade.

- Increasing the effectiveness and efficiency of customs clearance, together with the reduction of the administrative burden by increasing the boundaries of the amount of import duties for which customs authorities may require security.

13. Conclusion

The current report on the status and development of small and medium-sized enterprises in Slovakia presents an overall view of the development of the business environment, small and medium-sized enterprises and forms of support in 2013, including the addressing of existing problems along with suggestions for their solution.

The basic quantitative indicator which reflects the overall quality of business conditions is the number of small and medium-sized enterprises. Since 2009, the overall number of small and medium-sized enterprises have been characterized by different developmental tendencies, which are recorded under different legal forms. While the number of small and medium-sized enterprises – legal entities have increased since 2009 at an average year-on-year rate of 8.8%, the number of natural persons – entrepreneurs over the past five years shows an average year-on-year decline of 1.8%. The decline in natural persons – entrepreneurs is mainly associated with a reduction in the number of small trade licensees. In 2013, the number of small trade licensees decreased by 6,867 (1.9%). The rate of growth of SMEs – legal entities in the coming years is likely to achieve lower levels, since due to the introduction of the tax licenses it can be assumed that it will interfere with low income and long-term loss-making companies.

The analysis of the financial performance indicators for small and medium-sized enterprises enables to evaluate the results of management and financial position and notes the significant impact of fluctuations in the Slovak economy on the sector of small and medium-sized enterprises. Based on the processed data from financial statements[27] available in 2012 the share of small and medium-sized enterprises with a positive financial performance reached 56.1%, which was unchanged year-on-year. The year-on-year slightly increased proportion of entities with a positive financial performance was only for micro-enterprises (0.1 p.p.), in the case of small and medium-sized enterprises the year-on-year rate decreased (by 1.0 p.p., or 1.7 p.p.). Compared to the pre-crisis year of 2008 there was recorded in all size categories of SMEs a lower proportion of entities with a positive financial performance (collectively for the SME sector by 4.4 p.p.).

The business environment in the Slovak Republic is characterized by frequent changes in legislation and legal conditions concerning, inter alia, the duties and requirements of the SME sector. In 2013, changes were made mainly in legislation concerning the tax system (introduction of checking accounts and VAT tax licenses), the Labour Code and social and health insurance. At the same time, there was an amending Act on bankruptcy and restructuring to lessen the pressure on complying with financial discipline in trade (updated creditor rights and obligations of the debtor).

Support for small and medium-sized enterprises in the past year was carried out mainly from structural funds of the European Union and the state budget, partly from other sources. For the support of the small and medium-sized enterprises there were focused instruments such as measures on active labor market policies, venture capital and investment incentives. Budding

[27] Processing indicators was carried out on the basis of the available data of the anonymised financial statements of businesses accounting in double entry. The calculation of indicators for 2012 took place with a total number of 151,146 business entities, representing 91.3% of the total number of active enterprises (legal persons) registered in the register of the Statistical Office of the Slovak Republic on 31.12.2012.

entrepreneurs were supported by contributions to freelancers in the amount of EUR 16,269,868, which was supported by the creation and filling of 4,897 jobs. In the framework of the Operational Programme Competitiveness and Economic Growth, which is the most important support instrument for SMEs, in 2013, through the appropriate state aid schemes and de minimis state aid there were disbursed non-repayable subsidies totaling EUR 87,162,269. In the context of incentives for research and development the SR MESRS in 2013 supported 11 SMEs through financial assistance totaling EUR 3,473,720. In 2013 the ministry processed and prepared the known instrument Innovation Vouchers, whose purpose was to encourage the development of the innovative activities of enterprises based on product innovation, technological processes, and services. In 2013 the pilot project launch supported 20 business entities falling within the SME category, a total of EUR 70,000.

In 2013 the Slovak Business Agency also participated in the meeting of advisory and educational programs that have been targeted for small and medium-sized enterprises and those interested in business. Within the Education, Training and Counseling Program for selected groups interested in entrepreneurship, there were provided 226 information and expert consultations totaling 445 hours, 52 business plans were developed, 15 three- to five-day trainings were organized, attended by a total of 239 participants. Under the Scheme for the counseling and training of SMEs (de minimis aid scheme) there were provided 462 information and expert consultations totaling 1,419 hours, 23 business plans developed. The Slovak Business Agency also implemented EEN activities focused on internationalization, the development of the innovation potential of SMEs and increasing the knowledge of the EU market and Commission policy.

A systematic, comprehensive and sustainable support for the business as a whole, but especially for the sector of small and medium-sized enterprises, a coordinated approach of all sectors involved is required. Such support should reflect the actual needs and problems of small and medium-sized enterprises (e.g. impaired access to finance, frequent changes in legislation, lengthy court proceedings, etc.) and must also be the result of discussions at the Slovak and European level. A useful instrument in this respect is the SBA, which represents comprehensive support to SMEs in accordance with the objectives of the Europe 2020 strategy and whose application the SR government pledged in its policy statement for 2012-2016.

One prerequisite for sound economic development of the country is the development of small and medium-sized enterprises. Part of the current report is a comprehensive set of proposals and recommendations for the further improvement of the business environment in line with the priorities of the SBA. The aim is to help maintain the momentum of growth of the SME sector in Slovakia, eliminate the negative trend of SME marginalization and increase the competitiveness of SMEs in the domestic and international markets. Through the implementation of these recommendations it will be feasible to ensure the sustainable growth of SMEs, which is one of the basic assumptions for the long-term economic development of Slovakia.

ANNEXES

Annex A: Charts

List of charts:

Chart No. 1 **Source:** Statistical Office of the Slovak Republic, processed by SBA

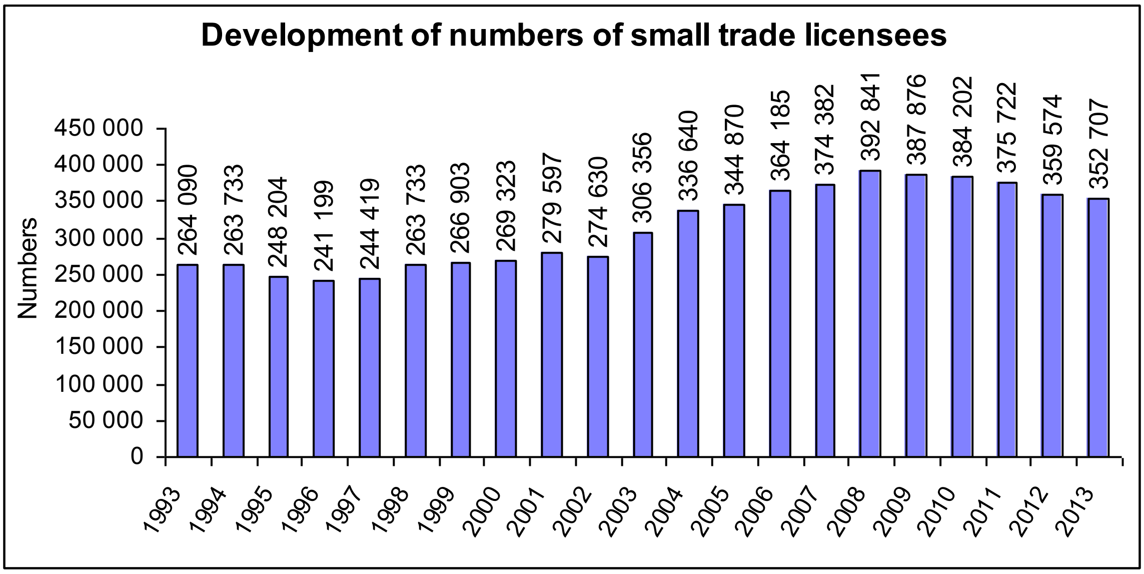


Chart No. 2 **Source:** Statistical Office of the Slovak Republic, processed by SBA

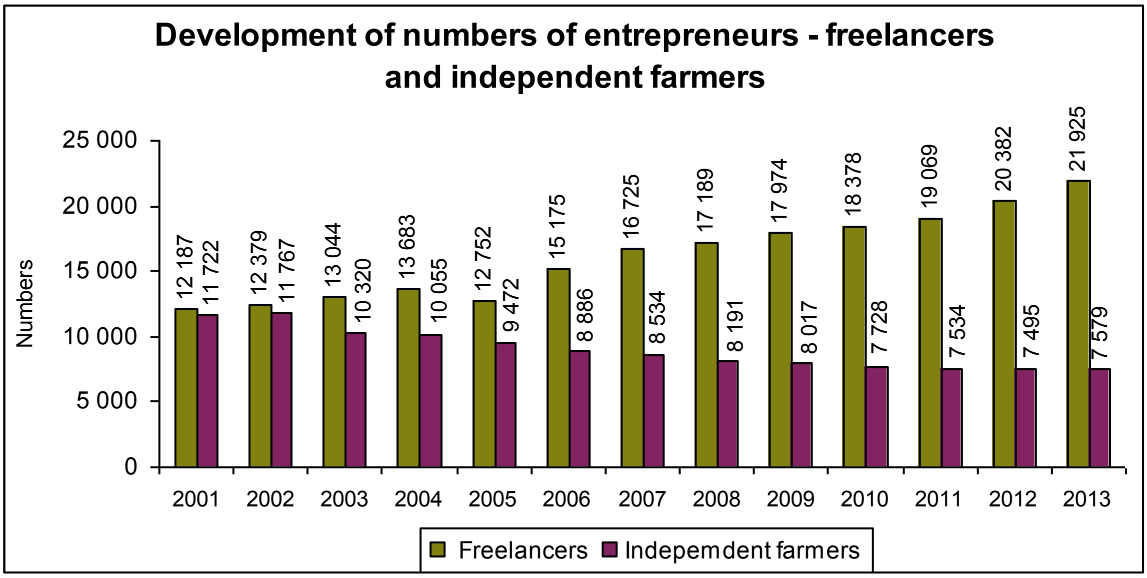


Chart No. 3 **Source:** Statistical Office of the Slovak Republic, processed by SBA

