



Report on the state
of Small and Medium Enterprises
in the Slovak Republic in 2015

Bratislava, September 2016

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1 Introduction

This representative document introduces the state and ongoing trends within the environment of small and medium-sized enterprises in Slovakia. Its aim is to provide information on the development, regulatory environment, measures and initiatives focused on the support of small and medium-sized enterprises (further as “SMEs”) in Slovakia in 2015. Since 2015 was the year of economic growth, there were several positive trends in the business environment in the Slovak Republic reflected in business conditions of SMEs. Together with the realized support measures, these changes had influence on the development and state of SMEs. Despite the profound role, which the SMEs sector plays in some economic indicators, such as e.g. job creation, promotion of the local economy, balancing disparities in regional development, it still fails to improve the SMEs state in the area of foreign trade, profit making and the implementation of innovation in economic practice.

These system issues of SMEs can significantly affect future development of the Slovak economy, meeting national strategies and policies (like e.g. the RIS3 strategy) as well as efficiency of using the EU structural funds resources in the currently starting program period.

The report on the state of SMEs in 2015 (further as “Report“) is divided into several thematic blocks. Apart from the report, a separate statistical document “SMEs in numbers in 2015” was issued presenting findings of statistical indicators of SMEs including demography (population), creations and dissolutions, sectorial and regional structure, employment, role of SMEs in the economy and foreign trade. The report focuses on evaluation of the situation, development of the regulatory environment, mapping of the support measures and identification of recommendations in relation to various principles of the Small Business Act for Europe (SBAfE) initiative. The first part also presents the development of business environment from SMEs perspective. The report further contains the results of surveys in the entrepreneurship and SMEs area, including presentation of results of the Global Entrepreneurship Monitor (GEM) survey, which represents an important global study on the dynamics of entrepreneurship.

Thanks to this structure, the report is also a tool for monitoring the Small Business Act initiative, the key strategy of the European Commission for improving competitiveness of SMEs by 2020. Therefore the report also serves as the basis for the activity of the SME Envoy, who in Slovakia is the SBA general director. Therefore the next part is dedicated to the assessing the application of the Small Business Act initiative in the conditions of the SR. Each of the 10 principles is individually evaluated from various perspectives: from the perspective of the legislation framework, institutional conditions and implemented support programs and measures. Part of the evaluation is also a proposal of recommendations for more effective application to improve conditions for SMEs. The evaluation of the implementation of the Small Business Act initiative in Slovakia from the EU perspective is also part of the report.

The report is complemented by extensive tables and graphs included throughout the text part whose role is to expand and explain presented information and trends. The data presented in the Report represent a selection from more detailed evaluations of individual aspects of SMEs, which are presented in the form of individual thematic analyses and studies issued by the SBA.

The evaluation of the state and development trends of small and medium enterprises is the basis for the analysis of the state of the business environment in the SR, which is presented to the Government of the SR annually as a part of the Report on the state of the business environment in the Slovak Republic in terms of the SR Government Resolution no. 792 from 17 July 2002. The document is also used as a database for informing the European Union institutions, OECD, and other entities and for processing analyses and studies of the business environment in the SR.

The Report on the state of small and medium enterprises in the SR in 2015 is available to the public through the SBA website.

The authors of the document would like to thank the co-workers from the state administration organizations, public administration, business alliances and associations, as well as the non-governmental sector for submitted evidence and valuable input and contributions, without which it would not have been possible to prepare the document in the required extent and quality.

2 Executive summary

Small and medium-sized enterprises (further as „SMEs“) are the essential part of the Slovak economy. In 2015 they accounted for 99.9% of the total number of business enterprises, offering job opportunities to nearly three quarters (73.6%) of the active work force in the corporate economy and participated with more than half (52.8%) in the creation of the added value.

In 2015 the SMEs sector was developing in the conditions of growing performance of the Slovak economy. Positive development was observed in almost all main indicators characterizing the development of SMEs. Compared with 2014, the SMEs sector witnessed increased employment (by 0.7%), added value (by 4.4%), generated profit (by 8.8%), as well as export of goods (by 5.7%).

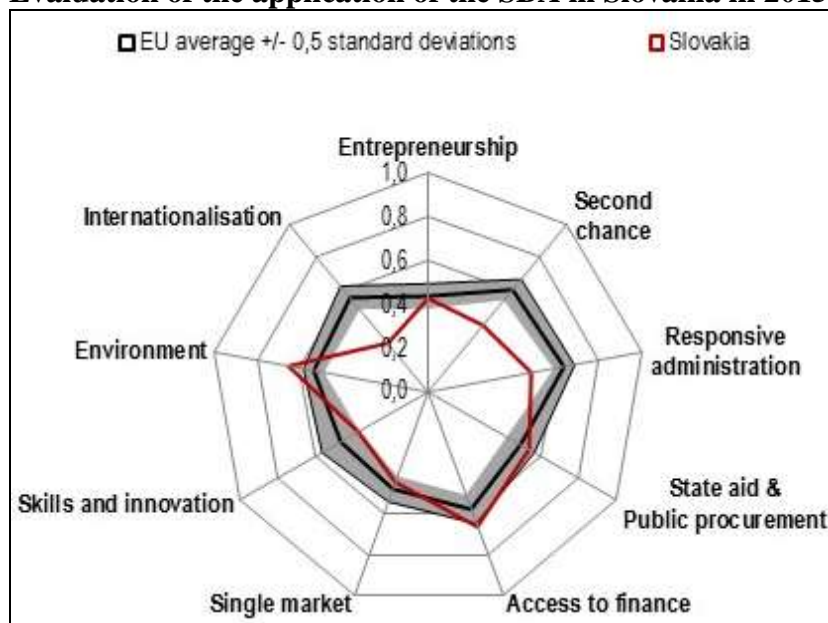
Based on the data processed from the Statistical Office of the Slovak Republic (further as “the SO of the SR”) there were 531 729 active entities in 2015, out of which 531 063 were small and medium-sized enterprises. In year-on-year comparison the total number of active SMEs decreased by 6.0%, however, to a large extent that can result from the implementation of a new methodology by the SO of the SR for determining activity of the subject¹. Out of the total number of entities, 96.9% were micro enterprises (515 236), 2.4% (12 984) small enterprises, and 0.5% (2 843) medium enterprises. There were 666 large enterprises which accounted for 0.1%.

The sector consolidation is underlined by the overall rate of SMEs which, compared with the pre-crisis levels in 2008, represented only 3.7% increase, in the case of micro enterprises the increase accounted for 7.4%, and the number of medium-sized enterprises reached 92% of the total in 2008. The elimination of fall in the small enterprises category continues to be unsuccessful; after 2008 their rate decreased by more than 50% and in 2015 their number still accounted just for 44% of the 2008 level. This is confirmed also by the trend in stratification within the SMEs. Another ongoing trend was reduction in the number of newly formed businesses, in 2015 there were 45 657 registrations of new enterprises, what represents 21% year-on-year decline. The reduction in the number of newly formed businesses was also reflected in the reduction of the use of services offered by Single Contact Point (further as “SCP”) which recorded a year-on-year decline in the number of clients from the business environment by 4%.

From the SMEs perspective, an appropriate tool for the evaluation of business environment is the EU policy Small Business Act (further as “SBA“) which has been implemented since 2008. It is a follow-up of the European Charter for Small Enterprises from 2000. The aim of SBA is to ensure the SMEs achieve revenue growth and competitiveness and manage to successfully assert themselves in the global market. This would promote the overall economic development of the EU what would contribute to the Europe 2020 strategy. The European Commission executes an annual evaluation of implementing the principles listed in the Small Business Act within the EU Member States by processing the so called country profiles.

¹ By economically active subject, the SO of the SR means the subject which had employees, revenues or investments in the reference period considered. For the purpose of activity determination, the SO of the SR used also data from administrative sources about health care insurance payers.

Evaluation of the application of the SBA in Slovakia in 2015



Source: European Commission / *SBA Factsheet*

Based on the SBA's profile compiled for 2015, the European Commission assessed that the greatest strengths in the Slovak Republic were application of the principles 6 (approach to funding) and 9 (the environment), while the most profound weaknesses were found in implementing principle 2 (second chance), principle 10 (internationalization), and principle 4 (user-friendly administration). In the case of other principles, Slovakia ranked in the middle of the EU average. Compared to last year, there was an improvement in the field of approach to funding (principle 6), in the field of business internationalization (principle 10) despite the fact it continued to be one of the worst assessed principles, and partly also in the field of skills and innovations (principle 8) and in the field of user-friendly administration (principle 4).

The assessment of the situation in Slovakia in relation to individual principles is below:

Principle 1 Approach to entrepreneurship

In June 2015, the Government of the SR approved The concept for the support of start-ups and development of the start-up ecosystem in the SR under which start-ups, being emerging enterprises, are the source of innovative solutions with considerable growth potential. The aim of this concept is to support start-up ecosystem in the SR by creating business environment and system of state aid which could activate Slovak enterprises and individuals with unique ideas, attract foreign entities with innovative ideas, make investment into start-ups more attractive, and create exceptional image of the country. The concept includes 17 measures within 3 strategic goals planned for 2015 and 2016. The goal of the project was to create a complex centre of support services for entrepreneurs at 1 place (one-stop-shop), which would create conditions for realization not only for young people, graduates, but also for employees and seniors considering starting their own business as well as counselling and support for existing entrepreneurs. The centre's services would be available also for entrepreneurs from marginalised communities. In its pilot phase, a new National Business Centre in Bratislava residing on the premises of Business Centre Twin City in Karadžičová Street will be established.

Principle 2 Second chance

In 2015, there were 350 tenders of small and medium enterprises declared in Slovakia. The number of declared tenders of SMEs increased in year-on-year comparison by 14.4%. Of the total number of tenders, 84.0% were declared by micro enterprises. In this year, there were 91 restructuring operations of SMEs approved in the SR what represents a fall by 20.2% compared to 2014. Of the total number of restructuring operations of SMEs, 58.2% of them were in the category of micro enterprises; as for the sectors, the greatest number of approved restructuring operations was in the field of trade (30.8%).

Under the amendments of Act on bankruptcy and restructuring of 2015 (specifically the Act no.87/2015 Coll.) there were some amendments of conditions with the aim to prevent damage of creditors within insolvency procedure or restructuring procedure and strengthening liability for entrepreneurship (e.g. debtors' obligations to satisfy creditors of unsecured claims from their future profits up to 100%), however, there still prevails unfavourable position of small creditors (from SMEs environment) compared to satisfied creditors from insolvency procedure or restructuring procedure. Because of congestions in courts, the time required for insolvency resolution remains unreasonably long.

Principle 3 'Think Small First'

A profound change was introduced into the legislative practice of the SR in the means of new size categories of the entities. The Amendment to the Act on Accounting No. 431/2002 (further as the 'Accounting Law') effective from 1 January 2015 as amended by Act No. 333/2014 Coll. introduced new categories of accounting entities:

- *micro accounting entity* – total amount of assets up to 350 000 Euros, net revenue up to 700 000 Euros, max. 10 employees,
- *small accounting entity* – total amount of assets more than 350 000 Euros and up to 4 million Euros, net revenue more than 700 000 Euros and up to 8 million Euros, more than 10 but not exceeding 50 employees,
- *large accounting entity* - total amount of assets more than 4 million Euros, net revenue more than 8 million Euros, more than 50 employees.

Size classification of accounting entities relates to the following legal forms for entities: business company, cooperative, entrepreneurs - natural persons registered in the Companies Register, land community. Each size category of accounting entities compiles consolidated accounts under specific requirements, particularly simplified is consolidated financial statement for micro accounting entities. Although the given measure simplifies the conditions and reduces burden for part of SMEs, i.e. it is in accordance with the principle 3 of SBA 'Think Small First', it is an unsystematic definition of size categories contrary to the SMEs definition applied in the EU, what can represent an obstacle in creating synergies with other measures supporting SMEs.

Principle 4 User-friendly administration

In regulatory environment, the most profound change in 2015 was the enactment of the Act on Vocational Education and Training and on amendments and supplements to other laws (Act No. 61/2015 Coll.) which launched the system of dual education in vocational schools. The Act entered into force on 1 April 2015. In December 2015, the Act on Support of Lagging Regions and on amendments and supplements to other laws (Act No. 336/2015 Coll.) entered into force. Following this law, the Act on investment aid and amendments to

certain acts (Act No. 561/2007 Coll.) was also amended which significantly lowered the conditions for investment aid for investment purposes in the field of industrial production in the least developed regions to the minimum investment of 200 000 Euros and the minimum number of 10 new jobs. In case the applicant were from the SMEs category, the condition for minimum investment should be reduced to 100 000 Euros. The regulatory environment was characterised by frequent changes; within 15 acts related to entrepreneurship there were as many as 84 different amendments in 2015.

In the field of better regulation, an update of the Unified methodology for assessing selected effects (further as ‘Unified methodology’) implemented assessment of effects of forthcoming legislative and non-legislative proposals for SMEs, the so called SMEs test, into the process of preparation of materials presented into the legislative process, what partially fulfilled ex ante conditionality for the use of resources of Operational programme research and innovation 2014 – 2020 for SMEs support.

For a better execution of the SMEs test, Centre for Better Regulation was established within the Slovak Business Agency which after the Unified methodology has entered into force (since 1.10.2015) assessed more than four tens of materials by the end of 2015, in half of the cases it identified the effect on business environment and within an average period of seven days it provided partial opinion for the clause and analysis of effects on business environments and for the quality of the assessment process.

Principle 5 State aid and public procurement

The main support tool of SMEs in 2015 was again the aid from the EU structural funds, implemented through Operational Programme Competitiveness and Economic Growth 2007 – 2013 (further as ‘OP CaEG’). By the end of 2015, the aid was granted within this operational programme in the form of a non-repayable grant for the total of 1600 projects realized by SMEs what represents 69% of all projects within this programme. In 2015 alone based on the concluded contracts for a non-repayable grant 181.2 million Euros were paid to SMEs what represents a year-on-year increase by 630%, while the share of SMEs in the total absorption of the grants accounted for 75.3% that year.

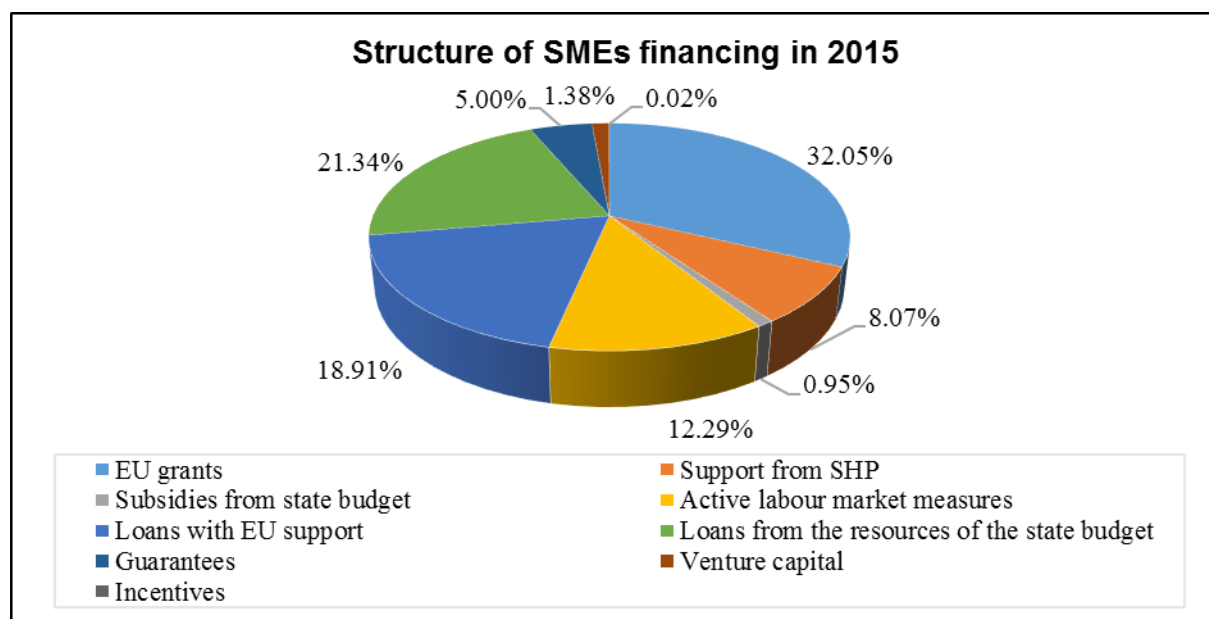
In 2015 there was a profound development of financial tools realized within the initiative JEREMIE. The SMEs support through the PRSL loan facility increased annually by 185.40% (5.75 mil. Euros) to the value of 8,8 mil. Euros. The same trend was recorded with FLPG facility where a 118.93% (55.46 mil. Euros) increase to the value 102,1 mil. Euros was observed. Risk capital investments supported by JEREMIE initiative increased annually by 98.31% (3 mil. Euros). Simultaneously a new financial facility Portfolio Risk Sharing Loan (PRSL II) was launched with a sufficient allocation from OP CaEG and from a transfer of unused allocation of other facilities; allocated volume of sources then increased to 91.28 mil. Euros out of which the allocation JEREMIE itself represented 58.87 mil. Euros. At the same time, risk sharing was amended from the ratio 1:1 to 7:3 what increased attractiveness of financial facilities for commercial intermediaries.

According to the survey of the usage of support instruments by SMEs realized in autumn 2015, more than 16% respondents stated that over the last two years they used some kind of public support. 7% of entrepreneurs attempted such support, but were unsuccessful. 21.8% of entrepreneurs stated that although they had not used such support, they would be considering its usage. More than half (54.7%) of the respondents stated they had not used such support and were not considering it in the future.

In the field of public procurement, the most profound change was the start-up of proper operation of Electronic contracting system (ECS) whose part is also the electronic marketplace since 1 February 2015. It is a system of fully electronized award of offers and purchases, building work or services which are commonly available on the market. The aim is to create the more transparent and simple conditions for entrepreneurs, especially SMEs, for participating in public procurement. Despite the instability of legislative framework in the field of public procurement (there were 6 amendments to the Act on public procurement in 2015), the share of SMEs in the total value of concluded contracts within public procurement increased annually (by 1.8 p. p.) to 82.1%. The share of small and medium enterprises in the total amount of state aid provided in 2015 increased annually (by 5.9 p. p.) to 60.8%.

Principle 6 Approach to funding

From the perspective of SMEs's approach to funding from public resources, the support in the means of EU grants (32.05%) prevailed in 2015, whereby their paid amount increased annually by as much as 103,61 mil. Euros what represents an increase by 73.4%. This was caused mainly due to the increased spending of resources within OP CaEG. The second most profound cause were the loans from the resources of the SR (21.34%), followed by loans with the support of the EU (18.91%). In recent years, both these forms have followed an upward trend, while in the case of loans with the support of the EU there was an annual increase by as much as 88.24% (due to the start-up of JEREMIE initiative). A profound annual increase was recorded also in supporting programmes within the common agricultural policy by as much as 100.97%. Under the measures of active labour market policy, which achieved a 12.29% share, there was a significant increase of resources in 2 measures: Allowance for small trade licenses /§ 49/ (by 41.3%) and Allowance for the employment of disadvantaged job seekers /§ 50/ (by 49.08%), simultaneously a new measure Allowance for the support of creating a job in the first regular paid employment (§ 51a) was introduced this year, with the used resources of the total amount 4.22 mil. Euros. Based on a year-on-year comparison of the summary volume of financial resources used by SMEs from the public financial facilities it can be concluded that there was an increase in spending resources in 2015 by 39.05% to the value of 763.70 mil. Euros.



Source: SBA

Principle 7 The single market

In 2015, export to the EU countries accounted for 88.8% share of the total SMEs export. Compared with other EU member states, Slovakia ranks in the second place from the bottom in terms of SMEs share in export to the EU member states which accounts only for 31.5% (2013).

Through the Enterprise Europe Network (further as ‘EEN’), Eximbank, Sario Agency, chambers of commerce and other institutions various events were realized with the focus on the support of SMEs’s expansion to the single market (especially seminars and business missions). A profound help in this field was the network SOLVIT (coordinated by the European commission), which focuses on solutions of problems which are faced by citizens or entrepreneurs when exercising their rights in the internal market of the European Union. Of the 170 registered cases in the SOLVIT database (in relation to the SR) in 2015, approx. 2.9% of the cases related to entrepreneurs. The National Point of Contact, established at the Office for Standards, Metrology and Testing of the SR (further as ‘OSMT’) provides information on technical regulations and requirements for products in the SR and EU member states, including regulations adjusting the requirements of prior approval. In 2015 it offered services in 37 cases mainly for clients from the SMEs environment.

Principle 8 Skills and innovations

The Amendment to the Income Tax Act no. 595/2003 Coll. effective from 1 January 2015 which introduced deductions of expenses (costs) for research and development from the basis of assessment (the so-called super deduction) represents the government’s step towards stimulating the expansion of research, development and innovation in business environment.

Within the Scheme for support of cooperation of entrepreneurial subjects and scientific research institutions in the form of innovation vouchers, 66 innovation projects of SMEs in the total volume of 327.7 thousand Euros were supported in 2015. Within the Scheme to support industrial clusters, 7 cluster organizations totalling 130 000 Euros were supported. Through the Innovation fund, returnable financial aid was provided to 5 entrepreneurial subjects totalling 750 000 Euros what represents a 60% annual increase. Within the Priority axis 1 - Innovations and competitiveness growth of OP CaEG, 214 SMEs were supported what represents a 71% annual decrease; on the other hand, the use of resources within this priority axis for SMEs projects increased 6 times more than in 2014.

An interesting activity in the area of bringing research and development with entrepreneurial practice together, especially in relation to SMEs, is the University centre for innovations, technology transfer and intellectual property protection (UCITT) of the Technical University in Košice. The centre established in 2014 was providing consultancy services to SMEs in the area of intellectual property protection, industrial legal protection, as well as cooperation in preparing contracts on the creation of work, licence agreements, submitting application form, and representing in administrative procedure before the Industrial Property Office (IPO). In 2015, IPO registered 32 patent applications, 56 utility models applications, and 1 design application; at the same time, it granted 7 patents and registered 24 utility models.

Principle 9 The environment

In the field of support of circular economy, effective use of resources and carbon footprint reduction, the activities of European Bank for Reconstruction and Development (EBRD) can be mentioned. In 2015, it continued to support investments into sustainable energy in the

Slovak Republic by the first phase of the successful programme SLOVSEFF. The continuation of the programme is a contribution to satisfying high interest in projects of energy efficiency among smaller companies and the housing sector. A demand for this type of investments is caused by a profound success of the first two phases of the SLOVSEFF programme and continuing interest of the Slovak banks in participating in this programme. SMEs were not successful in the field of support from the structural funds. Despite the annual increase of the provided aid from the Operational Programme Environment in 2015 by 302.6%, SMEs accounted for just 5% of the share of such aid provided.

Principle 10 Internationalization of enterprises

In 2015 the total export of SMEs increased annually by 5.7% (in absolute numbers by 977.8 mil. Euros) to the value of 18 170.5 mil. Euros² (the data did not include operations executed by foreign entities). The share of SMEs on the total export did not change - as in the previous year, it reached 29.3%. The share of SMEs on the total export to non-EU countries accounted only for 18.1% (2013) and caused that Slovakia ranked in last place among the EU countries.

As for the measures, there were interesting results in the case of The Business Centre of the MFAEA of the SR. In 2015, the centre executed qualified econometric analysis of world countries which allowed for identification of comparative advantages for the SR in various commodities compared to other countries and evaluation of sales potential for Slovak export goods based on the territories. Within the financial facilities of EXIMBANK SR, the share of loans provided to the clients of SMEs segment reached 25.85% from the total credit exposure, what is still a relatively small share, however, in a year-on-year comparison the same share increased by 16.66% (7.29 mil. Euros). The share of guarantees issued for the SMEs segment accounted only for 2.10% from the total amount of issued guarantees, however, in a year-on-year comparison with 2014 it represents an increase by as much as 228.96% (2.29 mil. Euros).

The activities of EEN network focus also on internationalization of entrepreneurship. In 2015, there was a significant development of activities and provision of information services compared to the previous year. Compared to 2014, there were 478 more seminars and regional events organized; as for the feedback on comments on the EU legislative, an increased activity (an increase by 22 participating subjects) was recorded. Some other provided services (consulting – answers to the questions, registration of subjects for electronic services, participation in international partner events or preparation of cooperative profiles), on the other hand, experienced some decrease.

²The annual comparison is processed on the basis of definitive results of foreign trade statistics for 2014 a preliminary results for 2015.

3 Development of the economic environment in the SR in 2015

The business sector developed under conditions of growing performance of the Slovak economy in 2015. Trend of accelerating economic growth in Slovakia correlated with the growth of economic activity in most of our main business partners. In 2015, Slovakia maintained its position within the fastest growing EU countries.

Based on preliminary data of the SO of the SR for 2015, the gross domestic product increased annually by 3.6%, while the achieved growth was the highest in the last 5 years. As for individual quarters, there was an acceleration of economic growth dynamics from 2.9% in the first quarter to 4.3% in the fourth quarter of 2015. The acceleration of GDP in 2015 was generally supported by the use of EU funds, low oil prices, or continuing deflationary environment.

The achieved dynamics of economic growth was positively affected by acceleration of external as well as domestic demand. The volume growth of export goods and services increased annually by 7.0% mainly due to the influence of a more significant external demand for motor vehicles (export increased by 14.7%). The total balance of foreign trade of goods and services in year-on-year comparison due to the influence of a more significant growth of import (8.2%) than export (7.0%) decreased annually to the value 1 894.3 mil. Euros.

Export performance of the economics expressing the share of export goods and services in GDP achieved 93.8%. The openness of the Slovak economy expressing the share of export and import goods and services in GDP increased annually to 185.2%.

The growth of domestic demand by 4.9% was the highest since the pre-crisis year 2008. The high level of investments creates favourable assumptions for the further growth of economic activity in the future, especially in the industry and services sectors. Other parts of domestic demand contributed to its increase, too. The final consumption of households increased by 2.4% and the final consumption of public administration by 3.4%.

The achieved economic growth positively affected the current labour market situation. Over the last year, the economy of the SR managed to generate 47 000 new jobs (based on the quarterly business reporting of the SO of the SR). The growth of new employment in the segment of small and medium enterprises was, however, only at the level of 9 000 positions. The total unemployment rate increased annually by 2.1%. The employment rate at the end of 2015 increased annually by 1.8 p.p. to 68.4% what represented the highest value in the last seven years.

The growth of employment was naturally reflected in a decline of the unemployment rate, which decreased by 1.7 p.p. to 11.5% (based on the methodology of LFSS of the SO of the SR). The unemployment figures decreased annually by 12.4% to 314.3 thousand persons.

As defined by the data from the National Bank of Slovakia, there was an improvement in business loan availability in 2015. Since the end of 2014, gradual release of loan standards by banks occurred mainly under the influence of growing competition within banks, as well as by the influence of more positive perception of the situation within the business sector.

3.1 Position and development of SMEs in 2015

This report presents selected indicators of SMEs for 2015. More specific statistical details can be found in the SMEs document *SMEs in numbers in 2015*, which is available at http://www.sbagency.sk/sites/default/files/msp_v_cislach_v_roku_2015_0.pdf.

Based on the data of the SO of the SR, there were 531 729 active entrepreneur entities registered in Slovakia, while 531 063 of them were small and medium enterprises. The largest share in this category was represented by micro entities (96.9%), small enterprises (2.4%) and medium enterprises accounted for the smallest representation (0.5%). Natural entities – entrepreneurs comprised nearly two thirds (63.7%) from the total number of active SMEs in Slovakia.

Tab. no. 3-1 Number of active businesses by individual legal forms and the size structure of the business sector as of 31. 12. 2015 (according to Statistical Office of the Slovak Republic for definition of active businesses)

Size category/ legal forms	Businesses	Small trade licensees	Entrepreneurs - freelancers	IF	Total	
					abs.	in %
Micro enterprises (0 – 9)	178 095	315 182	17 657	4 302	515 236	96.9%
Small enterprises (10 – 49)	11 721	1 215	39	9	12 984	2.4%
Medium enterprises (50 – 249)	2 780	63	0	0	2 843	0.5%
Large enterprises (250 and more)	666	0	0	0	666	0.1%
Total SME (0 – 249)	192 596	316 460	17 696	4 311	531 063	99.9%
Enterprises together	193 262	316 460	17 696	4 311	531 729	100.0%

Source: Statistical Office of the Slovak Republic, processed by SBA. In figures of Statistical Office of the Slovak Republic are not included all all starting and closing businesses for the second half of 2015.

Almost half of the active entrepreneur entities (46.6%) in SMEs executed their main business activities within trade and business services. The smallest representation of SMEs was in the segment of agriculture (4.4%) and accommodation and hospitality (3.7%). At the end of 2015, more than a fifth of active natural entities – entrepreneurs executed their main activity in the segment of trade (22.2%) and a similar representation was also in the segment of building industry (21.7%). The smallest share of natural entities – entrepreneurs of 3.6% was active in accommodation and catering. The largest representation of SMEs – legal entities was active in the segment of business services (33.5%) and trade (24.4%). The smallest one was in agriculture (3.4%).

Women account for more than half of the total population in Slovakia, however, in business activities dominant position of men prevails. In 2015, the total number of active natural entities – entrepreneurs comprised of 71.6% men and 28.4% women. The representation of women decreased annually (by 0.7 p.p.) for the first time since 2010. Based on the data processed from the Register of Organisations of SO SR, the age category 40 to 49-year-olds (28.5%) among natural entities – entrepreneurs had the largest representation. The second most represented group with regards to age were natural entities – entrepreneurs in the age category 30 to 39-year-olds (26.3%) followed by the age category 50 to 59-year olds (23.7%). In the category of under 30s, there were 13.1% of active entrepreneurs and the age category 60 and above accounted for 9.45% entrepreneurs.

Based on the methodology for demographics of enterprises by the SO of the SR, the most up-to-date information on emerged and ceased entities were published in 2013. According to these data, the share of newly emerged entities of the total number of active entities accounted for 9.9%. The survival rate after two years is 64.6% in selected sectors in the SR. When compared with other EU countries, Slovakia ranks 12th place among 20 countries. According to preliminary figures (the abovementioned data shall be specified upwards) processed from the Register of Organisations of SO SR, the total of 45 657 small and medium enterprises emerged and 29 431 ceased in 2015.

From regional perspective, every third active SMEs – legal entity is active within the Bratislava district (64 441). The highest rate of business activity within SMEs – legal entities was recorded in the Bratislava and Košice regions. On the other hand, the lowest one was in the Gelnica, Revúca a Sobrance districts. The highest dynamics of business activity growth rate of SMEs – legal entities during the period 2010 – 2015 was achieved in the Bratislava I and Bratislava III districts. The lowest dynamics of business activity growth rate was in Sobrance, Gelnica and Veľký Krtíš. In 2015, the greatest number of natural entities – entrepreneurs were active in the Žilina region (51 731) and in the Bratislava region (49 612), the smallest one was in the Košice region (33 800). In 2015, the highest rate of business activity within natural entities – entrepreneurs was recorded in the Námestovo, Bratislava I, Stará Ľubovňa and Tvrdošín districts. The rise in business activity rate in relation to economic population during the period 2010 – 2015 was achieved only in the Námestovo district. The business activity of natural entities – entrepreneurs in other districts decreased, while the most profound decline was in the Senec, Kysucké Nové Mesto and Veľký Krtíš districts.

Positive tendencies in the labour market prevailed in 2015 also in the sector of small and medium enterprises. The SMEs employment increased annually by 0.7%. The share of small and medium enterprises in the employment of business management achieved 73.6% and in the total employment within the economy of the SR 58.7%. Compared to 2008, the average number of employed persons in SMEs was, however, lower by 27 000 persons. With regards to the various size categories and legal forms, the total employment in the business sector in 2015 comprised of 35.3% natural entities – entrepreneurs (natural entities – entrepreneurs and persons employed by them) 11.5% micro enterprises, 11.8% small enterprises, 15.0% medium enterprises, and 26.4% large enterprises. When compared with other EU countries, Slovakia is characterized by above-average share of SMEs in employment.

The main economic indicators characterizing development of SMEs had an annual increase. The achieved growth of SMEs added value (by 4.4%) was the highest in the last 5 years. More than half of the added value created is a result of SMEs activity within the industry and trade sectors. However, under the influence of higher growth of the added value of enterprises larger than SMEs, the share of SMEs on the total added value created repeatedly had an annual decline to the level of 52.8%. The added value comprised of a 15.8% share of micro enterprises (0-9), 16.0% of small enterprises, and 20.9% of medium enterprises. In absolute value, SMEs also recorded an annual growth of gross production (6.3%) and profit before taxes (by 8.3%). The SMEs share on gross production increased annually to 43.4% and the share on profit before taxes, on the other hand, decreased annually to 43.5%.

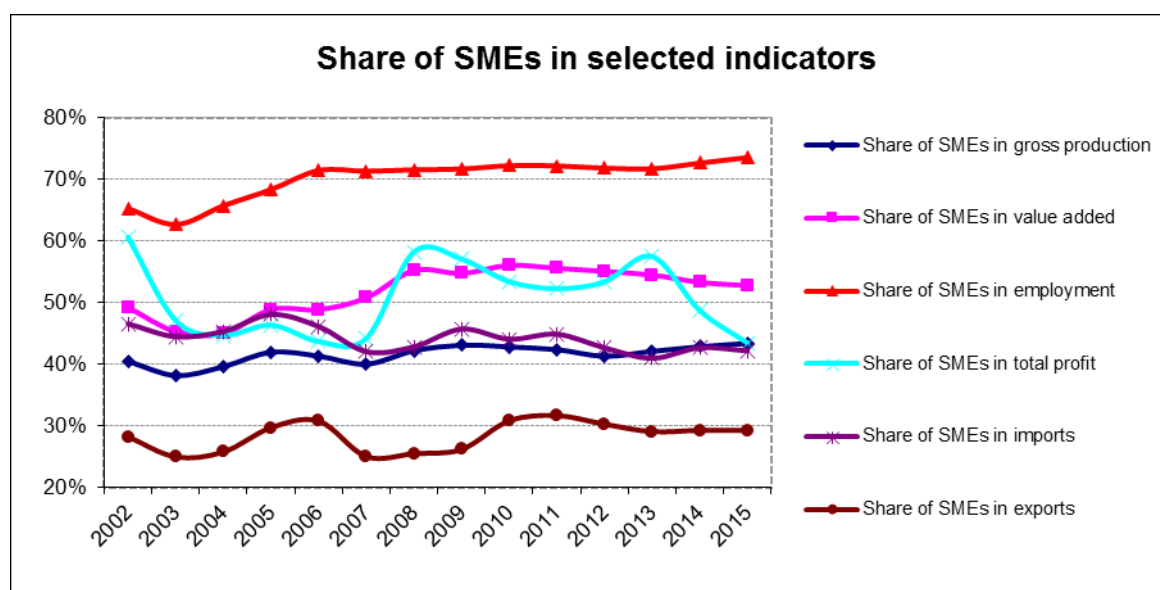
With regards to the sectors, SMEs recorded an annual growth of sales in major economy segments, while the most positive development was achieved in building sector where, after a long-term decline, building production of SMEs increased by over 10%. In 2015, the share of small and medium enterprises on the total volume of sales in selected segments accounted for 33.9% in industry up to 84.8% in selected market services. In foreign-commercial exchange

of goods, large enterprises maintain their dominant position. Based on preliminary figures of the SO of the SR, the total export of SMEs increased in 2015 by 5.7%, while the share of SMEs on the total export (29.3%) did not change annually. Out of the total number of active small and medium enterprises, only every twentieth subject was active in the export of goods. With regards to the territories, small and medium enterprises struggle to lower their dependence on the EU demand. The export of SMEs to non-EU countries accounted only for 11.2% of the total SMEs export and compared with other EU countries, the Slovak SMEs are characterized by the lowest intensity of export to third countries market.

Based on the data processed by the Register of Organisations of SO SR, there were 17 976 active small and medium entrepreneurs registered in high-tech sectors (economic activities with high intensity of research and development) in 2015, accounting for a 4.3% share of the total number of SMEs. In the long term, development of SMEs rate in high-tech sectors is characterized by a growth in dynamics. In 2015, SMEs accounted for a one-third share (29.6%) in the total sales and over half (50.8%) in the total employment in high-tech sectors.

As for the use of information and communication technologies in SMEs sector, there is a rule that the larger the enterprise, the higher the rate of PC and internet usage is. Compared with other EU countries, the Slovak SMEs accounting for a 12% share of the revenue in realized online sales in the total revenue of an enterprise rank among the countries with below-average results in this area.