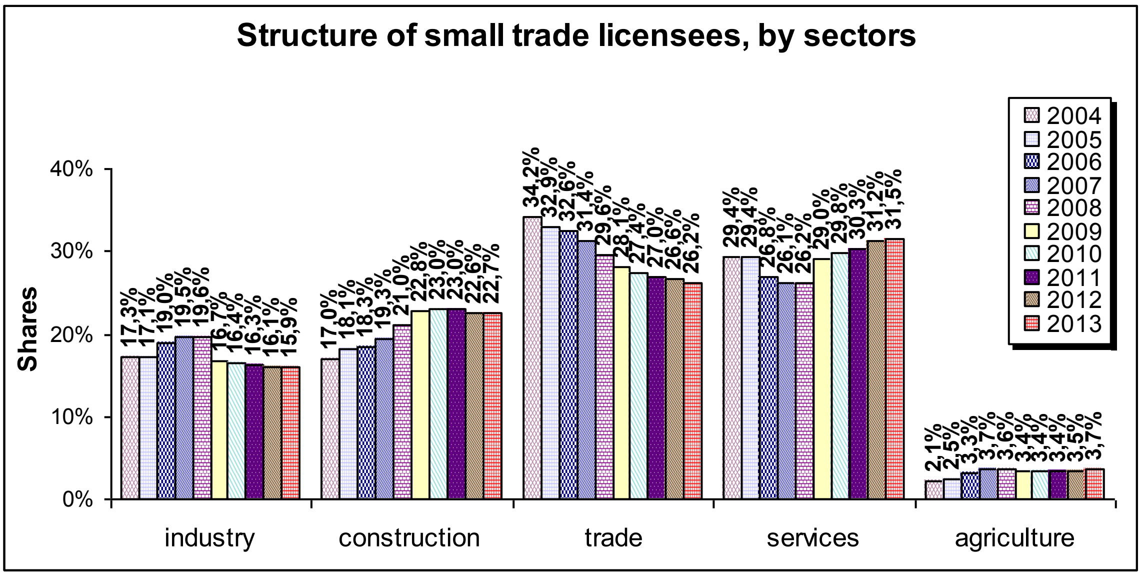


Chart No. 4 **Source:** SBA, on the basis of data of SO SR

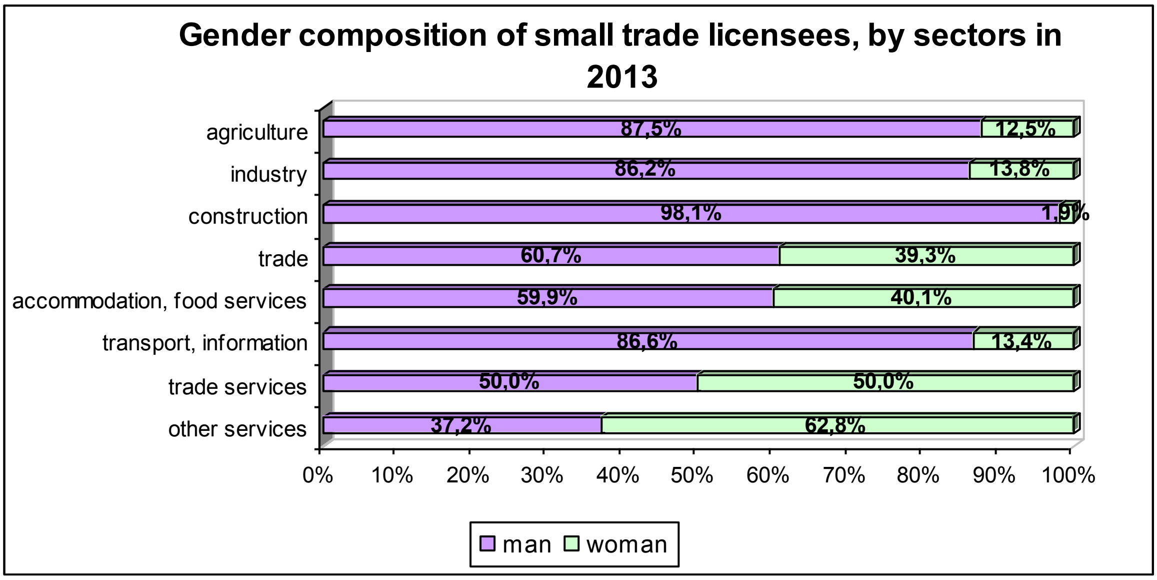


Chart No. 5 **Source:** SBA, on the basis of data of SO SR

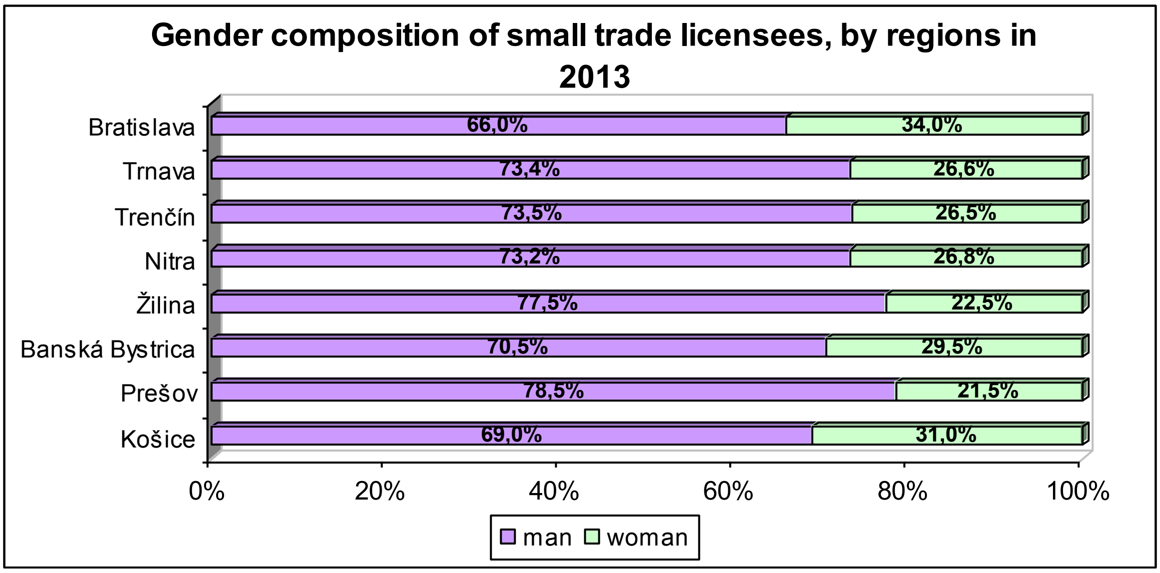


Chart No. 6 **Source:** SBA, on the basis of data of SO SR

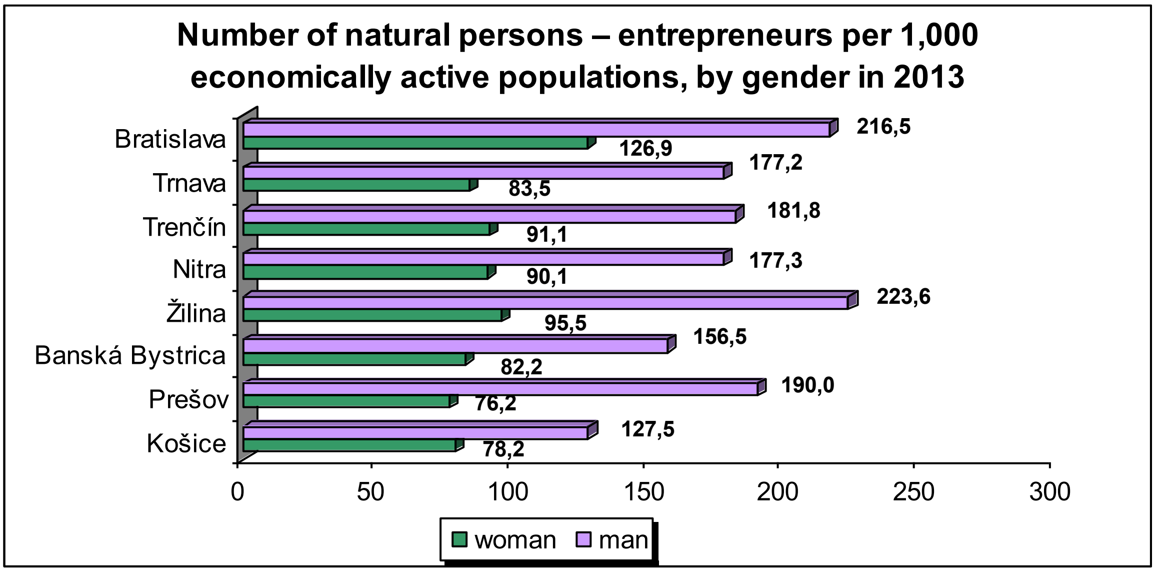


Chart No. 7 **Source:** SBA, on the basis of data of SO SR

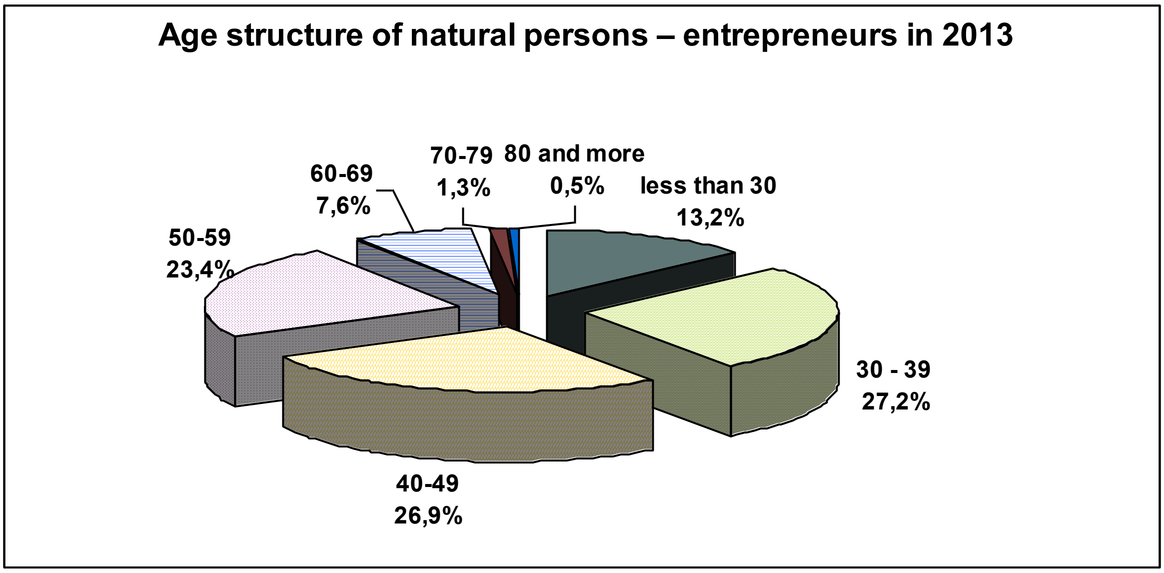


Chart No. 8 **Source:** SBA, on the basis of data of SO SR

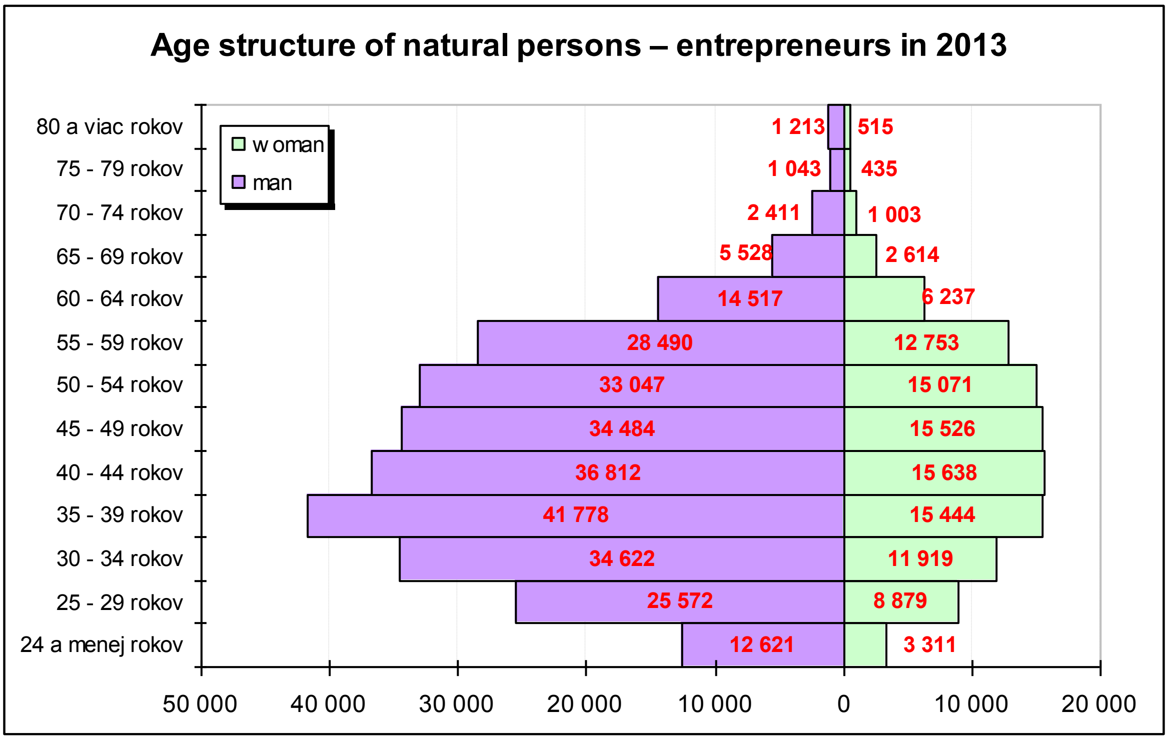


Chart No. 9 **Source:** Eurostat, processed by SBA

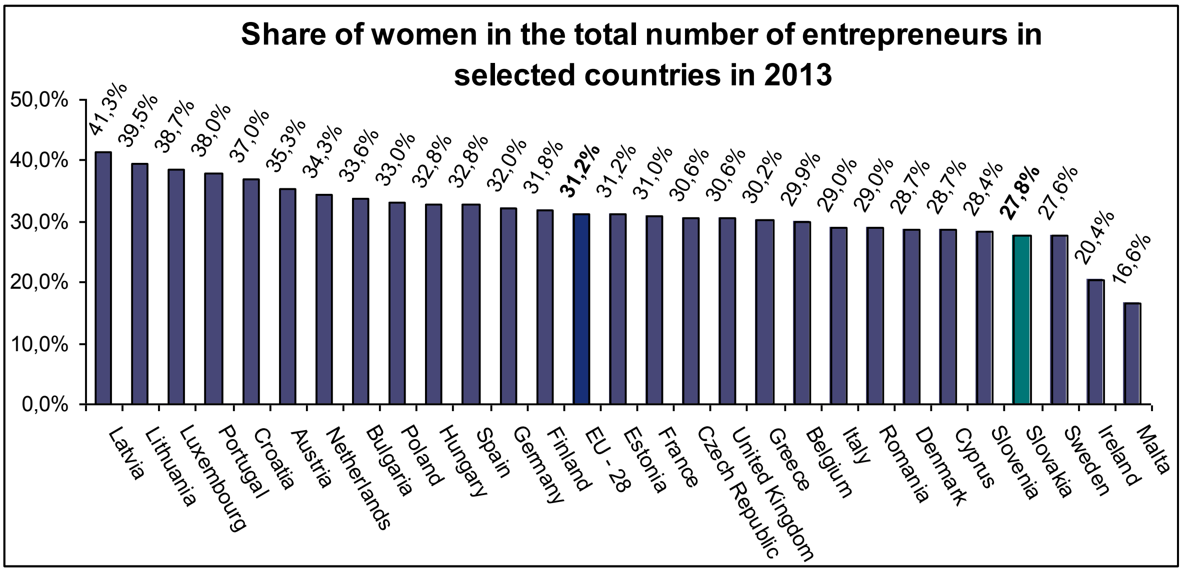


Chart No. 10 **Source:** Eurostat, processed by SBA

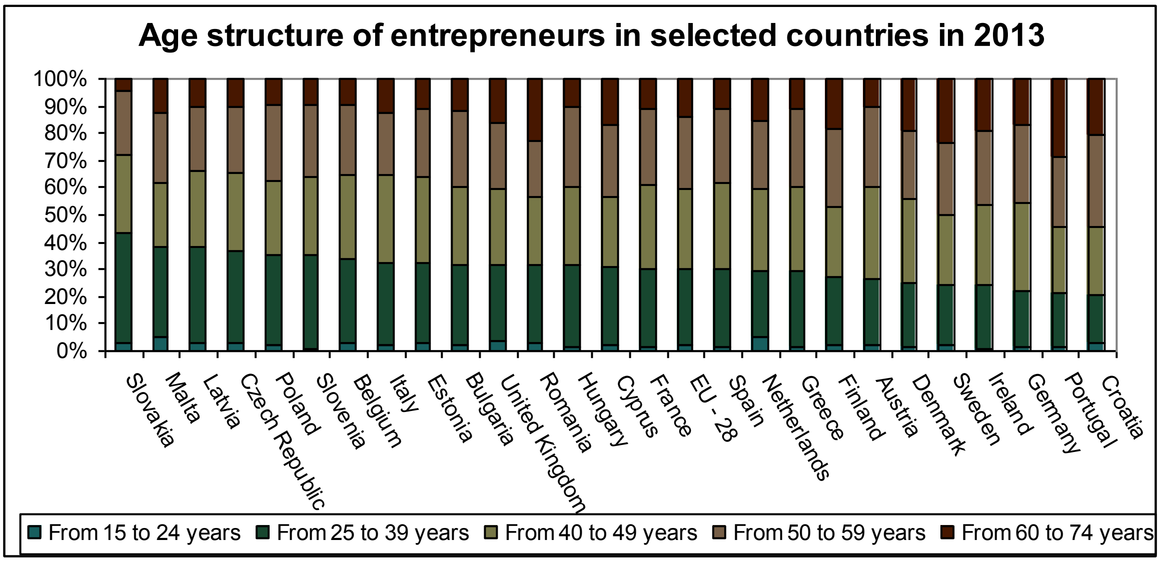


Chart No. 11 **Source:** Statistical Office of the Slovak Republic, processed by SBA

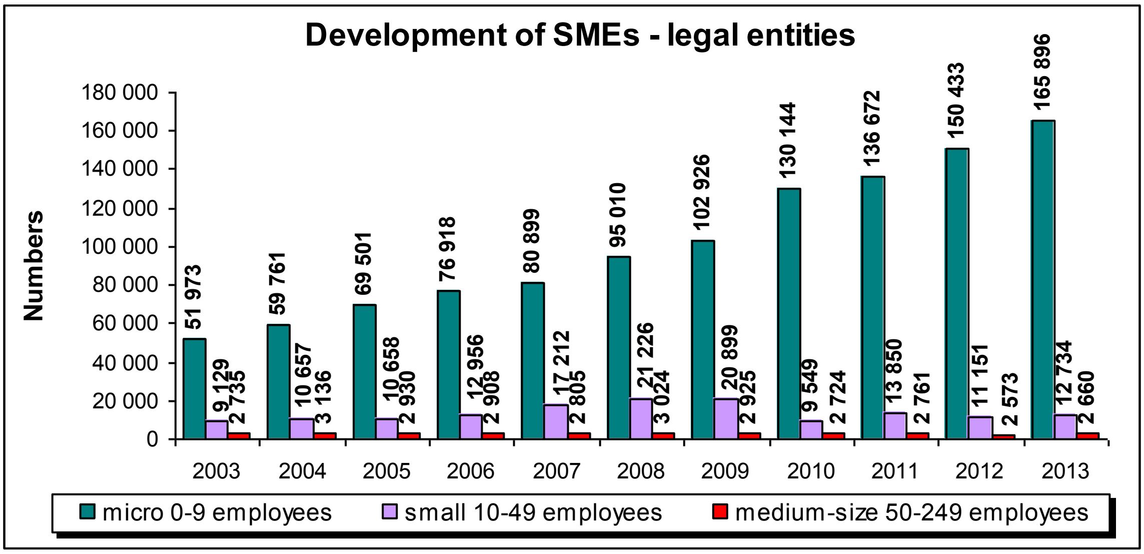


Chart No. 12 **Source:** Statistical Office of the Slovak Republic, processed by SBA

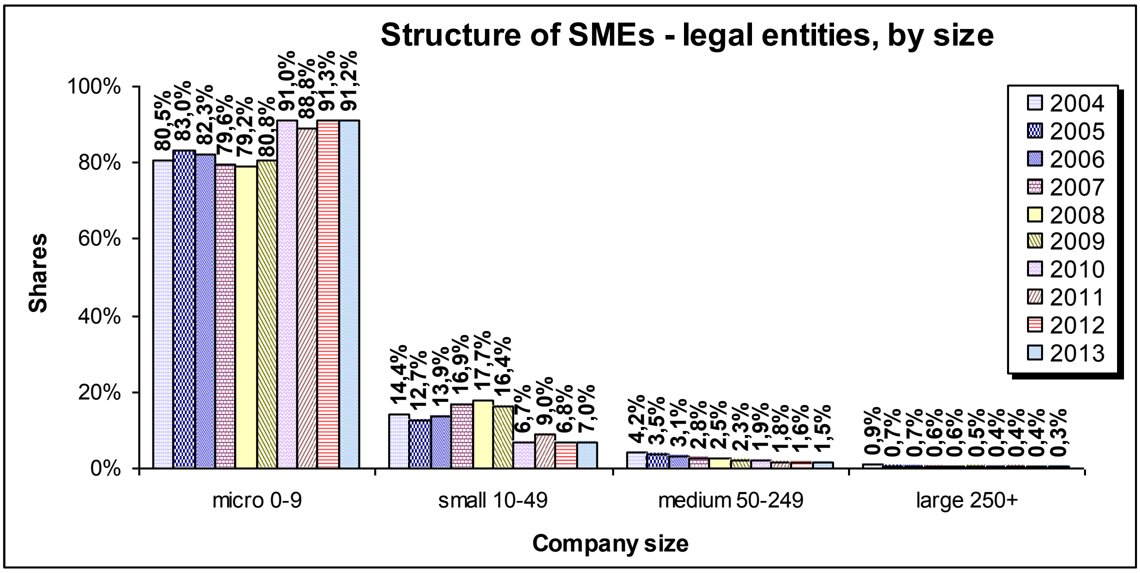


Chart No. 13 **Source:** Statistical Office of the Slovak Republic, processed by SBA

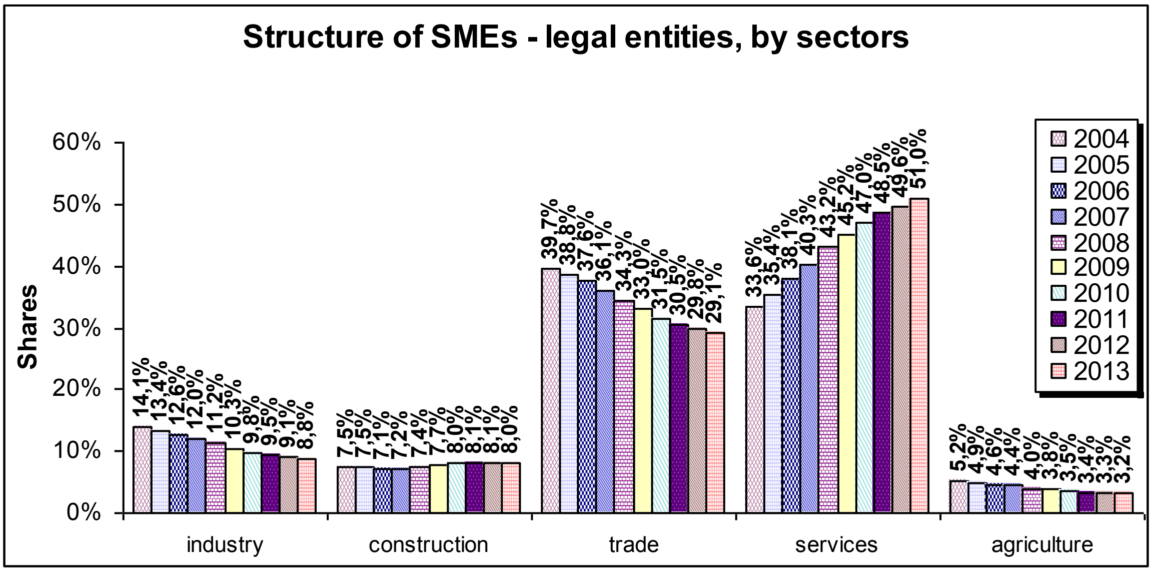
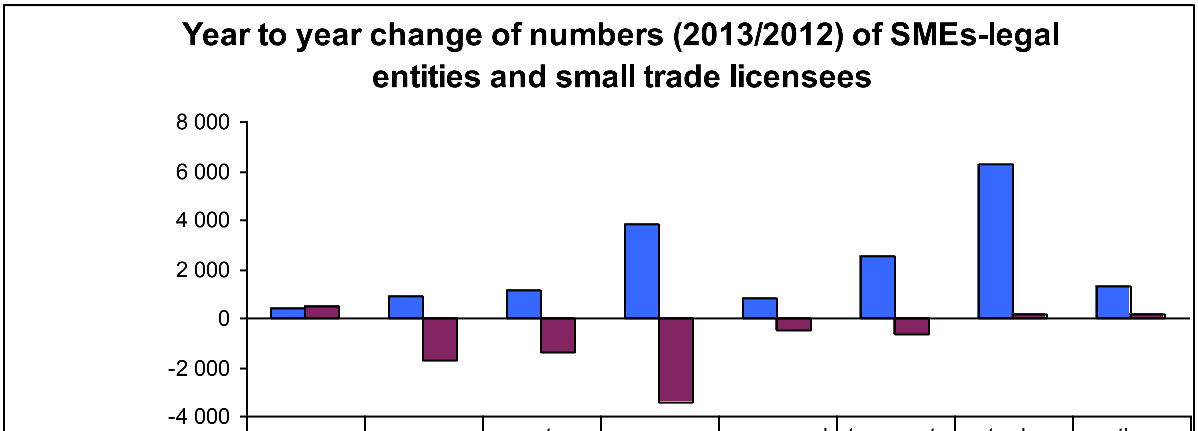


Chart No. 14 **Source:** Statistical Office of the Slovak Republic, processed by SBA



	agriculture	industry	construc tion	trade	accommod ation	transport, information	trade services	other services
SMEs-legal entities	383	872	1 162	3 798	826	2 566	6 249	1 277
Small trade licensses	520	-1 721	-1 379	-3 467	-467	-667	180	134

Chart No. 15 **Source:** Statistical Office of the Slovak Republic, processed by SBA

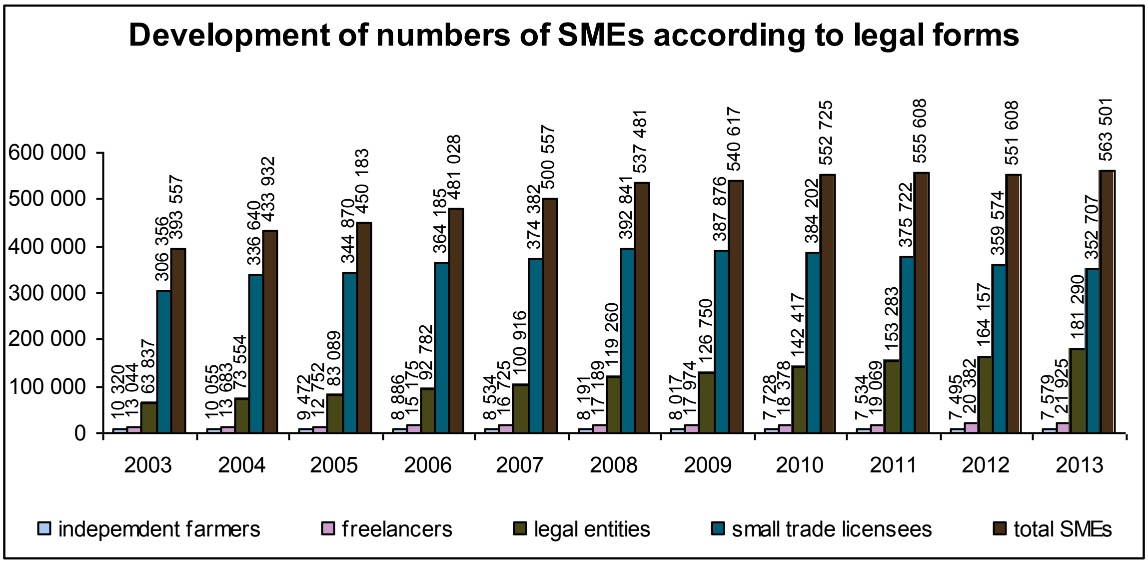


Chart No. 16 **Source:** Eurostat, processed by SBA

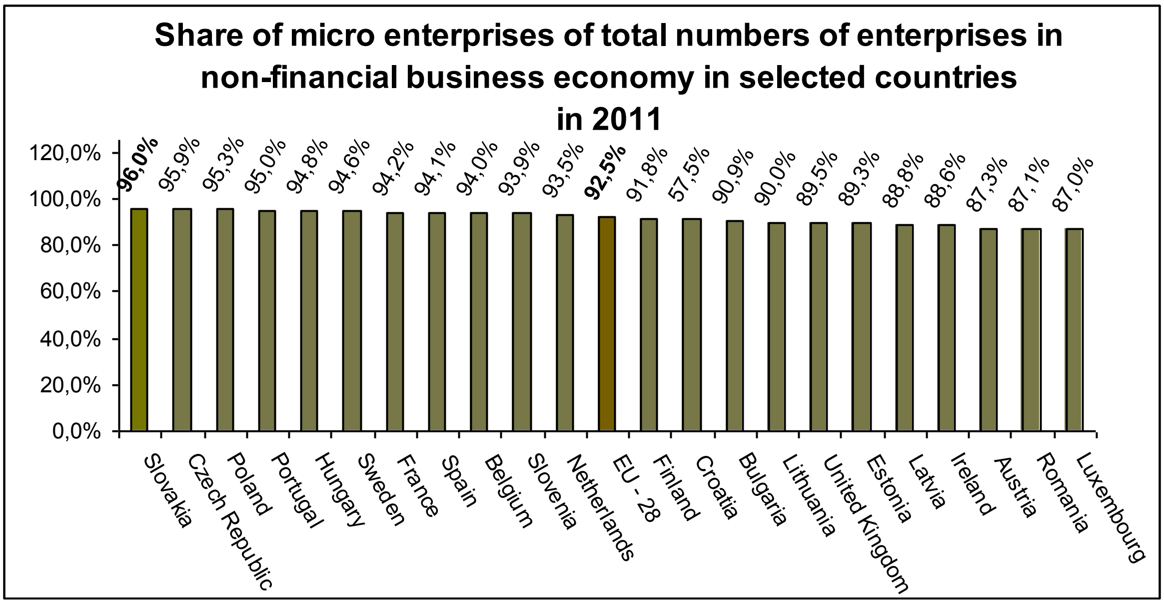


Chart No. 17 **Source:** Eurostat, processed by SBA

Share of newly established legal entities and natural persons – entrepreneurs in selected sectors and countries in 2011

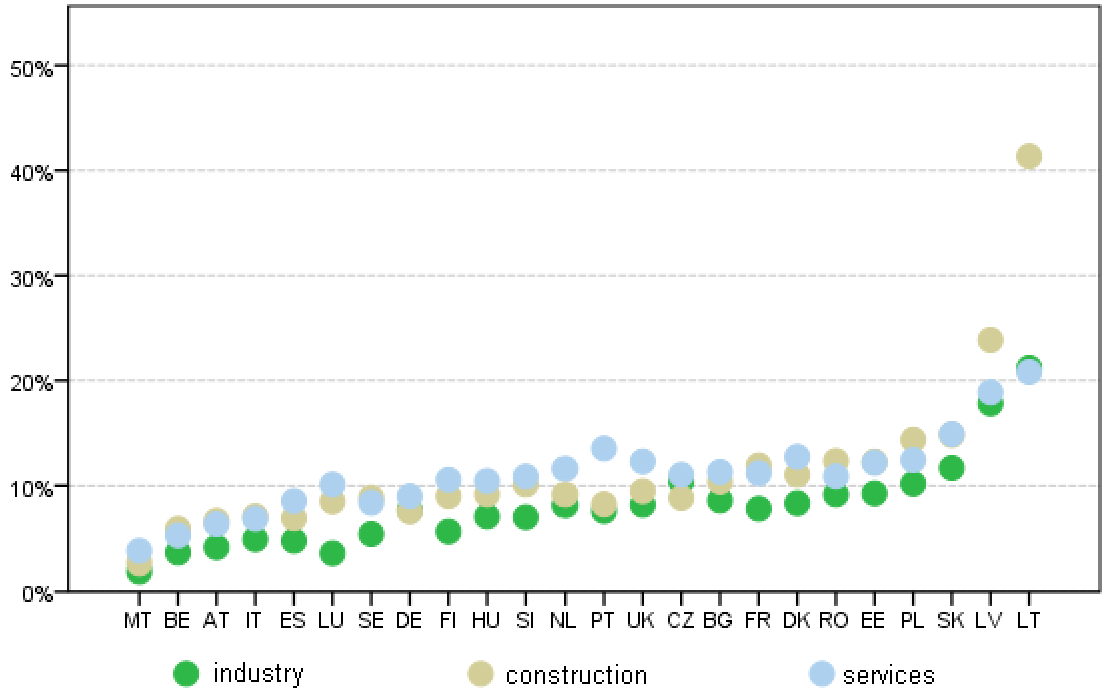


Chart No. 18 **Source:** Eurostat, processed by SBA

Share of legal entities and natural persons – entrepreneurs being active two years after their establishment in selected sectors and countries in 2011

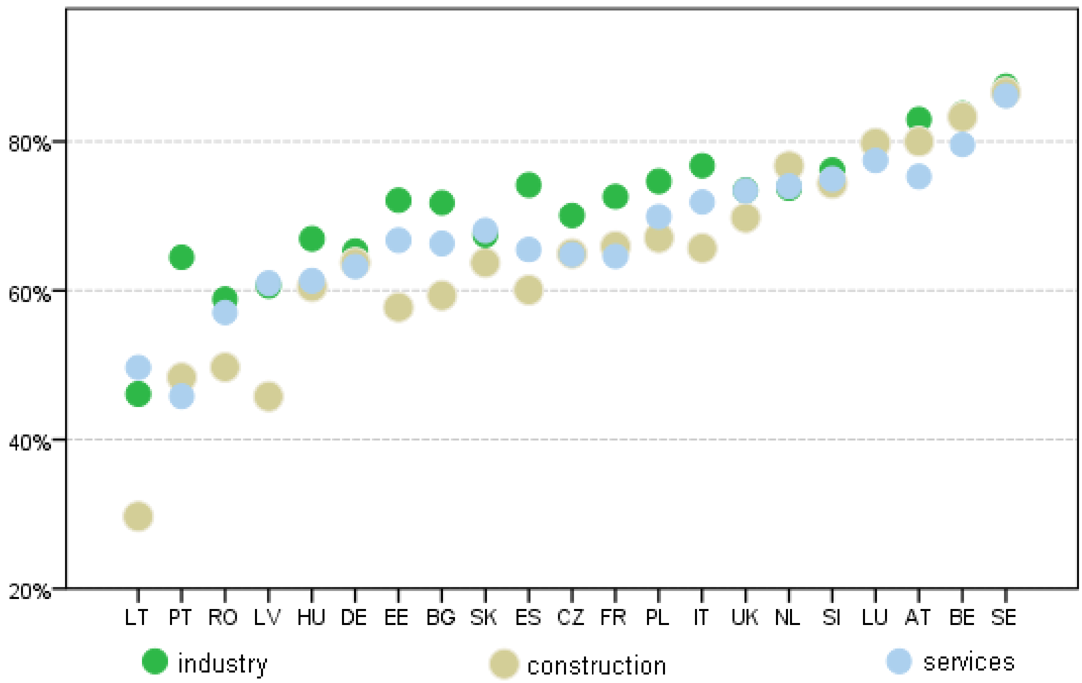


Chart No. 19 **Source:** Eurostat, processed by SBA

Share of defunct legal entities and natural persons – entrepreneurs in selected sectors and countries in 2009

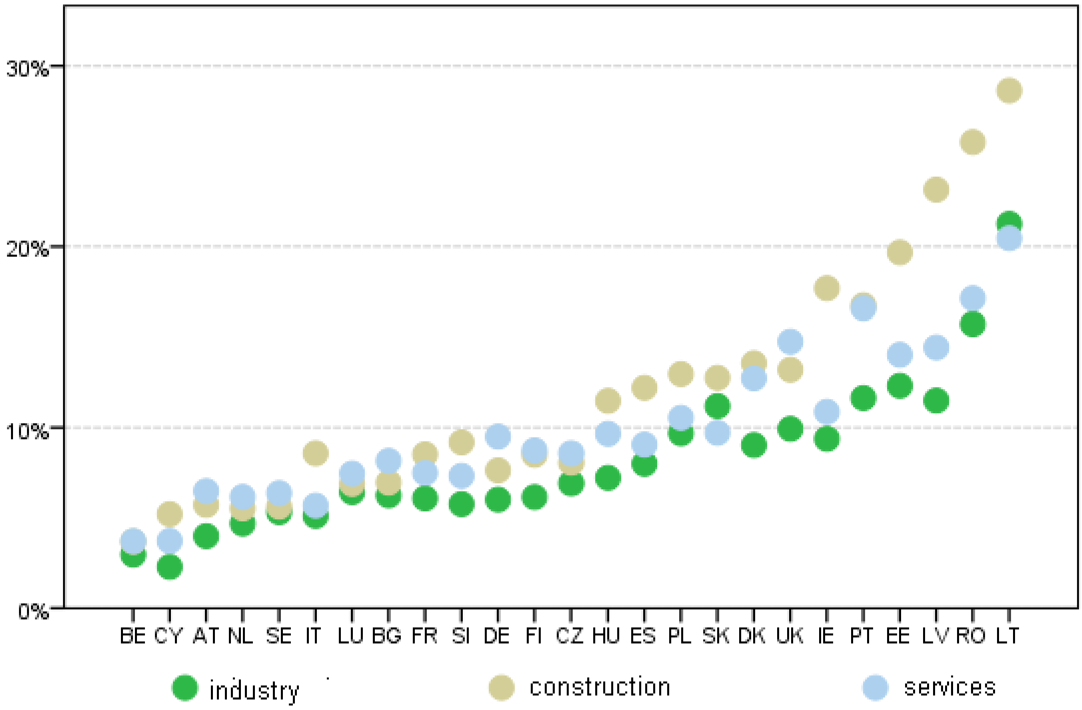


Chart No. 20 **Source:** SBA, on the basis of data of SO SR

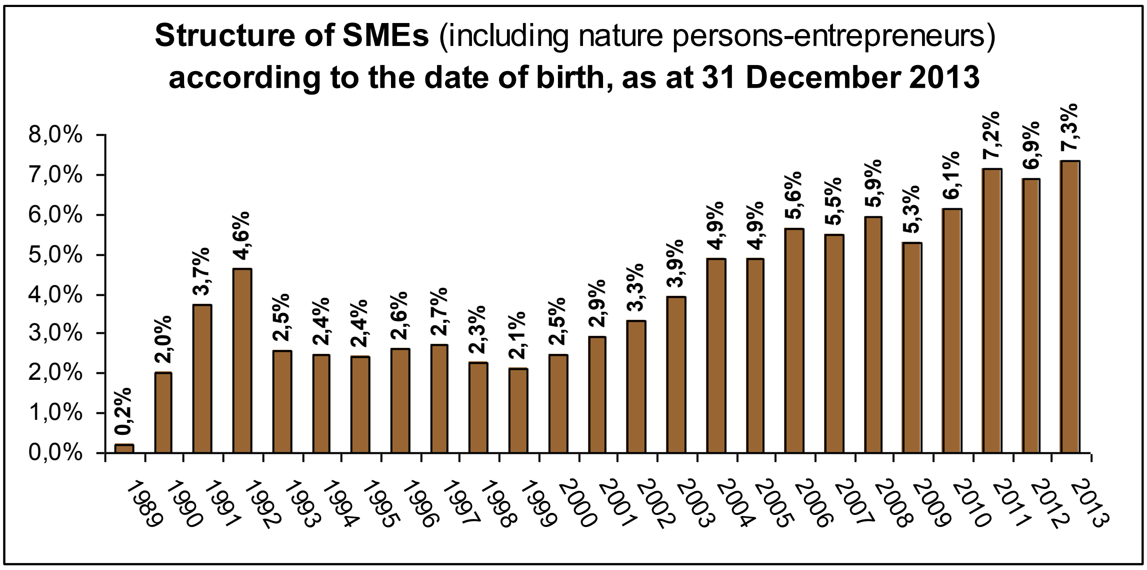


Chart No. 21 **Source:** SBA, on the basis of data of SO SR

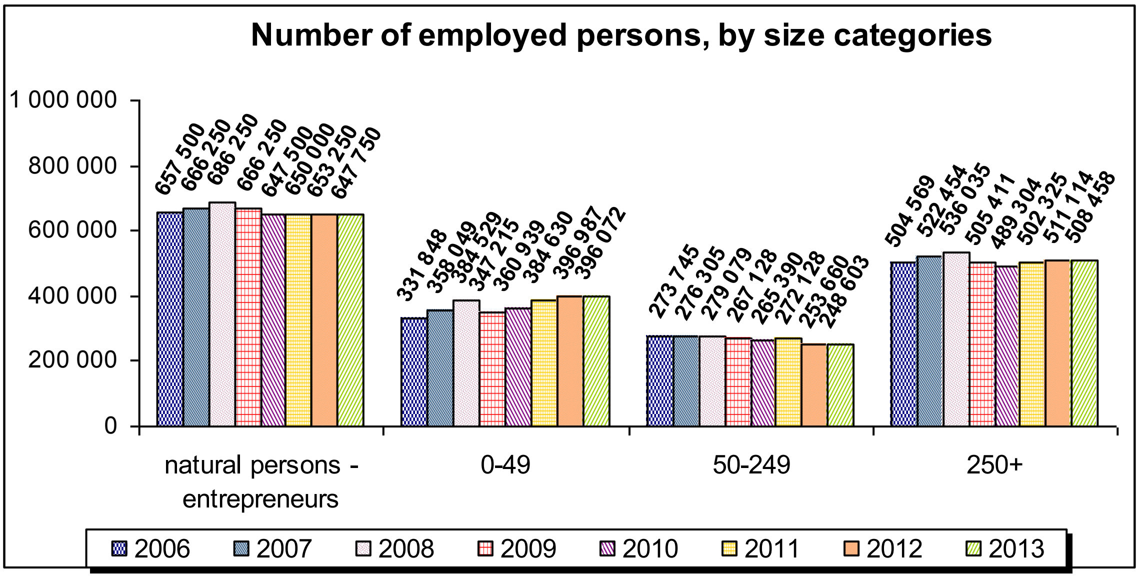


Chart No. 22 **Source:** SBA, on the basis of data of SO SR

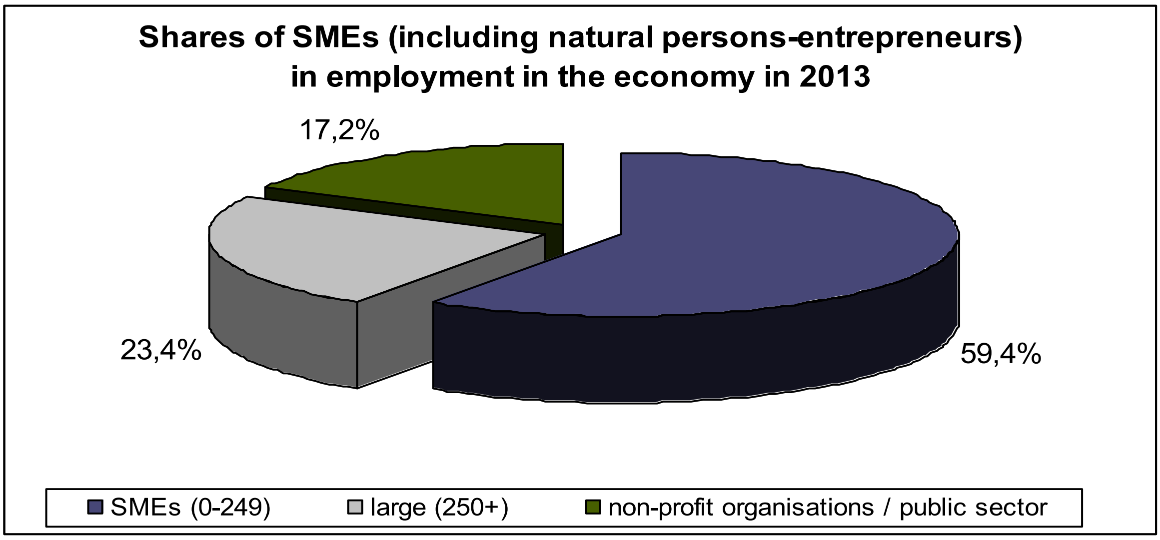


Chart No. 23 **Source:** Eurostat, processed by SBA

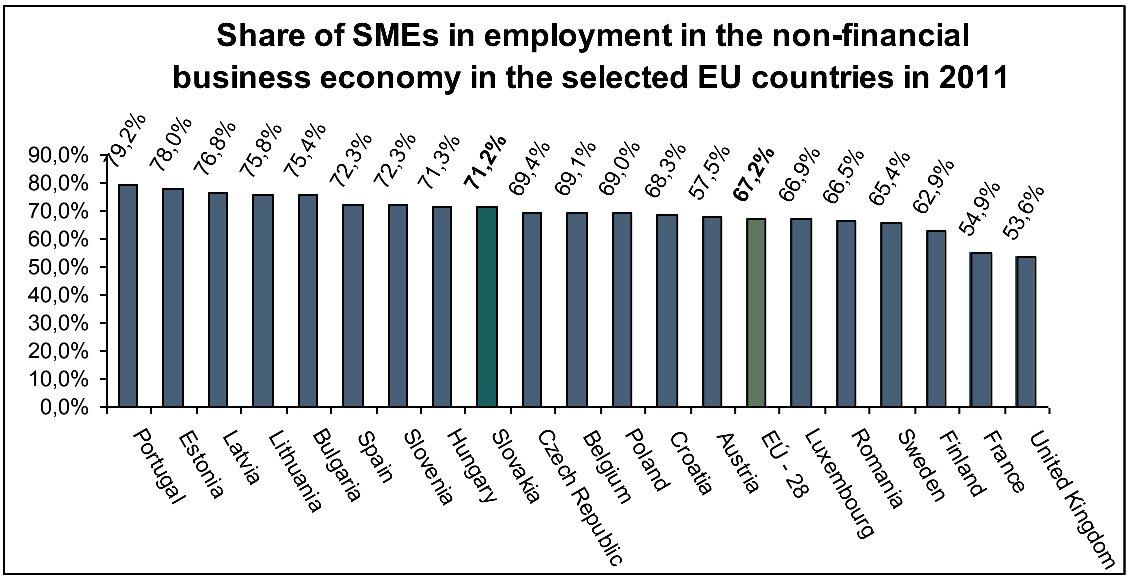


Chart No. 24 **Source:** Statistical Office of the Slovak Republic, processed by SBA