Chart No. 3-1 Share of SMEs in selected indicators



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

4 SMEs position in terms of implementation of individual principles of SBAfE initiative

4.1 Principle 1 SBAfE Creating an environment, in which entrepreneurs and family enterprises can grow and be rewarded for their business efforts

4.1.1 Evaluation of the situation

❖ Attitudes of Slovak citizens towards entrepreneurship - Global entrepreneurship monitor (GEM)

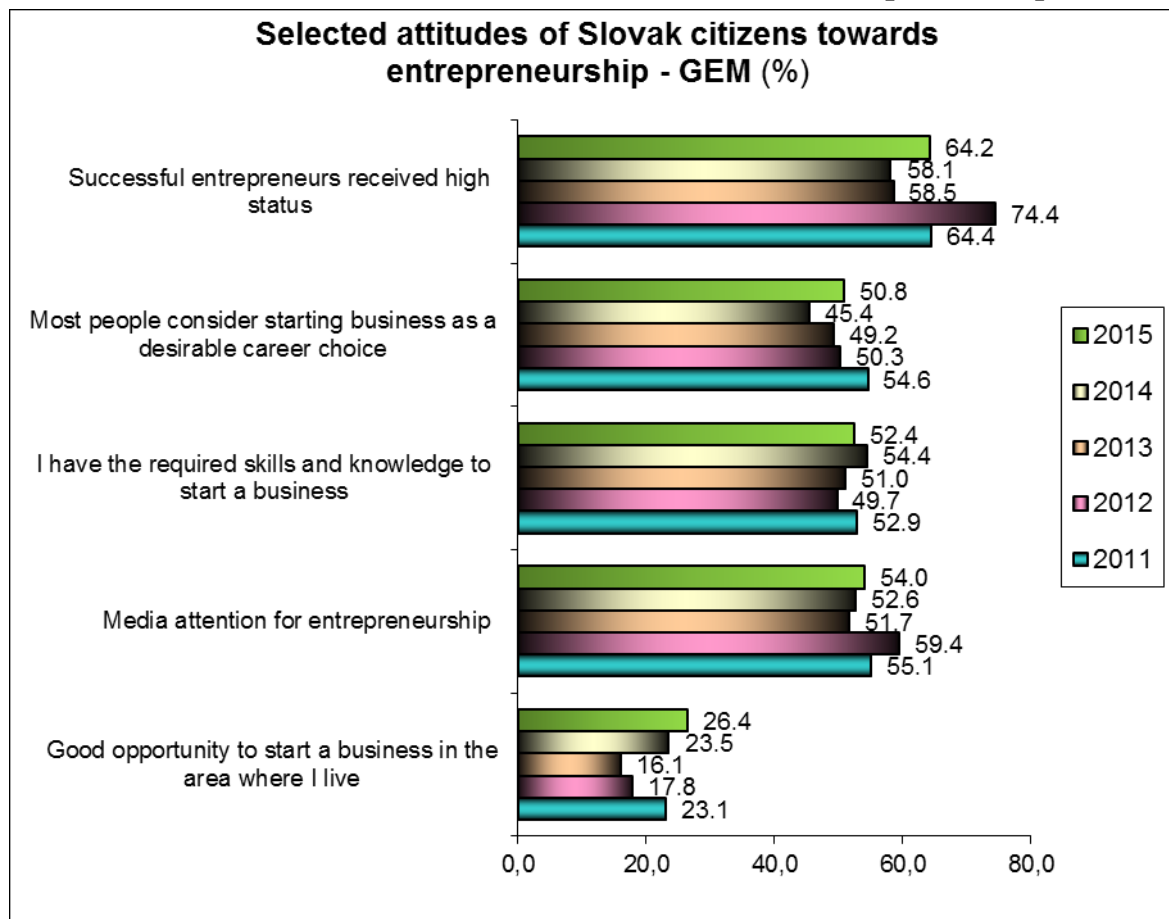
Global Entrepreneurship Monitor (GEM) is the world's largest academic study on entrepreneurship. Slovakia participated for its first time in 2011. The goal of the GEM research is to explore the role of entrepreneurship in national economic growth by determining features and characteristics of the entrepreneurial activities. On the other hand, it also explores the business environment itself and offers information on application of the SBA principle No. 1 "Creating a positive and motivating environment for entrepreneurs." The main goals of the GEM research are to measure the differences at the level of entrepreneurial activities between countries, determine factors, which differentiate national levels of entrepreneurial activities and identify policies, which could improve national levels of entrepreneurial activities. Research data are collected annually at two levels. One of the key elements of the GEM research is the **Adult Population Survey (APS)**. Nation GEM teams conduct surveys at representative samples of at least 2000 respondents.

Key findings of the Adult Population Survey are as follows:

- Self confidence:
 - perception of **suitable opportunities for entrepreneurship in Slovakia** in the year-on-year comparison repeatedly increased from 23.5% to 26.4%, however, Slovakia remains below the average of Europe (36.7%),
 - **perceived ability to start a business in Slovakia remains relatively high** (52.4%) despite a slight decrease,
 - **fear of failure of the enterprise moderately decreased** to 33.7% compared to 2014,
- Social attitudes to entrepreneurship
 - **trend towards decline in the perception of entrepreneurship as a suitable career choice stopped in 2015**. When compared to 2014, the representation of people, who perceive entrepreneurship as a suitable career choice, increased from 45.4% to 50.8%,
 - **perception of successful entrepreneurs** and their social status increased in 2015 as well. Nearly two thirds (64.2%) of the population think that entrepreneurs in Slovakia are acknowledged,
 - according to the survey results, **media attention on entrepreneurship increased annually** from 52.6% to 54.0%.
- Evaluation of individual stages of entrepreneurship
 - **the intention to start a business in the next 3 years had a slight annual increase** from 15.1% to 15.7%,

- in a year-on-year comparison, initial entrepreneurship activity decreased from 10.9% to 9.6%,
- the percentage of newly forming entrepreneurs decreased annually and achieved the lowest value (3.4%) since 2011,
- **the share of established entrepreneurs accounted for a significant annual decline from 7.8% to 5.7%**, what is under a 5-year average (7%) as well as under the average of Europe (6.6%)
- **the number of people, who started a business because they had no other way how to ensure an income, decreased also in 2015 from 32.6% to 31.1%.**

Chart No. 4-1 Selected attitudes of Slovak citizens towards entrepreneurship - GEM



Source: GEM

4.1.2 Development of the regulatory environment

With a view to promote SMEs growth by stimulating business ambitions and skills and to promote successful companies, products, ideas, and initiatives supporting development of business thinking, the following measures and legislative changes were introduced in 2015:

Act on Vocational Education and Training and on amendments and supplements to other laws – Act on dual education (Act no. 61/2015 Coll.)

The aim of the adopted law replacing legislative – Act no. 184/2009 Coll. on Vocational Education and Preparation was to provide new complex legislative of the whole issue of vocational education and preparation in secondary vocational schools. **The law amended the**

system of vocational education and preparation of students in secondary vocational schools, typology of secondary vocational schools, practical teaching of pupils, system of dual education, verification of the employer's competence to provide practical education in system of dual education, amendment to reciprocal rights and obligations of pupils, secondary vocational school and employer in practical education, material provision for pupils and financial provision for pupils, coordination of vocational education and preparation for labour market. The law entered into force on **1 April 2015**.

Material provision for pupils, financial provision for pupils and expenses on provision of vocational education at the workplace of vocational education are considered tax-deductible expenses. Amendments to the Act on Income Tax entered into force on **1 September 2015**.

Revision of the act amending the Act no. 175/1999 Coll. on Certain Measures Related to the Preparation of Important Investments and on amendment of certain acts as amended, which amends and supplements the Act no. 50/1976 Coll. on territorial planning and building order (Building Act), as amended (Act no. 154/2015 Coll.).

The aim of the act is to provide conditions for effective use of large unused territorial units for realization of coherent economic activities, especially in the field of industry, services, research, and development. The main prerequisite for the process of preparing a territory suitable for implementation of industrial manufacturing, services, research, or development, is accelerating and streamlining processes of arrangements of property-law relationships, territorial proceedings, as well as construction proceedings. The act extends definition of an important investment. The statutory regulation allows for the issue of certificate of important investment even to the enterprises in a 100% state ownership for the purpose of effective use of large unused territorial units for building strategic parks allocated for investment placement within the field of industrial manufacturing, services, and research and development.

The amendment that entered into force on 7 July 2015.

The amendment to the act which amends and supplements the act no. 50/1976 Coll. on territorial planning and building order (Building Act) (Act no. 254/2015 Coll.).

The aim of this amendment was to streamline the authorization process of constructions of important investments in a way that would allow for realization of authorization of such constructions as soon as possible. For streamlining territorial and construction proceedings of withdrawal of lands from agricultural land fund (the Amendment changed and supplemented also the provisions of the Act No. 220/2004 Coll. on the protection and use of agricultural land). The amendment specifies some provisions of the Building Act and eliminated duplicity in proceedings, what leads to the shortening of what appears to be an inconvenient lengthy process. At the same time, it strengthens municipalities as the land planning authority. Municipality as the affected authority under the Building Act has the right to comment proposals for realization of constructions in order to protect interests within the territory (related to the spatial arrangement and functional use of the territory) or with the aim to apply further interests if such competences accrue from the Building Act or specific regulations. In the cases when, under the amendment, no territorial decision is required (e.g. in the case of constructions of important investment), building offices authorize a construction or its amendment only on the basis of binding opinion of binding standpoint of the local competent authority of the territory planning (municipality), which verifies the compliance of development conditions determined by territorial zone plan, and/or on the basis of and in

accordance with municipal territorial plan. This amendment entered into force on **17 October 2015**.

4.1.3 Support programs, measures and initiatives

❖ Slovak Business Agency

SBA as a specialized institution for the support of small and medium enterprises in Slovakia implements a complex of long-term support programs and projects.

- **National project „Supporting the establishment and development of the National Business Centre in Slovakia – I. phase“**

The strategic aim of the project is to create the National Business Centre (NBC) as an interface between private/business sphere, research-development (R&D) and academic sphere, which will meet the needs of entrepreneurs related to their competitiveness and innovation performance, and on the other hand, to allow for application of the R&D knowledge in the market through the business sector as well as social practice. The aim of the centre will be record and develop potential of future and emerging entrepreneurs in the phase of seed and start-up, prospectively attract foreign, especially technology and innovative companies and build professional and specialized capacities for provision of wide range of quality support services for potential, emerging, and existing small and medium enterprises from various economy sectors, including innovation companies.

NBC shall create conditions for employment of not only young people, secondary school and university graduates, and doctoral candidates, but also of generation 40+ and members of marginalised communities of population (e.g. women, foreign nationals living in the SR etc.). Conditions for creating sustainable jobs with added value shall also be developed.

The project also intends to provide personnel and operational capabilities, execution of surveys on the needs, processing of studies and analyses focused on sectorial conditions of SMEs and their linking to multinational companies, establishment of contracting strategic partnerships, development of infrastructure for fulfilment of NBC's mission and tasks.

The strategic objective of the project is to create the National Business Centre as an interface between private/business sphere, research-development (R&D) and academic sphere. The specific objective is to intensify the cooperation in the field of R&D among academic institutions and economic practice and increase innovative activity of technology-based companies and development of the NBC in Bratislava with the aim to provide a complex support for SMEs, including systematic support of R&D potential transfer into the business sphere.

The activities aim to achieve a higher intensity of reciprocal cooperation in the field of research, development and innovative progress among academic and research institutions and especially technology-based entrepreneur entities and creation of NBC in order to provide a wide range of services and provision of a complex support of Slovak small and medium enterprises from one place (the so called “one-stop-shop”). The services shall include support of setting up new enterprises, including start-up and spin-off companies through Acceleration, Internship, Incubation, and Growth programmes.

The national project was realized in 2014 and 2015; its first phase ended and the NBC was created in the premises of Business Centre Twin City A2 in Karadžičová Street.

- **Project Promoting inclusion in entrepreneurship of selected disadvantaged groups in Slovakia: a pragmatic approach „INKLUPOD“**

Project INKLUPOD (Promoting inclusion in entrepreneurship of selected disadvantaged groups in Slovakia: a pragmatic approach) is funded from the resources of the Agency for Support of Research and Development residing in Bratislava and focused on entrepreneurship development as one of the ways to address contemporary problems of national economies such as unemployment, low creation of new jobs, and stagnating economic growth. The project will be realized within four years (July 2015 – June 2019). The leading organisation of the project is Comenius University in Bratislava – Faculty of management, while the Slovak Business Agency acts as a partner organization. One of the areas which has not drawn much attention in this regard, abroad as well as in Slovakia, was inclusion in entrepreneurship. It represents participation of disadvantaged groups (e.g. women, seniors, young people, migrants etc.) in business activities, stimulating their creative potential leading to economic self-sufficiency, what brings benefits for them as well as the development of the society. The eligibility and applicability of the project as well as the high standard of application outcomes shall be provided by a wide professional participation of experts and partners from the academic field as well as by institutions which are important players affecting inclusion in entrepreneurship and verification of the proposed measures through pilot projects.

The main aims of the project:

The main aim of the project is, on the basis of analysis of the current state, newest theoretical knowledge as well as practical experience (best practice) in Europe and worldwide, to elaborate a complex methodology for promoting inclusion in entrepreneurship in Slovakia on a national and regional level for selected disadvantaged groups (women, young people, seniors, and migrants). At the same time, it aims to verify and test selected parts of methodology in the means of pilot projects and process analyses of quantification of potential impact of selected attributes of methodology (the so called impact study).

Activities of the project:

- Analysis of inclusion in entrepreneurship in Slovakia from the perspective of various selected disadvantaged groups (women, seniors, young people, migrants). (7/2015-6/2017)
- Creation of a complex methodology for promoting inclusion in entrepreneurship within women, young people, seniors, and migrants in Slovakia on a national and regional level and processing of the impact study and its potential effects. (7/2017-6/2018)
- Monitoring of the state of inclusion in entrepreneurship in Slovakia from the perspective of various disadvantaged groups (women, seniors, young people, migrants) with the use of GEM methodology. (7/2017-6/2019)
- Design, realization, support, and evaluation of the impact of pilot projects in partnership organizations. Verification of the methodology. (7/2018-6/2019)

In 2015, Project INKLUPOD was in the 1. phase of solution whose aim was to undertake a complex analysis of inclusion in entrepreneurship in Slovakia from the perspective of various selected disadvantaged groups (women, seniors, young people, migrants). The analysis extend shall include evaluation of the state of inclusion in entrepreneurship of the selected groups in Slovakia, identification and evaluation of the state of their barrier, relevant international comparison of indicators of inclusion in entrepreneurship, identification of decisive stakeholders and their interests, as well as study of the most successful and least successful practices of the development of inclusion in entrepreneurship abroad, as well as the best practices in the field of evaluation of efficiency of policies, programmes, and tools of the

development of inclusion in entrepreneurship. This phase was scheduled for the first two years of the project's solution. (07/2015 – 06/2017).

In accordance with the focus of the I. phase, the following activities were undertaken in finding solutions for the project in 2015:

- a) Within the coordination of the solution of the project, an initial project meeting (identifying aims for 2015, specification of the tasks and responsibilities) was organized followed by three consecutive project meetings, the so called check days. Apart from the project meetings, the coordination of the solution of the project at the level of FM CU and SBA as well as internal ad hoc meetings of problem solvers.
- b) Analysis of the state of inclusion in entrepreneurship in Slovakia from the perspective of women, seniors, young people, and migrants, with the use of Global Entrepreneurship Monitor data as well as SBA data.
- c) Compiled list of relevant domestic stakeholders for particular disadvantaged groups - women, seniors, young people, and migrants. Selected stakeholders were approached to collaborate in finding a solution for the project through the means of participation in workshops and joint collection of experience and definition of key themes and barriers.
- d) One workshop realized within the scheduled activities of the project. The workshop was attended by stakeholders within the fields of promotion of entrepreneurship of various disadvantaged groups. The objective was to introduce the project and its aims, present results of initial analyses of inclusion in entrepreneurship in Slovakia, discuss various disadvantaged groups. The workshop created a basis for participation of stakeholders in future activities of the project.
- e) Identification of secondary data and information sources from domestic and foreign sources (polls, statistics, records etc.) relevant to the issue of entrepreneurship within particular disadvantaged groups (women, seniors, young people, migrants).
- f) Identification of sources of best/worst practices in the field of inclusion in entrepreneurship in Slovakia and abroad, as well as top policy makers and support providers in the field of inclusion in entrepreneurship in Slovakia and abroad.
- g) Realized external qualitative professional survey on the topic of inclusion in entrepreneurship of women.
- h) Members of the solution team for FM CU and SBA took part in altogether five activities of an international cooperation in finding the solution for the project.

Based on the project's result, a complex methodology shall be created, with the focus on development of inclusion in entrepreneurship of the disadvantaged groups, i.e. women, young people, seniors, and migrants. Inclusion of the aforementioned groups into the business environment in Slovakia will represent a contribution due to the stream of new business ideas and thoughts coming from a different cultural and social environment which these groups are coming from, what could lead to a greater diversity and competitiveness of business environment. This will result in an overall strengthening of business sphere in Slovakia, what will necessarily lead to an improvement of the situation in employment, since the functioning and growing businesses shall have a greater potential in employing other citizens. Ultimately, it will have a positive impact on economic situation in Slovakia, or more precisely, on GDP, since the more successful the business is and the greater revenue it generates, the higher taxes it levies to the state budget.

- **Project Slovak-Austrian-German-Alliance for Vocational Education and Training „SAGA for VET “**

Project SAGA for VET, which is financed from the EU funds for the programme ERASMUS +, is an innovative project that assists with systematic and programme conversion of the Slovak education environment. It uses direct knowledge and useful education programmes from German-speaking countries – Germany and Austria. It is a 2-year programme (October 2015 – September 2017) and the idea of the project was based on the analysis of the situation in the SR which faces a long-term problem in training young people required for the labour market. The Slovak education system is undergoing a series of changes from the legislative (new act on vocational education and preparation), industry initiatives, employers' associations, guilds, and foreign professional chambers, to pilot activities of the Slovak national institutions.

The main aims of the project:

- Fulfilment of the needs of SMEs and industry in the fields, or occupations, which, according to the COLSAaF analyses, are short in supply.
- Fast and effective overcome of the gap in vocational education in those fields where it is currently possible to expect an improvement in the short term.
- Exchange and verification of the acquired knowledge in all phases of the realization of the project.

Activities of the project:

- Comparative analysis of training programmes
- Preparation of training courses for Training of coaches in all the defined fields, i.e. for workers in Water Management Enterprise, locksmiths, seamstresses, bricklayers, workers in wholesale, and retail
- Training of coaches in training fields
- Development of foundation for the accreditation of training courses allocated for each of the defined Training programmes
- Pilot testing
- Development of Methodology for transfer of elements of dual education from AT and DE to SK as an example of a good practice
- Proposal for a recommendation for Slovak, Austrian, and German national authorities

Based on the measurements of the results of the training process, the partners shall evaluate findings and outcomes of the transfer of elements of dual education and prepare recommendations for adoption of the measures in the labour market which shall be directed and communicated by the SR government through the means of the main players. The findings and outcomes of the transfer of elements of dual education will be applicable also in the future similar projects, what will make the whole process of implementation of such systematic changes more effective. At the same time, the project shall promote national reform in the field of vocational education and help tackle the unemployment of specific target groups. It is supplementary to other activities of the education department and mobilizes the SMEs in the support of dual education.

• Programme Counselling and training of the selected groups of future entrepreneurs

The support of future entrepreneurs in 2015 was realized by SBA also in the form of provision of subsidized training services through five cooperating organizations.

The aim of the state programme *Counselling and training of the selected groups of future entrepreneurs* was to stimulate interest in entrepreneurship, establishment of new SMEs, and

prepare candidates for a launch, successful operation and management of their own new business, especially micro and small enterprise, including small trade licenses.

In 2015, there were 15 three- to five-day training courses with 223 participating aid recipients. The training courses focused on basic competences and skills of the entrepreneurship minimum, including legislative framework of business environment, mapping of the entrepreneurship conditions within a particular location or region, content and methodology of the development of a business plan and options for its financing, foundation of management and marketing, customer care, and administrative proceedings and obligations in relation to the establishment and launch of business activity. For the purposes of setting up the SMEs and obtaining financial resources for small trade licenses activities, regional advisories assisted in creating 110 business plans. The services were financed from the sources of the state budget for 2014 approved by ME SR in the total of 14 764.85 Euros.

The aid recipients comprised mainly registered unemployed people, which tackled the lack of job opportunities on the regional and local labour market by becoming small trade licenses in their future own business (61% of all aid recipients). The numerous target group was represented by young people between 18 and 35 (58.3%), including graduates of secondary schools and universities, as well as women and mothers on or after maternity leave (45.3%) and a generation 50+ in a fragile situation within the labour market (12.1%).

Tab. no. 4-1 Subsidized educational services for those interested in entrepreneurship financed from the state budget and implemented in the regions by cooperating organizations in 2015

Cooperating organisation	Educational courses		Business plans
	number	participants	number
BIC-TI Prievidza	4	63	19
RPIC Komárno	3	37	13
RPIC Poprad	3	39	37
RPIC Prešov	2	27	27
VTP Žilina	3	57	14
Total	15	223	110

Source: SBA

❖ Ministry of Economy of the SR

- **Programme focused on intensification of support of small and medium enterprises and employability of young people³**

Within the programme focused on intensification of support of small and medium enterprises and **employability** of young people, 3 calls for submission of applications for non-repayable financial contribution were announced within the Competitiveness and Economic Growth Operational Programme. They comprised 665 initially approved projects of the total NFC value of 291.8 mil. Euros with the commitment to create over 3000 jobs (including 1900 jobs designed for young people under 29). At the present time (under the influence of emergency withdrawal of some of the approved projects), there are 580 concluded agreement granting NFC in the total amount of contractually-bound NFC of

³ Source: the interim report as of 15 November 2015 on fulfilment of the programme focused on intensification of the support of small and medium enterprises and for the support of employability of young people (http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-194662?prefixFile=m_)

242.3 mil. Euros. Their realization is expected to bring 2716 new jobs, out of which 60% (1707) jobs will be dedicated for young unemployed people under 29. So far, the aid recipients have managed to create the total of 1439 new jobs, what accounts for 52.98% implementation. Out of the total number of created jobs, more than half (832) of the posts was filled by young unemployed people.

Tab. no. 4-2 The contractual commitment of funds, absorption and jobs in calls intended for supporting of SMEs and creation new jobs for young people

Call code	Number of approved projects	Amount of NFC to a Call in Eur	Planned new jobs	
			Indicator of results	
			Total	For young people under 29 years
KaHR-111SP-1201	163	149 700 505.79	1725	975
KaHR-31SP-1201	73	43 476 187.99	458	270
KaHR-111DM-1301	401	60 174 261.37	893	642
Total	637	253 350 955.15	3 076	1 887

Source: MoE SR

At the present time, calls KaHR-111SP-1201, KaHR-31SP-1201, and KaHR-111DM-1301 fully include an ongoing implementation of the contracted projects. The realization of public procurement through achieved savings established a moderate decline in contractually-bound amount of financial resources for various projects compared to the approved amount.

In order to have a better overview of contractually-bound financial resources and contractually-bound number of jobs, which the aid recipients committed to create by successful realization of such projects, the state of contracting and spending of contractually-bound financial resources as well as the commitment of aid recipients to create new jobs was divided based on various calls.

Since there are emergency withdrawals of some of the projects during their implementation, i.e. the aid recipients withdraw from the agreements granting NFC for various reasons, contractually-bound amount, number of projects as well as planned number of new jobs created gradually decreased compared to the state of data presented at the time of their approval. At the same time, it is necessary to point out that new jobs are created mainly during the phase of completion of the physical realization of the project. Currently, there was the most dynamic growth in values of the indicators of job positions, however, the final number of created jobs will be available for evaluation in the first half of 2016.

Within all three calls focused on intensification of employability of young unemployed people under 29, there are 580 agreements granting NFC currently concluded in the total value of contractually-bound NFC 242 308 877.04 Euros. By concluding those agreements, their recipients committed to create the total of 2716 new jobs, including 60% (1707) posts dedicated for young unemployed people under 29.

The trend in the number of contracted projects and their contractually-bound amount and ultimately also the commitment to create new jobs, as previously demonstrated by experience of the executive authority from the projects of former calls, shall have a gradual decreasing direction due to the aid recipients and their emergency withdrawal from the agreements granting NFC. Generally, the most common causes are inability to fulfil terms of the agreement granting NFC, loss of the ability to co-finance the project, loss of sales on the market and/or unfavourable financial health of the aid recipient often leading to the dissolution of the subject. At the same time, in some parts of the projects, the recipients'

ability to meet the contractually-bound deadline for the completion of realization of the projects is questionable.

So far, calls KaHR-111SP-1201, KaHR-111DM-1301, and KaHR-31SP-1201 included emergency withdrawals of 85 projects, what caused a decline in contracted NFC of the amount 49.5 mil. Euros and outflow in the commitment to create new jobs by 513, out of which 279 jobs represented positions for young people.

Tab. no. 4-3 Total overview of contracted and really fulfilled values (created jobs) for calls, projects by region

Region	Actual contracted projects NFC (€)	Planned of created new jobs		Created new jobs		% of fulfillment of new jobs		Number of contracted projects
		all	young	all	young	all	young	
Banská bystrica	43 791 475.35	428	250	196	122	45.79	54.71	94
Košice	16 415 605.37	220	149	117	96	53.18	64.43	57
Nitra	20 462 174.62	243	167	159	100	65.43	59.88	63
Prešov	68 506 510.75	686	419	336	157	48.98	37.47	120
Trenčín	27 476 775.46	338	216	197	112	58.28	51.85	69
Trnava	21 361 065.69	330	187	114	46	34.55	24.60	57
Žilina	44 295 269.80	471	319	320	199	67.94	62.38	120
Total	242 308 877.04	2 716	1 707	1 439	832	52.98	48.74	580

Source: MoE SR

❖ Ministry of Education, Science, Research and Sport of the SR

In the field of promoting business skills and acquirement of basic knowledge on entrepreneurship and economy at the level of secondary schools under implementation of European Charter for small enterprises, the Ministry of Education, Science, Research and Sport of the Slovak Republic adopted the following measures:

- **State educational programmes**

Entrepreneurship as the key competence is implemented into the state educational programmes of all study fields and programmes of secondary schools, in educational topic People and society within the subject of citizenship education where pupils gain knowledge and skills in the field of small trade licenses activity, small trade licenses and establishment of small trade licenses.

Coming into effect on 1 September 2015, the Ministry of Education, Science, Research and Sport of the Slovak Republic approved 11 amendments with model curricula and model syllabi for revised state educational programmes for vocational education and preparation for groups of educational fields (further as “SEP VEP”) participating in the system of dual education.

The main aim of vocational education continues to be acquisition of theoretical knowledge and practical skills required for execution of the future occupation. Further aims of training and education within SEP VEP are focused on pupils and their ability to gain appropriate skills required for resolute and responsible management and organization of own personal, social, and working life.

Dual education is here to assist in connecting the labour market needs with what is being taught in Slovak schools. To support this, the national project Development of secondary vocational education was created, focusing on three key areas: content reconstruction of education in SVS with the use of innovative methods and teaching, linking education in SVS with real-life situations with the attendance of representatives of occupational and professional organizations and promotion of career counselling in SVS for the purpose of pupils' orientation towards the practice needs.

The strategic aim of the project is promotion of the VEP in secondary vocational schools in selected groups of educational fields as well as promotion of VEP quality in all field groups which are within the competence of The State Institute for Vocational Education. Within the pilot project of dual education, 444 pupils were given the opportunity of work experience in 87 companies in school year 2015/2016.

Within the pilot project of dual education in the school year 2015/2016, 444 pupils had an opportunity of work experience in 87 companies. So far, the greatest interest came from the companies with 20 to 100 employees, active in retail and tourism, automobile industry, and electrotechnology. The most flexible entry into dual preparation came from foreign companies, especially Austrian and German, which already had positive experience from their countries. 30% of the pupils in secondary vocational schools are estimated to practise this form of preparation for specific occupation in the future. There was also a legislative establishing support for enterprises in provision of vocational preparation by allowing for deduction of costs related to practical vocational preparation from the tax base. Apart from that, another stimulus is available in the form of the tax base deduction based on the “per capita” principle based on the number of hours provided for practical vocational preparation.

- **Development projects**

The Ministry of Education, Science, Research and Sport of the Slovak Republic in cooperation with the Ministry of Finance of the SR allocated financial resources for the purpose of financing development projects in support of organizational provision of educators' training in the field of financial literacy and motivation to start doing business for the year 2015 in the total amount 87 303 Euros.

In this regard, the Ministry of Education, Science, Research and Sport:

- on 9 June 2015 within the Call for submission of application for funding of development project Support of organizational provision of educators' training in the field of financial literacy, approved a proposal to provide additional financial resources for the realization of development projects for 10 primary schools and 12 secondary schools in the total amount 37 951 Euros.
- on 6 October 2015 within the Call for submission of application for funding of development project Support of organizational provision of educators' training in the field of financial literacy and motivation to start doing business, approved a proposal to provide additional financial resources for the realization of development projects for 10 primary schools and 10 secondary schools in the total amount 49 352 Euros.

- **Continual training of educators**

Within continual training of educators, there are a number of accredited programmes of continual training of educators and associate assistants, e.g.:

- ✓ Rural tourism, which is dedicated for educators in secondary vocational schools and vocational teachers,

- ✓ Support in entrepreneurship and business projects within teaching in secondary schools,
- ✓ New trends in business training through training firms,
- ✓ Tourism business and creation of business plan,
- ✓ Small and medium entrepreneurship in Slovakia within economic subjects.

- **Training firm**

In support of business, economic, and financial education in all secondary vocational schools, teaching of vocational subjects Economic exercises in training firm, Training firm and Training firm – practice.

The training firm, or its variations, is an optional vocational subject, which has a specific position within the framework of vocational subjects. The training firm is a bridge between theory and practice. Above all, it uses methodology of simulation and „learning by doing“, i.e. learning at work. The network of training firms in each country is maintained by the national centre of training firm, which simulates government authorities.

In Slovakia, these activities are provided by the Slovak centre for training firms (further as “SCTF”), the department of the State Vocational Education Institute (further as “SVEI”), and simulates government authorities for training firms - commercial court, trade register, tax and customs office, social insurance agency, health insurance agency, post office, and bank for domestic as well as international transactions. The centre bank of SCTF maintains also personal accounts of training firms as well as accounts of insurance companies, and tax office, and thus simulates flow of finances of training firms.

The training firm works with fictitious money and goods, but with real proofs of economic practice. With an appropriate leadership, the training firm as a form of vocational education and preparation shall adjust flexibly to the ever-changing field of legislature. Above all, training firms are being established as a substitute of the real practice. They have been taught as a subject in Slovak secondary schools since 1992. From the establishment of SCTF within SVEI in January 1998, they number increased from 35 to nearly 700.

On 2 September 2013, the SCTF launched an online service at www.sccf.sk and represents Slovakia also at an international level, and provides cooperation with foreign central and training firms in approx. 50 countries worldwide. Since 2001, the SCTF was an associate member and since 2008 proper member of EUROPEN PEN International, a worldwide association of training firms, what allows training firms to use internet banking, yellow pages, e-shops, and other application of the association. Training firms can make changes of their data in trade or business registers, suspend activity of training firms for a chosen period, or request their removal. The online system also includes Internet banking.

Activities of the Slovak centre for training firms in 2015:

- ✓ Distance learning... Training firms in Kenya mentored by SCTF
- ✓ Contracting days of training firms 2015
- ✓ The finale of 5th year national competition The best business plan
- ✓ 18th International Training Firms Fair in the premises of Incheba in Bratislava as a part of The Book Fair

❖ **The Ministry of Labour, Social Affairs and Family of the SR**

- **Tools for active labour market policy**

In 2015, there were active labour market measures aimed to support motivation of employers in creating new jobs for jobseekers (JS), support creation of real job positions at the local and regional level and support sustainability of employment in small enterprises or medium enterprises. A number of new or modified measures of active labour market policies financed from European Social Fund (ESF) were adopted in 2015, with the aim to support a wider group of disadvantaged JS, as well as specific groups of young people up to 29, long-term unemployed and older population above 50.

Active labour market policies in 2015 were realized primarily by active labour market measures in accordance with the act on employment services. Above all, the ALMP's task was to simplify and accelerate transition of unemployed citizens back to work and through specific programmes maintain the ability of people to work and find a place in the labour market.

The ALMP includes realization and support of measures, programmes, projects and activities, which facilitate integration and reintegration of JS, especially the groups of disadvantaged in the labour market, with the use of tools for ALMM. Apart from that, the ALMM tools help develop entrepreneurship in support of creating new jobs and maintaining existing jobs and employees working at these supported positions.

Tab. no. 4-4 Implementation of selected instruments of active Labour Market Measures (ALMM) for 2015

Instrument of ALMM	Year 2014		Year 2015	
	Number of created-filled jobs, or number of people enrolled, or number of supported jobs	Agreed amount of funds (in Eur)	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)	2 715	6 908 844	2 656	9 759 184
Allowance for the employment of disadvantaged job seekers (§ 50)	3 178	5 359 649	3 396	7 990 141
Allowance to support the creation and maintenance of jobs in social enterprises (§ 50c)	6	281 527	0	42 025
Contribution to support job creation in the first regular paid employment (§ 51a)	0	0	3 315	4 223 827
Allowance to the creation of new jobs (§ 53d)	451	2 672 310	1 086	5 841 780
Projects and programmes (§ 54)	17 188	39 863 208	16 693	35 165 205
Allowance for the establishment of sheltered workshops and sheltered workplaces (§ 56)	994	12 640 458	545	2 929 705
Allowance to persons with disabilities for self-employment or operating business (§ 57)	96	431 095	90	390 473
Selected tools for increasing employment	24 628	68 157 091	27 781	66 342 340

Allowance for education and training for the labor market (§ 47)	1 609	563 679	103	193 388
Allowance to help maintain jobs for workers with low wages (§ 50a)	370	5 513 613	20	412 939
Allowance to support the maintenance of jobs (§ 50k)	0	44 050	126	10 248
Allowance for keeping citizens with disabilities in employment (§ 56a)	31	169 643	29	33 050
Allowance for the activities of a work assistant (§ 59)	770	3 220 722	831	3 255 676
Allowance for the payment of operating costs incurred by sheltered workplaces and transport expenses for employees (§ 60)	9 728	20 258 100	9 808	23 614 157
Selected tools for keeping existing jobs	12 508	29 769 807	10 917	27 519 458
Total	37 136	97 926 898	38 698	93 861 798

Source: Central Office of Labour, Social Affairs and Family

Contribution for small trade licenses activities in accordance with § 49 Section of the Act on employment services

The contribution is granted to partially cover the costs related to creation of a job position for small trade licenses with at least a three-year subsequent operation of small trade licenses.

In 2015, this contribution was provided to **2 656 JS**, who created job positions for S/E activities, what is 56 JS less compared with 2014, when **2 715 JS were supported in small trade licenses**. The total amount used in 2014 was 6 908 844 Euros, while the total amount used in 2015 was **9 759 184.27 Euros**, what is **2 850 340 Euros** more than in 2014 with a lower number of supported JS and jobs created. It is assumed, that this could be caused by a greater number of jobs created in districts with higher unemployment rate, where the contribution for 2015 was higher almost by 1 699 Euros compared to the level of contribution in districts within the Bratislava region, or the abovementioned use could have been caused by accumulation of financial resources, when the resources paid in the first phase of financial contribution are counted towards the financial resources paid in the second phase of contribution payment, since the contribution is being paid in two phases since 1 May 2013.

• Aid provided to micro, small and medium enterprises (SMEs) in 2015

State aid provided to micro, small and medium enterprises in 2015 by the Ministry of Labour, Social Affairs and Family of the Slovak Republic (MLSAF SR) as the governing body for the Operational Programme for Employment and Social Inclusion for the programme period 2007 – 2013 and the governing body for the Operational Programme Human Resources for the programme period 2014 – 2020 provided by the Headquarters and Central Offices of Labour, Social Affairs and Family (COLSAaF) through national projects of COLSAaF and foreign investors and through demand-oriented projects of the intermediary body under the governing body, which was the Implementation Agency of MLSAF SR. In 2015, the MLSAF SR provided state aid in the total amount of **11.52 mil. Euros**. The total of **0.79 mil. Euros** was provided from the EU resources, what accounts for 6.68% from the total volume of the state aid provided by the resort. The volume of aid provided from own sources

(state budget) accounted for the total of **10.73 mil. Euros**, what represented approx. 93.32% from the total volume of aid provided.

Tab. no. 4-5 The amount of aid

The amount of aid by type	Source total		11.52 mil. eur	%
		Education	5.15 mil. eur	44.70 %
		Employment		
		Assistance for employment	0.53 mil. eur	4.60 %
		Assistance to investors	5.84 mil. eur	50.70 %

Source: MLSAF SR

The total share of state aid provided to SMEs in 2015 accounted for 12.68% from the total state aid provided by the resort of labour, social affairs and family of the SR.

The aid to companies was provided as an investment state aid and as a state aid within particular schemes of state aid:

- Schemes of state aid for support of education (X 530/2009);
- Schemes of state aid for support of education and adaptability of employees (X 531/2009);
- Schemes of state aid for support of employment (X 754/2009);

Tab. no. 4-6 Distribution of the State aid granted by the Ministry of Labour, Social Affairs and Family of the Slovak Republic by size category of enterprises

Assistance to businesses	Total state aid				11.52 mil. eur	100.00 %
	from this SMEs	Assistance for micro enterprises	13	1.46 mil. eur	0.14 mil. eur	1.22 %
		Assistance for small enterprises	26		0.37 mil. eur	3.21 %
		Assistance for medium-sized enterprises	20		0.95 mil. eur	8.25 %
	<i>Assistance for large enterprises 16</i>				<i>10.06 mil. eur</i>	<i>87.32 %</i>

Source: MLSAF SR

Projects and programmes under § 54 of the Act on Employment Services

Employment services pursuant to this Act are a system of institutions and tools for support and aid to labour market participants in search of a job, change of a job, filling job vacancies and implementing active labour market measures.

In 2015, there were **16 693** persons included in projects and programmes for increasing employability under § 54 Section (apart from the national project RE-PAS), and financial resources of the total amount **35 165 205 Euros** were used.

NP XXI national project “Support for creating jobs“

The NP XXI was approved in 2012 as one of the projects supporting the creation of jobs for JS under 29 in an effort to solve the high unemployment rate of young people and also as a support of small and medium enterprises, which are the main source of new jobs. The main activities of the project are support for creating jobs by selected employers including employers operating in the field of freight, passenger and other land transport. Due to the lack of employers' interest in the contribution for creating a new job position within Activity no. 2, the initially approved budget of the national project for the total amount 50 000 000 Euros was in 2014 decreased by the amount 296 781.75 Euros, and thus the final budget of the national project accounted for 49 696 540.66 Euros.

For the main activities of this ALMM, **976 261.58 Euros** were spent in 2015, what, together with the overall use for the whole implementation period of the national project, accounts for **91.81% of the total budget**.

NP XXI/A national project “Support for creating jobs – 2”

In 2015, there was a continuing implementation of NP XXI/A “Support for creating jobs - 2“, whose budget included unused financial resources from the project “Support of employing the unemployed in small trade licenses”. The NP was approved in 2013 as a continuation of NP XXI “Support for creating jobs”. The realization of the NP started in September 2013 and during the implementation period of the NP, 2078 new jobs were created. Out of the total budget **11 884 125.38 Euros**, the total amount of **1 031 370.42 Euros** was used for the main activities of the ALMM in 2015, what, together with the overall use for the whole implementation period of the NP, accounts for **88.03% of the total budget**.