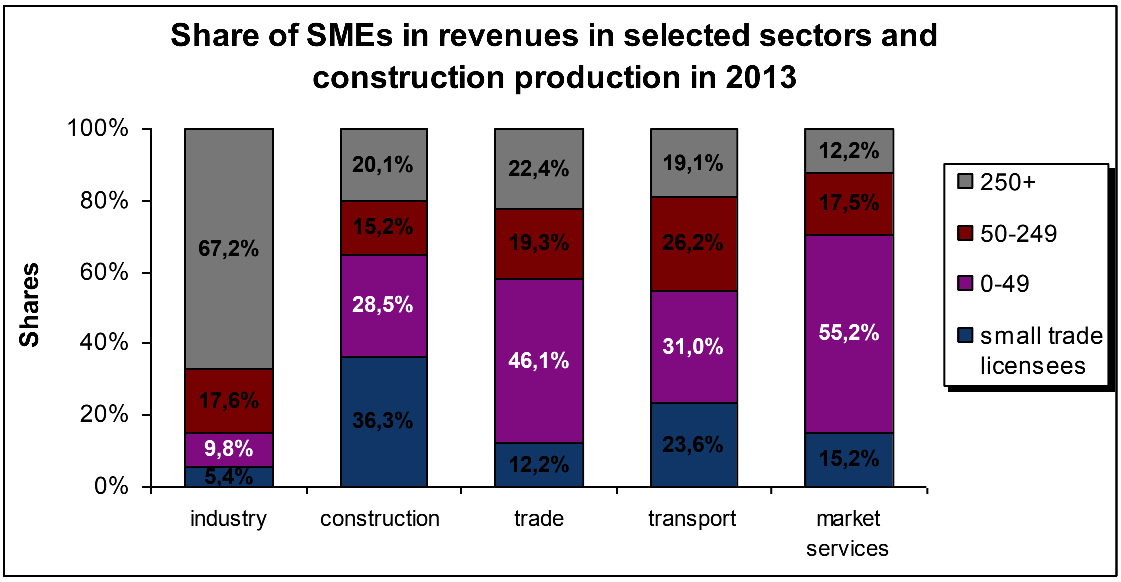


Chart No. 25 **Source:** Eurostat, processed by SBA

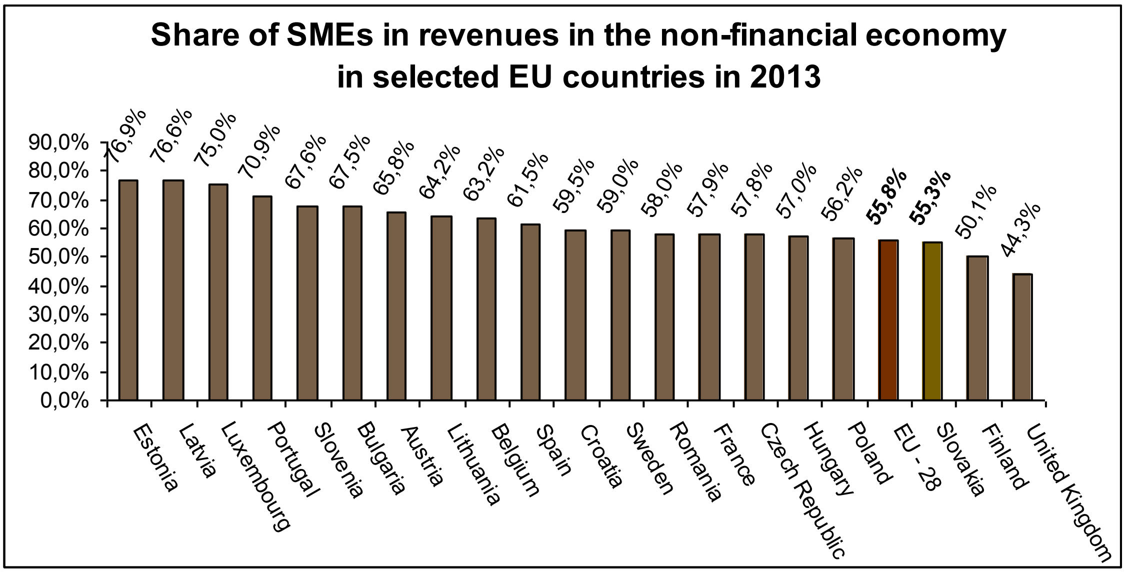


Chart No. 26 **Source:** SBA, on the basis of data of SO SR

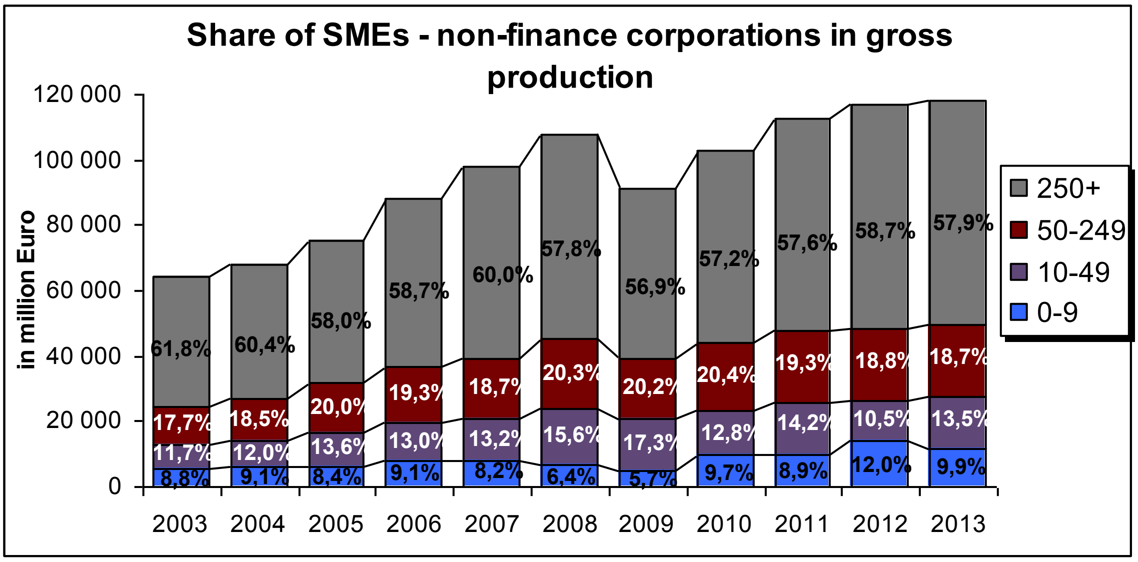


Chart No. 27 **Source:** SBA, on the basis of data of SO SR

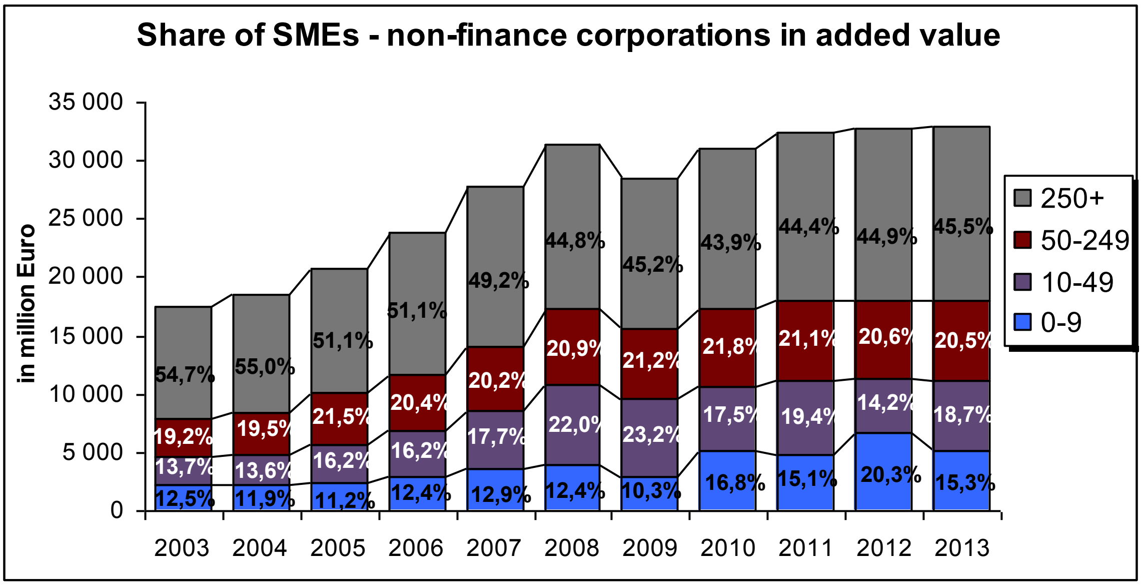


Chart No. 28 **Source:** SBA, on the basis of data of SO SR

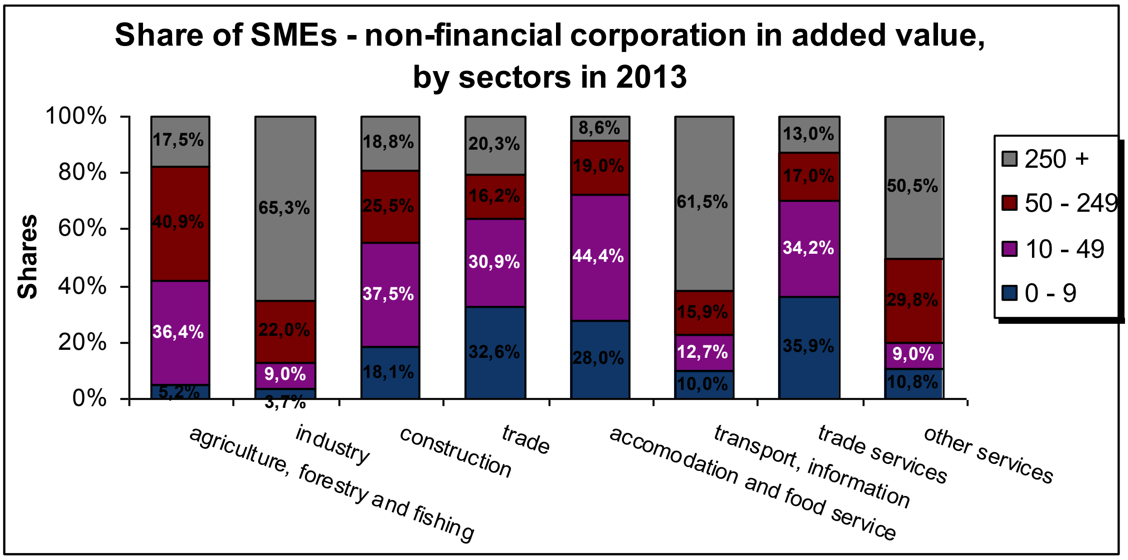


Chart No. 29 ***Zdroj:*** *Eurostat, spracované SBA*

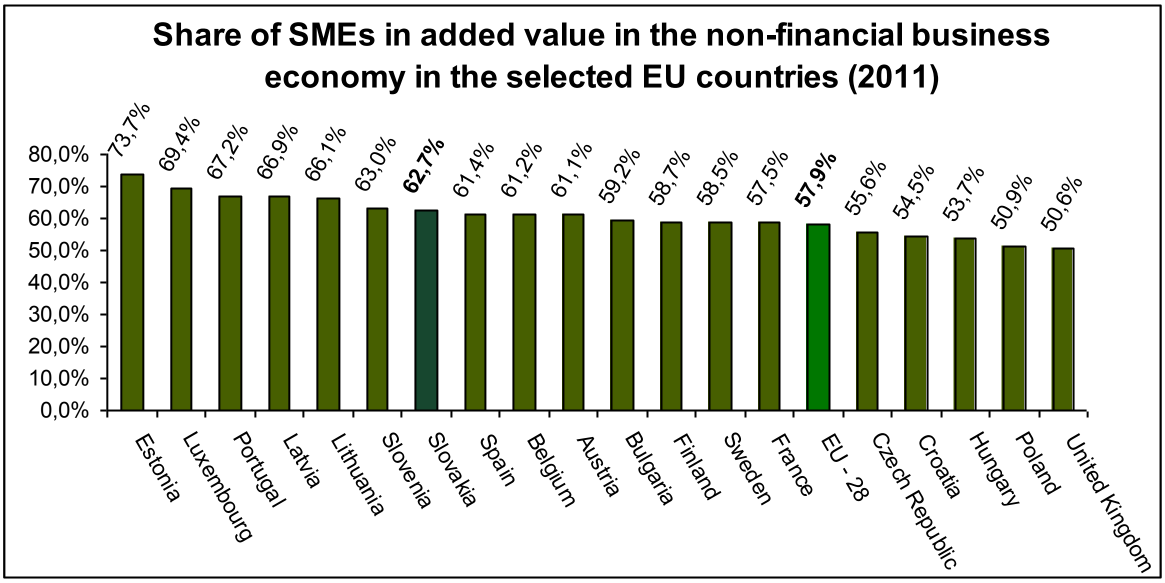


Chart No. 30 **Source:** SBA, on the basis of data of SO SR

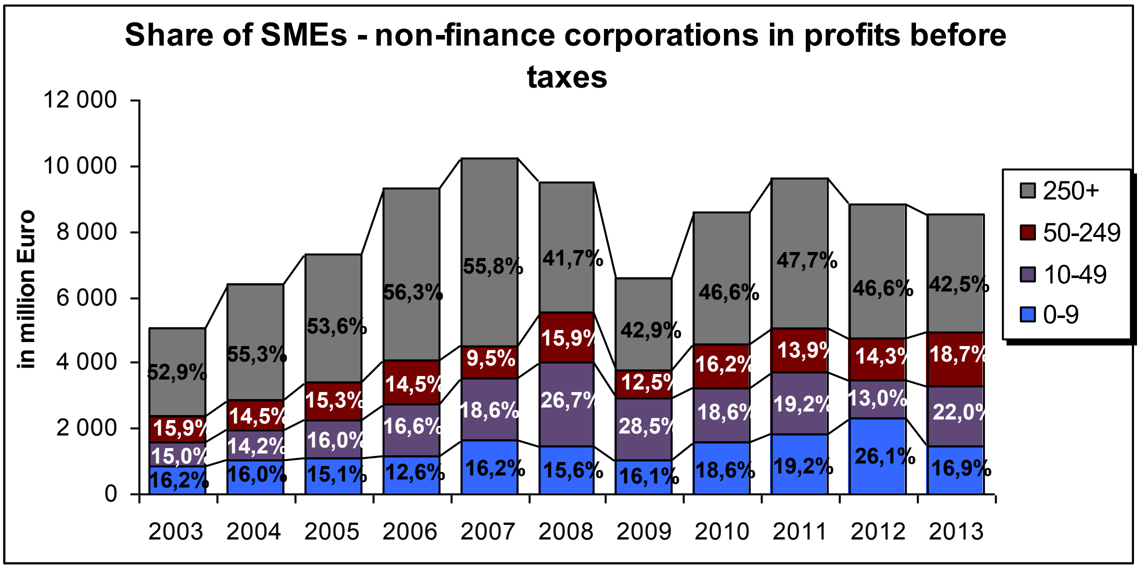


Chart No. 31 **Source:** Available financial statements of SMEs, DataCentrum, prepared by SBA

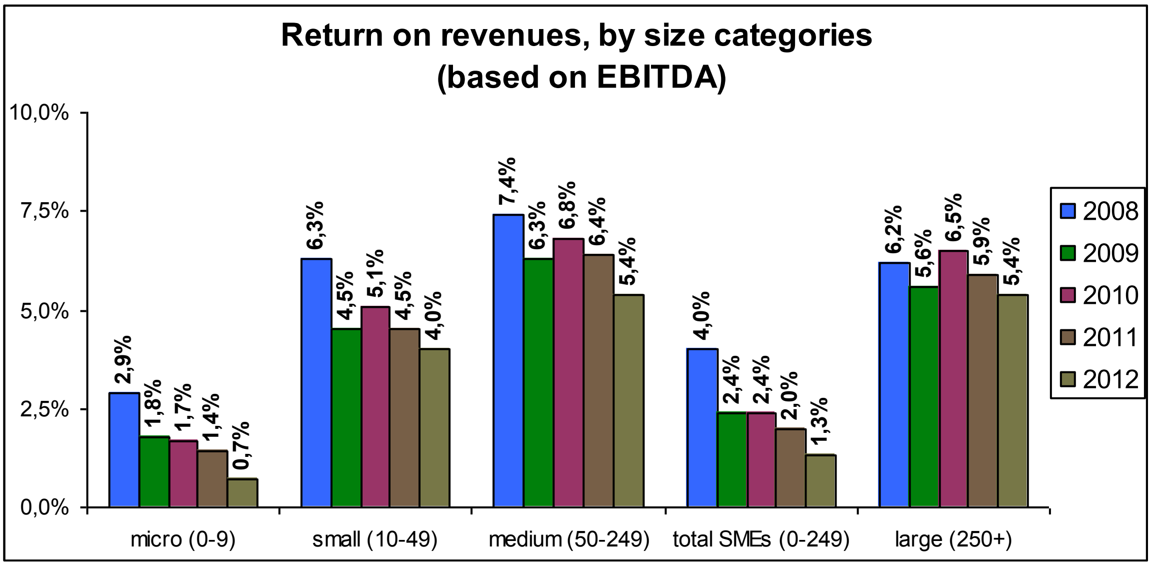


Chart No. 32 **Source:** Available financial statements of SMEs, DataCentrum, prepared by SBA

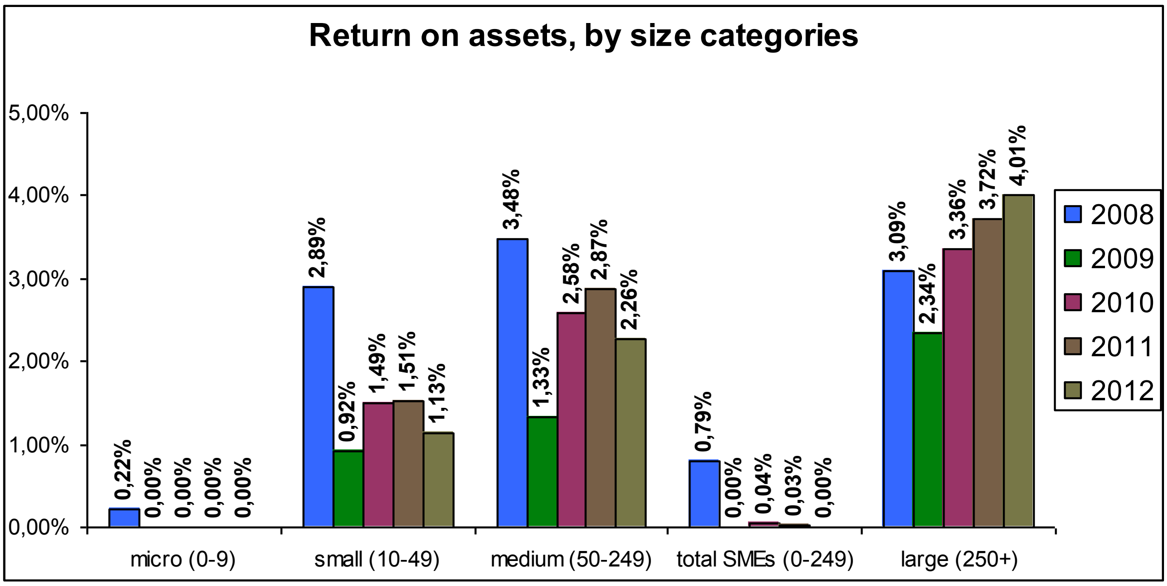


Chart No. 33 **Source:** Available financial statements of SMEs, DataCentrum, prepared by SBA

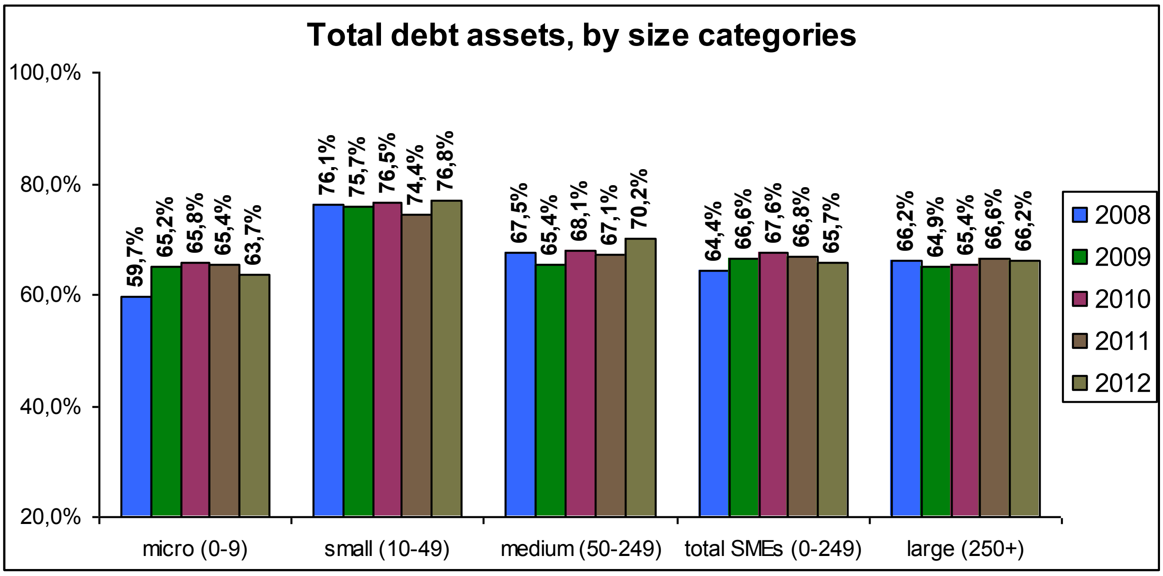


Chart No. 34 **Source:** Available financial statements of SMEs, DataCentrum, prepared by SBA

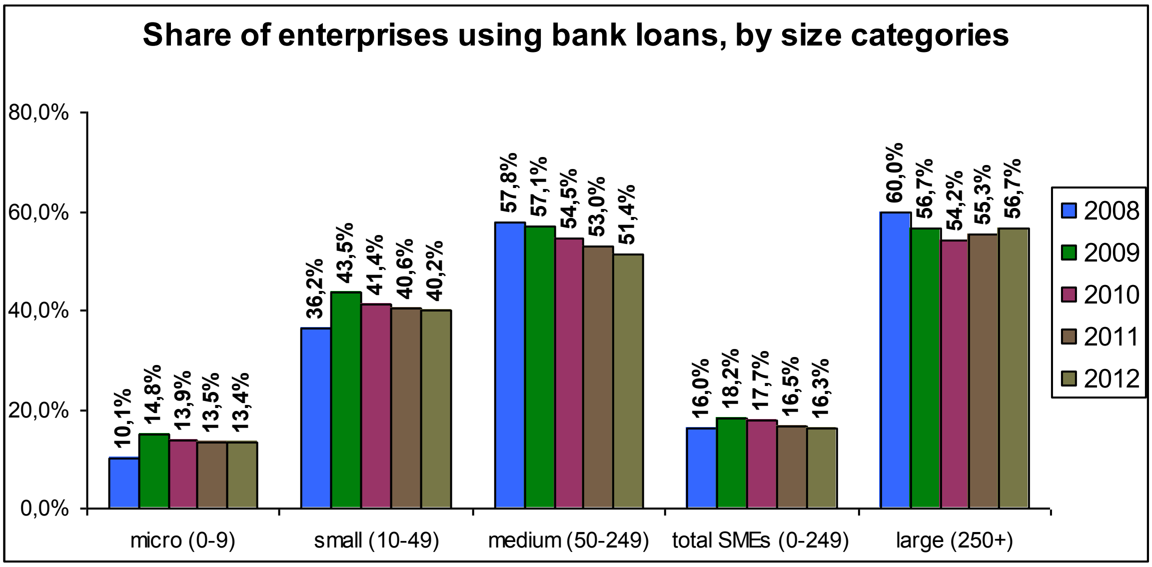


Chart No. 35 **Source:** Available financial statements of SMEs, DataCentrum, prepared by SBA

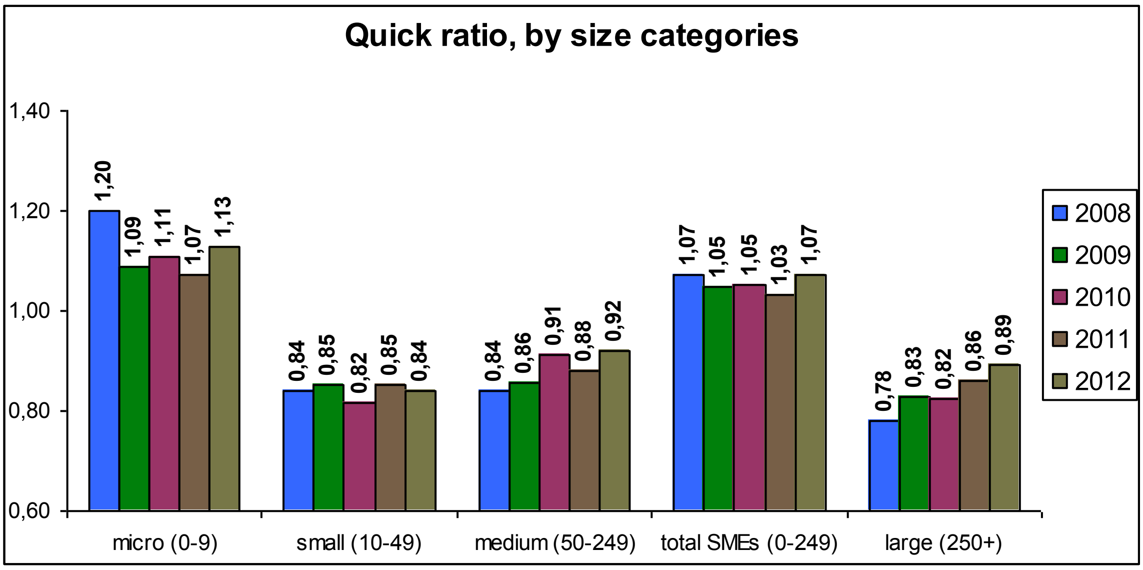


Chart No. 36 **Source:** Available financial statements of SMEs, DataCentrum, prepared by SBA