NP XXI/B national project “Support for creating jobs – 3”

The NP XXI/B “Support for creating jobs – 3” approved in 2014 was financed from the unused financial resources of the “Support of employing the unemployed in the self-government” totalling 5 000 000 Euros as it was in the case of NP XXI/A “Support for creating jobs – 2”. Implementation of the NP began in June 2014 and during the implementation period, **847 new jobs were created**. Out of the total budget of **5 000 000 Euros**, the total amount **3 574 552.58 Euros** was used for the main activities of this ALMM in 2015, what, together with the overall use for the whole implementation period of the NP, accounts for **88.17% of the total budget**.

NP XXXVII national project “Support for creating jobs for JS under 29 years in BSR”

Under this NP financial contribution could have been provided only for the support for creating jobs in the Bratislava Self-Governing Region (BSR). The implementation of the NP started in June 2014 and during the implementation period of the NP, **111 new jobs** in the BSR were created. The initially approved budget totalling 1 000 000 Euros was decreased by the amount 452 153.57 Euros in 2015, thus the final budget of the national project accounted for 574 846.43 Euros. The total amount of **474 523.98 Euros** was used for the main activities of this ALMM in 2015, what, together with the overall use for the whole implementation period of the NP, accounts for **90.32% of the total budget**.

NP XXXIV-2 national project “Support of the development of regional employment outside of Bratislava Region“

The NP XXXIV-2 project is focused on decreasing long-term unemployment in individual regions of Slovakia with the exception of the Bratislava Self-Governing Region. The main activities of the NP are providing contributions for the support of creating jobs and supporting training of the employees in jobs created for this purpose. Using this tool, **904 JS** were included in 2015, what is 368 fewer JS compared with 2014. During the observed period, financial resources totalling 4 612 983.50 Euros were used for this tool.

❖ Top Centre of Women Entrepreneurs

The civic association Top Centre of Women Entrepreneurs has focused on activities encouraging the participation of women – entrepreneurs in economic and public life for 15

years. Their activities include regularly held clubs in regional centres (Prešov-the East, Lučenec, Banská Bystrica, Žilina, Levice, Bratislava). The clubs include topics focused on entrepreneurship, business management, legislative, business environment, as well as experience exchange, networking, and cooperation. It is active also abroad (the Czech Republic, Switzerland, Italy) and its activities include also international Business forums and presentation of Slovak women entrepreneurs abroad. In 2015, business forums in Rome, Monaco, Prague, and New York were organized. In August 2015 within the official programme Women for Women, the CA TCWE represented Slovak women entrepreneurs at the World Trade Fair in Milan. An important part of the CA TCWE activities were training, organization of motivational workshops and national business networking meetings (Žilina).

The CA TCWE provides educational activities through:

- a) Small Business Academies (8-module programme in the present and distance form – Business plan I.- II., Marketing I. – II., Financial management, Personal management, Pricing and sales, Branding).
- b) Academies for starting women entrepreneurs (Vision and goals of entrepreneurship, Marketing and business model, Finances, Networking and connecting)
- c) Professional seminars and training (IT training, Trade mark, Business-related legislative, Business contracts, Online marketing).

All activities are realized by the CA TCWE themselves, in cooperation with self-governing regions (Žilina, Prešov) and Slovak representing authorities and international partnerships.

❖ Young Entrepreneurs Association of Slovakia

Young Entrepreneurs Association of Slovakia (YEAS) was established in 2010 as an organisation that connects young Slovak entrepreneurs under the age of 40. The main mission of YEAS is to mobilize young people, introduce entrepreneurship as a lifestyle, and at the same time to help with implementation of original and innovative business ideas.

The key activities of 2015 were especially the events included in the **Global Entrepreneurship Week**. It is an initiative which is held annually every 3rd week in November in more than 160 countries all over the world and its aim is to **promote entrepreneurship**.

In 2015, YEAS became the official coordinator of this activity for the Slovak Republic. Preparations for the first year of the Global Entrepreneurship Week under YEAS started in the **Global Entrepreneurship Congress**, which took part between 15-19 March 2015 in Milan in Italy. In Slovakia, the Global Entrepreneurship Week was held between 18-23 November 2015. It included a rich programme which was partly linked into the previous YEAS activities and introduced many new forms as well. The Slovak initiative took the form of business roadshow – 4 entrepreneurship days in 4 Slovak cities.

The first stop of the first day was in **Žilina**, where participants discussed the issue of online entrepreneurship at the University of Žilina. The second stop was in **Banská Bystrica** at Faculty of Economics at Matej Bel University, where offline entrepreneurship was discussed. The third stop was on Friday in the east of Slovakia in **Košice**. The final stop of the roadshow was in **Bratislava**. The Entrepreneurship Day at University of Economics in Bratislava was opened with a moderated discussion on the issue *What is the recipe for success in business*. Altogether, almost **500** young people participated in inspirational panel discussions and workshops within the Global Entrepreneurship Week 2015 in Slovakia.

In 2015, YEAS continued also with the series of educational **seminars** called **BMB Leitner Academy for young entrepreneurs**. It included seminars held in Bratislava discussing the topic of Tax audit and Changes in business legislative since 2016. As for the education of young entrepreneurs, in 2015 YEAS focused also on the topic of marketing. On **30 September 2015**, the seminar called *How to create content on the Internet* was held in **Bratislava** (Content marketing and its use for international expansion). In 2015, YEAS introduced Entrepreneurship as a career path to young people for the fourth time at a job fair **Job Expo** in Nitra. Between 29-30 April 2015, YEAS acted as a professional partner and exhibitor at a common stand with Slovak Business Agency. We met over 300 people interested in entrepreneurship during those two days.

In 2015, YEAS intensively inspired young people to start business especially at universities. Intensive cooperation was established with **Faculty of Business Management at University of Economics in Bratislava**, where YEAS become “a partner in pedagogical process”.

❖ **Entrepreneurs Association of Slovakia**

Entrepreneurs Association of Slovakia (EAS) is the first organisation of private entrepreneurs established after the “Velvet revolution” in November 1989. It protects entrepreneurship conditions against limitation of entrepreneurship rights and freedoms and prevents all political and economic measures leading to deterioration of equal market economy environment.

On 30 March 2015, EAS together with YEAS organized **Entrepreneurship forum 2015** on the topic “Myths and facts about business life”. The Entrepreneurship forum is an event aiming to present and share experience of successful and emerging new entrepreneurs among young people.

For several years, EAS in cooperation with Junior Chamber International have been organizing competitions and announcing their results, whose aim is to find and honour young entrepreneurs. One of them is also the competition **Young innovative entrepreneur**. EAS as a professional sponsor co-organizes the project **Student firm of the year** with Junior Chamber International. The project is a part of the international competition Global Student Entrepreneur Award. The aim of the project is to support competition, independence, creativity, education, and preparation of students for their future career.

4.1.4 Recommendations

- Reorient the educational system to a system encouraging young people to assume greater responsibility for themselves and their economic self-realization.
- Support the development of entrepreneurial thinking, entrepreneurial culture and entrepreneurial skills at all school levels, while it is necessary to combine the formal approach (adjustment of existing curricula) with the non-formal approach to create closer contact with the business practice.
- Tightening the accreditation system for higher education schools what would improve the quality of education to meet the labour market requirements.
- Questions of education and training of future educations of small business licensees have to be a part of a system of life-long education. It is necessary to create foundations in the school system for the philosophy of transfer from an employee society to an employer

society. Raise secondary and higher education graduates prepared for small trade licenses by increasing knowledge in the field of entrepreneurial economy, financial market, law, and in the field of informatics and communication. It is important for future employees to master world technologies, methods/techniques and to flexibly use them and perfect them in global competitiveness. A good solution would be, for instance, to include an entrepreneurship subject into the curricula of higher education schools and universities with a pedagogical focus, which should ensure transfer of knowledge on entrepreneurship also to lower levels of the educational system.

- Increase investments in education through individual programs for SMEs and their consultants in support structures and organizations representing the interests of SMEs.
- Substantial changes in the educational system and in the approach to partnership cooperation between the private sector, public administration, educational institutions and scientific research facilities.
- Recommend self-governing regions and subjects of local administration bodies to include measures of the Small Business Act (SBA) in their strategies and policies.
- Create motivational system for investment in education and increased support of schools with graduates which are sought after in the labour market.
- Adopt the National Strategy for the support of Socially Responsible Enterprising (SRE) in the SR and the Action Plan for the application of SRE on the national level and promote principles of responsibility in entrepreneurship. This will strengthen the sustainability and competitiveness of the SME sector.
- Regulate family business by a specific legislative regulation. Since family business is a specific form of entrepreneurship, it would be suitable to regulate it in the form of a special act, which would regulate ownership and employment relationships, as well as eventual inheritance and intergenerational transfer of the enterprise. In this context we propose to consider the introduction of a system of family taxation, under which the family as a whole would become the subject of tax law.
- Use current organizational basis providing support to the entrepreneurs and complete it so that it would also ensure support of family business with all of its needs and particularities.
- Develop a methodological tool - manual for entrepreneurs, which will deal with accounting psychological- legal aspects of the generational exchange in family enterprises; following the example of the Netherlands we recommend to distribute this handbook to all entrepreneurs in family enterprises older than 55 years.
- In the field of small trade licenses, we propose to expand the persons, who can do business based on small trade license of a deceased to other persons pursuant to the definition of the family, so that the death of the founder would not cause cessation of the licence by an authority, despite the interest of the family to continue in the enterprise.
- Information campaign focused on supporting the interest of women in entrepreneurship and increasing knowledge on other potential groups of entrepreneurs, who have not used their potential yet (graduates, immigrants, seniors, handicapped ...).

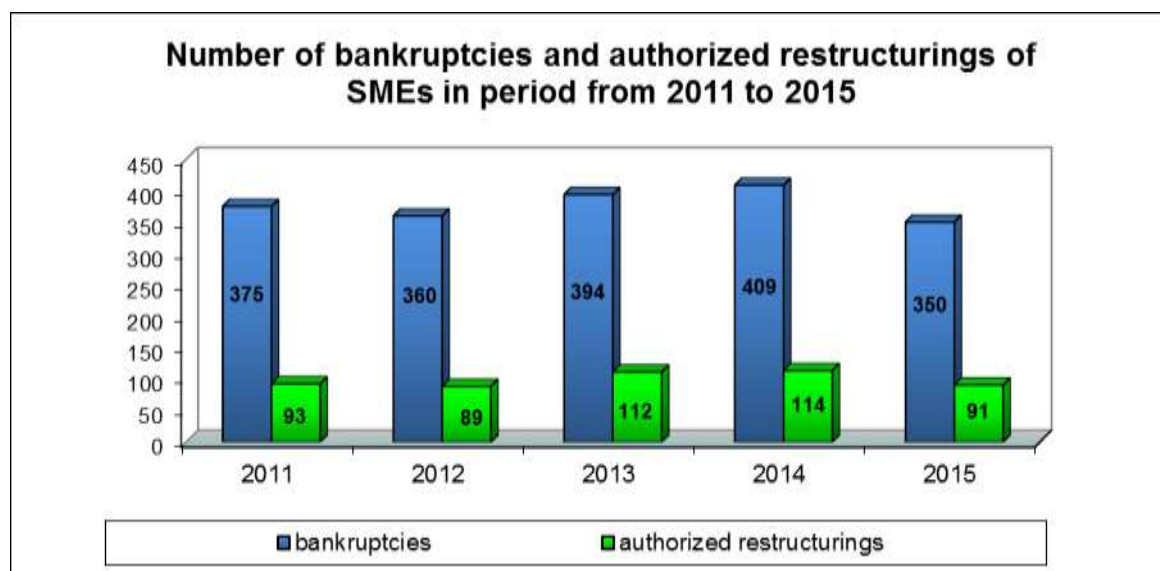
4.2 Principle 2 of SBAfE Ensure that honest entrepreneurs who went bankrupt could quickly be given a SECOND CHANCE

4.2.1 Evaluation of the situation

❖ The development of bankruptcy and restructuring

In 2015 there were 350 small and medium-sized enterprises that declared bankruptcy in Slovakia (based on data of the CRIF - Slovak Credit Bureau, s.r.o.). Year-on-year comparison shows that the amount of bankruptcies declared by SMEs has decreased by 14.4% which constitutes 59 bankruptcies. From the overall amount of bankruptcies 84.0% were declared in microenterprises, whilst their number has decreased on a year-on-year basis by 14.8%. In small enterprises there was a 9.4% decrease in declared bankruptcies compared to the previous year. The biggest year-on-year decrease was noted in the category of medium-sized enterprises, where there was a year-on-year decrease of 27.3% of the declared bankruptcies.

Chart No. 4-2 Number of bankruptcies and authorized restructurings of SMEs in period from 2011 to 2015



Source: SBA, on the basis of data of CRIF - Slovak Credit Bureau, s.r.o. (to SMEs are counted natural persons and companies, without the interval of employees)

In 2015 there were 91 permitted restructurings of SMEs in Slovakia. Compared to 2014 this amount has decreased by 20.2% which represents 23 permitted restructurings. On a year-on-year basis the amount of permitted restructurings has decreased in all categories of SMEs. From the overall amount of permitted restructurings of SMEs, 58.2% were in the category of micro enterprises, 33.0% in the category of small enterprises and 8.8% in the category of medium-sized enterprises.

In 2015 the most restructurings of SMEs were permitted in the sphere of trade (28; 30.8%). On the other hand the least restructurings were in the sphere of agriculture (8; 8.8%). Year-on-year comparison however shows that the number of restructurings has increased in the spheres of agriculture, in the sphere of trade the number of restructurings remained the same and in other spheres the amount has decreased on a year-on-year basis.

In 2015 the most restructurings of SMEs were noted in the Bratislava (21; 23.1%) and Banská Bystrica region (19; 20.9%). On the other hand the least amount of restructurings were permitted in the Košice area (6; 6.6%). Compared to 2014 their number has increased only in the Bratislava, Trenčín and Banská Bystrica region. In other regions the number of permitted restructurings has decreased.

Tab. no. 4-7 Development of numbers of declared bankruptcies during the period from 2013 to 2015

Size class/legal form of SMEs	Size class/legal form of SMEs			Index 2015/2014
	2013	2014	2015	
Micro*	62	70	53	75.7
Small	37	33	30	90.9
Medium	13	11	8	72.7
Total	112	114	91	79.8
Sector	Declared bankruptcies			Index 2015/2014
	2013	2014	2015	
Agriculture	4	5	8	160.0
Industry	36	31	22	71.0
Construction	22	24	12	50.0
Trade	24	28	28	100.0
Services	26	26	20	76.9
N/A	0	0	1	
Total	112	114	91	79.8
Region	Declared bankruptcies			Index 2015/2014
	2013	2014	2015	
Bratislava	28	19	21	110.5
Trnava	13	21	9	42.9
Trenčín	13	9	11	122.2
Nitra	11	11	7	63.6
Žilina	10	13	10	76.9
Banská Bystrica	12	18	19	105.6
Prešov	19	15	8	53.3
Košice	6	8	6	75.0
Total	112	114	91	79.8

Source: Prepared by SBA, on the basis of data of CRIF - Slovak Credit Bureau, Ltd. (*to micro companies are counted natural persons and companies, without the interval of employees)

From a sectoral perspective, most bankruptcies of SMEs were declared in services (111; 31.7%) and trade (110; 31.4%). On the other hand the least bankruptcies were declared in the spheres of agriculture (13; 3.7%). Similarly as in the previous period, in 2015 as well, the highest number of bankruptcies was noted in the Bratislava region (82; 23.4%). On the other hand the least amount of bankruptcies was noted in the Nitra (30; 8.6%) and Trenčín (28; 8.0%) region.

Tab. no. 4-8 Development of numbers authorised restructuring during the period from 2013 to 2015

Size class/legal form of SMEs	Authorised restructuring			Index 2015/2014
	2013	2014	2015	
Micro*	332	345	294	85.2
Small	50	53	48	90.6
Medium	12	11	8	72.7
Total	394	409	350	85.6
Sector	Authorised restructuring			Index 2015/2014
	2013	2014	2015	
Agriculture	9	12	13	108.3
Industry	92	68	60	88.2
Construction	50	58	54	93.1
Trade	106	137	110	80.3
Services	137	134	111	82.8
N/A	0	0	2	
Total	394	409	350	85.6
Region	Authorised restructuring			Index 2015/2014
	2013	2014	2015	
Bratislava	113	122	82	67.2
Trnava	29	25	46	184.0
Trenčín	42	20	28	140.0
Nitra	38	29	30	103.4
Žilina	49	51	37	72.5
Banská Bystrica	40	52	40	76.9
Prešov	47	52	38	73.1
Košice	36	58	49	84.5
Total	394	409	350	85.6

Source: Prepared by SBA, on the basis of data of CRIF - Slovak Credit Bureau, Ltd. (* to micro companies are counted natural persons and companies, without the interval of employees)

4.2.2 Development of the regulatory environment

The amendment of Act No. 513/1991 Coll. The Commercial Code as amended and amending and supplementing certain Acts (Act No.87/2015)

The amendment of the Act has been carried out based on the need to react to current issues related to the process of bankruptcy and restructuring in the SR and the related questions in business relations and the social impact of this (the so-called „*lex Váhostav*“).

Apart from the Commercial Code the amendment also regulates the following legislation:

- Act No. 300/2006 Penal Code, as amended
- Act of the Slovak National Council No. 71/1992 on court fees and the fee for an extract of a judicial record, as amended
- Act No. 530/2003 on the Business register and the amending and supplementing of certain acts, as amended

- Act No. 461/2003 on social insurance, as amended
- Act No. 371/2004 on workplaces and districts of the courts of the Slovak republic, as amended
- Act No. 757/2004 on courts and the amending and supplementing of certain acts, as amended
- Act No. 7/2005 on bankruptcy and restructuring and the amending and supplementing of certain acts, as amended
- Act No. 25/2006 on public procurement and the amending and supplementing of certain acts, as amended
- Act No. 384/2011 on the special levy of selected financial instructions and the supplementing of certain laws
- Act No. 374/2014 on claims of the State and the amending and supplementing of certain laws

The amendment of the Act entered into force on the date of its declaration in the Collection of Laws of the SR, i.e. **29 April 2015**. The delayed entry into force (1 January 2016) was related to only those parts of the act that required amending for a successful implementation into practice, on both, the side of the business sector and the side of public authorities (crisis of society, register of disqualifications).

The SR Government Decree on the termination of tax arrears corresponding to the outstanding sanction associated to the value added tax paid (SR Government Decree No. 90/2015)

Regarding Act No. 56/2009 on tax administration (tax ordinance) and the amending and supplementing of certain acts, adopted the regulation according to which the **unpaid sanction will cease to exist** as tax arrears by 1 October 2016, if the creditor of a firm in restructuring pays the corresponding VAT no later than by 31 March 2016.

The initiative used in order to adopt this measure was the need to deal with current problems related to the restructuring in the SR, especially with regard to the situation of creditors of firms in restructuring, who as a consequence of the non-payment of their claims, can find themselves in a position when they don't have enough financial means for the correct and timely payment of the VAT.

SR Government Decree on implementing § 4 (5) of Act No. 384/2011 on special provisions of certain financial institutions and the supplementing of certain acts as amended by Act No. 87/2015 (SR Government Decree No. 165/2015)

The decree was adopted for the purpose of determining the subject and establishing closer conditions for **buying back unsecured claims from the restructuring of creditors** with regard to the adopted amendment of the Commercial Code published under No. 87/2015 related to the restructuring of the Váhostav Company.

The aim of this adopting was the improvement of the financial situation of the original creditors of the group for unsecured claims from the restructuring, by buying out all of their identified claims stated in the restructuring plan for a consideration not exceeding 50% of the overall amount of these claims, for a maximum consideration in the amount of the de minimis help, i.e. 200 000 Euro. The presented legal person is a limited company established by the Ministry of Finance of the SR, whilst the own strengthened resources of finances are in the

amount of 20 mil. Euro. The buying out of claims is carried out on the basis of a public call. The declaration entered into force on **1 August 2015**.

4.2.3 Support programs, measures and initiatives

In relation to principle 2 there weren't any support programs, measures and initiatives identified for the SMEs.

4.2.4 Recommendations

- To conduct an analysis of the system of solving the decline of enterprises in Slovakia and to suggest measures which will lead to quick action connected to ending entrepreneurship and will deal with financial and property relations in accordance with the recommendation suggested in the action plan of the SBA for programming a „second chance“ for entrepreneurs.
- In the case of insolvency, to enable an incentive to close down a firm, on the company owned, to oneself ex offo.
- To remove the long periods in the decision-making litigations in business matters.
- To realise a long term informative campaign aimed at the eradication of prejudices against bankruptcy, in the context of which the right for a new beginning for honest entrepreneurs and the public, comes close to the right to fail and not as a lifelong stigma of being unsuccessful.

4.3 Principle 3 of SBAfE Create rules based on the principle “THINK SMALL FIRST“

4.3.1 Evaluation of the situation

The government of the SR has chosen as one of its key tasks a favourable and stable entrepreneurial environment which creates conditions for economic growth. In their Statement of Policy they've made a commitment that the stability of the economic environment will be based primarily on its low administrative burden and a complex connection to the legislation. In the framework of this governmental aim, the Ministry of Economy defined the task of realising the project of the 3rd phase of decreasing the administrative burden of entrepreneurship with the intention to gain a complex outlook on administrative costs of information obligations arising from laws aimed at entrepreneurs. The measuring of administrative costs is part of an agenda focusing on better regulation, which also deals with the improving of the entrepreneurial environment through simplifying the legislation. The material relates to the 1st and 2nd phase of measuring administrative costs. The aim of the 3rd phase is to cover all the legislation laying down information obligations for entrepreneurs in cooperation with other central governmental authorities. The result of the completed measuring is the report Draft Measures on Improving the Entrepreneurial Environment and Decreasing the Administrative Burden of Entrepreneurs and the Report on the state of the entrepreneurial environment in the Slovak republic with suggestions for improvement. The measures focus on duties, which the entrepreneurs labelled as useless or overly financially or timely burdensome, but the elimination or simplification of fulfilling them won't have a negative influence on the governmental budget, due to the continuing consolidation of public finances.

Tab. no. 4-9 An overview of measures to reduce the administrative burden on businesses and the estimated cost and time savings

Responsible government authority	Number of measures	Financial savings per year (eur)	Time savings in a single transaction (min.)
Ministry of Transport and Construction of the Slovak Republic	2	2 255 615.06	2 373
Ministry of finance of the Slovak Republic	13	3 514 641.14	163
Ministry of Agriculture and Rural Development of the Slovak Republic	1	92 292.80	127
The Ministry of Labour, Social Affairs and Family of the Slovak Republic	2	3 990 650.09	300
Ministry of Justice of the Slovak Republic	2	179 344.68	102
Ministry of Interior of the Slovak Republic	1	-	-
Ministry of health of the Slovak Republic	2	-	-
Statistical Office of the Slovak Republic	1	4 838 017.02	90
Geodesy, Cartography and Cadastre Authority of Slovak Republic	2	944 940.73	73
Office for personal data protection of the Slovak Republic	6	330 925.61	262
Total	32	16 146 427.13	3 490

Source: MoE SR, processed by SBA (the estimated amount of the potential cost and time saving is calculated for all measures)

4.3.2 Development of the regulatory environment

The amendment of the Act amending and supplementing Act No. 595/2003 on income tax, as amended (Act No. 253/2015)

An overview of the most significant changes included in the amended Act:

Decreasing the payment for registering a company into the commercial register: from 1.1.2016 there's a decrease of the majority of payments in matters of the commercial register.

Amendment of the Act amending and supplementing Act No. 222/2004 on value added tax, as amended (Act No. 268/2015)

The aim of the amendment of the Act on VAT is to improve the conditions of applying value added tax for small and medium-sizes enterprises and the fulfilling of fiscal obligations by establishing possibilities to postpone the fiscal obligation for the moment of receiving the payment from the customer. For this reason the amendment of the Act on VAT establishes a specific adaptation of the application of tax, based on receiving the payment for the delivered goods or services. It can be **voluntarily** invoked by the payer, if he hasn't reached a turnover of 100 00 euro in the previous year and he reasonably assumes a similar turnover in the current year and he hasn't been placed in bankruptcy nor has he has gone into liquidation. For the reason of entitlement of efficiency of this measure it comes into effect on **1 April 2016**.

The amendment of the Act amending and supplementing Act No.513/1991 Coll. Commercial Code as amending and supplementing certain acts (Act No.389/2015)

Through the amending, a new legal form of a capital company has been introduced- a simple company for shares that offers complex solutions for risk investments into companies (e.g. investments into start-ups). The amendment comes into effect from **1 January 2017**.

4.3.3 Support programs, measures and initiatives

❖ Slovak Business Agency

- **Centre for Better Regulation**

The Centre for Better Regulation was created in the light of fulfilling the goals presupposed by the initiative of the European Union for the support of small and medium-sized enterprises, titled the Small Business Act. The mission is the decreasing of the disproportionate regulatory burden of enterprises and the improving of the entrepreneurial environment of the Slovak republic. The responsible authority for this is the Ministry of Economy of the SR. The main role of the centre is the assessment of the prepared legislative and non-legislative suggestions for SMEs (Test of SMEs).

The Centre for Better Regulation communicates with governmental authorities participating in the legislative process and also with multiple entrepreneurial organisations that promote the interests of small and medium-sized enterprises on the Slovak market. The support is of a non-financial character. It lies in the legal analyses and quantification of

influences that exist and are suggested by legal and non-legal material in the form of financial burdens of SMEs resulting from the legislation of the SR.

The application of a unified method for assessing the chosen influences in practice led, during the first three months, to the amendment of the version, which contributed to making the process of assessing the influences more efficient, including the influences on the entrepreneurial environment of the prepared legislation. In addition to the activities dedicated to the internal adjustment of processes, the Centre for Better Regulation assessed more than 400 materials in 2015 from the effect of the Unified method (1.10.2015), which in the middle of it, it identified the influence on the entrepreneurial environment and in an average period of seven days it provided the Standing working commission for assessing the chosen influences a partial statement on the clause and analysis of the influences of the entrepreneurial environment in the process of assessment.

❖ The Ministry of Economy of the SR

- **The agenda of a better regulation, the programme of decreasing the administrative burden of entrepreneurship and the policy of the government of the SR for the improvement of the entrepreneurial environment**

The Decree of the government of the SR No.14/2015 to the Report on the state of the entrepreneurial environment in the Slovak republic with suggestions on its improvement was given to the Minister of Economy in the time period till 31 December 2015 to „ discuss in cooperation with the members of the government the suggestions of decreasing the administrative burden for governmental negotiations“. Based on the said Decree of the government of the SR, the Ministry of Economy of the SR prepared in the first half of 2015 material entitled „ A proposal of measures for the improvement of the entrepreneurial environment and the decreasing of the administrative burden of the entrepreneur“ (hereinafter „ proposal of measures“). Subsequently the measures from the material were subject to the negotiations between the ME SR, the interested ministries and other governmental authorities. From the bilateral consultations the conclusion was that many of the suggested measures have already been fulfilled, approved by the government of the SR or fulfilled for example by applying new electronic systems. For the measures that were approved during 2015, in the first case the implementation into the economic and legal environment of the SR is necessary and only then, in case of inadequacies, the adopting of other regulation-legislative measures can be applied.

The negotiations were performed with 7 ministries and 3 other offices of governmental authorities, According to the deduction in the *Report on the state of the entrepreneurial environment in the Slovak republic with proposals on its improvement* (UV-43013/2015) from the 32 suggested improvements 7 are presently being fulfilled, 5 have been partially fulfilled and 18 have been fulfilled.

Simultaneously with this the ME SR in cooperation with an external supplier created a database of information obligations, which will enable to follow the continuous development of the administrative burden in Slovakia and to achieve its decreasing in a systematic way. The database should be published during 2016 on the web of the ME SR. From the database, the proposal for decreasing the administrative burden in entrepreneurship in the SR will be continuously prepared. The planned budget for this database is 86.400 euro.

The result of this project should be a set package of measures for decreasing the administrative burden of entrepreneurship in the SR, which will most likely require also a few

legislation changes. The creation of a database of information obligations that will enable to follow the development of the administrative burden in Slovakia to decrease it systematically.

❖ **The Slovak chamber of commerce and industry**

The Slovak chamber of commerce and industry (hereinafter „SCCI“) was established by the Act of the Slovak national council No.9/1992 Coll. on commerce and industry chambers as amended, as a public body. Legal or natural persons that perform entrepreneurial activity in economic fields, apart from the agriculture and food industry, can become members.

SCCI conducts an **economic survey of the expectations of the entrepreneurial sphere from 1998. The aim of this survey is to gain a look at the opinions of the SCCI members on the entrepreneurial environment in the SR.** In 2015 according to the results of the survey in evaluating the entrepreneurial environment the amount of negative responses was 37%, which is five times more than the 7% of positive evaluations. In a year-on-year comparison this presents a certain improvement, since in 2014 only 4% of respondents evaluated the entrepreneurial environment positively and 53% negatively. Only 6% of respondents evaluated the state economy policy positively, however the trend of more negative evaluations stopped from 2011. In 2014 the role of the state was seen positively in only 3% of the answers. In 2015 also the number of negative answers decreased from 54% (2014) to 50%.

The communication of the government of the SR with institutions of the entrepreneurial sector is considered to be positive by 10% of the respondents, neutral by 38%, negative by 40% and 12% weren't able to say. Similarly as in the evaluation of the economic policy of the state, the area of communication is seen more positively compared to 2014, but overall the evaluation is still negative⁴.

❖ **The Young Entrepreneurs Association of Slovakia**

From its begging the Young Entrepreneurs Association of Slovakia (YEAS) has actively been collecting all incentives for improving the entrepreneurial environment, not only from its members, sympathizers, but also the wider audience of young people. Since the entrepreneurial environment is changing dynamically and in the rest of the season the creators of policies are coming up with measures concerning young entrepreneurs the YEAS created in 2015 an **Index of obstacles in the entrepreneurship of young people.** On the one hand the index evaluates the state of the entrepreneurial environment in Slovakia and on the other the influence of specific obstacles on the firms of young entrepreneurs and the barriers that discourage other people from entrepreneurship.

1145 respondents took part in the survey which made up the index. 73% of entrepreneurs were aged to 35 years old and 91% of firms taking part in the survey represented microenterprises. The goal of YEAS is to create this Index in regular intervals and thus to follow the development of changes of the entrepreneurial environment in the SR from the perspective of young people.

⁴The overall results of the survey are published on the webpage:
<http://web.sopk.sk/download.php?sekcia=480>

❖ The Entrepreneurs Association of Slovakia

The Entrepreneurs association of Slovakia (EAS) is the first interest based association of entrepreneurs of the Slovak republic established after the „Velvet revolution“ in November 1989. The Entrepreneurs association of Slovakia protects the entrepreneurial state against the restriction of entrepreneurial rights and it prevents all political and economic measures that lead to the worsening of the equal market entrepreneurial environment.

Professional activities of the EAS in 2015

EAS was once again the authority of the project the **Bureaucratic Nonsense of the Year**, the goal of which is to identify legislation measure or bureaucratic obligations which make life harder for entrepreneurs. The meaning of the contest is to try and eliminate the „winner“ of the competition from the legislation and thus help improve the entrepreneurial environment in Slovakia. The Bureaucratic Nonsense of 2014 based on the online voting was the measure obliging entrepreneurs to pay a relatively high payment to courts during the declining of a firm that's becoming bankrupt just because it doesn't have enough money. In the internet voting it got 20% of votes. Only with a close distance, the second place with 19% was given to the provision on broadening the obligation to ensure medical supervision through a work healthcare for all employers. The third spot on this rating of bureaucratic absurdities with 18% was given to publishing of authorisations when transporting people. In October 2013 there was the first phase of the 4th year of the competition the Bureaucratic Nonsense of the Year, where entrepreneurs and professional public could nominate their candidates. There were overall 47 nominations.

On the 06.05.2015 The Entrepreneurs association of Slovakia along with the F.A. Hayek Foundation and the Republican Union of Employers organised and **international seminar „Gold Plating – National problems vs European Legislation“** through which it wanted to point out the problem of the so-called overworking when adopting EU legislation.

4.3.4 Recommendations

- To prepare proposals of acts based on principles of simplicity, legibility, brevity and conciseness.
- To implement an obligation of the proposer of the legislation to prepare a simple, brief and concise explanation of rules and obligations arising from it. At the same time to implement an obligation of the competent authority to evaluate the true impact of the accepted legislation with a certain time period after their acceptance and in case of identifying negative influences on the entrepreneurial environment, to issue the necessary changes.
- The obligatory including of the so-called “sunset clauses”⁵ into newly accepted laws can be introduced by a legislative amendment, in the context of which the date of the termination of the validity of the legislation and the way of reviewing it will be stated in advance. Alternatively a principle can be accepted, according to which all tax wedge laws and other regulations can be amended only once a year, e.g. 1 January b.r.

⁵The rule of periodic evaluation of new regulations and acts, their efficiency, impact and automatic cancellation in the case of a) the disappearance of the problem that is to be solved, b) proof of dispensability, ineffectiveness based on previously stated criteria.

- To reconsider the principles of the activities of professional chambers, that are established by law and to which the exercise of public authority is transferred to, the regulation of their number and the reconsidering of the obligatory membership in chambers for entrepreneurial objects.
- To decrease the administrative burden, to shorten and simplify the procedures during acquiring and using support for SMEs, that are especially disproportionately long and administratively burdensome during programs financed from structural funds. To simplify the refinancing of projects by applying advance payments for SMEs. To exclude changing of the rules from launching the call to finishing the projects.
- Non-payment of the invoice on the due date by entrepreneurial subjects should be in some cases classified as a criminal offence, since non-payment of the invoice could have devastating effects on honest entrepreneurs.
- To not postpone the effect of alternative means of paying VAT, especially in the case of the so-called self-taxation during imports of goods from third world countries (the tax is payed through annual tax return and not directly after being released into the customs regime).
- To consider implementing in the VAT group in society the options of calculating income tax for the group as a whole, if the mutual entrepreneurial activities amongst the members surpass 80% of the income of the group members. The measure has the aim of making the operating of financial flows, to decrease the administrative burden and at the same time to increase the tax collection.
- To operate a unified information system through tax offices, where all the applications, deregistration and statements on employees in such a way so as to prevent a double completing of this obligation. The Social Insurance Company and the Health insurance Company could get the information from this system.
- To consider implementing an alternative tax regime for one-man enterprises- the co-called one-man enterprises licenses as an advance for the payment of income tax and levies of the one-man enterprise without the subsequent obligation of keeping o accounts (proposal: to initiate a fixed amount of the license for the one-man enterprise with a profit up to a certain level, e.g. 30 000 euro, the tax would be paid in the form of a non-repayable advance). The measure has the aim of decreasing the administrative burden of one-man enterprises.
- To decrease the administrative burden connected with operating a price evidence for the group of entrepreneurs, which belongs to the category of small and medium-sized enterprises.
- To ensure the support of employing low-qualified workers of SMEs through decreasing the tax burden, improving the active policy on the employment market and focusing on young and long-term unemployed job seekers.
- To accept measures for decreasing the administrative burden related to employing employees (accepting the employee, the system of payment into funds) and measures of decreasing the overall price of labour by decreasing the payment into funds based on the complex and objective analysis of needs and opportunities of further decreasing of the payment burden in the SR.
- In the sphere of commercial right, to actively support the use of alternative methods of solving conflicts, especially mediation and arbitration proceedings and to increase the awareness of the entrepreneurial subjects in this sphere.

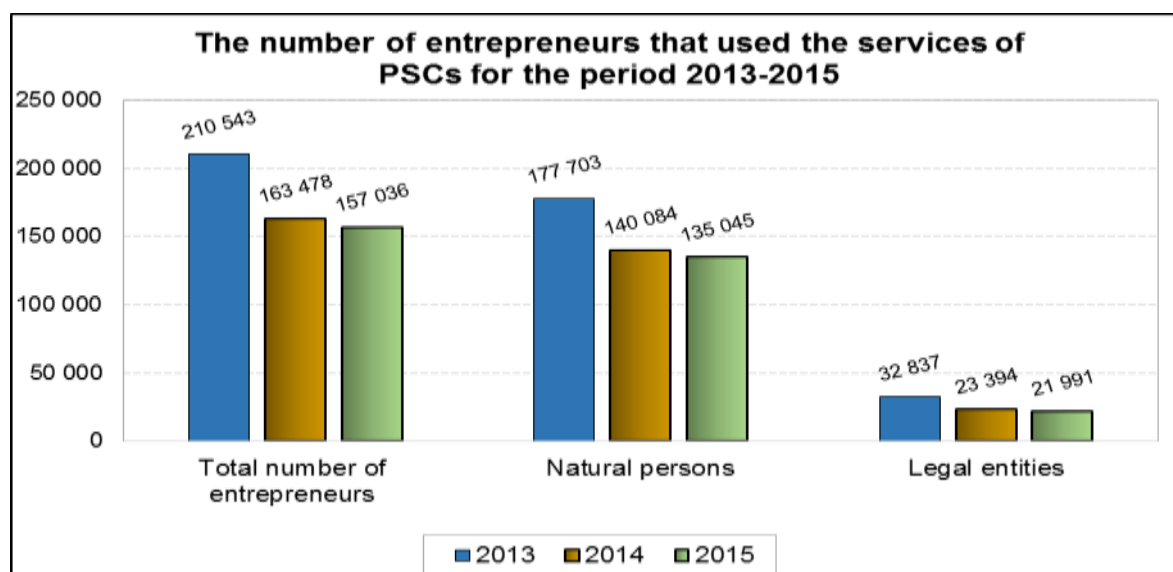
- To include the control of electronic entrepreneurship into programmes under the control of competent authorities, control and penalising dishonest practices into electronic entrepreneurship (persons not complying to regulations get a competitiveness advantage compared to honest entrepreneurs).
- To decrease the administrative burden, to shorten and simplify the procedures of acquiring and using support for SMEs.