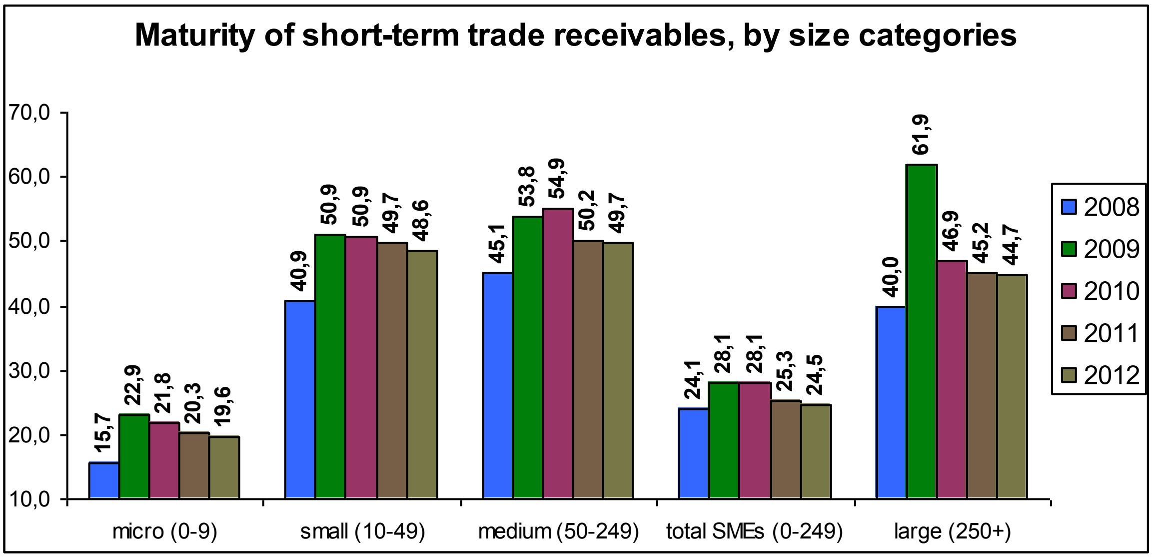


Chart No. 37 **Source:** SBA, on the basis of data of SO SR

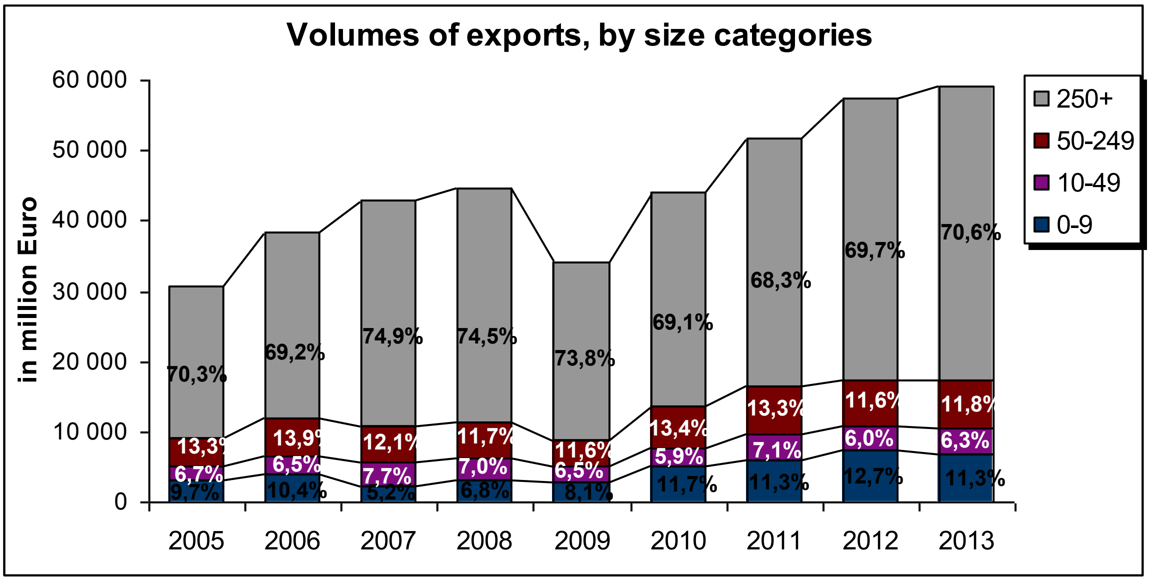


Chart No. 38 **Source:** SBA, on the basis of data of SO SR

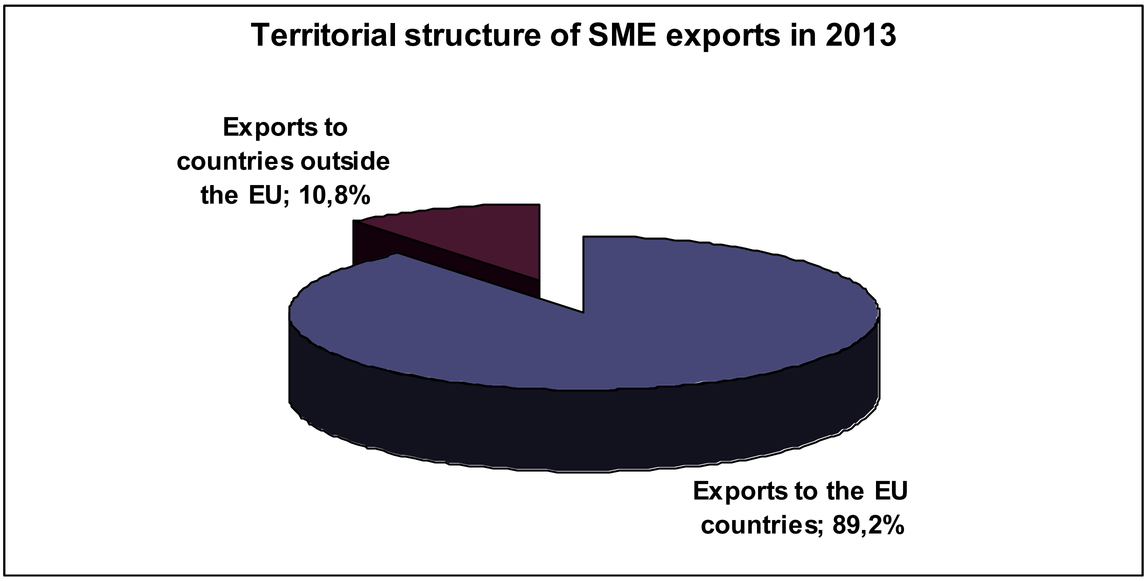


Chart No. 39 **Source:** SBA, on the basis of data of SO SR

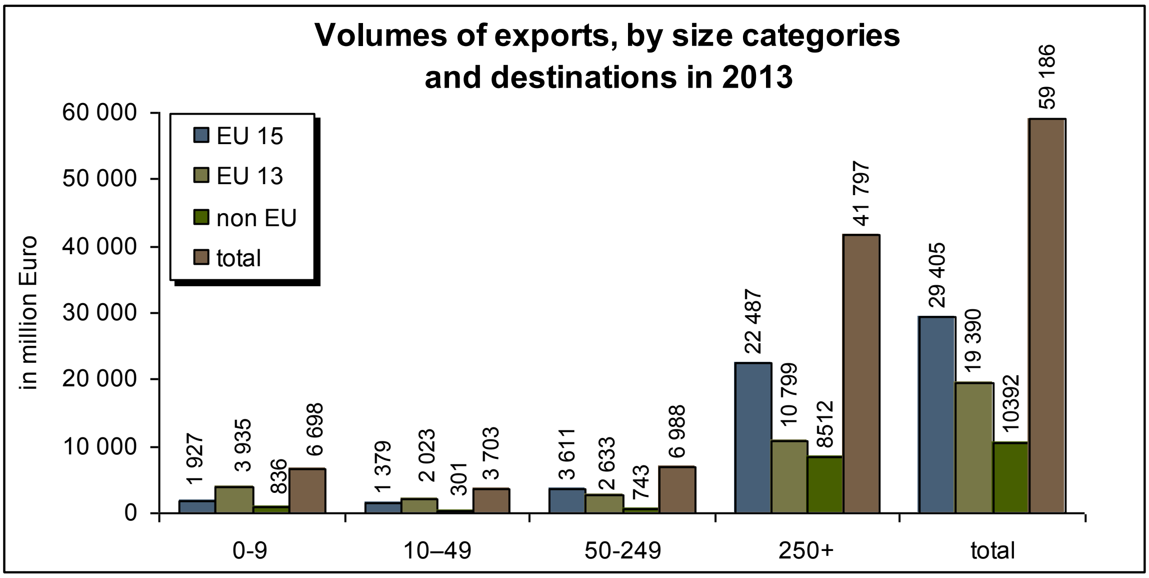


Chart No. 40 **Source:** SBA, on the basis of data of SO SR

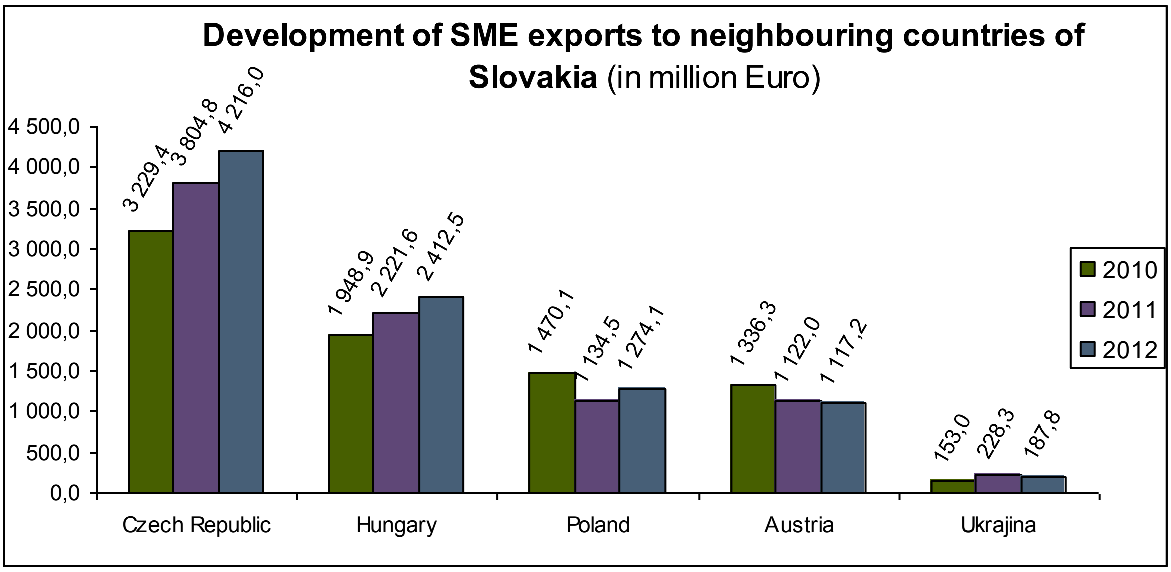


Chart No. 41 **Source:** Eurostat, SO SR, processed by SBA

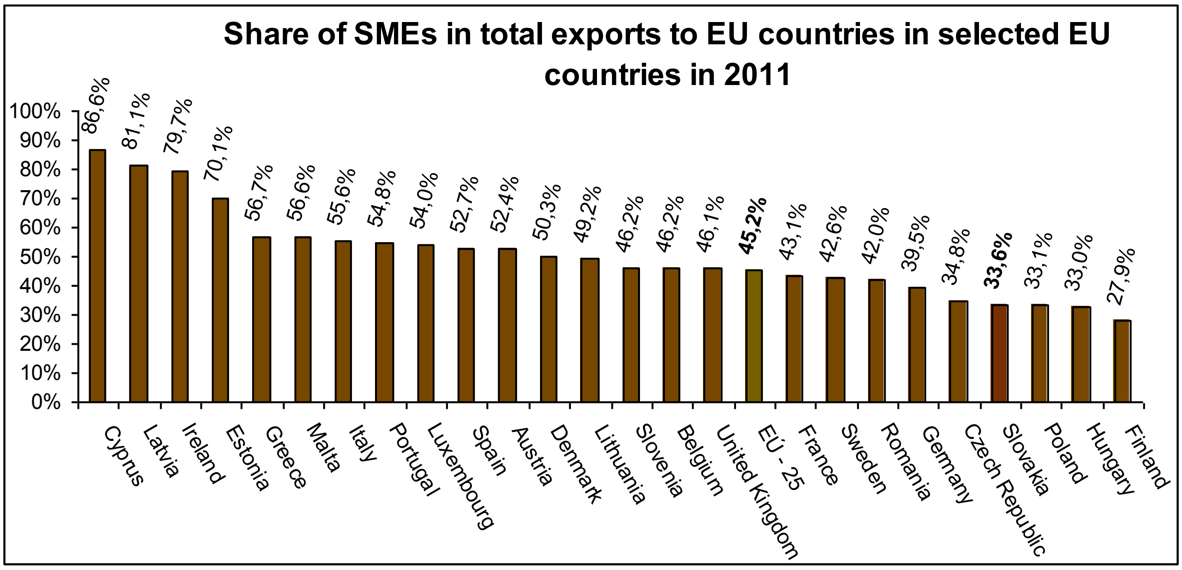


Chart No. 42 **Source:** Eurostat, SO SR, processed by SBA

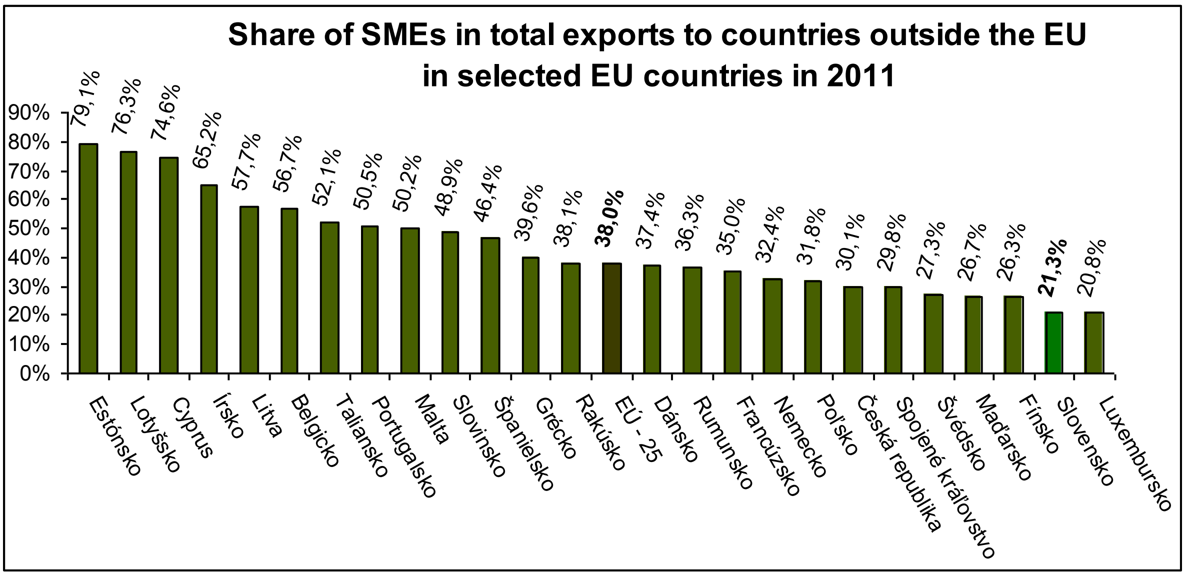


Chart No. 43 **Source:** SBA, on the basis of data of SO SR

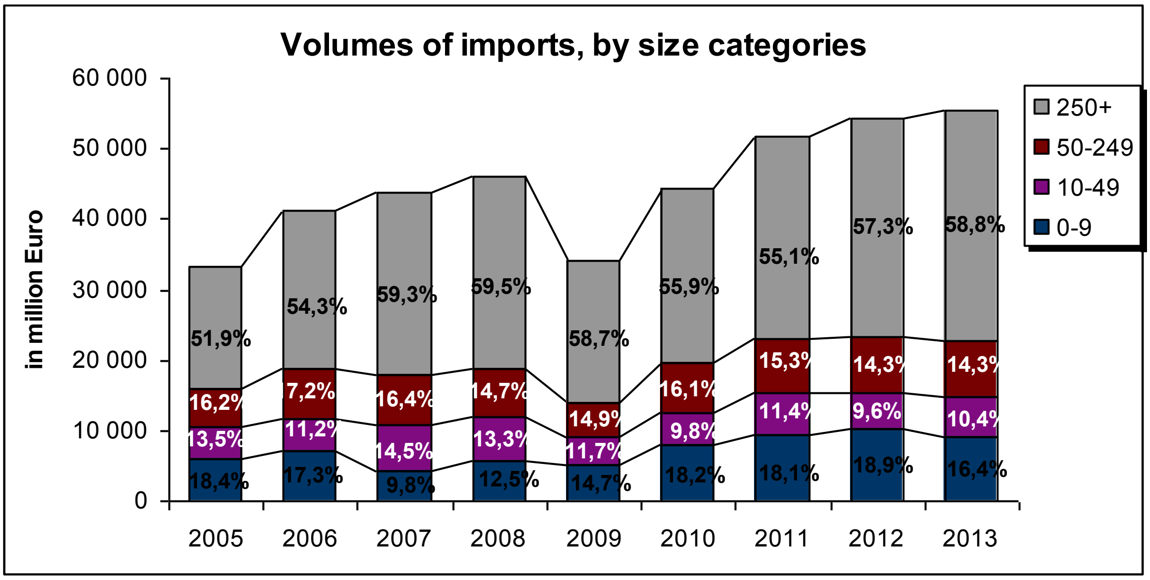


Chart No. 44 **Source:** SBA, on the basis of data of SO SR

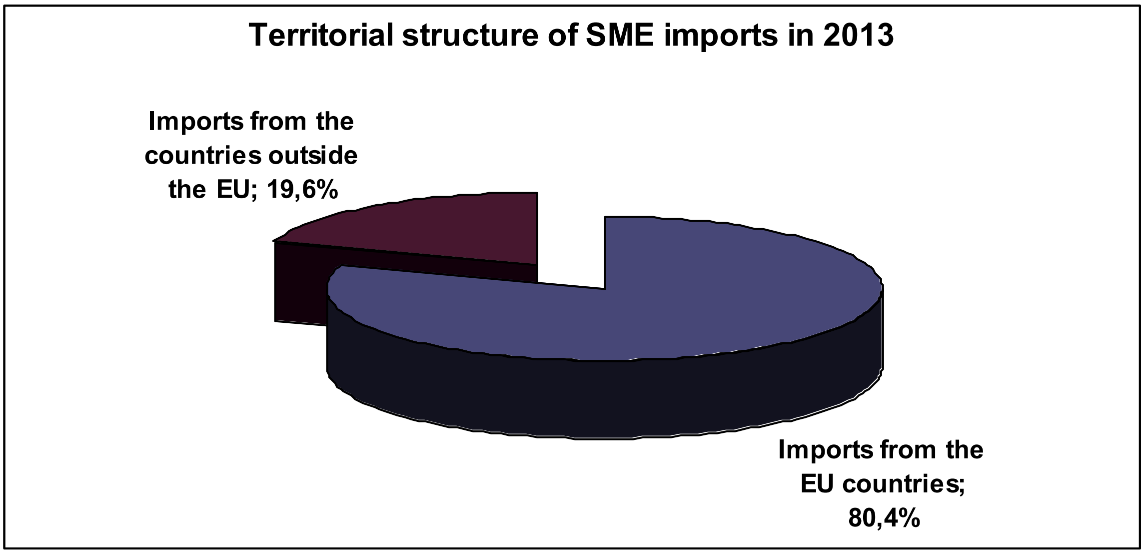


Chart No. 45 **Source:** SBA, on the basis of data of SO SR

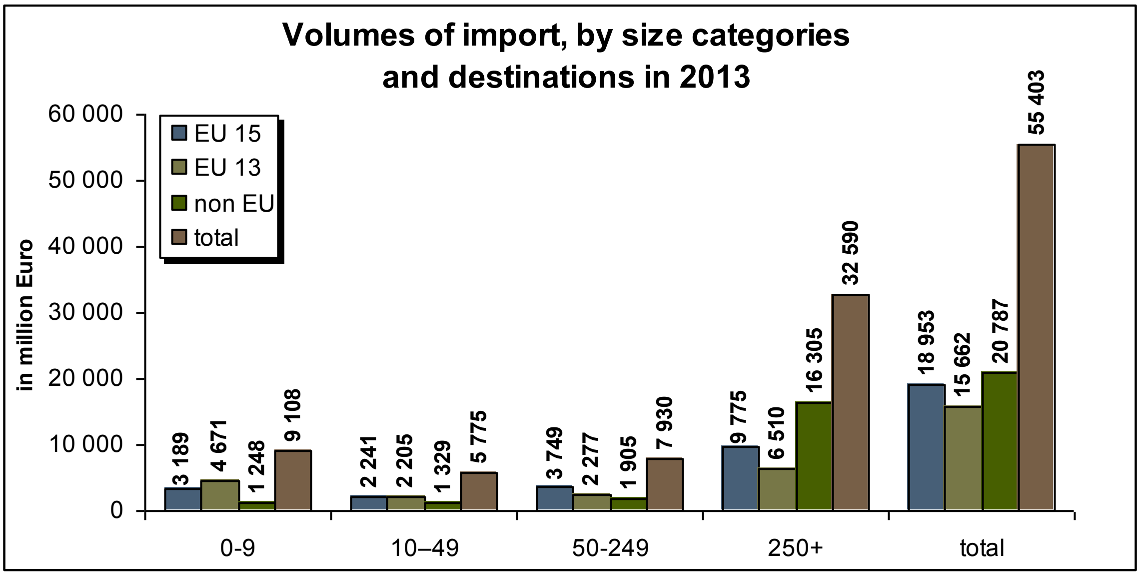


Chart No. 46 **Source:** SBA, on the basis of data of SO SR

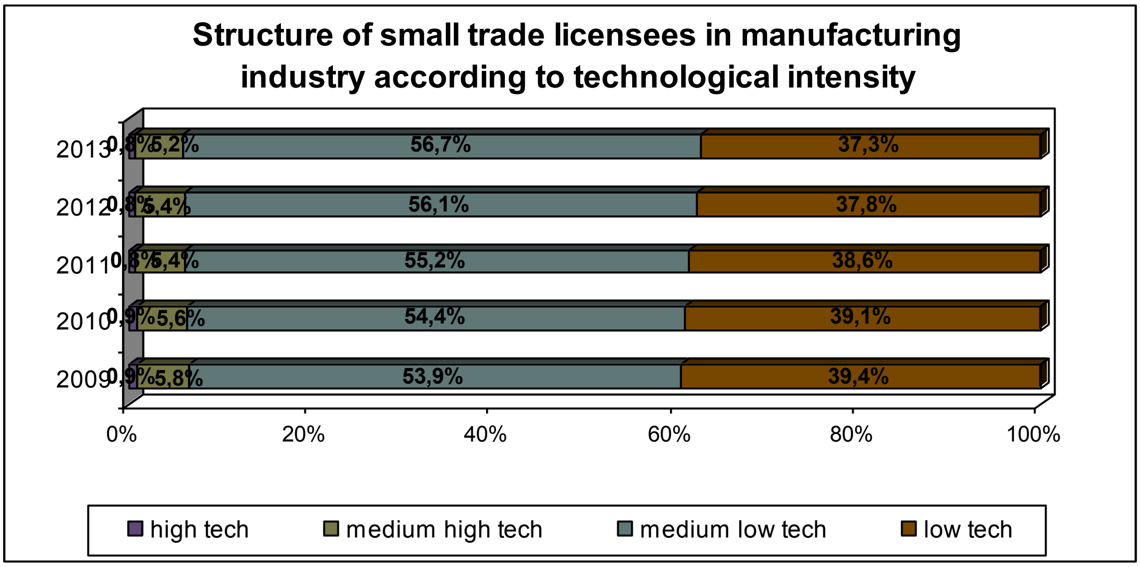


Chart No. 47 **Source:** SBA, on the basis of data of SO SR

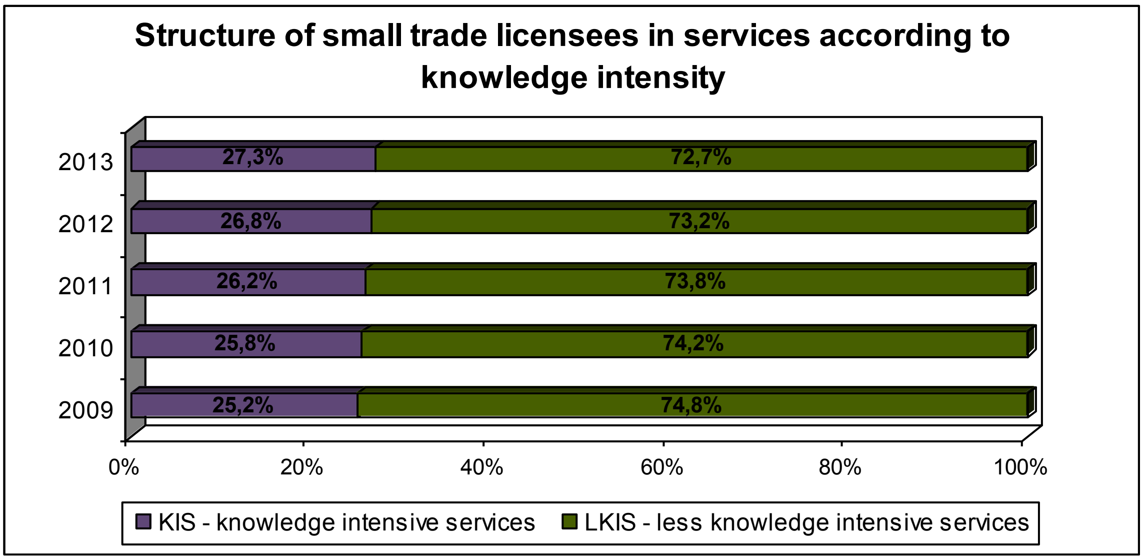


Chart No. 48 **Source:** SBA, on the basis of data of SO SR

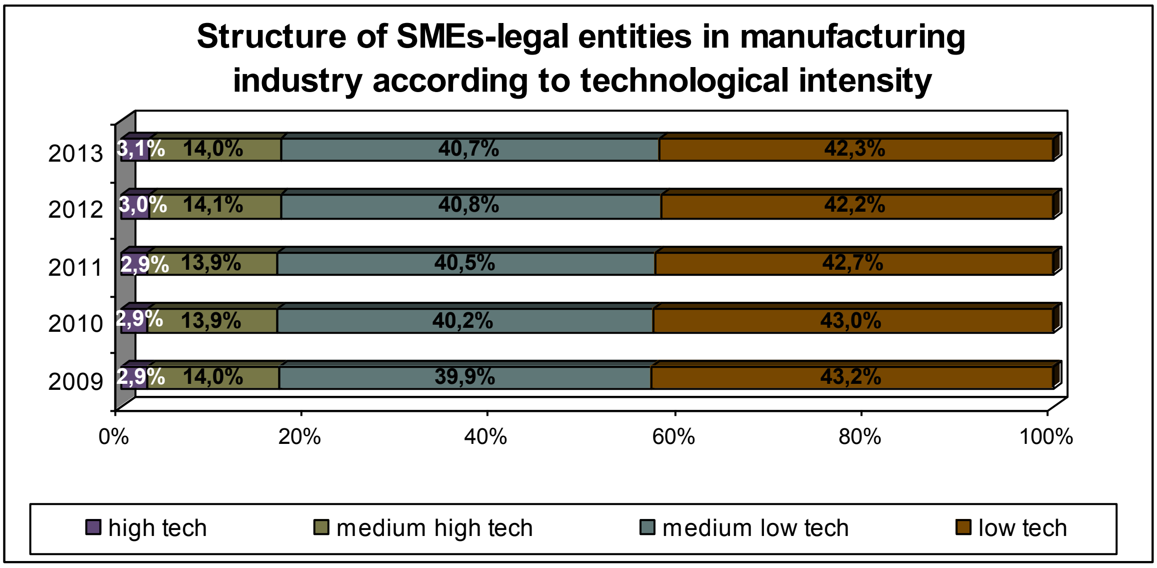


Chart No. 49 **Source:** SBA, on the basis of data of SO SR

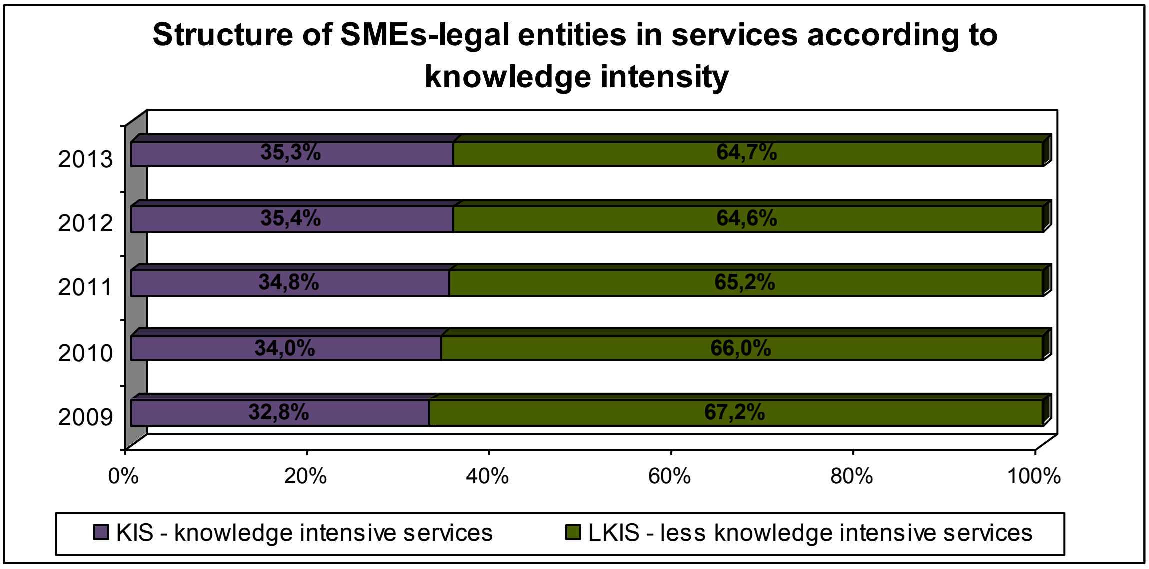


Chart No. 50 **Source:** SBA, on the basis of GEM data

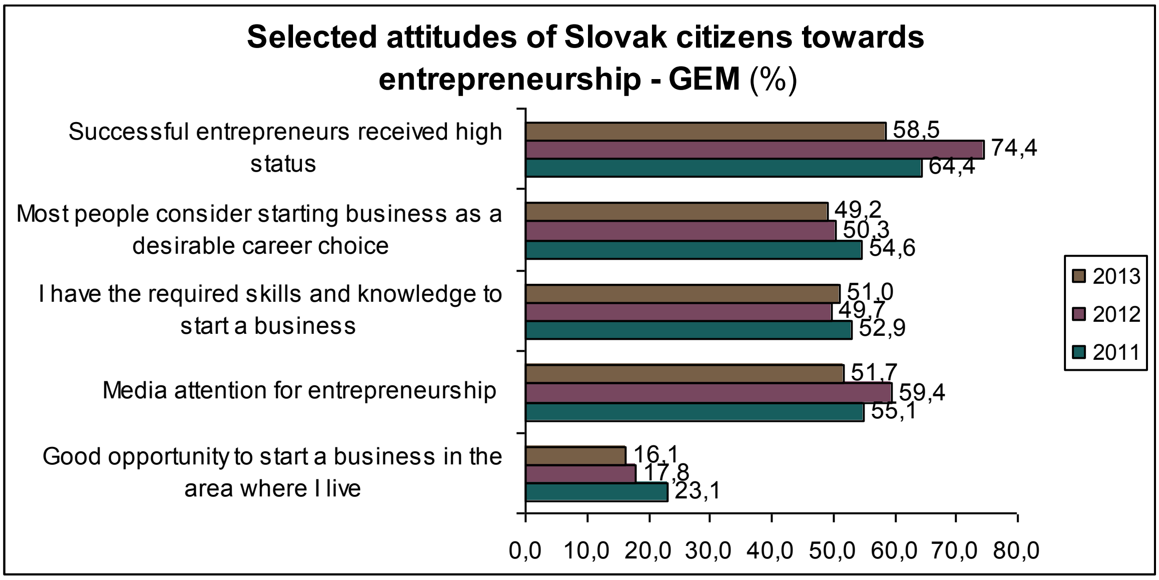


Chart No. 51 **Source:** Eurostat, processed by SBA

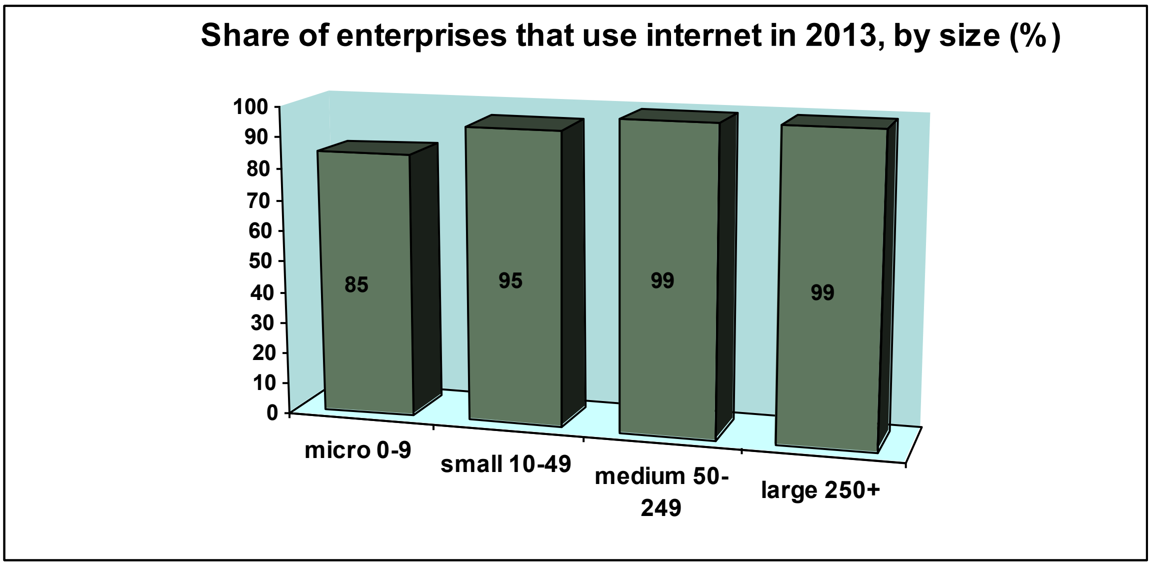


Chart No. 52 **Source:** Eurostat, processed by SBA

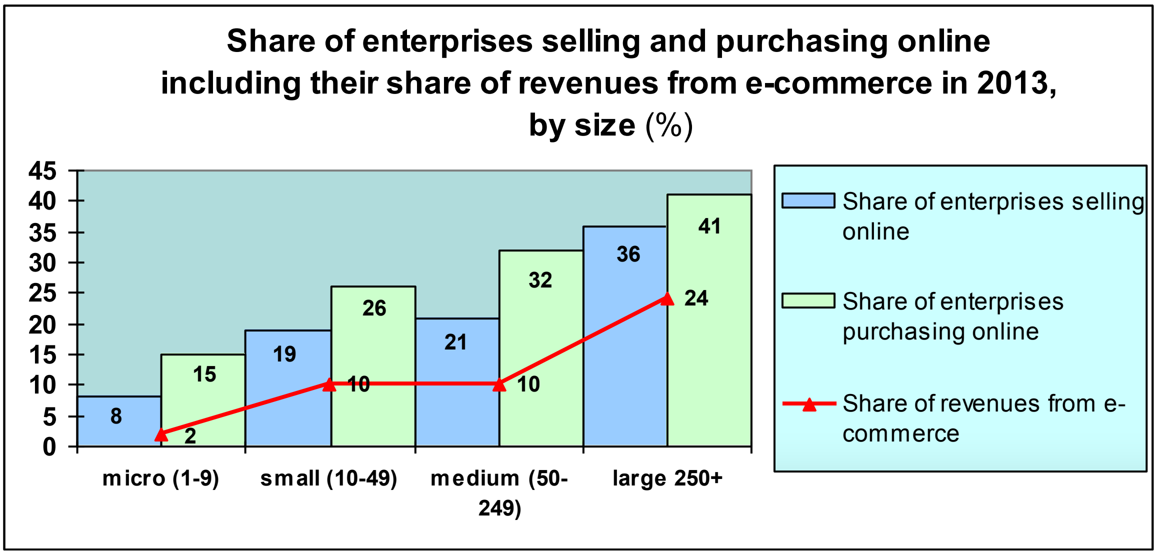


Chart No. 53 **Source:** Eurostat, processed by SBA

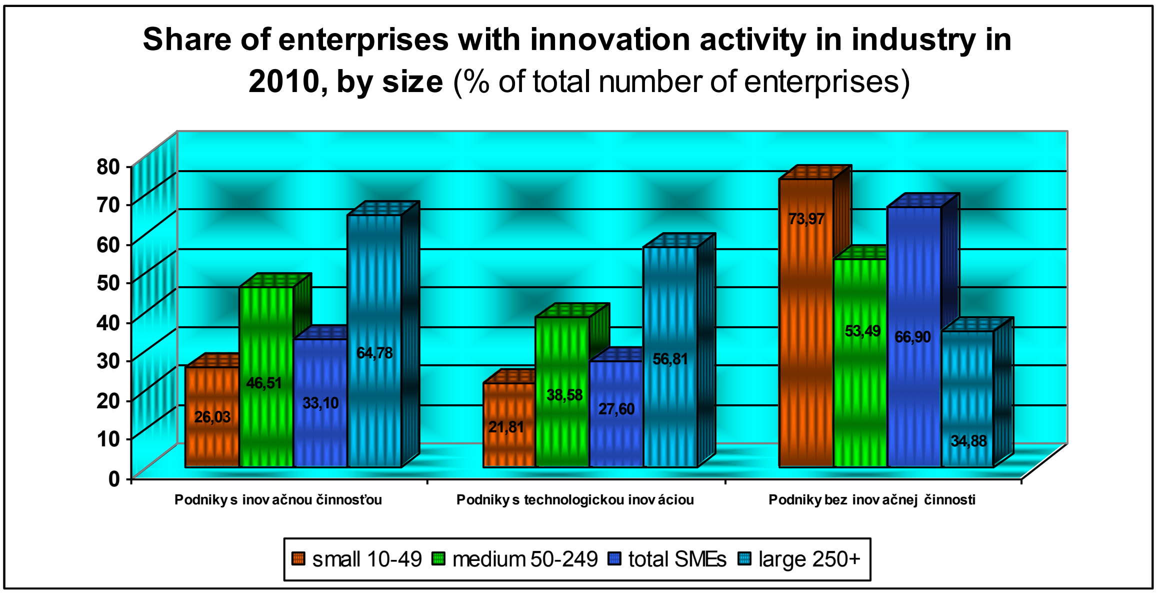


Chart No. 54 **Source:** Eurostat, processed by SBA

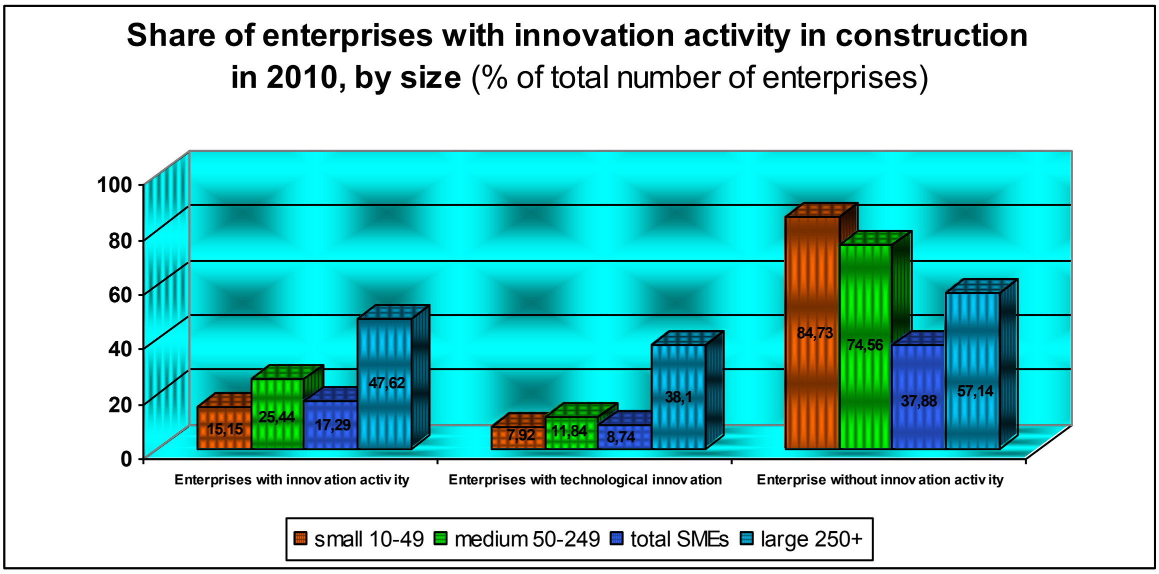
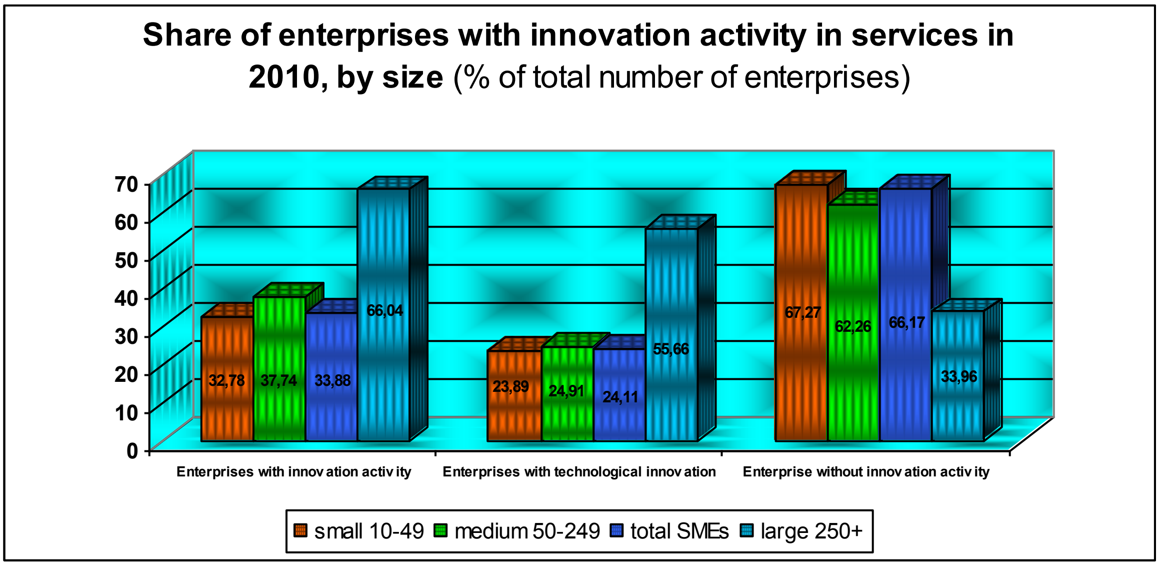


Chart No. 55 **Source:** Eurostat, processed by SBA

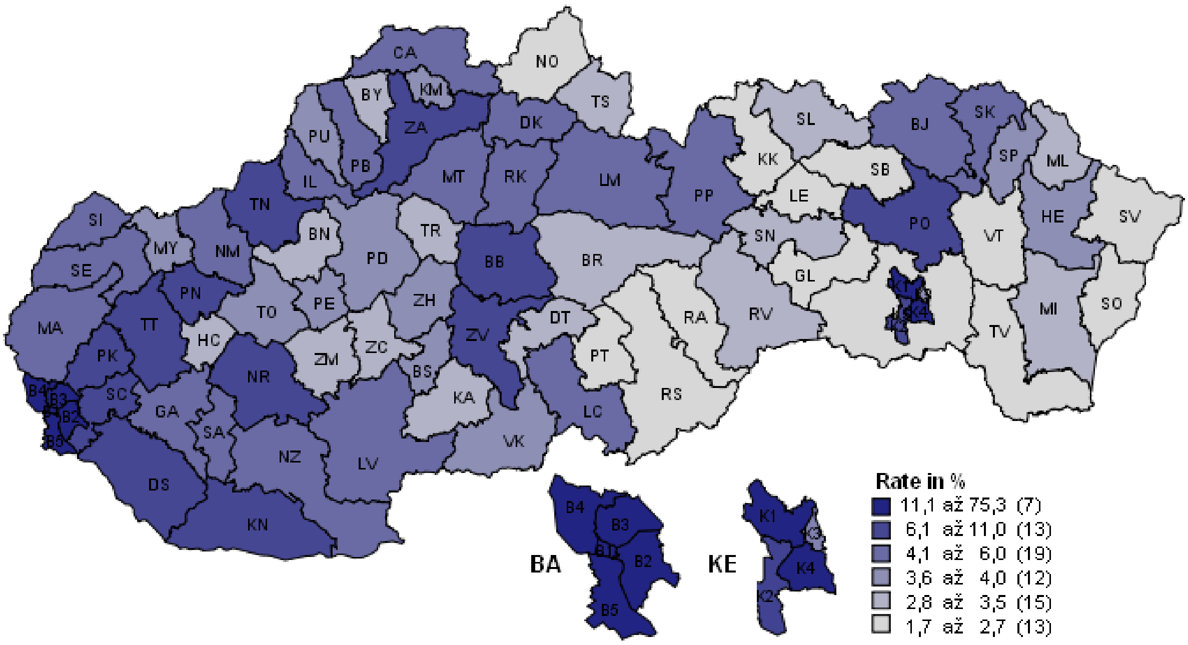


Annex B: Maps

List of maps:

Map No. 1

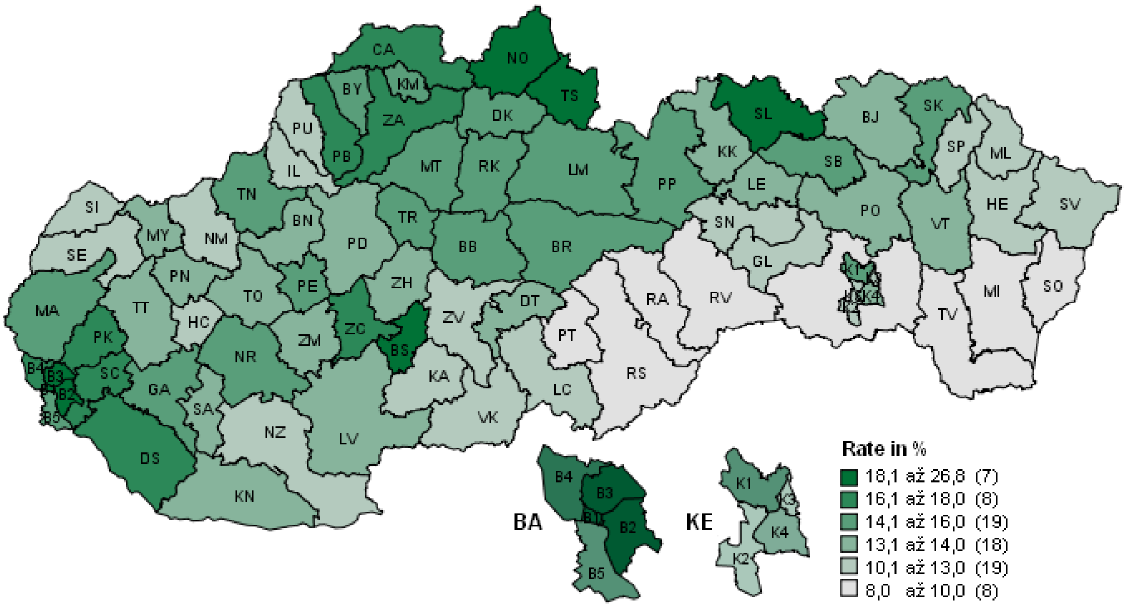
Rate of entrepreneurial activity of SMEs legal entities in Slovak districts in 2013



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic and Office of Labour, Social Affairs and Family, processed by SBA. Rate of entrepreneurial activity is calculated as a proportion of the number of SME-LE and economically active population in %.