4.4 Principle 4 SBAfE Make sure that the PUBLIC ADMINISTRATION authorities will react to the needs of SMEs

4.4.1 Evaluation of the situation

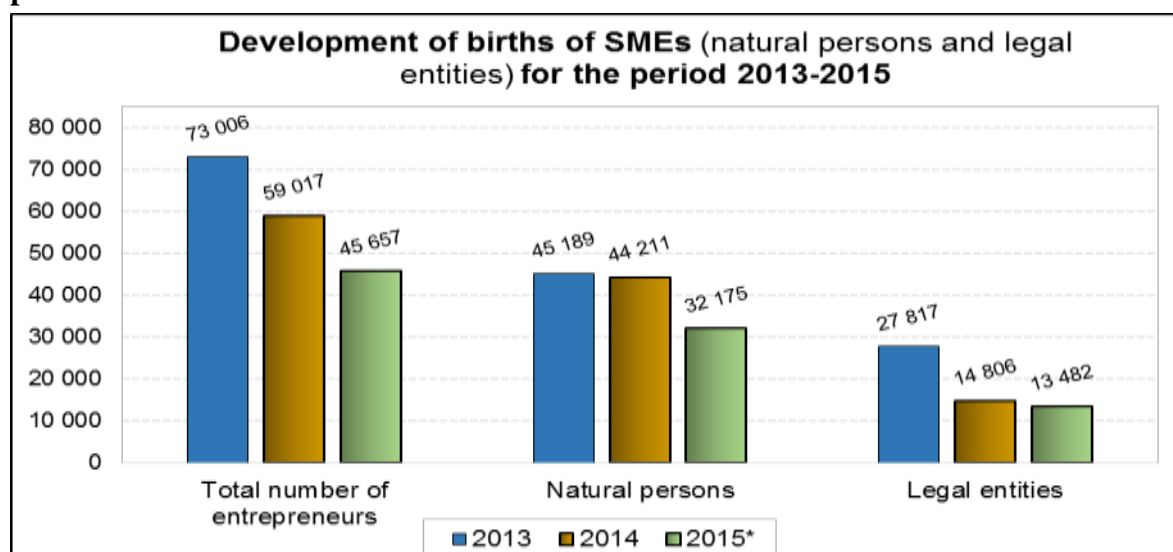
In 2015 the services of points of single contact were used by over 157 thousand entrepreneurs, out of which 135 thousand were natural persons and almost 22 thousand legal persons. In a year-on-year comparison the overall amount of entrepreneurs that used the services of JMK decreased by 3.9% (graph 4-3) which corresponds to the trend of the decreasing number of starting enterprises (graph 4-4).

Chart No. 4-3 Number of entrepreneurs that used the services of PSCs for the period 2013-2015



Source: Ministry of Interior of the SR, processed by SBA

Chart No. 4-4 Development of births of SMEs (natural persons and legal entities) for the period 2013-2015



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

During 2013-2015 the development of the number of created SMEs had a decreasing tendency which could manifest itself also by the decreasing number of entrepreneurial subjects that used the services of JKM. Whilst in 2014 there were 73 006 created entrepreneurial objects, in 2015 there were, according to the preliminary data, only 45 657 new entrepreneurs registered.

4.4.2 Development of the regulatory environment

Amendment of Act No. 289/2008 on the use of the electronic cash register (Act No.333/2014)

An unmistakable change in the accepted amendment of the Act on income tax were the measures related to the use of the electronic cash register. Along with **broadening the sphere of services** to which the obligation of sales accounts in the electronic cash register occurs from **1 April 2015**, the possibility of using a virtual cash register has also been introduced.

Amendment of Act No.311/2001- The Labour Act (Act No. 14/2015)

The aim of accepting the amendment of the Labour Act, published under No.14/2012 was the amendment of the issue of the temporary assignment of employees that arises from the need of application coming into effect **from 1 March 2015**.

Amendment of Act No.152/1995 on food, as amended (Act No.30/2015)

The amendment of the Act was carried out and entered into force **from 1 April 2015**, in connection with the entry into force of the **regulation of the EP and the (EU) Council No.1169/2011** on providing information on food by the provider. The amendment of the act at the same time initiated **new rules in relation to the repackaging of food**.

The Regulation of the government of the SR on the conditions of giving out the permits for importing and exporting agricultural product, food products, certificates with a prior stated price for replacement, refund certificates and on administrating financial guarantees (Regulation of the government of the SR No.220/2015)

The new Regulation of the government coming into effect on **1 October 2015** replaced the then effective Regulation 80/2007 on the conditions of issuing licenses for the import and export of agricultural products and food products. The Regulation amended the conditions of submitting applications for issuing permissions for the import and export of agricultural products and food products, advance fixing certificates and refund certificates that are presented to the Agricultural Paying Agency. At the same time the determining of the form of financial security for these actions (bank transfer/bank guarantee) has also be amended.

Amendments in levies according to Act No.580/2004 on health insurance and Act No.461/2003 on social insurance, as amended

From 1 January 2016 the minimum and maximum basis of assessment for the payment of insurance premium for social and health insurance has been increased for small trade licenses persons. At the same time, consequently the minimal and maximal amount of insurance premium that small trade licenses are required to pay increases as well.

Amendment of the Act amending and supplementing Act No.106/2004 on excise duty from tobacco products as amending and supplementing Act No.377/2004 on the protection of non-smokers and the amending and supplementing of certain acts, as amended (Act No.241/2015)

On 1 November the Act No.241/2015 amending and supplementing Act No.106/2004 on excise demand from tobacco products entered into effect, and amending and amending and supplementing Act No.377/2004 on the protection of non-smokers and amending and supplementing certain acts as amended.

The Regulation of the government of the SR, introducing the minimal wage for 2016 (Regulation of the government of the SR No.297/2015)

By accepting the Regulation of the government of the SR No.297/2015, from 1 January 2016 the amount of the minimal wage per month has increased from 380 Euro to 405 Euro. Compared to the previous amount it presents an increase of 6.58%. From the new amount of minimum wage the hourly wage is also derived, in the amount of 2.328 euro per hour.

The Announcement of the Ministry of Internal Affairs of the SR on starting the operation of the Electronic contractual system on 22 January 2015

The Ministry of Internal Affairs of the SR announced on 22 January 2012 that from 1 February 2015 it has initiated the operation of the Electronic contractual system (ECS). The ECS represents an instrument for making the processes of public procurement more efficient.

The first part of ECS, the Electronic marketplace was launched as a test period from 1 July 2014. It's a system of fully electronic input of offers and purchases of goods, construction works or services that are usually available on the market. The Electronic marketplace is an obligatory place to make purchases on by the state, municipality, a higher territorial unit, as well as organisations that are established by them or are property-connected to them, if the value of the goods, services or construction works exceeds 1000 Euro and reaches 134 000 Euro in the case of the state or 207 000 Euro in the case of the rest of the contracting authorities. In construction works the upper financial limit is 5 186 00 Euro. From the launching of the function of ECS the obligated institutions have a month to register. Link to the website of ECS: www.eks.sk.

Amendment of the Decree of the MJ SR No.25/2004 laying out the specimen forms for submitting proposals to register in the Business register and the list of documents that are required to be attached to the proposal for registration, as amended (Decree of the government of the SR No.91/2015)

The amendment of the Decree coming into effect on 7 May 2015 relates primarily to provisions §24, §25 and §26, that regulate the content of the proposals for the inscription of data in the merging and dividing of companies. The new legislation reflects the fact that the merging and dividing of companies, against which there are effects of the start of the bankruptcy or restructuring process, is not possible and after the effects have entered into force of the bankruptcy, the merging and dividing has to be given the approval of an administrator. The amendment also introduced a rule from 1 January 2016 according to which during the merging and decision of companies in the case of crisis, a report of an independent expert will be demanded.

At the same time during the first proposal for the registration of limited partnerships, joint-stock companies and limited liability companies, the possibility **to submit the statement of account in a bank** or a branch of a foreign bank proving the payment of cash deposits or their parts, **as an alternative to the written declaration of the administrator of the deposit has been repealed** as from 1 January 2016.

The amendment of Act No.190/2003 on firearms and ammunition and on amending and supplementing certain acts, as amended and amending the act of the National Council of the SR No.145/1995 on administrative payments, as amended (Act No.120/2015)

The amendment of the Act entered in effect from **1 July 2015** introduced the register of expansion arms, that were amended from the arms category A, category B and category C, due to their mass expansion and the security risk related to this. In this context the Act also introduced the **prohibition of distance selling of arms** and also on certain arms from category D, **including expansion arms**.

Amendment of the Act amending and supplementing Act No.323/1992 on notaries and notary activity (Notary Regulation), as amended (Act No.267/2015)

The amendment by the change of the **provision§ 3** explicitly adjusted the **authorisation of the notary to give out electronic deprecations and outputs form the register** of information systems of public administration. The published deprecations and outputs will be an **authentic instrument**. If the notarial act is being drawn up with a participant that is represented by proxy of a person, the **authenticity of the principal's signature has to be certified**. The certification of the authenticity of the signature is not required if the principal is a lawyer. The authorisation is an Annex to the notarial act. The said change was established by an added **paragraph 2 in the provision§ 47**. The amendment came into effect on **1 December 2015**.

Act on the register of legal persons, entrepreneurs and public authorities and on amending and supplementing certain acts (Act No.272/2015)

On 1.1.2015 the Act No.272/2015 on the register of legal persons, entrepreneurs and public authorities and on amending and supplementing certain acts, came into effect, which significantly changes the approach of allocating and announcing the identification number for legal persons and entrepreneurs. **The identification number is announced to a legal person or an entrepreneur by an obligated person**, which applied to the Statistical Office for it in advance. Contrary to the procedure so far where, with the exception of objects enlisted into the commercial or business register, the Statistical Office announced the identification number through their workplaces, from 1.11.2015 **this reporting obligation is transferred to the obligated persons**. **Obligated persons** are public authorities, that keep records of subjects enlisted into the register of legal persons according to the legal provisions in force, or they conduct proceedings in the matter of their registration or issuing authorisation for entrepreneurship.

Amendment of the Act, amending and supplementing Act No.305/2013 on the electronic means of practicing the operation scope of public authorities and on amending and supplementing certain acts (Act on e-Government) (Act No.273/2015)

The aim of the amendment of the Act on e-Government is making the current legal situation more efficient and simplified in the three main areas:

1. Simplifying the conditions of identification and authentication where thanks to for

example the introduction of an **authentication qualified certificate** the possibility of accessing the information system and electronic communication can be introduced, not only for an authorised physical person, but also for public authorities and legal persons,

2. Furthermore processes related to the payment for electronic services are being simplified, where the processes of the payment module are being rationalised (simplifying the amount of acts required to secure information and the registration of payment for services of public authorities) and the process of choosing accredited payers itself is being made more efficient (the applicant won't have to submit a large amount of necessary documents to be issued an authorisation for action),
3. A new **institute of the so-called source register** is being introduced, which serves as a registration of data, which will subsequently be received into the reference registers.

The last area are legislation-technical changes and requests that are a result of the practice and needs of public authorities applying the Act on e-Governance. In the other amended articles the related process are being amended in relation to this amendment. This amendment came into effect on **1 November 2015**.

Amendment of the Act amending and supplementing Act No.222/2004 on VAT as amended (Act No.268/2015)

There is an addition to Annex No.7 with **goods that are subject to a 10% tax**, especially –meat (beef, pork, sheep meat, goat meat, rabbit meat, poultry, and freshwater fish), milk, butter, fresh bread. The amendment came into effect on **1 January 2016**.

The amendment of the Decree of the Ministry of Internal Affairs of the Slovak republic No. 121/2002 on fire prevention as amended (Decree of the Ministry of Internal Affairs of the SR No.202/2015)

This amendment of the Decree implements certain provisions of the amendment of Act No.314/2001 on the protection from fire as amended, published under No.129/2015. The amendment modified **the rights and obligations of legal persons and natural persons-entrepreneurs** in relation to the processing of documentation in the part of protection from fire or establishing fire-fighting patrols. A legal person and a physical person-entrepreneur aren't obligated to establish fire-fighting patrols of a legal person or a physical person-entrepreneur. In the documentation of protection against fire the "Fire status" is replaced by "Fire identification card" the use of which will be more efficient. The amendment modified **the obligations of building owners** when renting them out to multiple objects in relation to establishing fire notifications. The amendment also modified the details when verifying knowledge and issuing attestations of professional competence in the protection against fire connected to new conditions of verifying the professional competence. The amendment came into effect on **1 September 2015**.

4.4.3 Support programs, measures and initiatives

❖ The Ministry of Internal Affairs of the SR

- **Activities in the department of trade businesses realised in 2015**

Regional offices, departments of one-man business in the role of a single contact place (hereinafter "SCP") are local public authorities responsible for the administration of trade businesses, the role of which is to facilitate entrepreneurs the entry into entrepreneurship.

With this goal they integrate multiple functions in one place and offer beginners, but also practicing entrepreneurs various services. SCP from its establishing (in 2010) enable entrepreneurs:

- To fulfil their notification/reporting obligation in one place,
- To apply for an authorisation for entrepreneurship according to a separate provision (different from Act No.455/1991 on trade business (Trade License Act),
- Apply for a registration at the tax office,
- Register into the system of obligatory health insurance,
- To place a proposal for the first entry into the business register.

According to the policy statement of the government of the SR for 2016-2020, in 2016 there is an aim to broaden the functionalities of the single contact place, where the beginning entrepreneurs can complete multiple obligations related to starting business.

In 2015 the **public administration reform- ESO** continued, the aim of which was to simplify the functioning of public administration. The result of these reforms was the **establishing of client centers in regional offices**, where the departments of trade business are also part of them. Thanks to this reform it's possible to use multiple public administration services in one place and the entrepreneur thus doesn't have to visit multiple offices, which saves time. In 2015 the reform brought the integration of certain single contact places into client centers in some cities in the SR. In the Bratislava region there was one client center established on Tomášikova Street, which also offers services of single contact places.

The SCP continuously provides entrepreneurs the possibility to place a proposal for a first entry into the business register or to apply for the exit from the register of accounts. The Slovak single contact place is part of the European network of single contact place and will as such be part of the unified European digitalised "gate" that will connect all electronic services in the framework of the internal EU market.

❖ The Ministry of Economy of the SR

• The Operation of the Portal Business Friendly Slovakia

In the effort to improve the entrepreneurial environment in Slovakia the Ministry of Economy of the SR along with the Republic Union of Employers launched the **portal Business Friendly Slovakia** (www.businessfriendly.sk) from 2 April 2013, that's aimed primarily at duplicate information obligations of entrepreneurs. The portal was created as a reaction to the increasing administrative burden in entrepreneurship. The goal of this portal is to ensure the improvement of the entrepreneurial environment with the prospective of higher prosperity and the creation of new jobs.

Through this portal the entrepreneurs can enter, thanks to reminders, inputs and suggestions, into a public discussion on legal norms that restrict and create unnecessary costs or are unrealizable. The inputs stated on the portal are sent on by the MA SR to the central authorities that are in charge of the legislation related to the individual spheres that are a consequence of these inputs.

During 2015 entrepreneurs contributed with **2 new inputs** to the portal [businessfriendly.sk](http://www.businessfriendly.sk). For the three years of existence (2013-2015) there were 139 inputs of which 42 were labelled as unjustified (if the input is considered to be illogical, one-sided, etc.), 23 were rejected (the input was rejected from the point of a concrete institution, the solution of the problem of which belongs to it), 8 is being solved (the input awaits the reaction and answer of the responsible authority) and 32 inputs were able to be solved.

- **The establishment of the portal Support of entrepreneurship**

In 2015 the ME SR created the website Support of entrepreneurship (in 2015 the MA SR created a website Support of Entrepreneurship (www.podporapodnikania.org), the primary goal of which is to inform the business public of all financial and non-financial instruments of support of entrepreneurship in the competence of all spheres of the Government of the SR.

- ❖ **The Statistical Office of the SR**

The sphere of state statistics belongs to the competence of the Statistical Office of the SR which is a central public authority of the SR. The legal basis of the activities of the SO of the SR is represented by the Act of the National Council of the SR No. 540/2001 on state statistics.

The SO of the SR realises **statistical sample surveys** in a group of small enterprises (up to 20 employees) in context of which the enterprises are categorised in a sub-sample in accordance with the principle of rotation of administrative units in the sub-sample. A random choice with **rotation** is applied, which in practice means an annual change of one third of the units. The periodicity of selecting the units into the sample is also influenced by the number of units in the said stratification level, where the unit is present. The applied method of categorising administrative units into sample surveys, in the context of which an **annual change of one third of units** of the sample survey occur in the levels with sufficient number of objects, is not in accordance with the recommendation of the SBA to not include micro enterprises (up to 9 employees) into statistical surveys more than once every three years.

- **The connection of registers and information systems of individual resorts**

The coming into effect of Act No.272/2015 on the register of legal persons, entrepreneurs and public authorities (Act on the RLP) was continued by the SO of the SR to the stage of implementing the project “The register and identification of legal persons and entrepreneurs” into practice. The register was launched on the 1.11.2015. In 2 years from the RLP coming into effect i.e. November 2017, the register will be a unified source of basic data about all legal objects that are presently registered or listed in over 70 source registers through different information systems. On the 1.11.2015 the register provided data from the business register and the register of the Ministry of Internal affairs of the SR (Trade business register, register of political parties, associations, non-profit organisations etc.).

In the framework of proactive services IS RLP the public authorities’ institutes can regularly actualise their data from reference data of the register and act without the need of announcing changes to the registered objects. The services that are aimed at citizens and entrepreneurs, include for example an extract from the register of RLP or an electronic extract for public authorities. The services are provided through the Central portal of public administration www.slovensko.sk or the portal of the SO of the SR <https://rpo.statistics.sk/rpo>. Another functionality of the IS RLP is an online administering of the registration number during the creation of various types of legal persons, entrepreneurs and public authorities.

- **The cancellation, addition and submission of certain statistical surveys**

In 2015 the investigation of the Dop 2-01 “The annual statement on the transport of dangerous goods” was cancelled. The necessary data is inquired from the investigation Dop

VZCD 1-52 “The weekly statement on the use of the road motor vehicle”. In 2002 the SO of the SR agreed to the request of the Ministry of Transport, Construction and Regional Development and it added into its investigation Dop 9-01 “The annual report in air transport” Dop 9-01 new modules on air transport. The transport department reconsidered the justification of including these modules, since the form was reduced in 2015. In the framework of the Integrated Statistical Informational System (ISIS) a possibility was offered to submit statistical statements electronically, including annual statements.

❖ **Government Office of the SR**

• **Implementation of the Operation Programme Computerisation of society**

Activities for the support of SMEs in 2015

The electronisation of the public administration realised through national projects OPIS provides benefits for citizens and entrepreneurs of all regions in Slovakia. The basic characteristic of the national projects is balancing the regional differences, through the available electronic services, whether for a physical or legal person, regardless of their location in the region. The end users of the project can thus use the electronic services the same way as in every other region (except the current white places). The OPIS projects also support services for entrepreneurs, for example export declaration are dealt with in the framework of the NP Electronic services of the central el. compartment. The sphere of VAT and income tax of legal persons are supported in the framework of the project Electronic services of the Financial Administration- the tax area. The registration of a legal person is dealt with in the framework of the project the Register and Identification of legal persons and entrepreneurs. The service for entrepreneurs in the sphere of Public procurement is supported in the national project Electronic services of public procurement. The last area of support of entrepreneurs is the Reporting of statistical data in the framework of the NP Electronic services of the Statistical office.

Another example are the projects with a regional impact. Those are for example projects like: The electronisation of the services of the registration office, Electronic services of the Ministry of Labour, Family, Social Affairs and Equal Opportunities in the sphere of the administration of social benefits, social help and assistance for people in distress, the electronisation of the educational system of the regional schooling. The results of these projects mean a benefit for the citizens and entrepreneurs also in more remote regions with a less developed infrastructure. In these regions the time-saving when using electronic services is significantly higher than in the case of citizens in regions with physically located public administration services.

The electronic services of the Government Office of the Slovak republic-eDemocracy and an open government

In 2015 the project successfully finished all planned phases in the framework of the given time schedule. One of the most important in September was the successful finishing of the IS testing phase, which included functional testing, integrational, safety and stress testing and subsequently in October 2015 the stage of deploying the IS was finished, where activities aimed at introducing the solution into a production operation were completed. The project successfully introduced 79 electronic services available online.

The aim of the project was the creation of an integrated information system eDemocracy and an open government (IIS eDov) and a portal for providing transparent information and open data to the wide public as well as the institutes of public administration along with the

creation of electronic services in the sense of initiating an open governing. The creation of a standardised platform for the use of open data for public administration in Slovakia and a new service, the Mass Electronic Application. Constructing a component of funding schemes that will enable user friendly looking up of information about the funding mechanisms and their use in the SR.

4.4.4 Recommendations

- To decrease the administrative burden of entrepreneurship, erase the duplicity of providing proofs for state authorities, to simplify and decrease the scope of required reporting.
- During the creation of every legislation to use the principle according to which the public authorities and public-law institutions won't demand documents, reports, decisions etc., in administrative procedures or other procedures of the object, that are published by another state or public authority, or public-law institution (Social Insurance etc.). In this context to support the computerisation of public authorities and a swift introduction of e-government services in all spheres of interaction between public authorities and entrepreneurial objects.
- To enhance the transition to electronic communication, introduce obligatory electronic reporting. In the case of small enterprises one needs to take into account also their technological equipment and abilities. We therefore consider to be appropriate if after the transitions small firms or firms in regions also have the option of making these reports by post.
- If any of the state institution demands electronic communication with the entrepreneur or an employer, the institution should automatically deliver the electronic access details and thus save the entrepreneur the costs and times for the personal dealing with these formalities in the said institution
- To send current specimen forms- it would also help with the decreasing of the administrative burden of small and medium-sized enterprises, if based on the measure realised in the case of the Foreign Exchange Law No.202/2995 the tax offices in the context of electronic communication should send examples of the said specimen form in advance and this way draw their attention to the tax obligation.
- To create stimulating conditions for a broad spectrum use of the electronic signature by entrepreneurial subjects. In this context a simplification of the Slovak legislation regulating the issue of the electronic signature is needed.
- To unify the functions of the trade business and the business register into one institution.
- The creation of new types of businesses with decreased requirements of creating the basic capital, in limited liability companies to 1 euro (the so-called 1 euro limited liability companies) and joint-stock companies for example to half of the present state (also in connection to a simple joint-stock company).
- Cancellation of the condition of demanding the approval of the tax administrator enlisting a limited liability company into the business register, or the transferring of business assets. We suggest that the business register itself should directly demand information from the tax administrator and thus make the unnecessary administration less burdensome for the entrepreneur.
- Based on the analysis of the possibilities of using the electronic extract from the Business register of the SR, for legal purposes discussed by the government of the SR on 7 March

2012, ensure that the electronic extract from the business register is usable for legal purposes.

- To apply a court fee for the application cation for the registration of a change in the amount of 66 Euro for first registrations, or possibly to consider a complete termination of cost when establishing a company.
- To systematically deal with the position of the trade businessman as a small trade licenses. The present legislation doesn't extend him with any benefits of an employee (small trade licenses) and sees him more as an organisation where the trade-businessman is only an owner, and his own work isn't considered. This is primarily the way to possibly acknowledge the outgoings affecting the basis of income tax of the trade-entrepreneur and to enable the creation and use of the Social fund also for the trade-businessman with the same conditions as for an employee.
- To support the maintaining of jobs during decreased economic activity (various fiscal bonuses for employers).
- We also recommend a transference of the obligation of a construction worker to provide a basis for the procedure in the form of a statement of the authorities concerned for the construction office. Prospectively it would be possible to think about creating an information system that would connect all related authorities in the said region that would enable to shorten the construction procedure.
- We recommend that the Statistical Office doesn't include micro enterprises into the statistical survey more than once every three years, with the exception of the statistical need or if other types of information require so.
- We suggest to „motivate” courts to speed up the giving out of the decision in the subject itself, for example by amending the law on court fees which would accept the following measures. In the case that from the moment of paying the court fee the first , the participant of the procedure will have procedure doesn't start within 3 months, he will be returned 50% of the costs. Alternatively we suggest to introduce higher options of non-vested remuneration of judges based on the results of their work.
- To reconsider the need of creating a reserve fund (indivisible fund) in enterprises belonging to the category of micro enterprises.
- To reconsider and increase the level of obligatory verifying of financial statements by an auditor.
- In connection to the newly accepted institute of binding statement of the finance directorate to the application of tax regulation in the context of the tax procedure (came into effect on 1 September 2014) we suggest to reconsider the amount of fees for the said statements.
- To shorten the periods for recognising professional practice and professional qualification of people from EU states or Switzerland for acquiring the trade business licensing.

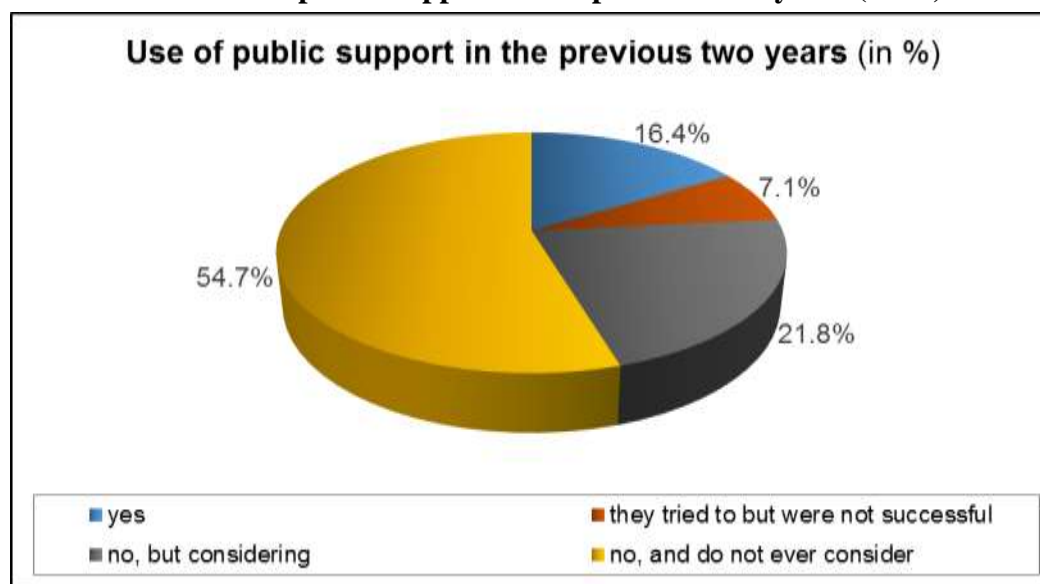
4.5 Principle 5 SBAfE Adapt the public policy tools to the needs of the SMEs: make it easier for SMEs to participate on PUBLIC PROCUREMENT and better use STATE AID tools for SMEs

4.5.1 Evaluation of the situation

In Slovakia there is a long-term presence of a relatively large number of individual measures of limited scope that leads to great fragmentation and an insufficient coordination of programs and measures aimed at the support of SMEs. The subject of the survey and analysis of the SBAs conducted in the beginning of 2016 was the mapping of various forms of help for SMEs realised through support programs in the SR.⁶

According to the results of the research over 16% of entrepreneurs in Slovakia have used some form of public support during the course of the previous two years. 7% of entrepreneurs have tried for this support, however they were unsuccessful. Over a fifth of entrepreneurs stated that although they haven't made use of this support, they're considering making use of it. Over a half of entrepreneurs stated that they haven't used this support and aren't considering it.

Chart No. 4-5 Use of public support in the previous two years (in %)



Source: SBA, Survey of using support measures by SMEs

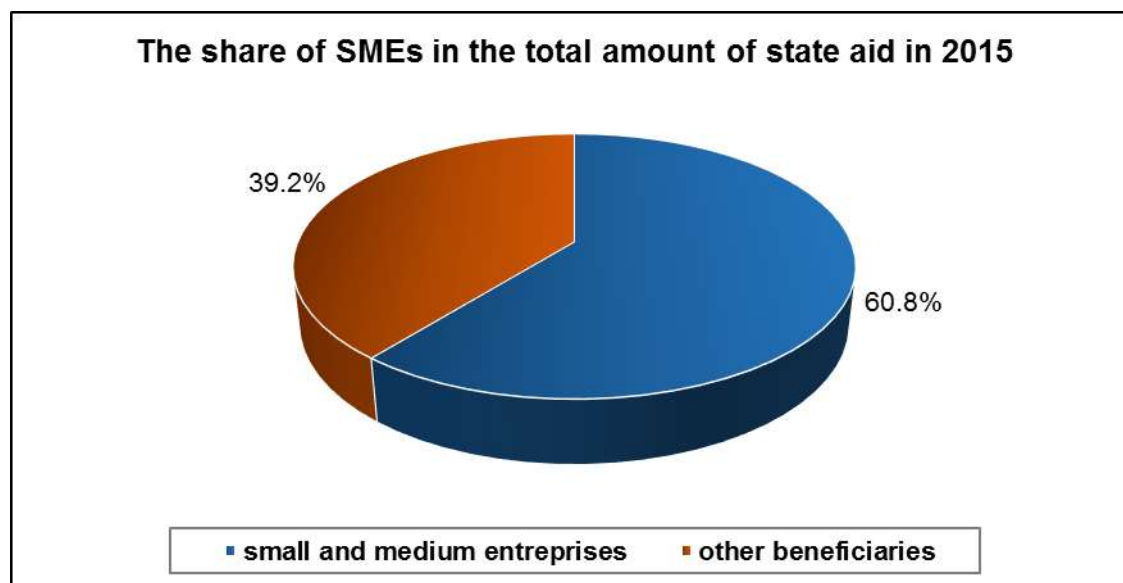
Based on the data published in the Report of State Aid provided in the Slovak republic in **2015 the amount of SMEs on the overall amount of State aid reached 60.8%** (the data doesn't include the Ministry of Transport, Building and Urban Development and the Office of the Slovak Government).

In a year-on-year comparison the amount of SMEs increased by 5.9 p.p. The highest amount of State aid for SMEs (in the amount of 100%) was provided by the Ministry of Defence of the SR, the Audiovisual Fund and the Ministry of Agriculture and Rural Development.

⁶ The analysis of the use of support instruments by SMEs including the survey is available at: <http://www.sbagency.sk/analyzy-slovenskeho-podnikatelskeho-prostredia#.V0Re2PmLRaQ>

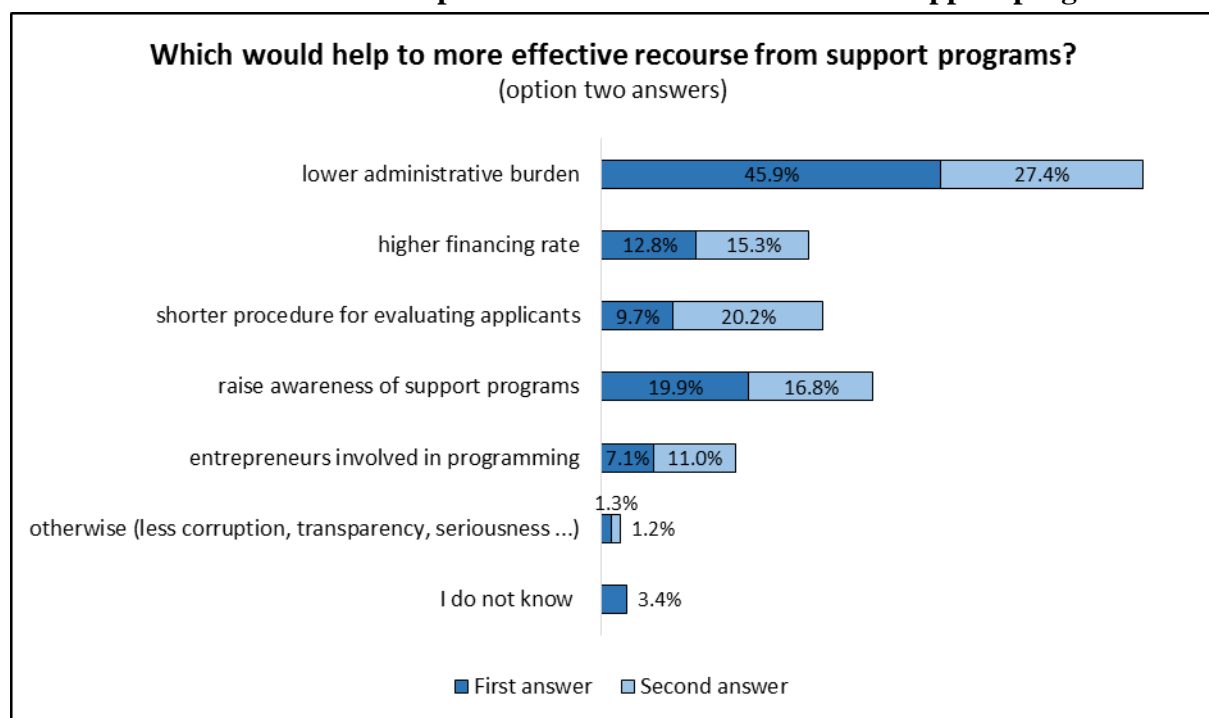
According to the statistical result of the public procurement, 82.1% of the overall value of the contracts fell to the small and medium-sized enterprises that were successful in the public procurement and that had contracts in 2015. In a year-on-year comparison the amount of small and medium-sized enterprises increased by 1.8 p.p. From the point of view of individual size categories of the enterprises, the big enterprises (250 and more employees) had 15.0% of the value from the contracts, medium-sized enterprises (50 to 249 employees) had 24.4% and small enterprises (0 to 49 employees) had 57.7% and in entrepreneurial subjects resident abroad and others the amount was unknown.

Chart No. 4-6 The share of SMEs in the total amount of state aid in 2015



Source: Report on state aid granted in Slovakia in 2015, processed by SBA. Note: The data did not include the Ministry of Transport, Construction and Regional Development of the Slovak Republic and Government Office of the Slovak Republic.

According to the results of the survey, the lack of information on possibilities of support programmes is proclaimed by over a half of the entrepreneurs asked, the same amount sees the possibility of making use of support instruments from the public sector as negative. The entrepreneurs asked, think that making a more effective use of support programmes could be achieved by decreasing the administrative burden, increasing the awareness about the conditions, shorter procedures of evaluating the applicants and higher financing.

Chart No. 4-7 Which would help to more effective recourse from support programs?

Source: SBA, Survey of using support measures by SMEs

According to the opinion of approximately half of the entrepreneurs asked, the support from the public sector should be aimed more specifically at microenterprises- with 0 to 9 employees (51%) and family firms (48%). More than a third of the entrepreneurs asked would support start-ups; a fourth would support innovative firms and 15% of respondents would support disadvantaged groups (socially, health wise, age wise etc.).

Over a half of the entrepreneurs asked expressed interest in using the public support in the future. In the future they most frequently intend to ask for a contribution/grant from EU resources, a contribution/grant from the state budget, a tax advantage or a subsidised loan/credit.

In order to improve the use of support instruments by SMEs, it's crucial to not only increase the amount of government programmes themselves, but to also increase their efficiency and improve the availability for individual target groups. The spectrum of support programmes should provide a complex scope of entrepreneurial support, from education, awareness support and guidance or consulting and business support, to financial support.

4.5.2 Development of the regulatory environment

A stable and foreseeable legal framework is a determining factor in a quality entrepreneurial environment. The legal framework for entrepreneurship is from a long-term perspective negatively evaluated and that's especially due to the frequent changes. As shown in the table below, the key legislation influencing entrepreneurship was amended in over 80 cases. In the case of the Act on public procurement that directly conditions the implementing of principle No.5 of SBAfe in 2015 alone there were 6 amendments of it, which causes significant obstacles for small and medium-sized enterprises in accessing public contracts.

Tab. no. 4-10 Summary of key legislative amendment of regulations for business

Name of the law	Date of acceptance	Number of the amendment Total	Number of amendments 2015
Trade Licensing Act (Act No. 455/1991)	1991	123	12
The Act on private business (Act No.105/1990)	1990	5	0
Labour Code (Act No. 311/2001)	2001	38	5
Social Insurance Act (Act No. 461/2003)	2003	70	12
Health Insurance Act (Act No. 580/2004)	2004	42	8
Commercial Code (Act No. 513/1991)	1991	43	5
Tax code (Act No. 563/2009)	2009	21	6
Law on income tax (Act No. 595/2003)	2003	66	13
The Law on Value Added Tax (Act No. 222/2004)	2004	23	2
The law on local taxes and local fees for municipal waste and minor construction waste (Act No. 582/2004)	2004	23	1
Building act (Act No. 50/1976)	1976	34	3
The Public Procurement Act (Act No. 25/2006, 343/2015)	2006, 2015	28	6
Law on Bankruptcy and Restructuring (Act No. 7/2005)	2005	23	6
Accounting Law (Act No. 431/2002)	2002	21	2
The Law on Safety and Health at Work (Act No. 124/2006)	2006	12	3

Source: Codex, processed by SBA

Amendment of Act No.25/2006 on public procurement By Act No. 13/2015

The aim of the amending of this act, published under No.13/2015 and coming into effect on *1 March 2015* was to prevent the so-called letter-box companies to access contracts from public sources, by providing stricter conditions of participating at public procurement. The purpose of accepting this law was thus the need to ensure that only legal persons with known ownership could participate in public procurement. Legal persons that are applying for public contracts are within the meaning of the Amendment obligated to prove their ownership to the level of natural persons.

- By Act No.31/2015

The amendment of the Act on EGTC, published under No.31/2015 and coming into effect **1 April 2015** indirectly amended also the Act on public procurement. The amendment added to the Act another **exception from the application range of the Act**. It concretely affects the bellow-threshold contracts and contracts according to § 9 (9), the subject of which is the „supply of goods, executions of works and providing services, the result of which is the **supply and installation of a small device producing electricity or heat from renewable energy sources for detached houses and apartment building for the purpose of housing**; in the case of producing electricity a small device is a device with a power of up to 10kW, in case of producing heat a small device is a device covering the energy need for the building used by a physical person or natural persons for housing“.

- By Act No.87/2015

Coming into effect from 29 April 2015 **the participation in public procurement for subjects where restructuring was enabled, has been restricted**. This means that in the

period of the permission for restructuring till the end, the subject won't be able to participate in public procurement.

- **Act No.252/2015.**

A crucial news in the legislation of public procurement is introducing the definition of the **final user of advantages** and the **register of final users of advantages**. The goal of this amendment was to reach a more efficient and a transparent managing of public resources and fighting against corruption in public procurement. In the meaning of the new amendment public contracting authorities and contracting authorities won't be able to get a contract with an applicant, who doesn't have the final users of advantages listed in the register of final users of advantages. Through the amendment there's an increase of the lower threshold of the predicted value of (under threshold) contracts to be delivered. The introduction of the possibility to use an electronic market place also with excessive contracts and the amendment of the process of dynamic shopping systems is also a change brought by the amendment of the act on public procurement. The amendment came into effect **on 1 November 2015**.