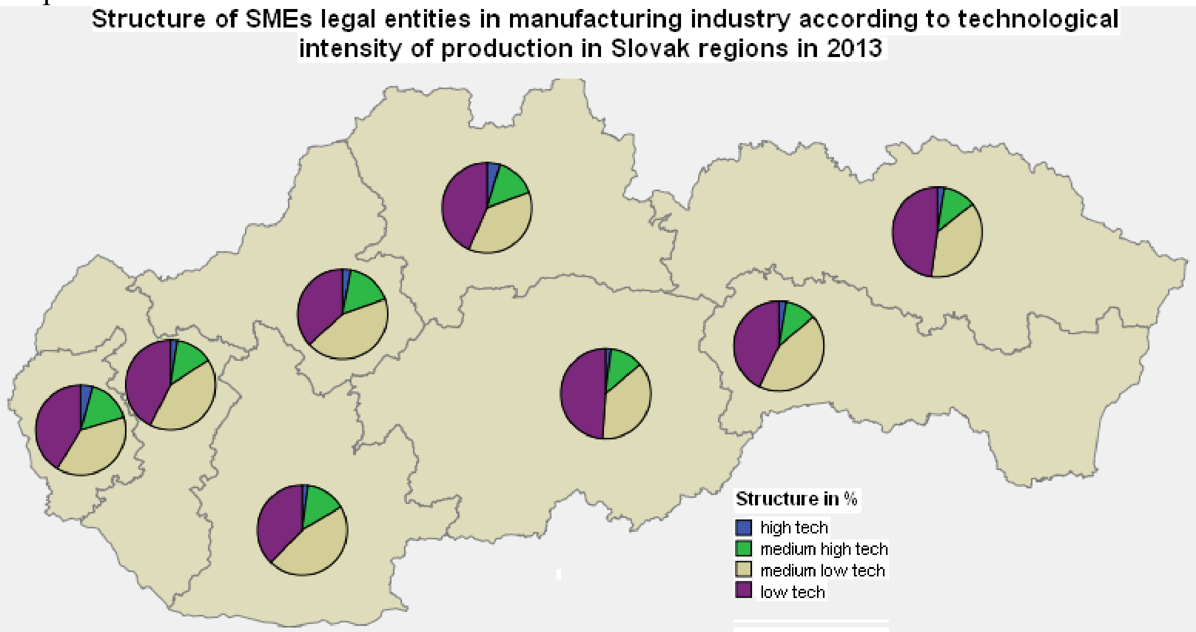
Map No. 2

Rate of entrepreneurial activity of natural persons-entrepreneurs in Slovak districts in 2013



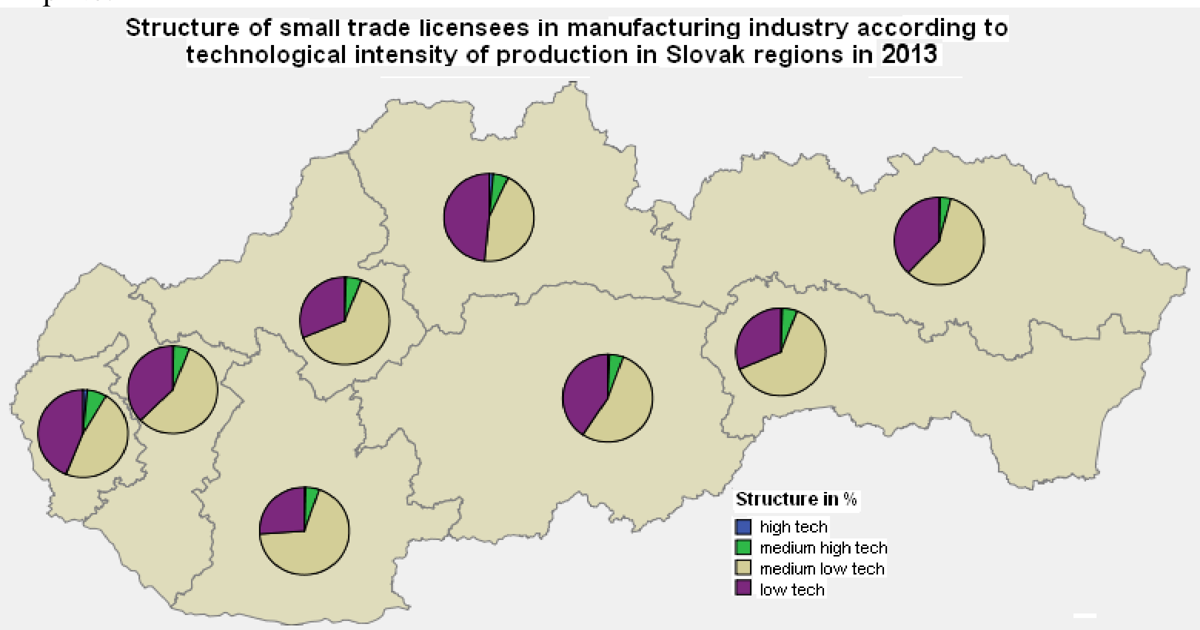
Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic and Office of Labour, Social Affairs and Family, processed by SBA. Rate of entrepreneurial activity is calculated as a proportion of the number of SME-LE and economically active population in %.

Map No. 3



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

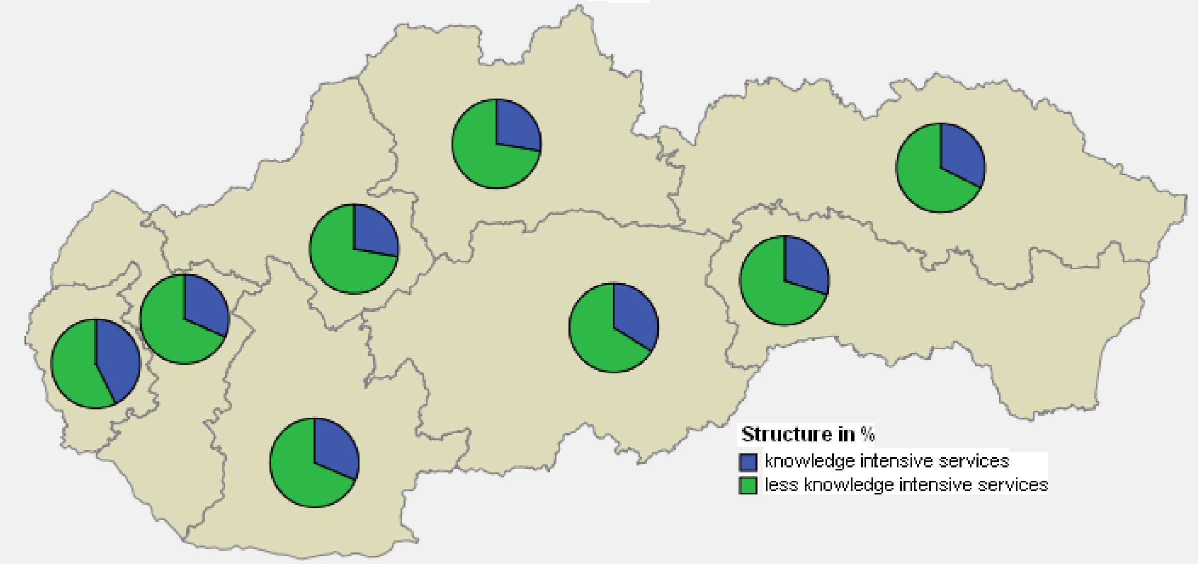
Map No. 4



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

Map No. 5

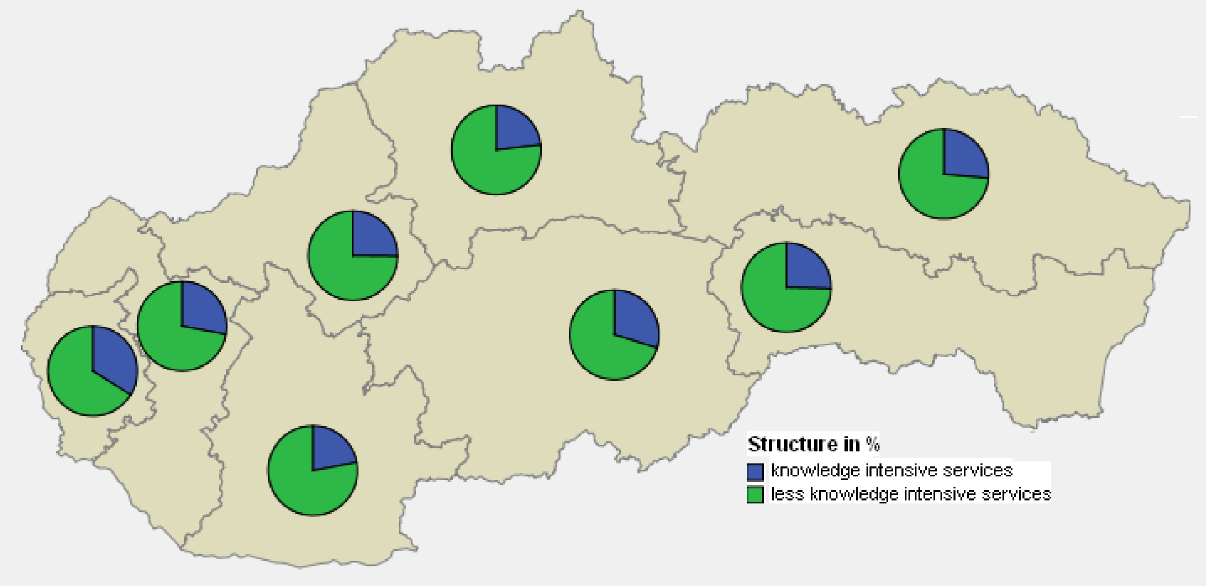
Structure of SMEs legal entities in services according to knowledge intensity in Slovak regions in 2013



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

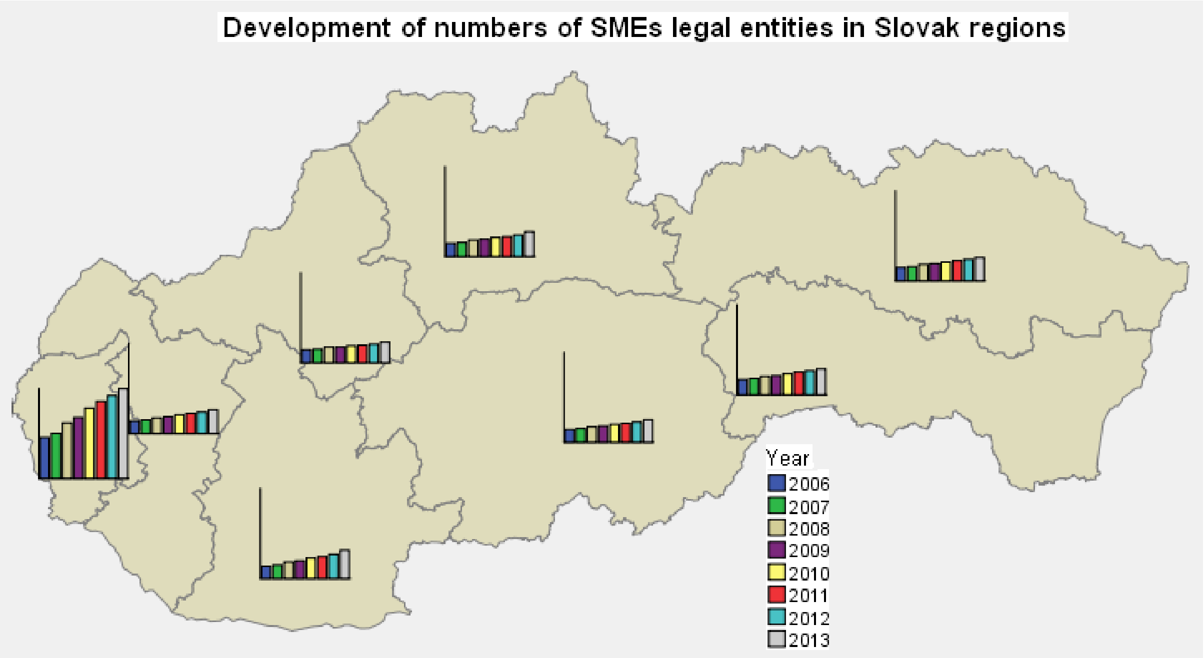
Map No. 6

Structure of small trade licensees in services according to knowledge intensity in Slovak regions in 2013



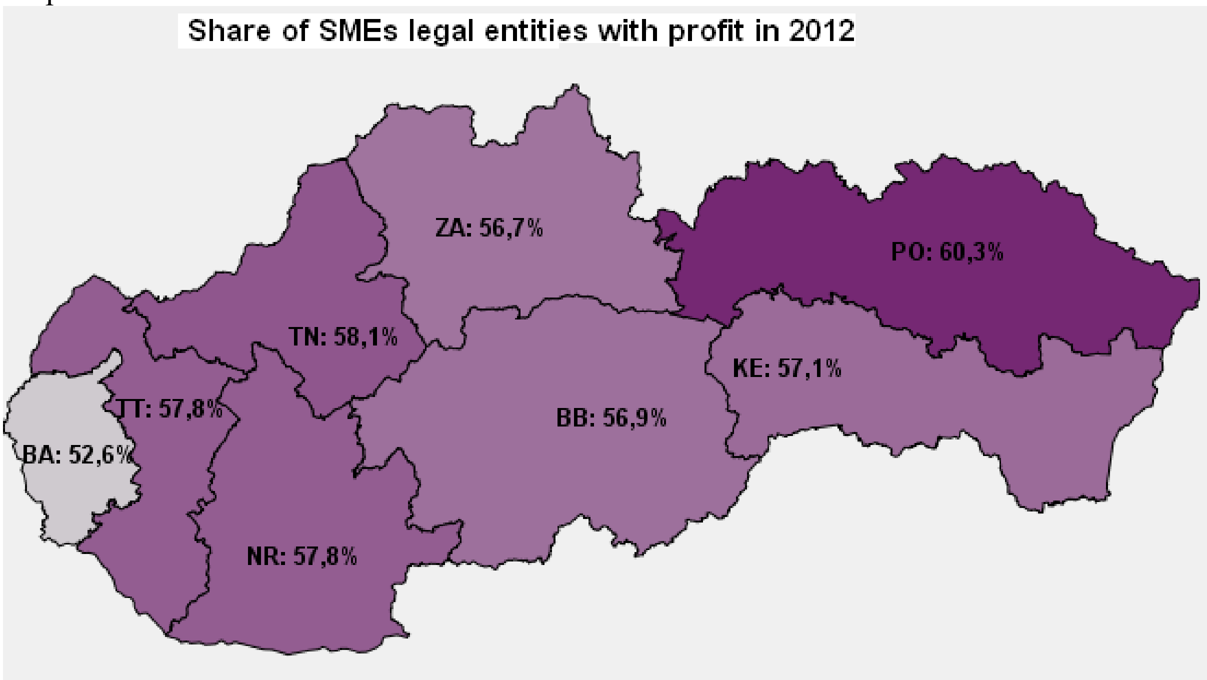
Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

Map No.7



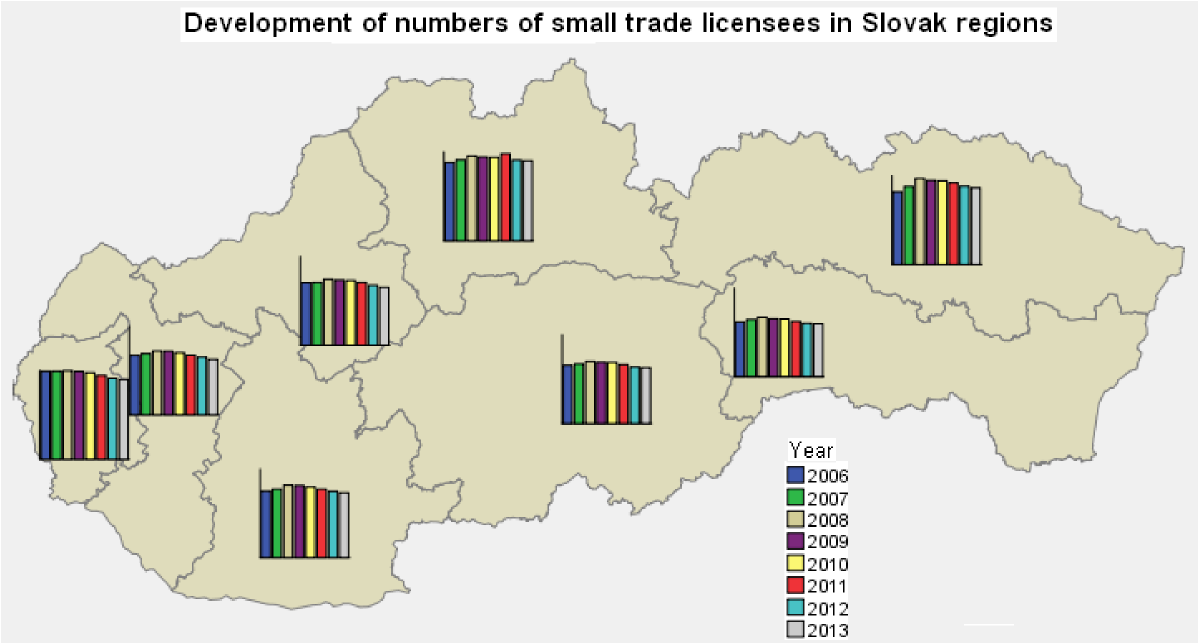
Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

Map No. 8



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, data from available financial statements of SMEs, DataCentrum, processed by SBA.

Map No. 9



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by SBA.

Annex C: Tables

List of tables:

Table No. 1: The number of SMEs legal entities by sectors and regions in Slovakia

SK NACE sectors	Bratislava	Trnava	Trenčín	Nitra	Žilina	Banská Bystrica	Prešov	Košice
agriculture, forestry and fishing	377	541	593	724	711	943	1 126	724
industry	3 055	1 827	1 954	2 081	1 842	1 563	1 951	1 592
construction	3 545	1 577	1 130	1 531	1 799	1 374	2 045	1 505
trade	14 592	4 269	5 072	6 154	6 632	4 642	4 654	6 759
accommodation and food service	1 881	735	527	641	666	669	813	704
transport, information	6 144	1 904	1 043	2 575	1 254	1 230	1 046	1 318
trade services	30 183	4 560	3 157	4 734	3 375	4 066	3 288	4 137
other services	3 268	1 134	930	1 341	1 162	1 145	1 316	1 415

Source: Register of organization of the Statistical office of the Slovak Republic, processed by SBA

Table No. 2: The number of small trade licensees by sectors and regions in Slovakia

SK NACE sectors	Bratislava	Trnava	Trenčín	Nitra	Žilina	Banská Bystrica	Prešov	Košice
agriculture, forestry and fishing	589	657	1 260	1 005	1 828	3 173	3 001	1 568
industry	4 810	4 968	7 506	8 024	10 583	4 820	10 028	5 498
construction	6 452	10 248	8 935	9 201	17 169	7 091	14 667	6 128
trade	16 604	7 839	10 504	13 768	12 529	9 392	10 228	11 421
accommodation and food service	1 882	1 861	1 374	1 421	1 928	1 823	2 073	1 028
transport, information	6 580	2 770	2 063	2 783	2 296	2 682	2 820	2 135
trade services	12 463	5 937	4 708	5 023	5 126	5 846	5 795	5 205
other services	4 344	3 057	2 685	2 648	2 351	2 842	3 012	2 652

Source: Register of organization of the Statistical office of the Slovak Republic, processed by SBA

Table No. 3: Comparison of the sectoral structure of starting SMEs and SMEs in total, according to the forms in 2013

SK NACE sectors	SME-LE			Small trade licensees (STL)		
	SME-LE total	Starting SME-LE in 2013	Diff. in p. p.	STLs total	Starting STLs in 2013	Diff. in p. p.
agriculture, forestry and fishing	3,2%	3,6%	0,4%	3,7%	5,6%	1,9%
industry	8,8%	6,8%	-2,0%	15,9%	15,3%	-0,6%
construction	8,0%	9,2%	1,2%	22,7%	28,0%	5,3%
trade	29,1%	24,3%	-4,8%	26,2%	18,8%	-7,4%
accommodation and food service	3,7%	3,9%	0,2%	3,8%	2,5%	-1,3%
transport, information	9,1%	11,6%	2,5%	6,8%	8,1%	1,2%
trade services	31,7%	32,9%	1,2%	14,2%	15,1%	0,9%
other services	6,5%	7,7%	1,2%	6,7%	6,6%	-0,1%

Source: Register of organization of the Statistical office of the Slovak Republic, processed by SBA

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