Act No.343/2015 on public procurement and on amending and supplementing of certain acts Z

The new act on public procurement was published in the Collection of Laws on 3.12.2015 under the title **Act No.343/2015 on public procurement and the amending and supplementing of certain acts**. The new act on public procurement itself came into effect on **18.4.2016** with the exception of some parts related to the electrification of the process of public procurement VO that came into effect on **31.3.2017**. The new GPP however amended a then valid Act No.25/2006 on public procurement and on the amending and supplementing of certain acts as amended. The Act in effect from 3.12.2015 to 31.12.2015 amended the period for submitting offers in public tender procedures to at least 15 days of fulfilling certain conditions.

Act No.438/2015 amending and supplementing Act No.99/1963 Coll. Civil Procedure Code as amended and amending and supplementing certain acts

In December 2015 the Act No.343/2015 on public procurement and on amending and supplementing certain acts was indirectly amended by **Act No.438/2015** amending and supplementing Act No.99/1963 Coll. Civil Procedure Law as amended and amending and supplementing certain acts. The changes came into effect on **18 April 2016**.

Act on audiovision and on amending and supplementing certain acts (Act No.39/2015)

The aim of the new Act was mainly a complex amendment of rights and obligations of people functioning in the audiovisual field. The Act follows on to the legislation so far –Act **No.343/2007** on the conditions of registering, public broadcasting and storage of audiovisual works, multimedia works and sound recordings of artistic performances and on the amending and supplementing of certain acts, which at the same time **replaces** it by coming into effect **on 1 July 2015**. In relation to the subjects functioning in the audiovisual field, **some obligations are being cancelled** through the amendment, for example the obligation for producers and distributors of audiovisual works, multimedia works and sound recordings of artistic performances to state the necessary information on the device, cover and the distribution paper of the audiovisual work, multimedia work and sound recording. The amendment also erased **three types of administrative charges** (submitting a request to be registered in the list of works, submit a request to be placed into the register of independent producers and submit a request about a change in the place of the register of independent

producers). The Act also changes the calculation of the amount for contributing to the **Audiovisual Fund** established by **Act No.516/2008** for operators of an audiovisual technical device and it establishes the obligation to contribute to the Audiovisual Fund also to the providers of audiovisual media service on request.

Amendment of Act No.561/2007 on investment help and on amending and supplementing certain acts as amended and amending and supplementing Act No.595/2003 on income tax as ammended (Act No.62/2015)

The aim of the accepted amendment of the Act was to ensure the providing of investment aid in accordance with the regulation of the Commission (EU) No.651/2014 on declaring certain categories of aid as incompatible with the interior market according to articles 107 and 108 of the agreement, which came into effect on 1 July 2014. A significant change resulting from the regulation was the **change of the intensity of the aid from 50 percent to 35 percent**. Another ammendment was the **change of the 10-percent limit for creating jobs**. In the meaning of the novel a condition was created for getting investment aid was the **creating of a minimum of 40 jobs**. At the same time the amendment made more efficient the process of approving investment aid, on the one hand through introducing the start of works on an investment plan by submitting the investment project without the obligation of issuing a certificate of fulfilling the conditions, and on the other hand by shortening the individual periods of proceedings on approving the investment aid with the purpose of increasing the competitiveness of the SR. The above mentioned changes came into effect on **1 April 2015**.

Amendment of Act No.431/2002 on accounting as amended and amending and supplementing certain acts (Act No.130/2015)

The amendment of the Act on accounting in effect from 1 July 2005 brought multiple changes as well as new administrative duties that concern **mainly large enterprises**. The proposed Act suggestion changed and supplemented certain acts, e.g. **Act 289/2008on using the electronic cash register**. The ammendment **repealed the exception** from the obligation of registering the turnover through an electronic cash register or a virtual cash register and changed it to **credit transfers** from the sale of goods or providing services. At the same time it ammends the procedures during the **process of certification and allocation of codes** of the virtual cash register and the start of using the virtual cash register.

Amendment of the Decree of the government of the Slovak republic No.75/2015 laying down the rules for providing support for non-project measures of the Rural development programme(Decree of the government of the SR No.163/2015)

The amendment of the Decree was accepted with the aim of clarifying certain questions, when it comes to providing aid for non-project measures of the Programme of the SR 2014-2020. Amended are especially the **provisions amending individual approaches when not complying with the declared area or the number of livestock units** and the approaches with the commitments that were present before the Decree of the government of the SR No.75/2015 came into effect. The amendment came into effect on **1 august 2015**.

Copyright Act (Act No.185/2015)

The new legislation was a complex amendment of copyright, rights related to copyright, rights to the database and the rights management, which reflect the amending of international contracts and agreements and the rights of the European Union in this sphere. With the aim of clarity and efficiency a new structure and **sorting of exceptions and limitations** were

introduced. Attention was given to the so-called **special regime of creation** (occupational work, work on order, communal work and educational work). The Act introduced new **contractual types**: a broadened collective license contract and a multiteritorial license contract for online use of music works. Because of multiple specifics the new Act dealt separately in a new heading with some works that is the **audiovisual work and computer programme**. The act came into effect on **1 January 2016**

Amendment of the Decree of the Ministry of finance of the SR No.229/2014, laying down the scope of tax regulations, on the application to which a binding statement may be published (Decree of MF No.214/2015)

On 1 September 2014 the part of the tax order establishing the **institute of binding statement to applying tax regulations** came into effects. The scope of the tax regulations the application of which is possible to issue a binding statement was created by the Decree of the Ministry of finance of the SR No.229/2014. The amendment of this Decree published under No.214/2015 coming into effect on **15 September broadened the scope of tax regulation** the application of which can be added by a binding statement off **our new cases in the context of the act on income tax and in the context of the Act on VAT**.

The Decree of the government of the SR laying down the maximal intensity of investment aid in each regions of the Slovak republic (the Decree of the government of the Slovak republic No.219/2015)

On 15 September a new governmental Decree came into effect, introducing the maximal intensity of investment aid and the amount of investment aid in individual regions of the SR. The decree is connected to the decree of the government of the SR No.481/2001, which it replaces in its full extent. In the meaning of the new decree the use of investment aid till the 31 December 2020 three Slovaks regions of NUTS 2 are permitted to make use of it: Eastern Slovakia, Central Slovakia and Western Slovakia (except the Bratislava region).The decree of the government aligns the maximal intensity with the Map of regional aid for 2014-2020 and at the same time it erases the limitations of the maximal intensity of investment aid.

The maximal intensity of investment aid for an investment project with eligible costs exceeding 50 million euro can't exceeded during the use of investment aid the part of the eligible cost :

- a. To 50 million euro 100% of maximal intensity of investment aid applicable in the said region according to the following table
- b. Exceeding 50 million euro and receiving a maximum of 100 million euro 50% of the maximal intensity of investment aid applicable in the said region according to the following table
- c. Exceeding 100 million euro 34% of maximal intensity of investment aid applicable in the said region according to the following table.

Tab. no. 4-11 The maximum intensity of investment aid in the regions of Slovakia under Government Regulation no. 219/2015 Coll. (Annex no. 1 of the Regulation)

Region	Industrial production	Technology centre	Center of Strategic Services	Tourism
Western Slovakia	25 %	25 %	25 %	25 %
Central Slovakia	35 %	35 %	35 %	35 %
Eastern Slovakia	35 %	35 %	35 %	35 %

If the investment project with approved with the eligible costs up to 50 million Euro is realised by a **small or medium-sized enterprise** the intensity of investment aid can be increased by 20% for small enterprises and 10% for medium-sized enterprises.

Amendment of the Act amending and supplementing Act No.563/2009 on tax management (tax regulation) (Act No.269/2015)

The approved amendment of the Tax Order brought about changes that took into account the time perspective during a supplementary tax declaration and the collection of the right amount of tax, changes related to sanction when not fulfilling certain obligations and the introducing of the absorption principle when imposing penalties also occurs. The amendment of the tax order also brought about **changes in the submission**. Paragraph 10 was added to the provision § 13, according to which **the person obliged to deliver the submission through electronic means, and hasn't submitted it through electronic means signed with a authorised electronic signature** or in accordance with the agreement concluded with the tax administrator will be **asked to submit it correctly. The corrected VAT declaration and an addition VAT declaration is amended by provision §16**. According to the new, **amended form of the provision §52 (1) (a)** the financial directorate draws up the list of tax debtors according to the state to the last day of the month, the overall amount of whose **tax arrears exceeded 170 Euro**. For the provision § 155 the amendment of the tax order included provision §155a which modifies the new institute, the so-called **cumulative fine, which introduces the absorption principle during fining**. The amended tax order came into **effect 1 January 2016**.

Act on supporting the least developed regions and on amending and supplementing certain acts (Act No.336/2015)

The aim of this new act was to lessen the economic differences between municipalities and to start an economic, social and environmental development in these municipalities through a cooperation with the government of the Slovak republic, the local authority and the general public, through setting up of a five-year long Action plan of development of the least developed region. The National Council of the SR approved the act on supporting the least developed region which at the same time amended the act on investment aid **coming into effect from 15 December 2015**. The amendment of the Act on investment aid decreases the general requirements of investment aid in the least developed regions of Slovakia. For investment projects in the least developed areas of industrial production and tourism the minimal amount of investments into a long term tangible and intangible assets will decrease to 200 000 Euro, while at least 50% has to be covered through own funds. In the case of tourism the investment realised has to create at least five new jobs.

Amendment of the act amending and supplementing Act No.5/2004 on employment services and on amending and supplementing certain acts as amended (Act No.353/2015)

From 1 January 2016 new conditions of providing a contribution to supporting job mobility have been introduced in Slovakia. They're related to the contribution in the amount of 80% of proven expenses for living costs, a maximum of 250 Euro a month for six months, whilst the disadvantaged job seekers will be given a contribution from the state for the following six months as well in the amount of 125 euros a month. An employee for the purpose of graduate practice will be, according to the ammedment of the act, also a small trade licenses person that doesn't have any employees. These small trade licenses persons too will therefore be able to use an unemployed graduate and offer him a graduate practice.

4.5.3 Support programs, measures and initiatives

❖ The Ministry of Economy of the SR

- **Supporting the development of strategic investments- Investment incentives**

In the Slovak legal system the conditions of providing investment aid are regulated by Act No.561/2007 on investment aid and on amending and supplementing certain acts, as amended (hereinafter „ Act on investment aid“).

The Act on investment aid takes into consideration the realities of SMEs by significantly alleviating the general conditions for providing investment aid to this group of entrepreneurs. According to § 4 (5) of the Act on investment aid, the minimal amount for the acquisition of tangible fixed assets and intangible fixed assets in an industrial production, for an investment project realised by a small or medium-sized enterprise, shall be reduced by half.

According to § 2 (7) of the SR Government Decree No. 219/2015 which lays down the maximal intensity of the investment aid and the amount of investment aid in individual regions of the Slovak republic as amended, if the investment project with eligible costs of up to 50 mil. Euro is realised by a small or medium-sized enterprises, the intensity of investment aid may be increased for small enterprises by 20% and for medium-sized enterprises by 10% according to Annex No.1. The conditions for providing investment aid are summarised in table No. 3.10.

In 2015 the government of the SR approved investment aid for one investment project realised by a medium-sized enterprise resident in the region of Banská Bystrica. The total amount of eligible costs are planned at 4 243 360 euro along with the creation of 50 new jobs. The investment aid was approved in the total amount of 1 510 624 euro, of which there was no drawdown realised in 2015. The grant for the acquisition of tangible fixed assets and intangible fixed assets was subject to a drawdown in 2015 by one subject qualified as a SME, in the amount of 187 018 euro.

In December 2015 Act No. 336/2015, on the support of the least developed districts and the amending and supplementing of certain acts, entered into force. In relation to the said Act, the Act on investment help was also amended, where the conditions for providing investment aid for investment projects from the sphere of industrial production in the least developed districts have decreased to an amount of a minimal investment of 200 000 euro and a minimal amount of 10 jobs. Enterprises of the SME category have to satisfy the condition of a minimal investment of 100 000 euro.

Tab. no. 4-12 Conditions for the provision of investment aid (as of 31.12.2015)

Industrial production	Minimal investment		Share of new technological equipment	Min. the number of new jobs	Covered by own assets	
	Large enterprise	SME			Large enterprise	SME
MEN lower than the national average	10 mil. eur	5.0 mil. eur	60 %	40	min. 50% of eligible costs	
MEN higher than the national average	5 mil. eur	2.5 mil. eur	50 %	40		
MEN at least 35% higher than the national average	3 mil. eur	1.5 mil. eur	40 %	40		
The least developed districts	200 tis. eur	100 tis. eur	30 %	10		

Source: MoE SR

With regards to the investment aid, the Ministry of Economy of the SR is thinking about additional changes that would similarly benefit investment projects in the sphere of technological centres in the least developed districts. Likewise, currently a system and background for the cooperation with coordinators of action plans and related activities in the least developed districts is being prepared. The planned cooperation should lead to greater awareness of local entrepreneurs about investment aid, as well as them being prepared to submit and consequently realise the investment project. From the activities set out we expect in particular, the support of small and medium-sized enterprises, since they are the ones that usually don't possess sufficient resources for funding consultancy services in the sphere of State aid.

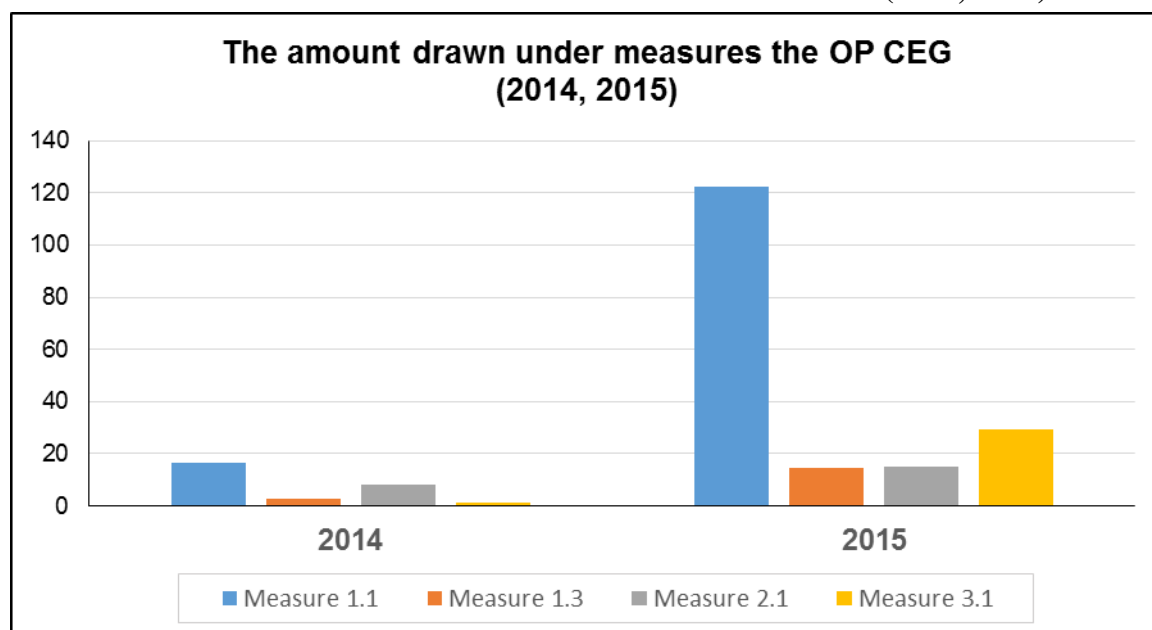
- **The Operational programme Competitiveness and Economic growth 2007-2013**

The Ministry of Economy of the Slovak republic (hereinafter “ME SR“) supports small and medium-sized enterprises (hereinafter “SMEs“) to a significant degree also through the form of operational programmes co-financed by the resources of the European Union. In the **programme period 2007-2013** this support was realised in the form of implementing the **Operational programme Competitiveness and Economic Growth** (hereinafter “OP CaEG“). Overall 1600 projects were supported in the form of non-repayable funding (hereinafter “NRF“), which constitutes 69% of all projects of this programme. In OP CaEG the form of support also from funding instruments was used for the purpose of financing projects of SMEs, where to the 31.12.2015 501 projects were supported by the JEREMIE initiation. The support of SMEs in OP CaEG was provided in the sphere of innovations, technological transfers, research and development, increasing the energy efficiency and renewable energy sources and entrepreneurial activities in tourism. In 2015 the financial resources deployed from the structural fond of the EU under the authority of ME SR were realised through OP CaEG.

Tab. no. 4-13 Overview of funds drawn from sources of OP C&EG for SMEs in 2014 and 2015 (entry of summary applications for payment, approved certification body)

Measures of the OP CaEG	2014			2015		
	Total drawn (EUR)	Drawn by SMEs (EUR)	Share drawn by SMEs (%)	Total drawn (EUR)	Drawn by SMEs (EUR)	Share drawn by SMEs (%)
Measure 1.1 Innovation and technology transfers	16 825 514	16 395 196	97	122 306 911	122 306 911	100.0
Measure 1.3 Support of innovation activities in enterprises	3 223 768	2 816 990	87	15 044 196	14 621 484	97.2
Measure 2.1 Increasing energy efficiency both on the side of generation and consumption; and introducing advanced technologies in the energy sector	7 996 077	7 996 077	100	73 905 968	14 905 968	20.2
Measure 3.1 Support of business activities in tourism	1 322 611	1 322 611	100	29 375 202	29 375 202	100.0
Total	29 367 970	28 530 873	97	240 632 277	181 209 565	75.3

Source: MoE SR

Chart No. 4-8 The amount drawn under measures the OP CEG (2014, 2015)

Source: SBA, on the basis of data of SIEA

In 2015 based on the contracts concluded on the NFP, 181 209 565 euro were paid to SMEs, whilst the accessing of the funds through SMEs constituted 75.3%. The amount of accessed funds by SMEs by value was increased year-on-year by over **630%** from 28.5 mil. Euro to 181.2 mil. Euro. On the other hand, from the point of view of shares of SMEs in the overall amount, their share has decreased year-on-year by 21.7 p.p.

Tab. no. 4-14 Overview of funds drawn from sources of OP C&EG for SMEs as at 31. 12. 2015

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 technol. transfers	387 700 221	370 847 670	95.65%
Measure 1.3 Support of innovation activities in enterprises	59 818 152	57 652 081	96.38%
Measure 2.1 Increasing energy efficiency both on the side of generation and consumption, and introducing advanced technologies in the energy sector	160 138 185	85 980 640	53.69%
Measure 3.1 Support of business activities in tourism	136 938 722	120 658 486	88.11%
Total	744 595 280	635 138 877	85.30%

Source: MoE SR

Towards the end of 2015 the total amount of resources used within the framework of the OP CaEG for small and medium-sized enterprises reached 635 138 877 euro (including tranches paid to the beneficiary for the realising of the JEREMIE initiative), whilst the share of up taking funds by SMEs constituted 85.3%.

The amount of beneficiaries from the category of SMEs within the framework of OP CaEG has significantly increased in a year-on-year comparison. Compared with 2014, the number of beneficiaries has increased from the value of 74 to level 441 SMEs. The year-on-

year increase of the number of beneficiaries is clear in the framework of all the measures of OP CaEG, but most significantly it has increased in the framework of 1.1- Innovations and technological transfers.

Priority Axis 3- Tourism

Priority Axis 3- Tourism is specifically aimed at the tourism sphere. In the context of this priority axis, conditions are created for the realisation of demand-side oriented projects and a national project aimed at supporting the promotion of Slovak domestic and foreign tourism with an indirect focus on SMEs during their presentation in the domestic and foreign market and for the creating of image during the entrepreneurship in tourism. In 2015 there was a NFP of 29 375 202 euro payed to the SMEs with regards to the individual challenges of the measure 3.1 The Support of Business Activities in Tourism.

Tab. no. 4-15 Overview of funds drawn from sources of Measure 3.1 of OP C&EG - as at 31. 12. 2015

Call code	Paid NFC in 2015 (Eur)
KaHR-31DM-0902	146 130
KaHR-31SP-1101	15 714 851
KaHR-31SP-1201	11 928 758
KaHR-31DM-1401	1 585 464
Spolu	29 375 202

Source: processed by SBA, on the bases of data of SIEA

The activities realised through the Operation programme Competitiveness and Economic Growth (hereinafter „ OP CaEG) in the programme period 2007-2013 are followed by the **Operation Programme of Research and Innovation** (hereinafter „OP VaI“), which represents the joint programming document of the Ministry of Education, Science, Research and Sport of the SR (hereinafter „MESRS SR“) as the managing authority and the ME SR as the intermediary body for providing support from European structural and investment funds in the **programme period 2014-2020**.

OP VaI focuses on creating a stable environment, favourable for innovations for all relevant subjects and the support of increasing the efficiency and performance of the system of research, development and innovations, as the basic pillar for increasing competitiveness, sustainable economic growth and employment. Through OP VaI the complex and wide-spectrum support of SMEs – starting or existing will be ensured during the programme period of 2014-2020.

- **Website www.podporapodnikania.org**

In 2015 the ME SR prepared a website www.podporapodnikania.org. Its main goal is to inform the entrepreneurial public about all the instruments for the support of business (financial or non-financial) in the competence of all departments of the government of the SR. For a better orientation of SMEs a filter was incorporated into this website, which significantly simplifies getting the required information for SMEs.

❖ State aid provided by the Ministry of Finance of the SR

In the light of the Report on Providing State aid in the Slovak republic for 2015, the financial administration authorities provided aid through tax authorities as well as customs authorities.

In 2015 **tax authorities** provided State aid in the total amount of 34.38 mil. Euro. Compared to 2014 the State aid has increased by 3.13 mil. Euro, i.e. by 10.02%.

The State aid in 2015 was provided to 23 beneficiaries in the form of:

- Income tax exemption according to § 35a the Act on income tax. The state aid was provided to 1 beneficiary in the total amount of 0.13 mil. Euro, i.e.0.38% of the overall amount of State aid provided,
- Income tax exemption according to § 30a the Act on income tax through investment aid. The State aid was provided to 20 beneficiaries in the total amount of 34.25 mil. Euro, i.e. 99.62% of the overall State aid.

The overall share of State aid provided to SMEs by the tax authorities in 2015 made up 3.90% of the overall State aid provided.

In 2015 **the customs authorities** provided State aid in the total amount of 22.26 mil. Euro. In comparison to 2014 the State aid has decreased by 0.51 mil. Euro, i.e. by 2.24%.

The main reason for the year-on-year decrease of State aid was mainly the fact that in 2015 there was a downturn in the State help provided according to the scheme of state help State help NN 63/2009 (ex N 83/2008)- Slovak republic Tax advantage applied to electricity, coal and natural gas (§ 7 (1)(e) and (g), § 19 (d) and § 31 (1) (d)) of Act No. 609/2007 on excise duty on electricity, coal and natural gas and the amending and supplementing of Act No.98/2004 on excise duty from mineral oil as amended. The State aid in 2015 was provided to 333beneficiaries according to the following schemes of State aid:

- In the transport sector (scheme of State aid State aid case NN 46B/2006 Slovakia Income tax exemption and the reduction of the income tax rate set out in Council Directive 2003/96/es) the State aid provided was in the amount of 0.45 mil. Euro, which percentage wise represents 2.02% of the overall State aid.
- In the biofuels sector (C 360/2006- Slovakia Favourable tax treatment for the use of fuels from renewable sources based on Directive No. 2003/96/ES) the State aid provided was in the amount of 2.95 mil. Euro, which percentage wise represents 13.25% of the overall State aid.
 - In the electricity, coal and natural gas sector (scheme of State aid State aid NN 63/2009 (ex N 83/2008 (ex N 83/2008)- Slovak republic Favourable tax treatment for electricity, coal and natural gas) the State aid provided was in the amount of 18.86 mil. Euro, which percentage wise represents 84.3% of the overall State aid provided.

The overall share of State aid provided to SMEs by customs authorities in 2015 made 74.20% of the overall State aid provided.

❖ Ministry of Transport, Construction and Regional Development of the SR

Grants to support the development of tourism

Act No. 91/2010 on the support of tourism enabled the interested subjects, mainly the authorities and entrepreneurs to bring together the resources and with the support of the state, realise the projects that would contribute to an increased interest of tourists to the said destination. By improving destination management the prolonged stay of visitors in the given area will be supported, and thus also their financial contribution for the benefit of the local providers of not only services, but also goods.

In 2015 there 31 regional tourism organisations and 4 county organisations of tourism were supported through § 29 Act No.91/2010. The amount of grant provided in 2015 was **4 327 641.85 euro**. The aim of the grant is the development of destination management of tourism focused on projects that are realised by tourism organisations through § 29 Act No. 91/2010. The result of this support is the development of tourism characterised by a growth of performance of accommodation establishments, which manifests in the payment data of foreign tourism. We can say that the income from active tourism in 2015 has increased by 9.7% in comparison to the previous year.

❖ **Slovak Tourist Board**

The goal of the marketing activities of the SACR in 2015 was the growth of active foreign and domestic tourism in terms of the number of visitors, income and other economic and social contributions. In 2015 SACR directly and indirectly promoted and supported SMEs through various means:

- **Participation at tourism expositions and fairs**

Subjects operating in tourism (including SMEs) could participate on favourable terms in the expositions and fairs on tourism abroad, which the SACR attends. The SACR was thus creating a platform for creating a presentation of individual products and services in tourism, business activities, making and enhancing contacts and the cooperation between entrepreneurs and their potential foreign clients. In 2015 the SACR attended 24 tourism expositions and fairs in countries like Germany, Hungary, Poland, the Czech Republic or Great Britain. 80 co-exhibitors used the opportunity to present themselves.

- **Info trips of foreign journalists and tour operators**

Info trips belong to the key marketing instruments in terms of the developmental potential of Slovak tourism. Amongst the most significant info trips from 2015 was also the info trip of the Spanish tour operators through towns like Bratislava, Banská Bystrica, Banská Štiavnica, Levoča and the tourist centre Vysoké Tatry and the info trip of Chinese tour operators who had a look at Bratislava, the spas in Brusno, Spišský hrad and Štrbské pleso. The info trips of foreign tour operators in 2015 focused on Vysoké Tatry and Nízke Tatry, Bratislava, spa towns, Banská Bystrica and Banská Štiavnica. Thematically they focused on the towns' tourism, history, ski centres, therapeutic spas, UNESCO monuments and wine routes.

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

The national portal for tourism www.slovakia.travel which is operated by the SACR in six languages, continuously informs about the activities, events and news in Slovak tourism. Through this the SACR provides SMEs a place to inform the Slovak and foreign public about events that can be visited. In 2015 the portal www.slovakia.travel was visited by 2 523 345 people interested in information about Slovakia, which represents a year-on-year increase of 100%.

❖ The Ministry of Agriculture and Rural development of the SR

• The program of Rural Development of the SR 2007-2013

In the context of the Programme of Rural Development (hereinafter also “PRD”) in the SR 2007-2013 small and medium-enterprises (hereinafter also “SMEs”) had the opportunity to use support in the context of the following measures.

123 Adding value to agricultural products and products of the forestry sector (the intensity of aid is 50% of the approved expenses in the contexts of the counties in the SR, except the Bratislava region, and 40% in the context of the Bratislava region). During 2015 there was no call in the context of the measure, but contacting occurred. In 2015 there were altogether 67 contract made on the providing of a non-repayable financial grant (“NFG”), where the overall amount of approved financial means was 20 005 890 Euro.

311 Diversification to non-agricultural activities (intensity of aid is 50% of the approved expenses in the context of the Bratislava region). In relation to the said measure there were 4 contract made on providing of NFG where the overall financial means were in the amount of 535 514 euro.

- *313A Support of activities in the sphere of rural tourism* (the intensity of help is 50% from the approved expenses of the regions of the SR). In 2015 in relation to the said measure there was a call from 13 July to 31 July. In 2015 there were 21 contracts on providing of NFG where the overall amount of approved financial means was 1 795 024 euro.

Tab. no. 4-16 Support for SMEs in 2013 from Rural Development Programme of the SR 2007-2013

Measure	Number of SMEs supported in 2015 (with payment of fin. resources in 2015)					Total paid fin. resources from EAFDR SR 07-13 in EUR for SMEs in 2015 (source EU + state budget)
	overall	micro enterprises	small enterprises	medium-sized enterprises	other enterprises *	
123 Adding value to agricultural and forestry products	192	102	54	35	1	35 617 360
311Diversification into Non-agricultural Activities	20	0	16	4	0	4 621 934
311 through axis 4 Leader Diversification into Non-agricultural Activities	15	0	15	0	0	1 284 959
313A Encouragement of rural tourism	189	**	**	**	**	15 561 193
313A through axis Leader Encouragement of activities of rural tourism	58	**	**	**	**	2 008 688
Total	474	102	85	39	1	59 094 134

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

Source: APA

- **Operation programme Fisheries of the SR 2007-2013**

In the framework of the operation programme Fisheries of the SR 2007-2013 it was possible to support micro enterprises, small and medium-sized enterprises especially from the measures 2.1 *Investments into aquaculture* and 2.2 *Investments into developing and introducing on the market*. The intensity of help depends on the size of the enterprise applying for support, whilst micro enterprises and small enterprises can be given a non-repayable grant from public resources up to 60% and medium-sized enterprises up to 50% of the overall eligible costs.

In 2015 in the framework of the measure **2.1 Investments into aquaculture** 15 small and medium-sized enterprises were supported. The overall amount paid was **1 812 585.70 euro**

In the framework of the measure **2.2 Investments into developing and introducing on the market** 4 medium-sized enterprises were supported and **702 839.86 Euro** was paid to the recipients in the category of SMEs.

Tab. no. 4-17 Support for SMEs in 2015 from OP Fisheries of the SR 2007-2013

Measure	Number of SMEs supported in 2015 (with payment of fin. resources in 2015)					Total paid fin. resources from EAFDR SR 07-13 in EUR for SMEs in 2015 (source EU + state budget)
	overall	micro enterprises	small enterprises	medium-sized enterprises	other enterprises*	
Measure 2.1 Investments in Aquaculture	15	9	1	5	0	1 812 585.70
Measure 2.2 Investments in Processing and Marketing	4	0	0	4	0	702 839.86
Total	19	9	1	9	0	2 515 425.56

Source: MARD SR

- **State aid provided by the Ministry of Agriculture and Rural Development of the SR in 2015**

The Ministry of Agriculture and Rural development of the Slovak republic (hereinafter “the ministry”) provided State aid in 2015 in the context of the Programme of Rural development (hereinafter “PRD” and according to separate legislation (e.g. Regional operation programme, the yield of the Ministry of Agriculture and Rural development of the Slovak republic from 10 December 2014 No.660/2014-100 on providing support in agriculture, forestry sector and fisheries) in the **overall amount of 36.92 mil Euro**. (In the context of PRD **21.46 mil. Euro** was provided (State budget of the SR – 4.29 mil. euro and the EU – 17.17 mil. Euro) and **according to separate legislation there was 15.46 mil. Euro** provided (State budget of the SR – 3.57 mil. Euro and the EU – 11.89 mil. Euro).

From the overall amount of State aid provided 36.92mil. Euro consisted of the resources of the Union 78.71% (29.06 mil. euro). The Ministry decreased the amount of financial resources for state aid provided compared to 2014 by 58.68%. To the decreased amount of financial resources provided by the Ministry for State aid in 2015 compared to 2014 occurred especially because in 2015 there weren't any projects realised in relation to strengthening the cultural potential of regions as in 2014.

Providing State aid in the resort of agriculture and rural development of the SR in 2015 was aimed primarily at:

- Co-financing projects of PRD,
- Strengthening the cultural potential of regions,
- Improving the genetic quality of livestock,
- Improving the remediation of livestock,
- Presenting primary production agricultural products through expositions,
- Increasing the competitiveness of agricultural primary production,
- Sustainable management in forests,
- Protection of nature in the area of NATURA 2000,
- Diversification of activities in the countryside to non-agricultural activities and increasing the employment in the countryside.

Tab. no. 4-18 Overview of State aid granted by MARD SR in 2015

Number of the Scheme	Title of the Scheme	The assistance provided (in mil. EUR)	Share in %
Rural Development Programme of the SR 2007-2013			
SA.36626 (N 482/2009)	State aid scheme for measure 2.1 - Restoring forestry potential and introducing prevention actions (within the measure 5.3.2.2.4 of Rural Development Programme of the SR 2007-2013)	19.82	53.68
X 370/2010	Diversification into Non-agricultural Activities implemented through the axis 4 Leader	0.54	1.46
SA.31606	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	2.30
N 165/2010	State aid scheme to support first afforestation of agricultural land under the measure 5.3.2.2.1 of Rural Development Programme of the SR 2007-2013	0.15	0.41
SA.31893	State aid scheme for Forest-environmental payments under the measure 5.3.2.2.3 of Rural Development Programme of the SR 2007-2013	0.10	0.27
Other legislation			
SA.27247 (N652/2008)	State aid scheme for technical assistance and forest management plans under Annex I.	0.62	1.68
SA.41129 (2015/XA)	State aid scheme for prevention and eradication of animal diseases	0.40	1.08
SA.41086 (2015/XA)	State aid scheme for securing the participation of farmers at exhibitions	0.07	0.19
SA.41094 (2015/XA)	State aid scheme for establishment and management of the herd book and herd record	0.38	1.03
SA.41124 (2015/XA)	State aid scheme for utility controls, testing and assessment of breeding value of animals	0.95	2.58
SA.36678 (2013/N)	State aid scheme for strengthening the cultural potential of regions	13.04	35.32
TOTAL		36.92	100.00

Source: MARD SR

From the overall amount of 36.92 mil. Euro 0.01 mil. Euro (0.03%) was provided to large enterprises and **36.91 mil. euro (99.97%)** was given to micro, small and medium-sized enterprises.

Tab. no. 4-19 Distribution of granted total state aid by regions:

Region	Provided assistance in mil. Eur	%
Bratislava	0.65	1.76
Trnava	4.72	12.78
Trenčín	1.11	3.01
Nitra	0.59	1.59
Žilina	14.18	38.41
Banská Bystrica	5.26	14.25
Prešov	5.29	14.33
Košice	5.12	13.87
Spolu	36.92	100.00

Source: MARD SR

- **The National programme of supporting agricultural products and foods „Mark of Quality of SK“**

The national programme of supporting agricultural products and foods Mark of Quality of SK serves to support the consumption of domestic food production in a strong competitive environment in the framework of a unified EU market. The priority of the programme from the beginning was to boost the visibility of quality domestic products and thus strengthen their competitiveness on the domestic market.

The target group are Slovak producers who are helped by increasing the competitiveness of their products on the market and consumers who by buying products labelled as the Mark of Quality of SK receive a guarantee that they are truly quality and safe foods and at the same time they support the development of the domestic economy. **In 2015 the Mark of Quality of SK was given to 77 producers and 307 products.** The amount used on the advertisement of the Mark of Quality of SK was **480 000, - Euro.**

❖ Ministry of Health of the SR

- **Operational programme Healthcare (OPH)**

In 2015 the Ministry of Health of the SR launched 2 calls on submitting requests for a non-repayable grant (hereinafter “RfNNG”) from the operation programme Healthcare (hereinafter “OPH”) in the framework of which **there were 6 projects where the recipient was a healthcare institution in the category of small/medium-sized enterprise.** The recipients of the NFG in these projects were 31 different healthcare institutions. To the end of 2015 the contracting of the NFG increased to 63.4 mil. Euro. The use of NFG in 2015 was minimal. Towards the end of 2015 the cumulative state of use was 58.3 mil. Euro.

Tab. no. 4-20 Overview of provided assistance for SMEs within the Operational Programme Health

Size category/ legal forms	Assistance provided (in Eur) as at 31. 12. 2015			
	EU funds	State budget funds	NFC	Private funds
Small enterprises	31 304 827.22	5 524 568.58	36 829 395.80	1 952 147.00
Medium enterprises	18 252 023.61	3 220 945.77	21 472 969.38	1 130 156.54
Total	49 556 850.83	8 745 514.35	58 302 365.18	3 082 303.54

Source: MoH SR

From the point of localising the overall aid provided to small and medium-sized enterprises in the context of the OPH we can say that to the 31.12.2015 the aid was localised in all region NUTS III except of the Bratislava region.

From the 33 projects, in the framework of which small and medium-sized enterprises presented themselves as recipients, 14 projects were realised in the West-Slovakia region (3 in the Trnava region, 7 in the Nitra region and 4 in the Trenčín region), 8 in the Central-Slovakia region (3 in the Banská Bystrica region and 3 in the Žilina region) and 11 in the East-Slovakia region (7 in the Prešov region and 4 in the Košice region).

Tab. no. 4-21 Overview of provided assistance for SMEs within the Operational Programme Research and Innovation in terms of localization project

Project localization NUTS III	Assistance provided (in Eur) as at 31. 12. 2015			
	EU funds	State budget funds	NFC	Private funds
TT	4 247 338.75	749 716.77	4 997 055.52	277 442.04
NR	7 111 472.28	1 254 966.05	8 366 438.33	439 657.29
TN	3 754 239.21	662 512.93	4 416 752.14	232 460.68
BB	7 864 244.79	1 387 808.15	9 252 052.94	486 950.31
ZA	5 333 738.26	941 248.10	6 274 986.36	330 262.46
PO	17 158 162.44	3 027 911.40	20 186 073.84	1 062 425.12
KE	4 087 655.10	721 350.95	4 809 006.05	253 105.64
Total	49 556 850.83	8 745 514.35	58 302 365.18	3 082 303.54

Source: MoH SR

Overview

The Ministry of Health of the SR to the 31.12.2015 implemented in the context of the OPH 81 projects in total. From those, in the 19 projects of the overall amount of the NRG 38 788 152.53 € the recipient was a small enterprise and in 14 projects in the overall amount of the NRG 24 582 640.62 € the recipient was a medium-sized enterprise. The year-on-year increment of use of NRG was minimal. It was an amount of 1 340 78487 Euro.

- **Subsidies in the sphere of healthcare in the meaning of Act No. 525/2010**

Subsidies in the sphere of healthcare in the meaning of Act No.523/2010-activities realised in 2015

In 2015 the Ministry of Health of the SR provided subsidies for the support of drug prevention activities to 31 subjects overall in the amount of 514 999.20 Euro. From **that 2 objects from the SMEs category received subsidies for projects in the total amount of 62 414.00 Euro.**

❖ **The Ministry of Culture of the SR**

The Ministry of Culture of the SR is a central state authority for the national language, protection of the heritage fund, cultural heritage and literature, art, copyright and rights related to copyright, information campaigns and local artistic production, the presentation of Slovak culture abroad, the relations with Churches and religious societies, for media and the audio-visual.

- **The grant system of the Ministry of Culture of the SR**

In the framework of its competence it directs the activities of Slovak institutes abroad in the sphere of their cultural scope. The Ministry of Culture of the SR created a stable and transparent system of financing cultural and artistic activities through a grant system of the ministry. The Ministry of Culture of the SR applies Act No.434/2010 on providing grants in the scope of the Ministry of Culture of the Slovak republic as amended and the Measure of the Ministry of Culture of the Slovak republic No.MC-3186/2015-110/17632 from 15 December 2015 on the details of providing grants from the state budget.

The grant system of the Ministry of Culture of the SR in 2015 supported 193 projects of SMEs altogether in the form of grants in the overall amount of 2 042 408 Euro. The objects could be supported through the following programmes of the Grant system, specifically:

1. ***Let's renew our house***

In the framework of this programme there were **30 SMEs** supported in the form of a grant- owners and administrators of national cultural monuments and organisers of public cultural events in the total amount of **407 500 Euro**.

2. ***Cultural activities in the sphere of heritage institutions***

In the framework of this programme 1 of the SMEs was supported through a grant of **1000 Euro** (target group-museum, galleries and libraries)

3. ***Art***

In the framework of this programme **85 SMEs** were supported through a donation-organisers of public cultural events and publishers, in the total amount of **1 074 161 Euro**.

4. ***Pro Slovakia***

In the framework of this programme **12 SMEs** were supported through a grant-organisers of public cultural activities abroad in the total amount of **124 500 Euro**.

5. ***Intangible cultural heritage and cultural-awareness activities***

In the framework of this programme **12 SMEs** were supported through a grant –organisers of public cultural events and publishers in the total amount of **74 100 Euro**.

6. ***Culture vouchers***

Through this programme 52 SMEs were supported through a grant- organisers of public culture events in the total amount of **361 147 Euro**.

- **Supporting activities of the Audio-visual Fund**

In the supporting activities of the Audio-visual Fund the small and medium-sized enterprises (hereinafter only “SMEs”) are the biggest group of recipients of aid, since almost all activities related to creating, producing and sharing audio-visual works and also related to activities in the audio-visual sphere are done by SMEs. The basic aim of the Audio-visual Fund in relation to the recipients of financial resources is to ensure the equal opportunity when applying for financial resources. The long-term aim of the Audio-visual Fund is to increase transparency and efficiency of the Audi visual environment in the Slovak republic, to support its continuous growth and economic efficiency.

In 2015 the Audio-visual Fund supported in the form of an overall grant of 5 207 000 Euro 113 SMEs in total. The objects were supported through the following programmes of the Structure of supporting activities for 2015:

1. **The creation and realisation of Slovak audio-visual works:**

In the framework of this programme **76 SMEs** were supported in the form of a grant-producers of Slovak audio-visual works in the total amount of **4 612 000 Euro**.

2. The distribution and other introduction of audio-visual works in public:

In the framework of this programme **31 SMEs** were supported in the form of a grant-distributors of audio-visual works and organisers of public cultural events in the audio-visual in the total amount of **548 500Euro**.

3. Research, education and editorial activities in the sphere of audio-visual culture:

In the framework of this programme **4 SMEs** were supported in the form of a grant-publishers and organisers of educational and training events in the total amount of **11 500 Euro**.

4. Development of audio-visual technologies in the Slovak republic:

In the framework of this programme **2 SMEs** were supported in the form of a grant-operators of technical equipment for cinema projection (cinemas) in the total amount of **35 000 Euro**.

• Programme Creative Europe

The aim of the programme Creative Europe is to increase the economic growth and jobs in the cultural sector and creative industries, to support artistic activities, professionals, associations and organisations in culture and thus help them to address a new audience in Europe and outside of it and to improve their skills in a digital age.

The programme Creative Europe has two subprograms: Culture and MEDIA. The subprogramme Culture supports theatre and visual arts, cultural heritage and other spheres and the subprogramme MEDIA finance the film and audio-visual sector. The subprogramme Culture supports cultural and creative organisation with the aim of helping them to function internationally and to support an inter-border movement of cultural works and the mobility of cultural players. It helps to start projects with a European dimension and to share cultural content through national and European borders. It enables cultural and creative players to work internationally and to internationalise their carriers and activities in the European Union even further and finances programmes of cooperation, literature translations, sites and platforms. The subprogramme MEDIA has as its main goal the increasing of competitiveness of the European audio-visual industry in the context of an open European market and in the digital era the circulation of European audio-visual works and media literacy.

The program Creative Europe is aimed primarily at supporting small and medium-sized enterprises in cultural and creative sectors. Cultural and creative spheres are thus defined as all spheres the activities of which are based on cultural values and/or artistic or other creative expressions, regardless of whether these activities are oriented on the market or not, regardless of the type of structure in which they realise themselves, and independently from the means of financing of this structure.

In 2015 in the context of the subprogramme Culture there were 11 objects, whilst the total amount of support was 690 958.00 Euro. In the context of the subprogramme MEDIA the amount of support for partners from Slovakia was 461 101.32 Euro, whilst 7 Slovak partners were given support.

4.5.4 Recommendations

- To introduce rules of transparency on a central level and the level of regions-municipalities, to adopt effective measures to limit corruption and patronage, to increase the personal responsibility of officials responsible for procurement and to disclose contracts between the state and municipalities.

- To create a greater scope for the application of criteria for quality in the procurement process, especially in the case of the supply of services. The current legislative practice connected to a significant preference to the criteria of price causes problems when choosing the most appropriate offer in the light of requirements of the contract.
- The requirement of the lowest price in public procurement creates space for unfair entrepreneurship. During the public procurement of construction works we suggest to prohibit the only criteria of a low price, if the competing work is not defined by a detailed project, an accurate and exhaustive cost statement and a proper implementation documentation or a quantitative and qualitative exhaustive description of the work. .
- To exclude all offers with the highest and lowest price from the competition. This rule is also applicable to many EU countries for the purpose of eliminating extreme variants.
- To initiate practical training for SMEs aimed at decreasing the level of technical and formal shortcomings during the process of public procurement from their side, the regular publishing of the most frequent shortcomings during the process of public procurement along with practical advice and recommendations for SMEs/entrepreneurs.
- In relation to the problem of unpaid subcontractors in large public contest by the winners of public procurement, we suggest to reconsider the current way of realising payment and implement options for public contracting authorities to conduct direct payments for delivered goods, performed works and services provided directly by the subcontractor.
- To accommodate rules of participation in public procurement to the needs of small and medium-sized enterprises (e.g. decreasing the maximum amount of turnover, the proof of which the contractors can demand of the participants) and implementing the possibility to give a prohibition of participation in public procurement for subjects and natural persons that have committed illegal activities during the process of public procurement.
- To analyse the impact of existing programs of State aid for SMEs and accommodate the conditions of providing it to the needs of the SMEs.
- Development of a Code of timely payment from public authorities and limit the opportunity of prolonging the payment of bills over 30 days for public authorities
- Preference for established domestic objects when providing investment aid and increasing the transparency when providing investment aid.
- To increase the amount of instruments of repayable support in the form of low-interest loans and a risk capital.

4.6 Principle 6 SBAfE Facilitate SME ACCESS TO FINANCE and create legal and business environment, which will support on time payments of business transactions

4.6.1 Evaluation of the situation

❖ Development of financing of the SMEs

Based on the processed available reports of entrepreneurs in year 2014 the state of provided commercial loans for SMEs (due 31st December 2014) was a sum of 11 902 mil. euro (of which nearly 45.2% were short-term entrepreneur credits, meaning that their payment due is 1 year). Compared to year 2013 the state of provided entrepreneur credits of SMEs rose by 10.9%, which represents the most significant interannual rise since the year 2008.

The extent of SMEs bank loans usage (the share of SMEs-PO along with bank credits) rose interannually from 1.3% to 17.7%. The share of entrepreneurs, which make use of bank credits, rose interannually in all size categories of SMEs. Long-term highest share of entrepreneurs, which make use of bank credits, is in category of medium-sized enterprises (52.8%, rise of 0.4%). In category of small-sized enterprises 42.0% of the subjects seemed to make use of bank credits (interannual rise of 1.1%) and in the category of microenterprises 15.4% (interannual rise of 1.4%).

The state-guaranteed loans are provided by the Slovak guarantee and development bank (SZRB), primarily to those SMEs, which does not possess sufficient credit security, or are considered to be unreliable for commercial banks. The basic principle of providing Guarantees for loans relies on the breakdown of risks between SZRB, the client and the partner subject. In the year 2015 the total sum of bank guarantee portfolio of SMEs was 109 mil. euro (interannual decrease of 3.5%). In contrary, state-provided guarantees for the SME rose in the interannual comparison by 46.2% to a sum of 38 mil. euro (SZRB, Eximbank).

Average credit tariff rate of provided bank credits for SMEs in the year 2015, in accordance to NBS data, decreased by 0.4% to 3.4%.

Tab. no. 4-22 Funding development of SMEs in 2008 – 2015

Indicator	Year							
	2008	2009	2010	2011	2012	2013	2014	2015
Provided business loans to SMEs in mil. Eur	12 092	12 032	12 046	10 600	11 038	10 734	11 902	13 217
Total provided business loans in mil. Eur	15 679	15 156	15 174	16 117	15 523	15 102	14 837	16 119
Short-term loans granted to SMEs in mil. Eur	4 797	4 981	4 987	4 188	4 481	4 532	5 385	
A long-term loans to SMEs in mil. Eur	7 295	7 051	7 059	6 412	6 557	6 202	6 517	
The share of SMEs (corporate). bank loan	16.0%	18.2%	17.7%	16.5%	16.3%	16.4%	17.7%	
State guarantees granted to SMEs in mil. Eur	99	81	70	84	87	38	26	38
State-guaranteed loans for SMEs in mil. Eur	157	143	139	167	136	157	113	109
Interest rate for SME in %	4.6	3	3.2	3.2	3.8	3.6	3.8	3.4

Source: SBA processed on the basis of the financial statements of businesses (DataCentrum), NBS, SZRB and Eximbanka

❖ Overview of the financial support of SMEs from a standpoint of forms of financing and the sources of financial means

In year 2015, according to structure of forms of financing, the grants of EU dominated with more than 32% share, loans from the sources of SB with a share of 21.34% and credits supported by the EU with a share of 18.91%. Significant share (12.29%) of the financing of SMEs in a given period was also held by measures of active labour market policy, from which a sum of 93.86 mil. euro was donated as a support to SMEs.

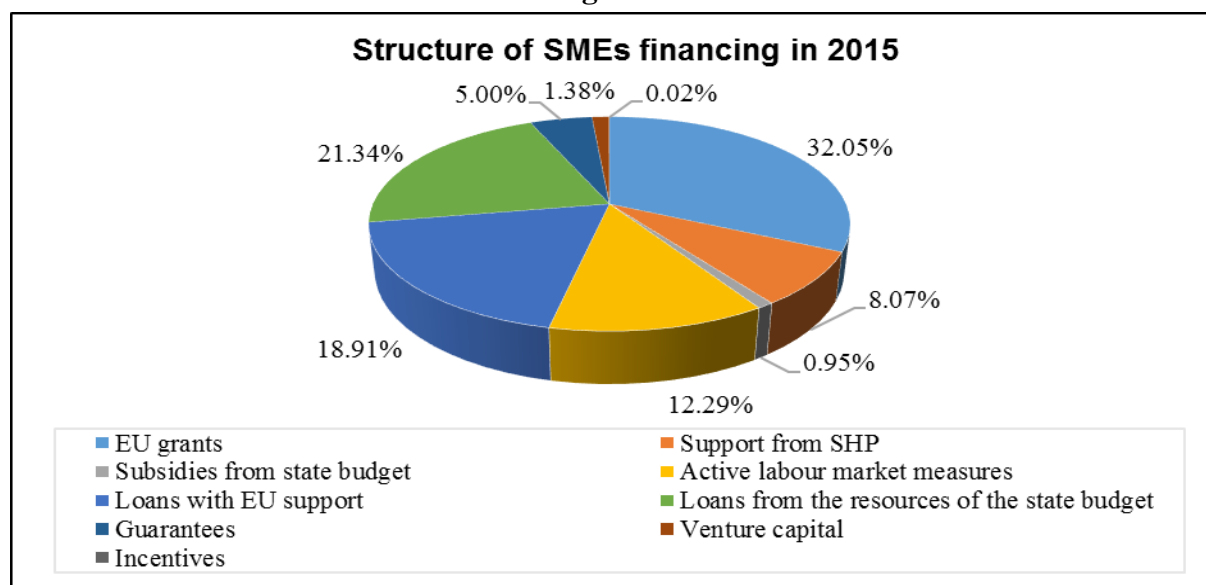
Tab. no. 4-23 The volume of drawn amounts funds by SMEs in 2015, according to their source in EUR

Source	Volume of funds (Eur)	Expressed in percentage
EU grants	244 775 435.17	32.05 %
Support rural from EU resources	61 609 559.56	8.07 %
State budget subsidies	7 249 408.00	0.95 %
Measures of active labor market policy	93 861 798.00	12.29 %
Loans EU supported	144 432 880.00	18.91 %
Loans from the resources of the state budget	162 992 000.00	21.34 %
Guarantees	38 172 000.00	5.00 %
Venture capital	10 389 768.00	1.36 %
Incentives	187 018.00	0.02 %
Total	763 669 866.73	100.00 %

Source: SBA

Within the scope of the structure of forms of financing, the support for countryside by the sources of EU rose interannually to 8.07%. Guarantees took part on the volume of the financial means withdrawn by the use of SMEs at a rate of 5%.

Chart No. 4-9 Structure of SMEs financing in 2015



Source: SBA

From the standpoint of interannual development the volume of financial means, withdrawn by the use of SMEs, rose significantly by no less than 39.05%, which equals 214.47 mil. euro. The most significant interannual change in the value statement occurred in the grants of EU, where the share of grants of the structure of forms of financing rose by no less than 103.61 mil. euro (73.39%), mainly due to the increased withdrawal of means within OP CaEG.

The most significant interannual change in percentual statement was within the scope of SGI support, where a rise of no less than 100.97% (30.95 mil. eur) occurred. Significant interannual rise in volume of financial means, which were used by SMEs for financing of it's activities, also occurred among loans with the support of EU, where it came to a rise of 88.24% (67.70 mil. euro), mainly due to the increased withdrawal of means in the scope of JEREMIE initiative, and among the Guarantees, which are provided by SZRB and EXIMBANK, by 45.23% (11.90 mil. euro).

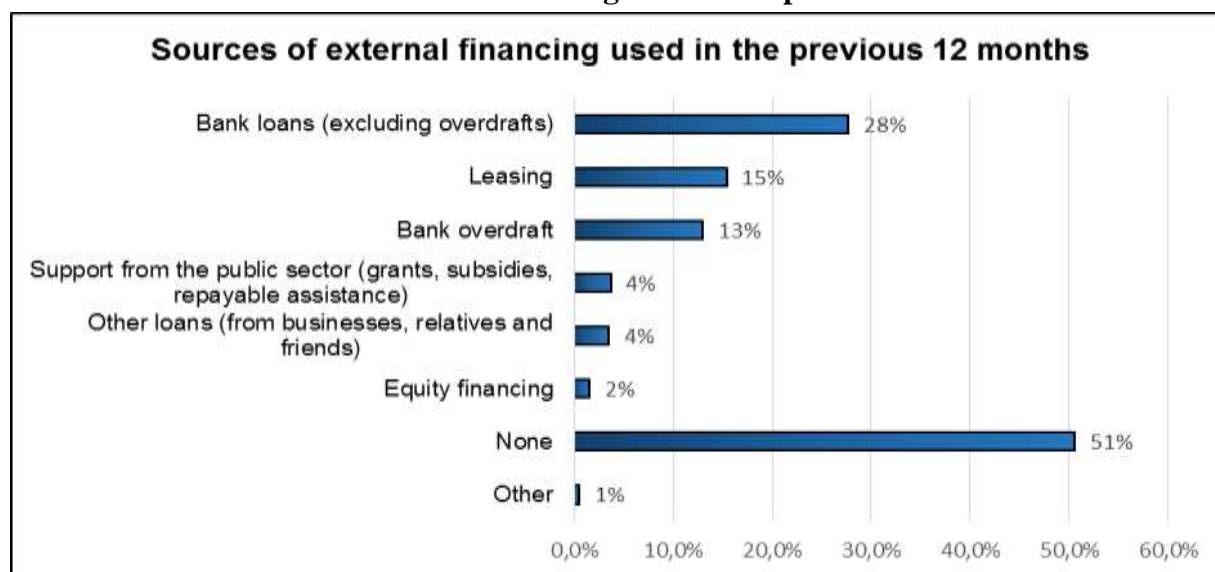
From the standpoint of negative development a significant change had occurred mainly with the stimuli, which interannually decreased by 83% (0.91 mil. euro), due to not a single one of the recipients of said stimuli of VaV having finished a solution for their project in the year 2015.

❖ Research of exploitation of the external sources of financing

In the year of 2015 the SBA realized a research by the use of Cystal Call, Inc. agency and an analysis of access of the SMEs to external sources of financing⁷. The research was realized on a sample of 1000 respondents with an aim to find out the opinions and views of small and medium entrepreneurs toward the exploitation of external forms of financing. The analysis was processed based on the data from financial statements of the entrepreneurs.

According to the outcome of the research, the most frequent source of the external financing is a bank loan (28%) and a leasing (15%). Usage of sources of external financing is stated in a following graph.

Chart No. 4-10 Sources of external financing used in the previous 12 months



Source: SBA, Survey of using of external forms of SME financing

⁷Analysis of access of the SMEs to external sources of financing along with the prospection are available at: <http://www.sbagency.sk/analyzy-slovenskeho-podnikatelskeho-prostredia#.V0Re2PmLRaQ>

❖ Comparison of the rating of business financing in Slovakia from the standpoint of GEM NES in years 2012-2015

Several international and national initiatives are dealing with the rating of state and development of financing of business in Slovakia. GEM NES is considered one of the most significant of them, being the main source of data for researching the key scope circumstances for business. Rating of financing of business in Slovakia in years 2012 to 2015 is stated in the following chart.

Tab. no. 4-24 Evaluation of financing business in Slovakia in terms of GEM NES in years 2012 - 2015

GEM NES	2012	2013	2014	2015
Score	1 - 5	1 - 5	1 - 5	1 - 9
Evaluation of SR	2.38	2.16	2.73	4.28
Position of SR among the countries	39/69	58/69	24/73	24/62

Source: Data GEM 2015, 2014, 2013 and 2012

GEM NES deals with the problematics of business financing through complex rating of access of the new and growing companies to various forms of financing. After a slight decrease in year 2013 and in the upcoming 2014 it indicated relatively significant improvement of the situation and nearing to the positive part of the rating scale, thanks to the improvement of the rating of accessibility of all forms of financing with an exception of the access to the financing through calls for stock subscription (IPOs). In year 2015 the position of SR on the scale of rated countries did not change significantly. However, it had come to decrease of the total amount of rated countries and broadening of the rating scale.

4.6.2 Development of the regulatory environment

Restatement of act no. 129/2010 L. c. on consumer credits and other credits and loans for consumers and on change and addition to some of the acts in form of latter decrees (act no. 35/2015 L. c.)

Amendment of the act focused on admission of steps, which should add to the transparency and rise of the efficiency of the audit in the market of providers of consumer credits. Amendment in effect since 1st April 2015 established two basic changes – permissive process for creditors and an obligation of registry data inspection of consumer credits due to appraisal of consumer's ability to repay the consumer credit.

In terms of the amendment, the creditor registry enrolment process was replaced by allowance act, which will be carried out by National bank of Slovakia, while the process of obtaining the limited and unlimited allowance will be determined by volume of the administered credits. Contemporarily a license process was introduced for other creditors, which will offer other, not consumer credits. In coherence with the established allowance act a negative influence on the entrepreneur environment is expected in correlation to raised administrative encumbrance and by making the qualification criteria stricter for the applicants who seek to obtain a permit for providing of the consumer credits.

The second significant change was establishment of the obligation to delve into at least one registry of information on consumer credits, which contains a minimal extent of information on the consumers and consumer credit data set by the act. The aim of this measure was to secure an accurate appraisal of consumer's ability to repay the consumer

credit . Creditor is contemporarily obligated, according to the act, to provide data specified by the agreement after it's conclusion to at least one registry.

Act on insurance business and the change and addition to certain acts (act no. 39/2015 L. c.)

The aim of this admission of the act on insurance business was implementation of the directive of EP and the Court 2009/138/ES about initiation and administration of insurance and assurance (Solvency II) in actual wording. It's aim is to secure a better protection for the insured and the authorized personnel, achieve a deeper integration of insured market of the EU, raise competitiveness of the insurers from EU and to secure better allocation of capital resources. The act took effect on 1st January 2015. In coherence with transposition of the directive, the Civil code was also amended. (act no. 40/1964 Zb.). The changes taking effect on 1st January 2016 pertain to providing pre-treaty information to clients.

Conception for the support of startups and the development of startup ecosystem within Slovak republic (decree of the government of SR no. 307/2015)

On 10th of June 2015 the government of SR approved the conception for support of startups and the development of startup ecosystem within SR, in terms of which the startups are, as beginning enterprises, source of innovative solutions with important growth potential. They aid the development of branches with high added value, regional and global competitiveness and bolstering of employment of qualified work force. The main effort of this conception is to support startup ecosystem within SR by creating entrepreneur environment and a system of state support, which would be able to activate Slovak subjects and individuals with exceptional notions, attract foreign subjects with innovative ideas, make investment into startups more attractive and create exceptional image of the country.

Restatement of the act no. 566/2001 L. c. on bills and notes and investment services and the change and addition to certain acts (act on bills and notes) in wording of latter decrees and by the use of which there are changes and additions made to certain acts (act no. 117/2015 L.c.)

Amendment of the act on bills and notes and investment services with effect since 1st July 2015 tore down the barriers preventing the introduction of new investment products and investment certificates to the market. This amendment cancelled the restrictions along their issuing. Up until now these certificates could have been issued only by banks, newly this issuing also extends to the traders with bills and notes. According to amendment, the usage modes of financial guarantee ought to be standardized. Amendment contemporarily reconstituted the possibility of free worthless security transfers to the national property fund of SR (since 1st July 2015 until 30th June 2016). In accordance to aforementioned changes the Marketing code of law is also being amended (act no. 513/1991 Zb.) along the act on audition and restructuring (act no.7/2005 L. c.).

4.6.3 Support programs, measures and initiatives

❖ Slovak Business Agency

- **Microcredit agenda**

The agenda adds to direct fulfilling of the Slovak Business Agency's goal, which would be to allow development of small enterprises, to raise small-scale enterprise's survival rate, add to preservation of employment and creation of new job opportunities in respective regions of Slovak republic, and to make the credit sources accessible under more advantageous circumstances.

The agenda is aimed toward small entrepreneurs who employ 50 employees or less. Microcredit can be used to reservation of movable and immovable investment assets, reconstruction of operation areas, purchase of necessary stock, supplies or goods as well as other investment projects. Minimal microcredit sum is 2500 euro, maximal sum is 50 000 euro. Credit is provided with interest rate on the level of referential rate in terms of Commission's announcement on revision of approach to setting of referential and discount rate (2008/C 14/02). The payback period is set from a minimum of 6 months up to a maximum of 4 years, it is possible to provide a postponement of the capital repayment in a maximal period of 6 months. By the means of Microcredit agenda the SBA joined the initiative of European week of the small and medium-sized enterprises „SMEs Week“ coordinated by the EK. On the aforementioned event the entrepreneurs, which put forth a request from 1st November 2015 to 31st November 2015, were allowed to earn a microcredit with 2% tax allowance.

In the year 2015 ,64 microcredits were provided in a total sum of **1 739 000 euro**⁸after the fulfillment of conditions of withdrawal from the side of clients. In total since the beginning of the realization of Microcredit agenda, 1 994 microcredits were provided in a total sum of 36 524 266 euro.

Tab. no. 4-25 The overview of provided microloans by centers

CENTRE	2015		Cumulatively as at 31.12.2015	
	Number	Amount in eur	Number	Amount in eur
BIC Prievidza, Ltd.	3	150 000	226	4 665 500
Národný holdingový fond, Ltd.	18	592 000	114	1 576 910
RPIC Dunajská Streda	3	110 000	191	4 464 956
RPIC Komárno	5	119 000	89	1 895 859
RPIC Poprad	9	320 000	144	2 632 433
RPIC Prešov	26	448 000	49	1 288 657
RPIC Trebišov	0	0	97	1 888 142
RPIC Košice	0	0	93	1 733 370
RPIC Lučenec	0	0	137	1 610 428
RPIC Martin	0	0	55	1 965 807
RPIC Nitra	0	0	193	2 575 019
RPIC Považská Bystrica	0	0	265	4 623 880
BIC Spišská Nová Ves, Ltd.	0	0	98	1 709 295
RPIC Trenčín	0	0	84	1 815 350
RPIC Zvolen	0	0	159	2 078 660
Total	64	1 739 000	1994	36 524 266

Source: SBA

In comparison to year 2014 the value of provided microcredits has decreased by 25.25% (587 300 euro), while the amount of provided microcredits decreased only by 8.57% (6

⁸In the value of provided microcredits for the year 2015 the sum of 20 000 euro is not accounted. Actualized value of provided microcredits will be a part of the calculation for year 2016.

microcredits). The reason for the decrease of provided microcredits from the standpoint of their value is primarily interannual decrease in the average amount of total microcredits.

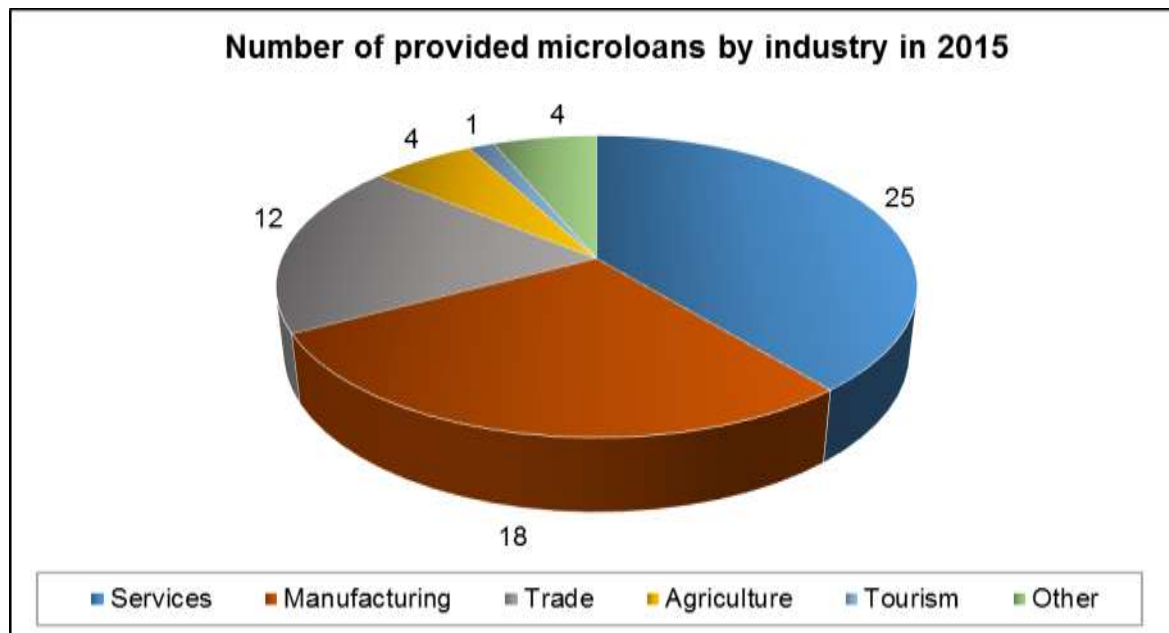
Tab. no. 4-26 Selected indicators of implementation of the MicroLoan Programme 2014 - 2015

Indicators	2014		2015		Cumulatively as at 31.12.2015	
	Number	Amount in eur	Number	Amount in eur	Number	Amount in eur
number of provided microloans	-	-	86	-	-	-
average amount of the microloan	70	2 326 300	64	1 739 000	1 994	36 524 266
number of newly created jobs	-	33 232	-	27 172	-	18 317
number of maintained jobs	108	-	78	-	3 100	-
number of provided microloans	422	-	194	-	5 501	-

Source: SBA

From the standpoint of sectorial focus the enterprises which primarily received the microcredit support, were the ones operating in the services and production sectors. Closer information is provided in the following chart.

Chart No. 4-11 Number of provided microloans by industry in 2015



Source: SBA

▪ Funds of venture capital

Slovak Business Agency realizes support for growth oriented entrepreneur projects via form of providing of the venture capital (deposit to the basic capital of companies) via special

daughter company **National holding fund, ltd.** (until 20th March 2014 under marketing name of **Fund of funds, ltd.**).

Long term role of the company is directing of the activity of individual funds, so that they can stimulate development of the SMEs sector in the entire territory of SR, evaluate the volume of financial means of respective funds so that the achieved profits are used for realization of long term goal of small and medium-sized enterprise support.

In the year 2015, by the use of National holding fund, the following funds were administrated:

- Startup capital fund,
- Regional startup capital fund,
- SISME fund,
- Innovation and technology fund, inc.,
- Seed Capital fund, k.s.,
- Slovak Development Fund, inc.,
- Slovak capital growth fund, inc.

Tab. no. 4-27 Number and volume of approved investment proposals (by individual funds)

Fund name	Approved investments in 2014		Approved investments in 2015		Volume of approved proposals since creation of the funds	
	Number	Amount (eur)	Number	Amount (eur)	Number	Amount (eur)
Seed Capital Fund	0	0	0	0	71	21 465 463
Regional Seed Capital Fund	0	0	0	0	37	3 715 004
SISME Fund	0	0	0	0	10	1 490 330
Innovation and Technology Fund, Plc.	4	1 415 000	5	1 235 000	10	3 130 000
Fund Seed Capital, LP.	0	0	0	0	34	11 336 408
Slovak Development Fund (Slovenský rozvojový Fond, Plc.)	1	29 549	1	29 549	25	24 225 422
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, Plc.)	1	3 000 000	3	3 750 000	25	53 052 074
Total funds	6	4 444 549	9	5 014 549	212	118 414 701

Source: SBA

The amount of approved investments in the value report interannually rose by 12.82% (570 000 euro), while from the standpoint of amount of the approved investments we are looking at no less than 50% increase (3 approved investments). Negative trend occurred in average amount of approved investments, where interannually the average value of approved investments decreased from 740 758.17 euro to 557 172.11 euro, which in percentual report represents decrease by no less than 24.78% (183 586.06 euro).

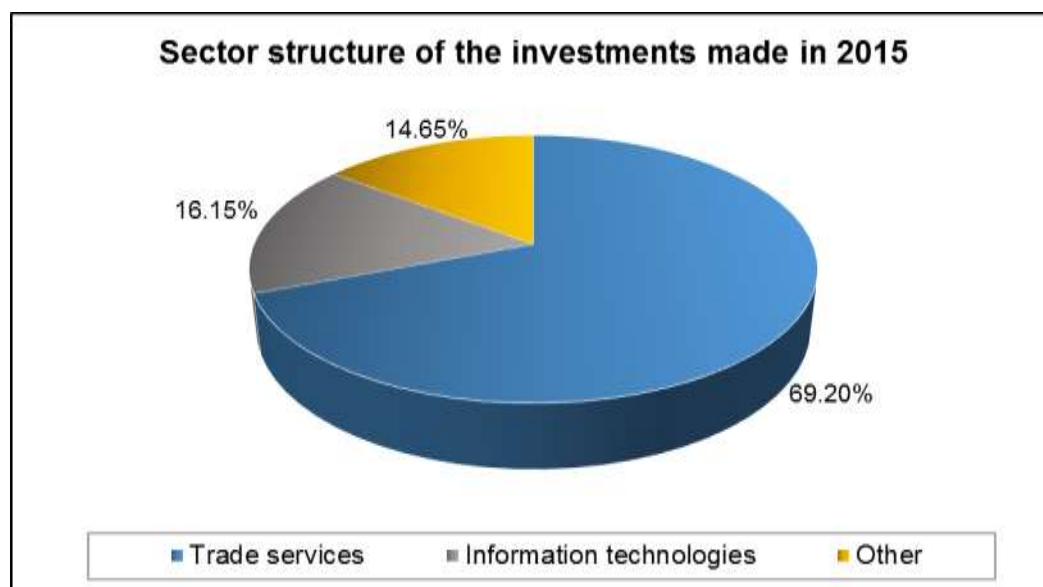
Tab. no. 4-28 Number and volume of approved investment proposals (by individual funds)

Fund name	Realized new proposals / year 2014		Realized new proposals / year 2015		Volume of realized proposals since creation of the funds (in EUR)	
	Number	Amount (eur)	Number	Amount (eur)	Number	Amount (eur)
Seed Capital Fund	0	0	0	0	52	12 906 271
Regional Seed Capital Fund	0	0	0	0	33	2 611 963
SISME Fund	0	0	0	0	8	1 204 830
Innovation and Technology Fund, Plc.	4	665 000	3	935 000	10	1 935 000
Fund Seed Capital, LP.	0	0	1	400 000	49	13 289 111
Slovak Development Fund	1	29 549	0	0	25	22 750 232
Slovak Growth Capital Fund	2	5 220 000	1	3 000 000	15	33 153 144
Total funds	7	5 914 549	5	4 335 000	192	87 850 551

Source: SBA

Value of the realized investments in the value report decreased interannually by 26.71% (1 579 549 euro), while from the standpoint of the amount of realized investments we are looking at 28.57% decrease (2 realized investments). Which pertains to average value of realized investments, which interannually rose from a sum of 844 935.57 euro to 867 000.00 euro, which in percentual report represents slight rise of 2.61% (22 064.43 euro).

As is presented on the following chart, by the use of funds of the venture capital.

Chart No. 4-12 Sector structure of the investments made in 2015

Source: SBA

Tab. no. 4-29 Life-cycle stage of the company when making investment

Life-cycle stage of the company when making investment proposals	2014		2015	
	Number	Amount (eur)	Number	Amount (eur)
Seed	0	0	1	235 000
Start-up	4	665 000	3	1 100 000
Development	3	5 249 549	1	3 000 000
Total	7	5 914 549	5	4 335 000

Source: SBA

Tab. no. 4-30 Overview of the number and value of partial and complete exits from investment in 2015

	Number of partial exits from investment	Value of partial exits from investment (eur)	Number of complete exits from investment	Value of complete exits from investment (eur)	Total number of exits from investment	Total value of exits from investment (eur)
Fond štartovacieho kapitálu	10	19 930	0	0	42	187 928
Seed Capital Fund	3	50 040	0	0	6	153 748
Regional Seed Capital Fund	0	0	0	0	0	0
SISME Fund	0	0	1	4 403	1	4 403
Innovation and Technology Fund, Plc.	0	0	2	335 668	2	335 668
Fund Seed Capital, LP.	0	0	1	2 600 000	1	2 600 000
Slovak Development Fund	4	2 665 000	0	0	4	2 665 000
Slovak Growth Capital Fund	17	2 734 970	4	2 940 071	56	5 946 747
Total funds						

Source: SBA

❖ Association of youthful Slovak entrepreneurs

Aim of the AYSE is to support beginning entrepreneurs and mainly for that reason AYSE realizes several activities within this area. One of them is the network of angelic investors named **Club of entrepreneur angels of Slovakia**, which functions since year 2011 and is in present composed of more than 20 investors. In year 2015 the AYSE turned to this network with request for financing of **145 projects**.

In the scope of long term cooperation with SLOVCA – Slovak association of private equity and development capital the AYSE was one of the co-administrators of the **Slovak Venture Capital Forum** event, which took place on **20th March 2015 in Bratislava**. During the organization of the event the Association of Slovak entrepreneurs was a direct partner of SLOVCA. The aim of this event was to popularize venture capital investments among the entrepreneur public, to present projects which seek investors and to create a platform for meeting of potential investors and the projects seeking an investor.

❖ JEREMIE initiative

JEREMIE (Joint european resources for micro to medium enterprises) is joint initiative of Europe's commission (DG Regio) and European investment fund (EIF) with an aim to

improve the accessibility of SMEs to financing within the scope of structural funds of EU. It allows the member states of EU and their regions to allocate financial resources from structural funds, as well as national sources to holding funds, which are capable of providing financing of SMEs in a more flexible and innovative way. The initiative attempts to develop and support the roles of businesses within the scope of EU with aim to aid the structural funds in bringing more benefits to the market.

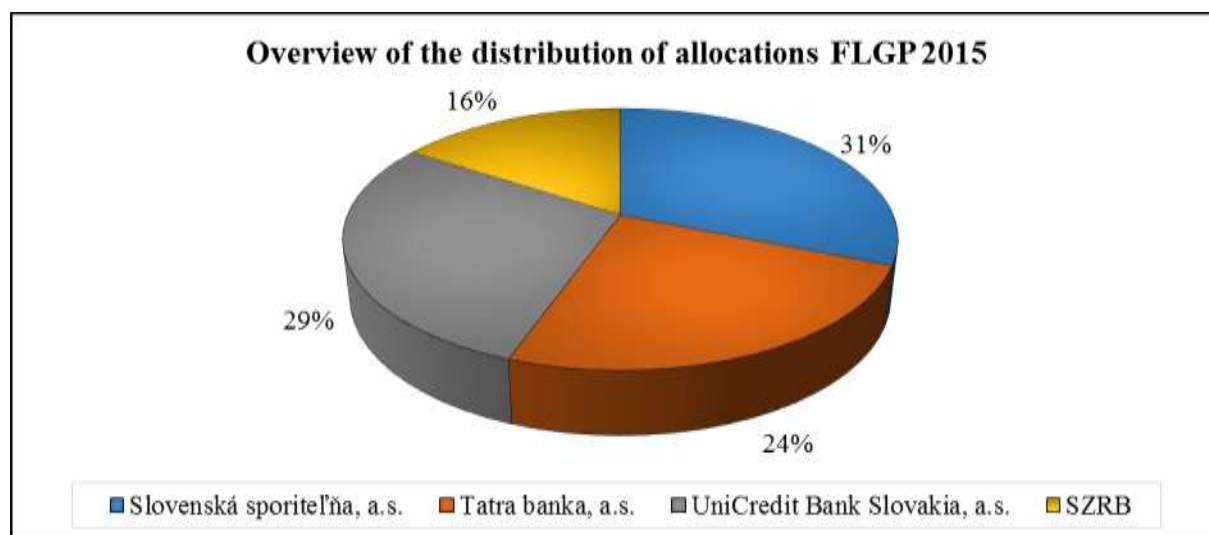
Actual investment strategy, approved by the Investment council of Slovak assurance and development fund, ltd. SADF counted on allocation of 42.98 mil. euro from OP CEG for the first loss portfolio guarantee (onward simply „FLPG“), 60.3 mil. euro from OP CEG for Portfolio risk shared loan (onward simply „PRSL“) and 31 mil. euro from OP Research and development (onward simply „OP RD“) and OP Bratislava region (onward simply „OP BR“) for the implements of venture capital (onward simply „VC“).⁹

- **FirstLossPortfolioGuarantee (FLPG)**

The implement of FLPG guarantees partial coverage of possible losses of the financial agents on a specific credit portfolio for SMEs. By lowering the risk for financial agents the implement of FLPG stimulates crediting for SMEs with lower credit tariff and lowers the need for collateral.

In the course of year 2015 four commercial banks provided concessional credits for SMEs and the total expected volume of credits within the scope of FLPG was originally supposed to reach the sum of 245.6 mil. euro (planned portfolio). Due to transfer of certain resources from the portfolio of FLPG to a new implement of PRSL II by the end of year 2015 treaties with SMEs were signed in a sum of 169.2 mil euro, from which the sum of repaid credits on the level of SMEs is **102.1 mil euro**.

Chart No. 4-13 Overview of the distribution of allocations FLGP 2015



Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic

- **PRSL – PortfolioRiskSharingLoan**

By the use of PRSL implement, the holding fund JEREMIE co-finances the crediting of SMEs and consequentially also shares the risk of the created credit portfolio. Sharing of this risk was changed by the end of year 2015 from a ratio of 1:1 to 7:3, and thus bigger part of the

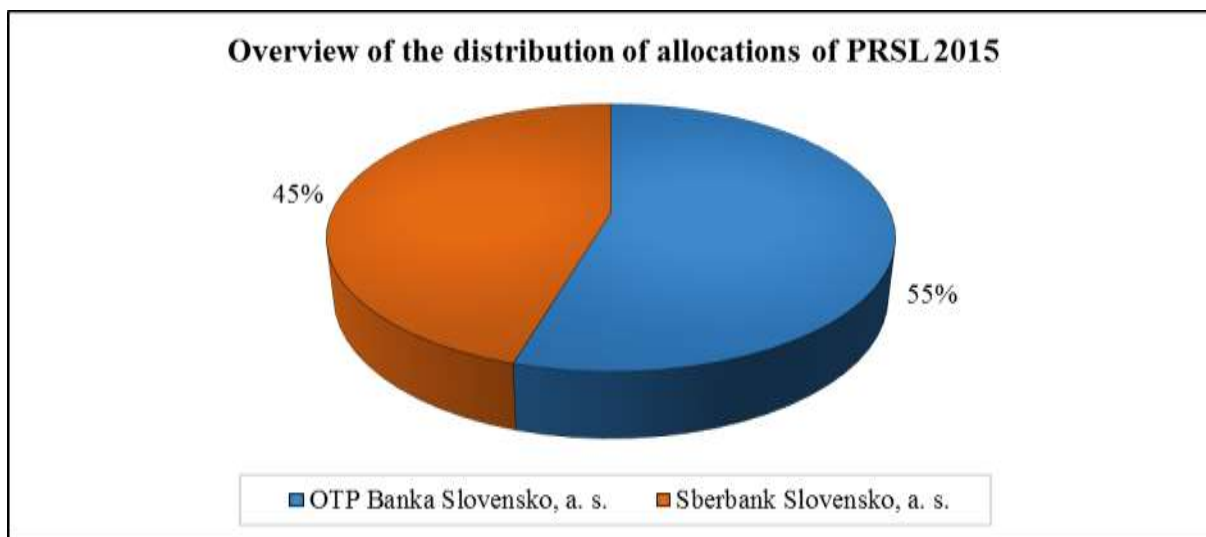
⁹Source: Ministry of Economy SR

risk is directed toward the means of JEREMIE holding fund in case of all new credits. This implement thus leads toward another stimulation of crediting under more beneficial circumstances for the SMEs, similarly to the FLPG implement.

In year 2015, two commercial banks provided advantageous credits within the scope of this implement. Expected total volume of the credits was originally estimated as a sum of 36.6 mil. euro. **8.8 mil. euro** was paid on the level of SMEs.

Due to the creation of a new implement variant with adjusted terms („PRSL II“) with additional allocation from OP CEG from december 2015 and due to transaction of portion of unused allocation from FLPG, allocated portfolio represents 91.28 mil. euro, of which the allocation of JEREMIE itself represents 58.87 mil. euro.

Chart No. 4-14 Overview of the distribution of allocations of PRSL 2015



Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic

- **Implements of VC (VC – venture capital)**

In the scope of activities of JEREMIE Slovakia a sum of 31 mil. euro was allocated for the implements of venture capital, which originate from OP RD and OP BR. Implements of venture capital can be a combination of seed fund (Slovak innovation fund), fund of venture capital (Slovak entrepreneur fund) or co-investment fund. Participation of private investors is necessary in case of venture capital fund or co-investment fund.

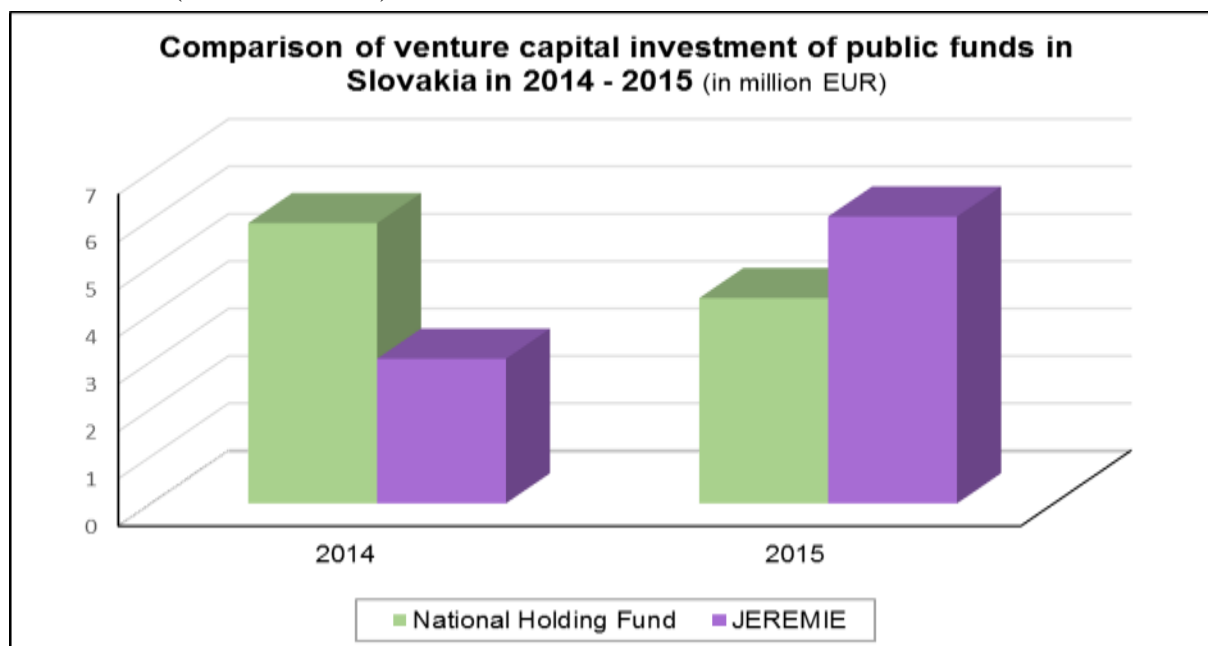
In year 2015, a total of 21 investments of a value of **6.05 mil. euro** were realized, out of which for Neulogy, 17 investments were made in a sum of 5.24 mil. euro and for Limerock 4 investments in a sum of 0.82 mil. euro. The value of investments of venture capital within SR in years 2014 – 2015 is presented in following chart.

Tab. no. 4-31 Amount of the investment of venture capital in Slovakia in 2014 - 2015

Stage of investment	2014			2015		
	SBA (NHF)	Neulogy	Limerock	SBA (NHF)	Neulogy	Limerock
Seed	0	1 200 000	0	235 000	1 451 250	0
Start-up	665 000	1 053 198	0	1 100 000	3 787 518	766 000
Development	5 249 549	800 000	0	3 000 000	0	50 000
Total	5 914 549	3 053 198	0	4 335 000	5 238 768	816 000

Source: prepared on the basis of documents MoE SR, The Ministry of Education, Science, Research and Sport of the SR and MLSAF SR

From the presented data the interannual rise of the investments of venture capital, provided by public sources, results in a value of 15.86% (1.42 mil. euro) from 8.97 mil. euro in year 2014 to 10.39 mil. euro in year 2015. The activity of intermediaries for implements of venture capital of JEREMIE initiative affected the aforementioned rise most significantly, especially by the use of Neulogy Co. in the scope of investment stadium Start-up, where in the value statement the interannual realized investments rose by nearly 360% (2.73 mil. euro). From interannual comparison a positive trend of development of overall realized investments is apparent. Negative trend of development was recorded by National holding fund, Ltd., where it came to a decrease of investment activities by 26.71% (1.58 mil. euro). The comparison of results of the investments of venture capital is provided in the following chart.

Chart No. 4-15 Comparison of venture capital investment of public funds in Slovakia in 2014 - 2015 (in million EUR)

Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic, the Ministry of Education, Science, Research and Sport of the Slovak Republic

From the National holding fund Ltd. comparison of results of investments of venture capital and the funds administered within the scope of JEREMIE initiative it is apparent that the share of realized investment funds within the scope of JEREMIE initiative on the total investments of venture capital in Slovakia in monitored period rose by 24.23%, to a sum of 6.05 mil. euro. Share of National holding fund Ltd. on total investments of venture capital decreased interannually by 1.58 mil. euro down to a value of 4.34 mil. euro.

Ministry of finance SR

- **Slovak guarantee and development bank, inc.**

Slovak guarantee and development bank, inc. (SZRB) is specialized state bank focused mainly on development of small and medium business in Slovakia, support of towns and communities and support of renewal of the apartment fund. The owner and sole actionary of the bank is Slovak republic represented by the Ministry of finance SR. To fulfill it's function the bank also uses partner cooperation with commercial banks and other institutions supporting the specified segments along it's own credit products.

In year 2015 the SZRB continued the support of small and medium business by providing their products:

- **by providing credits** – to small and medium entrepreneurs, towns and communities or to corporate entities established in accordance to respective decrees (ie. associations of apartment owners)
- **by providing bank guarantees for credits** – for entrepreneurs, which do not have sufficient security for credit

Tab. no. 4-32 Direct loans in the period 2012-2015 (data only for SMEs)

Indicator	2012		2013		2014		2015	
	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number
Approved	115 738	438	142 941	597	103 017	665	109 397	556
Granted	106 829	531	107 879	592	110 169	767	110 212	636
Portfolio	260 140	1 312	330 986	1 436	318 414	1 361	318 476	1422

Source: SZRB

Direct credits

In year 2015, the bank approved **556 direct credits for SMEs in total sum of 109.40 mil. euro**, while the average sum of credit was 196.76 thousand euro. In interannual comparison, it had come to a decrease of approved direct credits by 16.39% (109 credits) while the volume of approved financial means rose by 0.06% (6.38 mil. euro).

Volume of the provided (withdrawn) direct credits reached a sum of 110.21 mil. euro, while it retained approximately the same value like in 2014. The state of portfolio of direct credits, without the influence of amortization, was a sum of **318.48 mil. euro** by the end of year 2015.

Total amount of provided direct credits of SMEs in year 2015 was 636, which from the total amount of active SMEs (531 063) represents a portion of 0.12%. In comparison to year 2014 the portion of SMEs on provided direct credits decreased by 0.02%, which can originate from the interannual decrease of active SMEs.

Portfolio of credit programmes due 31st December 2015:

Direct credits

- Support of financing of the investment and operation requirements of small and medium entrepreneurs, financing of regional development, towns and communities and corporate entities established in accordance to respective decrees.

Agrarian credits

- AGRICredit – aid for entrepreneurs, which request for direct payments to bridge the momentary deficit of financial means.
- Credits SOIL and MY SOIL – represent long-term credits for agrarian basic industries for repurchase of agricultural land.

Renewal of apartment fund

- Financing of projects focused on renewal of apartment houses, modernization and reconstruction of corporate portions, facilities and accessories of apartment houses for associations of owners of apartment and non-apartment compartments represented by an administrator.

Exemption credit

- Focused on the support and upholding of employment rate of an employer, which is a small or medium enterprise in accordance to form of operation credit, with a possibility of obtaining a financial aid from Ministry of finance of Slovak republic.

European union supported credit (JEREMIE initiative)

- The support of development of SMEs within SR under advantageous circumstances especially from the standpoint of interest circumstances and security of credits. Financing is secured within the scope of operation programme support assets, which is co-financed by Structural funds of European union in accordance to JEREMIE initiative.

SME and municipality support credits from the sources of CEB

- Support primarily for development of small and medium entrepreneurs and the development of regions, towns and communities and for improvement of living conditions within urban and rural areas.

Microcredits

- Support of development of small entrepreneurs, aid to women – entrepreneurs in development of their entrepreneur activities, simplification of access to the credit sources for young entrepreneurs, providing of beginner capital for college students for development of their entrepreneur activity during their study or after it's conclusion.

SZRB and EU funds

- Participation on financing of projects, supported by structural funds and the Cohesion fund. Offer of client expense financing possibility for preparation and realization of projects co-financed by the funds of European union.

Assurance programmes

In year 2015 the bank approved **253 assurances in total sum of 34.81 mil. euro**, from which more than 63.94% consisted of fast assurances for commercial bank credits. In the

interannual comparison a decrease of 7.33% (20 assurances) occurred in approved assurances, while contemporarily a significant rise of 37.72% (9.53 mil. euro) in approved assurances in the volume report also occurred.

The volume of provided assurances reached a sum of 34.89 mil. euro, while average sum of provided assurance was 137.90 thousand euro. Interannually the volume of provided bank assurance rose by 38.04% (9.61 mil. eur) and reached nearly the level of year 2013. Total sum of bank assurance portfolio due 31st December 2015 was **108.64 mil. euro**.

Portfolio of assurance products due 31st December 2015:

Fast bank assurances

- SZRB provides bank assurance for credits of entrepreneurs in the commercial bank up to a portion of 55% from the credit's capital- in case of assurance for credit the bank cooperates with Tatra bank, Slovak bank of deposit and the UniCredit Bank.

Bank assurances for financial credits

- Providing of other types of assurance products for the credits of SMEs in commercial banks and special assurances for associations of apartment and non-apartment compartment owners as well as owners of apartment and non-apartment compartments represented by administrator of the apartment house and for towns and communities in case of credits for construction of rentable communal houses.

Bank assurances for lien

- Support of financial flows of small and medium entrepreneurs acting within the area of construction with an aim of creating conditions for their economical stability and a better competitiveness.

Bank assurances for the conduct of creation

- Support of small and medium entrepreneurs in a form of bank assurance for conduct of creation and securing of treaty-agreed obligations in accordance to Treat of creation, so that it would come to an elimination of commercial risk of all sides of the treaty during the realization and supplial of the realized creation.

Tab. no. 4-33 Bank guarantees in the period 2012 – 2015 (data only for SMEs)

Period Indicator	2012		2013		2014		2015	
	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number
Approved - total	79 969	851	35 916	400	25 275	273	34 809	253
- of this								
Fast guarantees	74 588	840	34 593	387	21 127	262	n/a	n/a
State Housing Development Fund	–	–	–	–	–	–	–	–
others	5 382	11	1 324	13	4 148	11	n/a	n/a
Provided - total	79 969	851	35 946	401	25 275	273	34 889	253
– z toho:								
Granted	n/a	n/a	n/a	n/a	n/a	n/a	22 309	242
State Housing	–	–	–	–	–	–	–	–

Development Fund								
others	n/a	n/a	n/a	n/a	n/a	n/a	12 580	11
Portfolio	135 758	1 353	156 990	1 449	112 703	1 045	108 644	899

Source: SZRB

Other activities:

- for the support of development of SMEs by the use of EU funds, the SZRB has three daughter enterprises founded:
- SWDF, ltd. (co-owner of EIF) – company serving as a platform for implementation of innovative implements of financing in the scope of EK Jeremie initiative for budget period 2007 - 2013.
- SZRB AM, inc. and SIH, inc. – both companies began their activity in year 2014 and are also designated for implementation of support for SMEs in a form of innovative implements of financing supported by EU in budget period 2014 - 2020
- Fourth company NCDBN, inc. was signed into the Trade registry of SR on 1st November 2014 and serves as a central depositor of bills and notes.

• **EXIMBANK SR**

EXIMBANK SR, as a direct implementor of state for support of export, supports Slovak exporters by the use of it's financial products, which are mainly credits, assurances and insurance. It rates it's efficiency by the use of engagement volume indicators from commercial activities. Bank activities are portrayed by the **property engagement** and insurance activities are portrayed by **insurance engagement**.

Bank credits

Share of the clients of **SME ssegment in year 2015** reached **58% of the total client amount**, which put the EXIMBANK SR bank products to use and retained the same level as in 2014. **Share of credits** provided to clients of SMEs segment reached **25.85% of total credit engagement**. In the interannual comparison the given share rose by 16.66% (7.29 mil. euro).

Share of submitted assurances for SMEs segment presented **2.10% of the total volume of submitted assurances**, which in comparison to year 2014 represents a rise by no less than 228.96% (2.29 mil. euro).

Total share of SMEs on the property engagement during the year 2015 reached 14.59% in a sum of 54.32 mil. euro. Interannually we are looking at 21.39% rise (9.57 mil. euro).

Tab. no. 4-34 Exposures of EXIMBANKA in 2014 - 2015

Bank products	31.12.2014	From this SME as at 31.12.2014	% SME	31.12.2015	From this SME as at 31.12.2015	% SME
Issued guarantees	167 371	998	0.60 %	156 645	3 283	2.10
Direct loans	231 764	43 753	18.90 %	197 421	51 041	25.85
Refinancing loans	18 810			18 306		
Exposures	417 945	44 751	10.71 %	372 372	54 324	14.59

Source: EXIMBANKA SR

Bank assurances

In the SMEs client segment the submitted non-payment bank assurances made up the majority of the contracts realized by Slovak exporters abroad. Payment bank assurances due 31st December 2015 were represented only marginally, in regards to actively used direct exporter support of EXIMBANK SR via form of providing of export credits up to 2 years period. **From the total volume of submitted bank assurances for SMEs segment in year 2015**, which together represented **3 283 thousand euro**, made up no less than 97.87% of the non-payment bank assurances. In comparison to year 2014 the share of non-payment bank assurances in the total volume of submitted bank assurances rose by 14.70%.

Insurance and ensuring of export credits

The share of clients of **SMEs segment in year 2015** reached **85.22% of total client amount** which made use of insurance products of EXIMBANK SR, while they rose interannually by 2.22%. In **year 2015** the insurance activities were provided for SMEs segment in a sum of **289.52 mil. euro**, which represents **52.61%** of total insurance engagement. In comparison to year 2014 the value of provided insurance activities decreased by 0.77% (2.23 mil euro).

Tab. no. 4-35 The structure of the insurance commitment in 2014-2015 (in thous. eur)

Insurance products	31.12.2014	From this SME as at 31.12.2014	% SME	31.12.2015	From this SME as at 31.12.2015	% SME
Insurance of short-term commercial risk	218 016	76 459	35.07	195 220	73 345	37.57
Insurance of short-term non-marketable risks	48 647	20 035	41.18	26 588	14 392	54.13
Insurance of medium- and long-term risks	297 343	195 255	65.67	328 546	201 780	61.42
Insurance commitment	564 006	291 749	51.73	550 354	289 517	52.61

Source: EXIMBANKA SR

Share of SMEs on insurance of short-term marketable risks in year 2015 represented 37.56% of the total volume, share of insurance of short-term non-marketable risks made up 54.13% of the total volume and share of insurance of medium-term and long-term risks represented 61.42% of the total volume. In the interannual comparison the decrease of insurance activities within the scope of short-term marketable risk insurance occurred in a value of 4.07% (3.11 mil. euro) and in non-marketable risks in a value of 28.17% (5.64 mil. euro). Contemporarily a rise of mid-term and long-term risk insurance occurred in a value of 3.34% (6.53 mil. euro).

❖ Credits with the support of European investment fund (EIF)

- **Competitiveness and innovations**

CSCB in cooperation with the European investment fund (IEF) provided EU investment credit and EU operation credit to entrepreneurs and small businesses with trade volume up to

1.5 mil. euro **in the scope of programme for competitiveness and innovation (CIP) of European union** until 15th March 2016.

In year 2015 CSCB, within the scope of aforementioned cooperation with EIF in the segment of entrepreneurs and small enterprises, provided **1 136 credits in a total sum of more than 33.5 mil. euro**. From the total amount of entrepreneurs, **10.5% consisted of subjects with a date of creation in years 2011 to 2014**. In the interannual comparison it represents a rise in the number of provided credits by 14.63% (145 credits) and in the value report it represents a rise of no less than 24.07% (6.5 mil euro).

- **European implement for microfinancingProgress (microfinancingProgress)**

OTP Bank, in a scope of European implement of microfinancingProgress, established by European union, offered credit products in cooperation with EIF since february 2014 under the name of otp EU MICROcredits. For the period up until 31st December 2015 it earned a support for providing of credits with assurance of EIF for microentrepreneurs in Slovakia in a total sum up to 10 mil. euro.

Credit offered by OTP Bank in year 2014 and 2015 was aimed for the small trade licenses and microentrepreneurs with yearly earnings up to 1 mil. euro and with maximum amount of 9 employees for financing of operation and investment needs.

By the use of this credit link, OTP bank **supported 389 small and medium enterprises in total throughout the year 2015 in a sum of more than 6.7 mil. euro**, while **more than 13% were composed of subject below three years since their creation**. In comparison to year 2014 it had come to significant rise of the OTP Bank credit link activities. Interannually the bank supported 244.25% more small and medium enterprises (276 SMEs). In volume report it had come to rise of no less than 294.12% (5 mil. euro).

❖ Credits from credit link of European investment bank (EIB)

The sum of credits provided by EIB in Slovak republic reached a sum of 1.04 billion Euro in the year 2015, while for the last five years (2011 to 2015) we are looking at a sum of 2.9 mld. euro. From the volume of provided credits in year 2015, 57% was directed into combined infrastructure, while 34% was invested into the area of traffic and **9% was provided to SMEs and to moderately capitalized enterprises**. EIB signed a treaty with Slovak banks and leasing companies, concerning the providing of conveyed credits. Overview of amount of provided credits of chosen agents and their volume of EIB credit link during the course of years 2014 -2015 are shown by the following chart.

Tab. no. 4-36 Overview of financing commercial banks from the EIB in 2014 and 2015

Intermediary	Granted loans in 2014	Volume of the provided loans in 2014 (in mil. Eur)	Granted loans in 2015	Volume of the provided loans in 2015 (in mil. Eur)
Slovenská sporiteľňa, Plc.	31	20.91	11	8.26
UniCredit bank, Plc.	206	20.88	204	32.50
VUB banka, Plc.	11	15.81	n/a	1.00
Sberbank Slovensko, Plc.	9	16.21	did not provide support from EIB resources	

Source: processed on the basis of data from individual financial institutions

Based upon the aforementioned data, it is possible to conclude that within the scope of selected financial institutions a decrease in credit activities of no less than 43.42% (32.05 mil. euro) had occurred. UniCredit bank has recorded a positive development, where it had come to a rise in credit activities by 55.65% (11.62 mil. euro).

On 31st December 2015 Tatra bank inc. collectively provided credits in volume of nearly 30 mil. euro. The agents of the EIB credit link in year 2015 were also other subjects: Tatra-Leasing, UniCredit Leasing, CSCB bank and CSCB Leasing, GCB Leasing and SG EquipmentFinance. **On 31st December 2015** Tatra bank inc. collectively provided credits in volume of nearly 30 mil. euro. The agents of the EIB credit link in year 2015 were also other subjects: Tatra-Leasing, UniCredit Leasing, CSCB bank and CSCB Leasing, GCB Leasing and SG EquipmentFinance.

4.6.4 Recommendations

- Improve the providing of information about financial support for SMEs and more significantly present existing programmes of support on the local, national or European level.
- Secure the support for area of business on a bigger scale via the form of recoverable forms of aid, which have a significantly lower deformation influence on the economical competition.
- Focus the attention on financing of beginning and small entrepreneurs on a bigger scale, fill the financial aid in a form of grants ie. credits, by providing of educational and advisory services and mutually connect these supportive branches.
- By reinforcing and a better connection between the existing financial support programmes, secure an effective support for individual categories of SMEs. Individual emphasis needs to be aimed toward the simplification of access to finances for beginning entrepreneurs and microentrepreneurs, which present the categories of entrepreneurs, most significantly affected by the fault of market. Regularly reevaluate the need for an addition of resources to these programmes.
- For the setting of efficient support of SMEs from resources of European structural and investment funds in the programme period 2014 - 2020 execute an analysis of market, identify market void and the need for financing of individual categories of enterprises. Based on that, identify and prepare financial implements based on appropriate combination of repayable and non-repayable support for projects with high added value with an aim to eliminate the void within the market and to create conditions for improvement of competitiveness of SMEs with an emphasis on regional differences.
- Improve the financial situation of SMEs via support of potential investors, so that they invested or lended financial sources to beginning entrepreneurs and enterprises through the easement of taxation, which the investor could apply in a value of 2.5% of the total sum of the credit. Advantage of such a scheme is the simple principle of functioning, which only minimally encumbers the state budget and appropriately stimulates the market environment (functional model ie. Win-Win credits in Belgium)
- Evaluate a creation of support scheme for repayment of assets of small and medium entrepreneurs, which they hold toward state institutions and subjects with participation of the state. With help of this scheme a significant portion of the asset's value (for example 80%) would be repaid to the entrepreneur. This measure would allow the entrepreneur to grow further, since he would have the finances at his disposal and they would not be blocked in a form of assets (working model ie. support scheme Casheo in Belgium).

- Support the creation of position of so called credit ombudsman for easing of the dialogue/communication between SME and credit institutions.
- Create schemes of credits and microcredits with employment of personal and bank sources, which would respect personalities of family business, which means that they would provide long-term resources with acceptable interest.
- On a bigger scale join support for beginning SMEs via form of donations and microcredits with providing of educational, advisory and mentorship services.
- Introduction of implements for more effective use of means of cooperation of public and private investors (use of so called „lever effect“).
- Create conditions for development of alternative means of financing of crowd funding type.
- Improve the support in the area of systematic monitoring of efficiency of provided financial support to SMEs.

4.7 Principle 7 SBAfE Encourage SMEs to better use opportunities offered by the SINGLE MARKET

4.7.1 Evaluation of the situation

❖ Support for the foreign-trade activities of companies

Based on the outcome of the research on „Use of the support programmes from the side of SMEs“ only less than 1% of the demand entrepreneurs stated that they had used some variant of public support for their foreign-trade activities in the course of previous two years – as far as the advantageous credits and consultations are concerned. Other 1% of the entrepreneurs attempted for such a support unsuccessfully. 4% of the confronted entrepreneurs did not attempt for such a support, but nevertheless they considered it. More than a quarter of confronted entrepreneurs stated (28%), that they are focused only on local market and thus such a type of support does not interest them. Two thirds of entrepreneurs (66%) stated, that they did not put such a support to use and neither are they considering it.

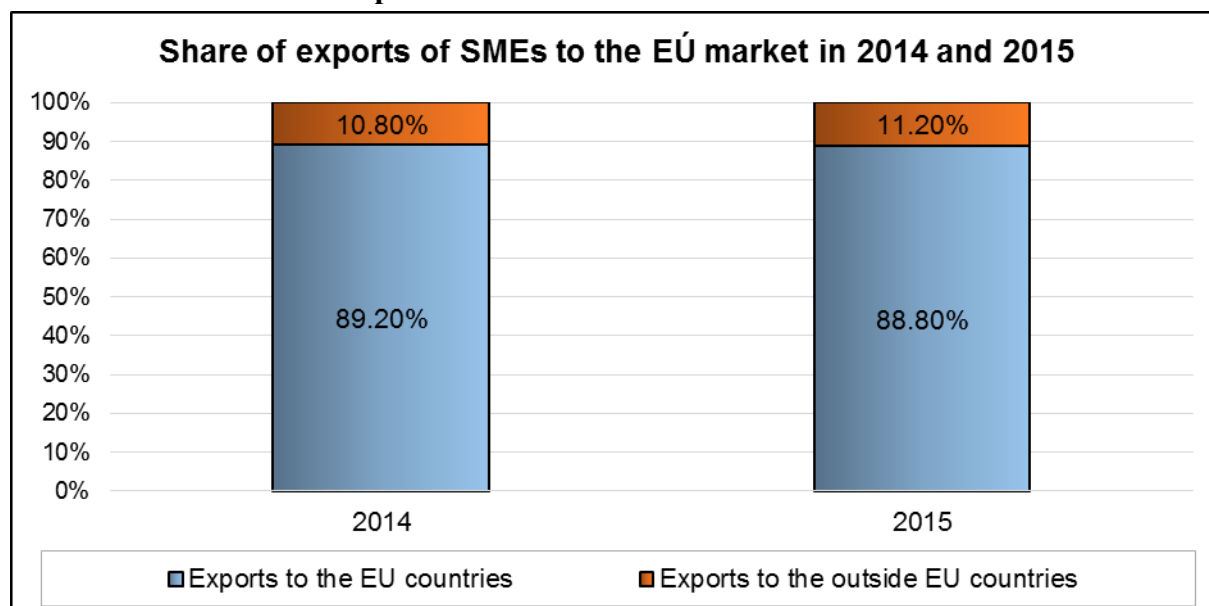
Only 0,3% of the entrepreneurs stated that they are very satisfied with the level of public support for foreign-trade activities and other 6% of the confronted are rather unsatisfied. Dissatisfaction was declared by quarter of the confronted (25%) – while 16% are rather unsatisfied and 9% are very unsatisfied. No less than 69% of confronted entrepreneurs could not answer the question.

❖ Territorial structure of SMEs export

Out of the total export of small and medium-sized enterprises in year 2015 the export to countries of EU (28) made up 88.8% of the share.

Share of the export to countries outside of EU represented 11.2% in year 2015 which in interannual comparison represents a rise of export by 0.4 p.p.

Chart No. 4-16 Share of exports of SMEs to the EÚ market in 2014 and 2015



Source: SBA

4.7.2 Development of the regulatory environment

Act on cross-border cooperation during dispatching of employees for execution of jobs during providing of services and on change and addition to certain acts (act nr. 351/2015 L. c.)

The new act adjusts influence of National inspectorate of work and the inspectorates of work during cross-border cooperation with respective organs of other member state of the European union or a state which is the contracting party of Agreement on European economic space, audit on keeping to rules of dispatching of the employees for execution of the jobs during providing of services, identification of dispatching and requisition of fines and responsibilities of the host employer and the home employer.

Aim of the act is to deepen the cooperation between the member states in the area of dispatching of the employees in a form of cooperation during providing of information, audit activity, delivery of papers and reports on the decisions of organs of the member state on depositing of the administrative financial fine or sanction, to set up administrative requirements which the employer dispatching the employees to the territory of Slovak republic must fulfill so that the control organs can efficiently execute their audit of adherence to the legal decrees in case of the employees dispatched to the territory of Slovak republic from another member state. The act took effect on **18th June 2016**.

4.7.3 Support programs and measures

❖ Enterprise Europe Network (project Business and innovation support services in Slovakia)

For the support of SMEs development and quickening of their efficient functioning under the circumstances of joint European market, the European commission created a large quantity of support implements. One of the implements within the area of support of development of internationalization and international cooperation of the SMEs, **is the international network for business support – Enterprise Europe Network (EEN), which functions in more than 60 countries of the world.**

In Slovakia it is represented by **BISS Slovakia 2020 project (Business and Innovation Support Services in Slovakia 2020)**, while the BIC Bratislava, Slovak Business Agency, Slovak marketing and industrial department and Regional and advisory information centre Prešov (RAIC Prešov) also belong among the project partners.

Aim of the Enterprise Europe Network

Aim of the EEN is to provide SMEs and organizations showing competitive and innovative potential with complex services and support in the area of international cooperation, penetration to the foreign markets, to aid during development of their innovative potential and increase of their knowledge about the EU market and politics of the Commission. This initiative of European Commission provides contact places to entrepreneurs - „**one stop shop**“ under which they can gain information, advice and can use wide extent of easily accessible services aimed toward support of entrepreneurship.

Main goals of the network are:

- To reinforce synergy among the partners within the network via the use of providing of integrated services,

- upholding and constant improvement of accessibility, closeness, quality and professionalism of integrated services provided by the network,
- to improve the awareness, especially among SMEs, as long as they are the politics of the Association and services provided by the network, along with the increase of environmental awareness and energetic efficiency of SMEs, as well as awareness of cohesion politics and structural funds,
- to consult with the enterprises and find out about their attitudes toward directing of the Association politics,
- to secure complementarity between the network and other interested providers of services for the SMEs,
- to lower the administrative encumbrance for all sides.

Services of Enterprise Europe Network in Slovakia

- 1. Consulting and support for SMEs**
- 2. Access to sources of EU and their efficient withdrawal**
- 3. Support of participation of SMEs in the European projects and research programmes**
- 4. Support of innovation, transfer of technologies and know-how**
- 5. Support of development of international cooperation**
- 6. Back coupling from SMEs for EC**

Services of the EEN, despite the fact that they are mainly designed for SMEs, are accessible for associations of all sizes with no relation to the fact of their influence in production or providing of services. Further they are designed for research institutions, universities, technological and entrepreneur centres and innovation development agencies. Complex information about the activity and services of the Enterprise Europe Network in Slovakia are available on the following site www.enterprise-europe-network.sk

Slovak entrepreneurs in year 2015 had an opportunity to receive information directly into their internet mailbox. Via the use of e-mail the registered entrepreneurs were regularly informed about news from the area of european entrepreneur environment – they received up-to-date articles, tenders and notices to submit suggestions for projects, planned events (courses, seminars, trainings for entrepreneurs, international cooperation events and entrepreneur missions), offers of partnership within the member and non-member countries of EU, as well as new projects for entrepreneurs.

❖ **Ministry of finance SR**

• **EXIMBANK SR**

Export-import bank SR (EXIMBANK SR) is a specialized financial institution which was classified for the support of production export and services of Slovak manufacturers for foreign markets in a sense of act nr. 80/1997 L.c. on Export-import bank of Slovak republic in accordance to latter decrees. EXIMBANK SR, as a direct implement of the state for support of export, supports Slovak exporters by the use of it's financial products, which are mainly credits, guarantees and insurance. Specially it also focuses on consulting service in the area of foreign trade. These complex services are aimed for all categories of exporters, thus for small, medium as well as large-sized enterprises.

Commercial activity of EXIMBANK SR

Since year 2013 EXIMBANK SR came to realization of the activity rating of their commercial activities and primarily observes the index of commercial activity engagement rate. Bank activities are portrayed by credit engagement for direct and refinancing credits and along with the volume of issued guarantees they provide datum of **property engagement**. Insurance activities are portrayed by the **insurance engagement** as an addend of engagement in the area of insurance of short-term marketable risks, insurance of the short-term non-marketable risks and insurance of medium and long-term risks.

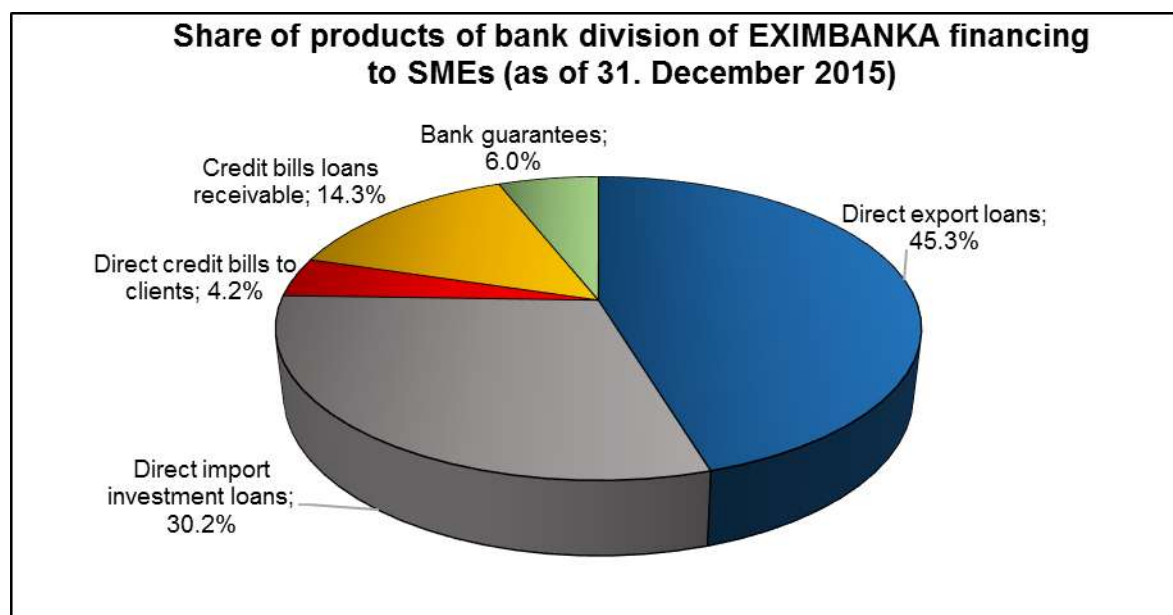
Engagement represents the sum of actual subscribed risk, which EXIMBANK SR abides during the providing of it's products and services, including property engagement from provided credits and guarantees and insurance engagement from subscribed risk during insurance and assurance.

In the interannual comparison the **share of credits** provided to clients of SMEs segment rose by **16.66% (7.29 mil. euro)**. **Share of the issued guarantees rose interannually by no less than 228.96% (2.29 mil. euro)**.

Financing of export and providing of guarantees

In year 2015, in the scope of property and insurance engagement the EXIMBANK supported export in a total sum of **922 726 thousand euro**. Of the stated sum, the property engagement made up a sum of 372 372 thousand euro.

Chart No. 4-17 Share of products of bank division of EXIMBANKA financing to SMEs (as of 31. December 2015)



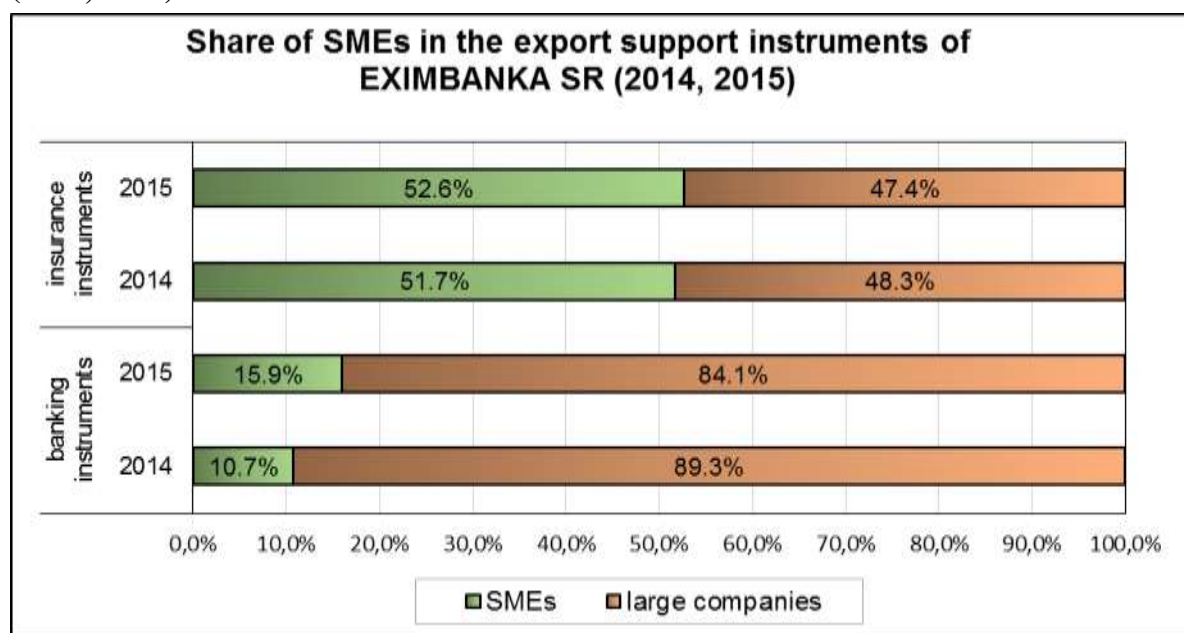
Source: EXIMBANKA

In followup to strategy for years 2014-2020, EXIMBANK SR focused primarily on providing of direct credits and bank guarantees, while product orientation on direct credits and guarantees remains unchanged since year 2012. Aim of EXIMBANK SR is the support of realization of export projects with higher added value during the use of direct financing of investments or the issue of non-payment bank guarantees.

Development in the area of property engagement confirms the intent of EXIMBANK SR to provide support for exporters on a bigger scale by the use of direct credits. This intent also reflected upon the stabilization of volume of the providing of refinancing credits throughout the other two years. Upholding of this trend will remain the intent of EXIMBANK SR.

Share of SMEs within the scope of support implements of EXIMBANK SR export in years 2014 and 2015 is provided lower, in the chart. **In the interannual comparison of year 2015 it had come to slight rise of the share in behalf of the SMEs during the providing of bank implements of 5.2 p.p along with insurance implements of 0.9 p.p..**

Chart No. 4-18 Share of SMEs in the export support instruments of EXIMBANKA SR (2014, 2015)



Source: EXIMBANKA

Insurance and assurance of export credits

Insurance products provided by EXIMBANK SR give the exporters a possibility to eliminate their risks of not paying the commercial account receivables, from short-term account receivables of risk territories through medium and long-term projects to lower risk of not paying the credit for production financing aimed for export, they provide a possibility to insure the risk of not paying the credit pertaining to own investment abroad, also the possibility to insure the customer credit provided by commercial banks for foreign debtors along with other advantages.

By application of special product eSMEs insurance aimed for small and medium entrepreneurs, the possibilities of insurance for this target group of Slovak exporters have broadened. The product is mainly used by „microenterprises“ which employ less than 10 employees and reach a yearly profit of two millions of euro. Simplified terms of credit insurance, criteria and parameters adjusted for the needs of SMEs and an ability to present a request for insurance treaty by the use of internet 24 hours a day are included among it's advantages. 56% of the treaties were signed under the eSMEs product and 83% of the treaties were signed under the product of ABT¹⁰ in year 2015.

¹⁰Insurance of short-term provider credit against non-payment risk

The complementary service of EXIMBANK SR for provided insurance products of non-marketable risks is insurance of the non-payment risk mainly of the export account receivables for small and medium enterprises.

The rising trend of SMEs share on amount of clients and on operations of insurance division in this segment of insuring is reflected in the following chart.

❖ Ministry of economy SR

• Support of official participation of SR on constructions and trade fairs abroad

MoE SR continued the realization of official participations on exhibits abroad in year 2015, by the use of which it provides a space for presentation of entrepreneurs in national stands with the intent of increasing their export efficiency.

For realization of official participations in year 2015, the RIFD was approved for national project „Support of Slovak industrial potential propagation and the participation of Slovak SMEs on exhibits/trade fairs in the area of industrial production abroad in year 2015“ in a total sum of 242 409.40 euro. Conditions for participation on the exhibits came from the OP CaEG and the principles of providing of aid *de minimus*. In this way, MoE SR supported the participation on 6 exhibits. By the use of national project, 36 legitimate subjects from the ranks of SMEs presented themselves.

Tab. no. 4-37 Development of the share of the SME segment in supporting exports through insurance activities, the insurance Premium and the number of clients for 2011 – 2015 in the area of short-term risk insurance.

Share of SMEs	2011	2012	2013	2014	2015
- in the number of clients	79.85 %	81.02 %	82.58 %	82.26 %	85.22 %
- in the insurance premium	33.29 %	39.10 %	40.91 %	37.53 %	39.74 %

Source: EXIMBANKA

❖ Slovak agency for development of investments and trade

• Support of export activities of small and medium-sized enterprises

In year 2015 the SARIO agency intensified its activities in the area of „fusion and acquisition“ – the offer of Slovak entrepreneur projects broadened, their following coordination and mediation of meetings with investors, partners to jointventure or the R&D cooperation.

In the course of monitored period, employees of SARIO agency secured organizationally more than 50 events, on which a total of 2123 Slovak and foreign subjects participated and realized more than 2120 biliet meetings between the company representants.

In the portal of export and cooperation possibilities due evaluation period, there were 2 878 total of home and foreign companies and a total of 2 545 offers and demands publicized.

SARIO agency, in the course of year 2015, organized twelve seminars in the scope of Proexport academy SARIO (PAS) programme, on which the information and know-how were provided for various expert themes for representants of 164 Slovak companies.

Qualitative shift during organization of seminars from the cycle of PAS lies in the actuality of thematic focus of individual seminars and their adjustment to actual needs and interest of companies.

In the course of year 2015 the SARIO agency introduced a new project under the name of SARIO BUSINESS LINK 2015 – a series of cooperative events.

Conference under the name of Solutions for building industry, which took place within the scope of trade fair CONECO Expo Incheba in Bratislava. On the conference, concrete options of joining into the foreign projects and trends were presented.

Second event focused mostly on sector of engineering, International engineering cooperation day 2015 (IECD), it took place during the international engineering trade fair in the areas of Agrocomplex Nitra. The event provided space for meeting on cooperation and sub-shipments to 45 Slovak and 17 foreign entrepreneurs. Accompanying programme of the event was Sourcing Day for global players, where the selected Slovak companies were offered a chance to join the sub-shipment chains.

Third in order of successful conferences within the scope of SARIO BUSINESS LINK project was Conference of Solution for electronics and electrotechnics within the scope of trade fair ELOSYS Trenčín aimed expertly toward opportunities for joining into the foreign projects in the areas of electrotechnics and electronics.

The largest international event of the agency aimed toward support of Slovak companies in the area of foreign trade, 9. annual set of Slovak cooperation bourse, offered opportunities and cooperations abroad for small and medium-sized enterprises with partners from 24 countries of the world. In total, 205 companies took part and realized 707 agreed B2B sessions and numerous informal sessions.

In the area of support of the investments in Slovakia, SARIO offers investment services and actual information on entrepreneur environment for home and foreign investors, it secures a choice of the most fitting localities and estates for implementation of investment aims. In year 2015 SARIO successfully ended 23 investment projects (16 investments originate from the countries of EHP and 7 investment projects originate from the third countries), in a sum of 1.74 billion. euro, which together create approximately 7 400 working places.

❖ Slovak trade and industrial sector

During organization of it's own activities aimed toward improvement of the state of entrepreneur environment in Slovakia, the Slovak trade and industrial sector also engaged in the international structures.

• Internal market of european union

SCIS, within the scope of it's activity, actively supported businesses of Slovak companies as a partner of european EEN project, of which fourth phase is realized in years 2015 – 2016. It informs the entrepreneurs about a network of partners which are incorporated into the project and about possibilities of their use during the search for cross-border trade and production cooperation.

Activities within the scope of Eurochambers in Brussels

Slovak trade and industrial department in year 2015 also actively took part on the activity of European trade department Eurochambers in Brussels. Via the use of it's chairman Peter

Mihók and the general secretary Martin Hrivík, it represented interests of Slovak entrepreneur public at it's sessions. It opined on the topic of presented materials, translated offers and attitudes toward the discussed issue.

Each year, Slovak trade and industrial department balances it's active activity during the previous year via the use of annual report which points toward the efficient cooperation of SCIS as one of the members of Eurochambers.

SCIS prepared reports on more suggestions and action plans supporting entrepreneur environment within European union. It has expressed it's stance toward the current economic situation within European union, toward the regulation of high prices of energies, toward the competition disadvantage of industrial branches in European Union on the global market, toward the administrative encumbrance, toward the support of labour market and simplification of labour mobility within European Union and toward other areas. SCIS also cooperated during the actualization of various statistical data.

Initiative „Small Business Act“ (SBA) proven itself as an implement of policies for the support of small and medium-sized enterprises (SMEs) on a level of European union and on interstate level for improvement of entrepreneur environment and for the support of their growth.

Based on the consultation document, SCIS contributed to new suggestions and measures with an aim to create a formidable European policy for support of small and medium-sized enterprises (SMEs) and entrepreneurs in the period of years 2015 – 2020.

On behalf of reinforcement of the department system within European union, statistical data are processed each year, which provide a real insight into the influence of departments on entrepreneur sphere in relation to following areas:

- access to finances,
- founding of enterprises,
- research, development, innovation,
- education and professional training,
- energetic efficiency,
- internationalization.

SCIS summarized data of this research in individual areas within the scope of Slovakia.

Entrepreneur missions to/from abroad in the scope of countries of European union

Missions abroad within the scope of countries of European union

In year 2015, on the level of department Office, there were no missions of Slovak entrepreneurs into the member countries of European union taking place.

Missions from abroad from the countries of European union

Within the scope of European union, in year 2015 SCIS accepted missions from following countries: Hungary, Great Britain, Romania, Cyprus, Croatia.

❖ Ministry of defense of SR

Despite the fact that MD SR does not have a support of SMEs nor businesses in SR within it's gestion, Segment of modernization and support (SoMaS) of MD SR secured a cooperation

with Association of security and defense industry of SR (ASDI SR) and other subjects of public and private sector in the area of arming. Cooperation is realized on the base of Agreement on cooperation from 4th may 2010 exclusively in line with mutual exchange of information in areas of research, development, testing, production, purchase and sale of armaments, military machinery and materials, priorities and needs of ministry in development of defensive capabilities and the ability of defense industry of SR to secure armaments, machinery, materials, repairs and services for armed forces. Organizations in operation of MD SR do not/did not realize any support programmes nor measures for support of small and medium business, which had/have reach on entrepreneur environment and on the conditions of business of the SMEs.

❖ **Administrative department for normalization, meteorology and quality control of SR**

In year 2015 the ADNMQC SR continued in the application of principle of mutual recognition and providing of information on technical requirements for products within SR and individual member countries of EU in relation to SMEs.

In year 2015 it provided **National contact place** for products, established in the ADNMQC SR, information about technical regulations and requirements for production, with inclusion of the regulations which adjust the requirements of previous approval **in 37 cases**. Most of the requests originated from entrepreneurs, mostly from SMEs.

ADNMQC SR, as a coordinator of **state policy of quality**, in year 2015 also offered an option for small and medium-sized enterprises to join the competitions in the area of quality and social responsibility declared by the ADNMQC SR. Competition **National quality prize of SR** allows the verification of management of an organization in accordance to, by Europe recognized, model of exceptionality EFQM, to provide one's exceptional outcomes achieved in the area of business and thus support one's standing on home and foreign markets.

Competition **Top quality managers** rates and awards labour and contribution of quality managers to achieve a better results in the organization. **National prize of SR for social responsibility** rates application of social responsibility principles in organizations and aids the development and application of reporting in areas of social responsibility.

In the area of normalization, the ADNMQC SR in year 2015 focused on the following measures:

- **Easing of the access to information via the use of STN-online service.** The measure aids the rise of competitiveness, easing of transition to technical and innovative literacy in schools, easier orientation in European or worldwide accepted state of science and technology. Via the cooperation with professional unions and civil associations the STN-online had access to several hundreds users from the area of SMEs.
- **Providing of complex information** to the wide technical public, on behalf of improvement of access to information on TN for SMEs, it is secured via Infocentre and Portal of norms. Basic information on norms, their legitimacy, manner of acceptance into the system of STN, their structure, classification and abstract are provided free of charge within the scope of web domain of the office www.unms.sk in the section „Portal of norms“.
- **Promotional activities of the office for SMEs** transpired mainly in the Infocentre with an aim to popularize participation on normalization process and the use of norms and thus support the participation of SMEs on this process. With the awareness of SMEs, a more

favorable position is created for this group of users during their implementation into the market.

- With the issue of statute and order of procedure of technical commissions, subcommissions and labour groups, the **process of restructuralization of technical commissions** had begun with an aim to have SMEs take part in the work of technical commissions, to secure balanced representation of membership in technical commissions and make the work of these commissions more efficient.

❖ Office of the government of SR

- **System for solving of problems with execution of laws of simple market of EU - SOLVIT**

Network SOLVIT, of which functioning in SR is being secured by the Section of government legislative department of approximation of law, is a network for informal solving of problems which the citizens or entrepreneurs during the application of their right on internal market of EU face. The network provides fast and efficient solutions while it's services are provided free of charge. The network was created from initiative of European commission in year 2002.

SOLVIT helps in all areas, which are regulated by laws of the European union. Naturally, in case of fulfillment of other expectations for solution of the problem in SOLVIT, and that it is being an issue of a citizen or entrepreneur in other member state of the EU, having a residence or establishment, and which is caused by the activity or inactivity of the organ of public administration. Frequently the cases are related to use of single (or multiple) liberty on the internal market of EU: free movement of persons, goods, services and capital.

Out of 170 registered cases in the database of SOLVIT (in relation to SR) in year 2015, approximately 2.9% cases related to the entrepreneurs.

4.7.4 Recommendations

- Raise the level of entrepreneur knowledge in opportunities, which are provided by the simple market and continue to stimulate the SMEs into internationalization of their activity.
- Broaden the support in commodity, as well as territorial structure with an emphasis on markets with commercial potential for expansion of Slovak SMEs.
- More significantly support support the consultant service and education on possibilities of business on the markets of EU, aimed toward the solution of technical barriers of trade and rise of the management level of the exporting SMEs. Insufficient experience with foreign-trade transactions, insufficient knowledge of the market and corresponding decrees, gaining of trade partners, financing of export etc., they all present significant barriers for the internationalization of SMEs.
- In case of support aimed toward acquisition activity, allow the withdrawal of means to entrepreneur associations and unions, which can provide maintenance to SMEs during organization of exhibits, especially in the social exhibits, and can make use of means more efficiently and in a more complex manner.

- Raise competitiveness of Slovak enterprises on foreign markets via the use of support with an aim to lower the domestic energetic and resource difficulty of production and raise the added value of products and services.
- Support the export of exporting companies with efficient proexport policy of state and reinforce the Eximbank and Slovak guarantee and development bank with capital.
- Simplify the access to Slovak technical norms – support of setting up of the INFOPOINTS facilitating the access to reading of full-text form of the STN in the study rooms of universities and colleges or in some case in entrepreneur centres.
- Electrification of hunting and medical acting in foreign trade.

4.8 Principle 8 SBAfE Support the improvement of SKILLS in SMEs and all forms of INNOVATION

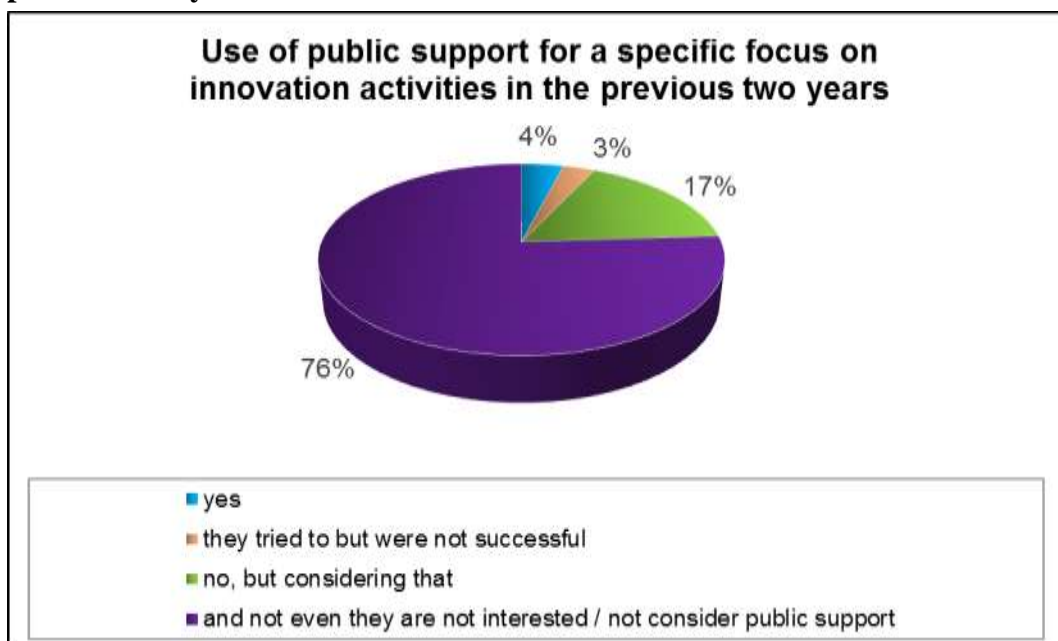
4.8.1 Evaluation of the situation

❖ Support of innovation activities

Based on the outcomes of the research „Use of support programmes from the side of SMEs“ only 4% of the entrepreneurs in the research declared, that during the course of previous 2 years they made use of public support focused on development of innovation activities – while primarily the financial donation was debated. Another 3% declared that they attempted for such support, but were not successful. Nearly fifth of entrepreneurs (17%) stated, that they might not have put such support to use, but are considering the option. More than three quarters of entrepreneurs (76%) responded, that they did not make use of such support and neither are they considering it or are simply not interested.

Only 0.2% entrepreneurs stated, that they are very satisfied with the level of public support for application of innovations, other tenth (10%) is quite satisfied. Contrarily, dissatisfaction with the level of public support for application of innovations was declared by more than half of the questioned (51%) – while 32% are rather dissatisfied and 19% very dissatisfied. No less than 4 out of 10 of the questioned entrepreneurs (39%) did not know an answer.

Chart No. 4-19 Use of public support for a specific focus on innovation activities in the previous two years



Source: SBA, Survey of using support measures by SMEs

4.8.2 Development of the regulatory environment

Conception for the support of startups and development of startup ecosystem in Slovak republic (decree of government of SR nr. 307/2015)

On the day of 10th of June 2015 the government of SR approved of Conception for support of startups and the development of startup ecosystem in SR, in accordance to which the startups, as beginning enterprises, are the source of innovative solutions with significant growth potential. The contribute in development of branches with high added value, regional and global competitiveness and the creation of employment for qualified labour force. The effort of this conception is to **support the startup ecosystem in SR** by the creation of entrepreneur environment and a system of state support which would be able to activate Slovak subjects with innovative ideas, make the investments into startups more attractive and create an exceptional image of the country.

Conception for support of startups and development of startup ecosystem is set within a wider concept of consecutive pro-growth measures for support of Slovak economy and innovation policy of SR. The material provides information about current state of startup environment in SR, analyzes phases of startup life cycle in which the aid for these enterprises is necessary and suggests concrete measures for their support.

Measures are disaggregated into the following strategic goals:

- **Creation of appropriate conditions for business**, i.e. creation of regulation environment without needless obstacles for the creation and activity of startups on the market.
- **Creation and providing of support services for reinforcement of the startup ecosystem**, i.e. creation of infrastructure and services for support of ones interested in entrepreneurship, startup teams, established startups.
- **Primarily financing** of so called „Death Valley“ phase of entrepreneur initiatives, where most of the startups fail.

Novelization of the act nr. 595/2003 L.c. on income tax related to abatement of expenses for RD in accordance to latter decrees and by which some acts are adjusted and ammended (act nr.333/2014 L.c.)

The act nr. 333/2014 L.c., in effect since 1st January 2015 which also adjusts and ammends act nr. 595/2003 L.c. on income tax in accordance to latter decrees, ammended cited act (with exclusion of other assessments) with new assessment § 30c – abatement of expenses for research and development, which adjusts the process of it's application during enumeration of the tax base. Expansion of the possibility to lower tax base, with influence on lowering of the sum of educed tax intended for paying of expenses for research and development, is another accommodating step of Ministry of finance with an aim to support the development and research and the development in given area of taxpayer business.

4.8.3 Support programs and measures

Area of Research and development

❖ Ministry of economy SR

- **Scheme for support of cooperation of entrepreneurs and science-research workplaces via the form of Innovation vouchers (scheme de minimis)**

The point of the Scheme for support of cooperation of entrepreneurs and science-research workplaces via the form of Innovation vouchers (onward simply „Scheme“) was the providing of support via the form of donation – via the use of innovation voucher by the means of state budget. The aim of this was to support development of innovation activities of entrepreneurs oriented on innovations of products, technological processes or services. For

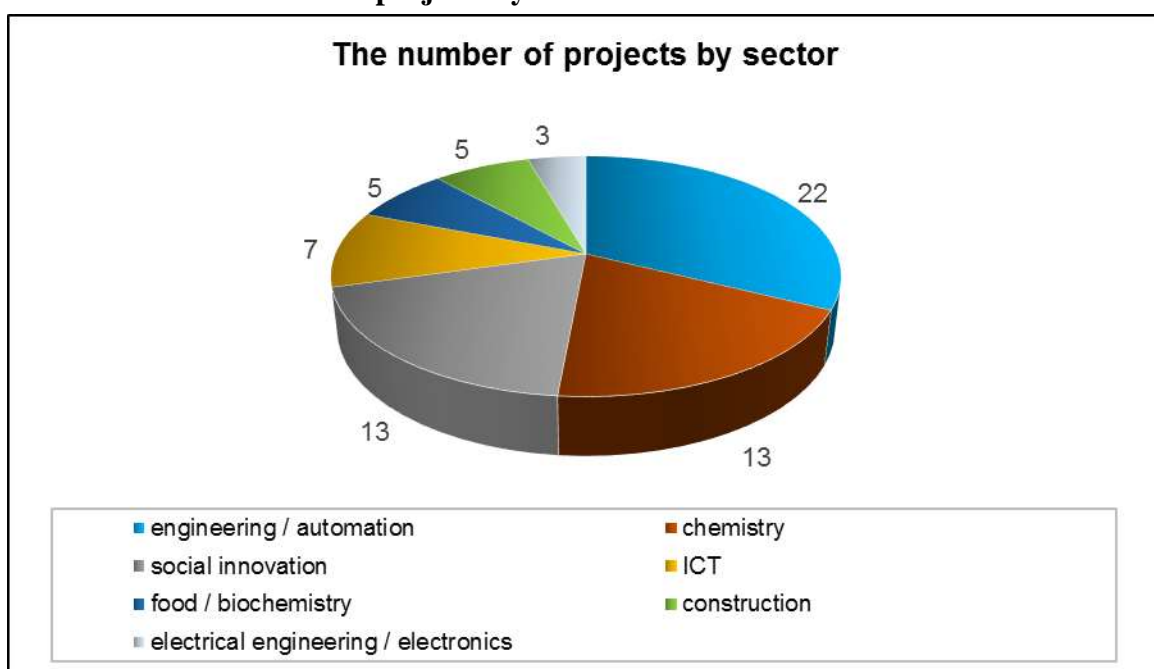
this purpose, there were donations provided by the budget head of the ministry of economy SR by 30 solutionist organizations **in a total sum of 347 703.95 euro**. Amount of realized projects for the entrepreneurs reached 68.

Nominal value of the voucher for entrepreneurs with a number of employees less than 250 represented 5000 euro in total without the VAT. In this category, 66 innovation projects were solved **in a total donation sum of 327 703.95 euro**.

For enterprises with a number of employees higher than 250, innovation vouchers with nominal value of 10 000 euro without VAT at 55% co-financing of eligible expenses from own sources were designated. Two projects fell under this category, which were supported by a sum of 20 000 euro.

The focus of solved projects in accordance to individual sectors are represented in the following chart.

Chart No. 4-20 Number of projects by sector



Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic

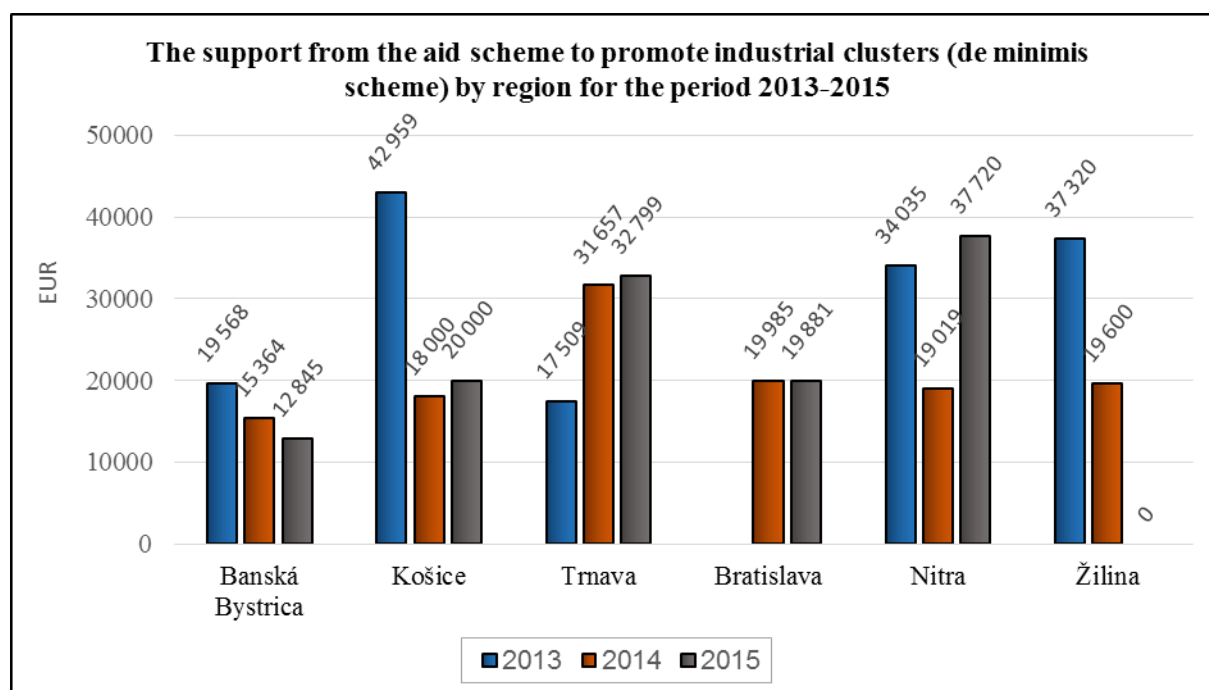
- **Scheme of aid for the support of industrial clusters (scheme de minimis)**

The goal of this scheme is to support the increase of competitiveness of members of the industrial clusters by making their mutual cooperation more efficient, as well as reinforcing of the industrial clusters on an international benchmark. In accordance to Scheme of aid for the support of industrial clusters, **the donations to seven cluster organizations** were provided by the budget head of the Ministry of economy SR **in a total sum of 130 000 euro**. Provided donations were used for educational activities of the cluster members (professional trainings, courses, seminars, workshops and other publications).

Tab. no. 4-38 Assistance provided from the Support Scheme to support industrial clusters (the de minimis) in 2015

No.	Cluster organization	Actual drawing (in Eur)
1.	1. Slovenský strojársky klaster, Areál PPS č. 586, 962 12 Detva	12 844.73
2.	Klaster AT+R z p. o., Južná trieda 95, P.O.BOX B45, 040 01 Košice	20 000.00
3.	Elektrotechnický klaster – Západné Slovensko, Sibírska 1, 917 01 Trnava	17 889.00
4.	Národný energetický klaster NEK, Záhradnícka 72, 824 12 Bratislava	19 881.00
5.	CELIM Slovakia, Piešťanská 3, 917 01 Trnava	14 910.00
6.	Slovenský plastikársky klaster, Vašinová 6, 949 01 Nitra	19 670.00
7.	Združenie pre rozvoj regiónu Horná Nitra, Hviezdoslavova 3, 971 01 Prievidza	18 050.00
	Total	123 244.73

Source: MoE SR

Chart No. 4-21 Support from the aid scheme to promote industrial clusters (de minimis scheme) by region for the period 2013-2015

Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic

- **Innovation fund, n. f. (non-investment fund)**

Innovation fund non-investment fund, is a standalone non-profit, non-state legal person with activity within the territory of SR, which the Ministry of economy SR established in a sense of act nr. 47/1997 L.c. on non-investment funds. Innovation fund in accordance to with its statute provides **repayable financial aid** with an aim to support the creation of appropriate conditions for the use of the outcomes of research, development, innovation, patents industrial and utility models with close relation to scientific, research and technological institutions.

Aim of the providing of repayable financial aid is the support of subjects solving the projects in area of research, development and innovation, utilization and protection of partners, industrial and utilitarian models, while the outcomes of the solution are supposed to

be innovative products, services with higher added value and a real hope for exerting oneself on domestic, european and global market.

Repayable financial aid is provided for solution of projects, which fulfilled the conditions for providing of aid, and lies in easing of access to financial sources under advantageous interest circumstances. In year 2015, via Innovation fund, the repayable financial aid was provided to 5 entrepreneurs in a total sum of 750 000 euro. In year 2014 the support from Innovation fund was provided to 2 entrepreneurs in a total sum of 450 000 euro.

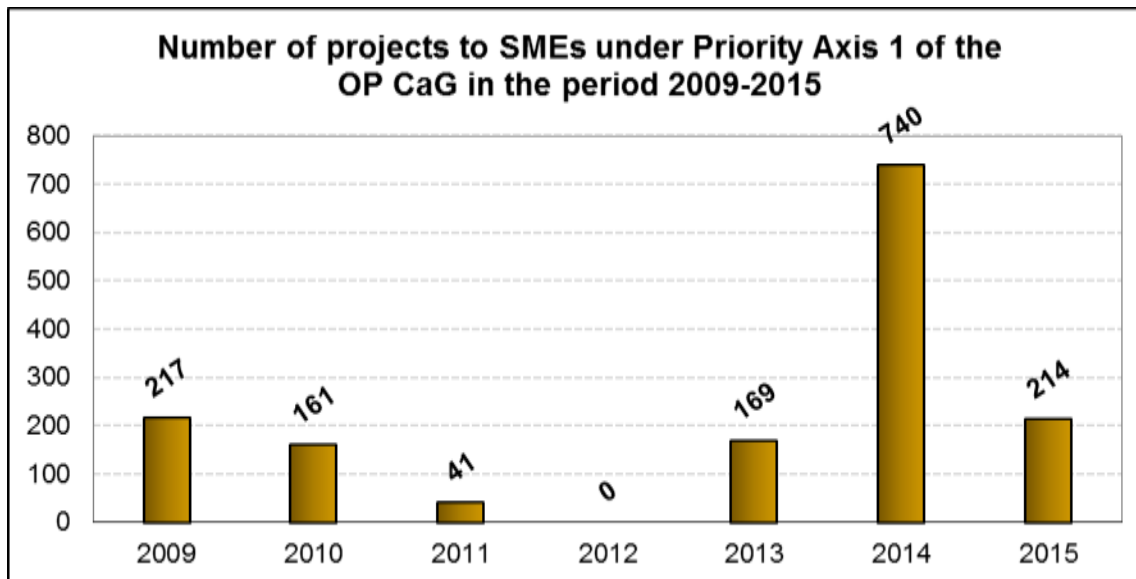
- **Operation programme Competitiveness and economical growth (OP CaEG)**

Priority axis 1 – Innovations and the growth of competitiveness

Withdrawal of the treaty-bound financial means within the scope of priority axis 1 – Innovations and growth of competitiveness, from the sources of EU made up a sum of 416.38 mil. euro, which represents 79.79% of allocation for priority axis 1 due 31st December 2015.

In the programme period 2007 – 2013 this support had transpired in a form of implementation of Operational programme of competitiveness and economic growth (further simply „OP CaEG“). Within the scope of priority axis 1 OP CaEG, 1070 projects realized by the SMEs were supported via form of providing of irreclaimable financial donation (further simply „IFD“). In the OP CaEG, in order to finance the projects of SMEs the form of support from financial implements was used, where by 31st December 2015 via the use of JEREMIE initiative 501 projects were supported.

Chart No. 4-22 Number of projects to SMEs under Priority Axis 1 of the OP CaG in the period 2009-2015 (including data for JEREMIE)



Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic

Amount of supported projects for the aid of SMEs within the scope of priority axis 1 OP CaEG reached the highest value in year 2014, where 740 projects were supported. In year 2015, 214 enterprises were supported, which represent an interannual decrease of 71%.

Part of the transfer of innovations and technologies mainly into the private sector, **during the priority support of SMEs, was the creation of new jobs.** By the end of year 2015, 5 201 jobs were created under the influence of realized projects of priority axis 1 OP CaEG, mainly

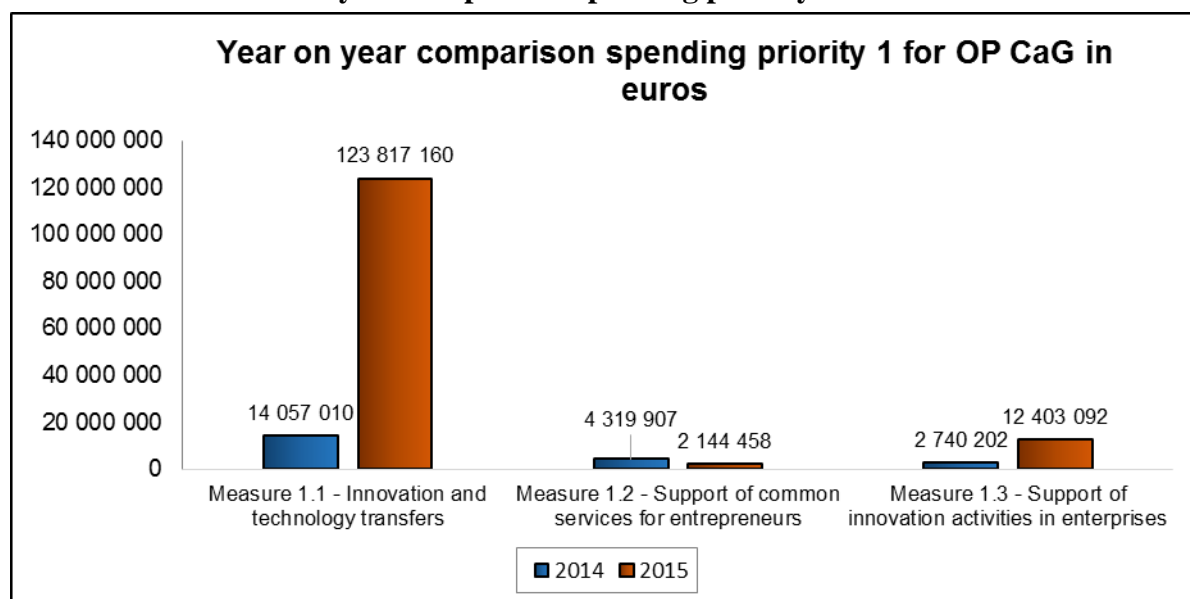
by the means of transfer of innovations and technologies (**out of which 4 311 were within the category of SMEs**).

Tab. no. 4-39 Funds drawn priority axis OP KaHR as of 31. 12. 2015 in Eur

Priority axis 1 – Innovation and Growth of Competitiveness	Commitment 2007-2013 for EÚ resources	Drawn in 2015 (EU resources)		Cumulative drawn to 31. 12. 2015 (EU resources)	
		Total	% 2007-2013	Total	% 2007-2013
Measure 1.1 – Innovation and technol. transfers	399 963 841	123 817 159.98	30.96%	314 854 556.35	78.72%
Measure 1.2 – Support of common services for entrepreneurs	51 500 273	2 144 457.50	4.16%	51 085 359.51	99.19%
Measure 1.3 – Support of innovation activities in enterprises	70 353 260	12 403 092.41	17.63%	50 440 423.71	71.70%
Total	521 817 374	138 364 709.89	26.52 %	416 380 339.57	79.79 %

Source: MoE SR

Chart No. 4-23 Year on year comparison spending priority 1 for OP CaG in euros



Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic. Figures include SMEs and large enterprises

Overview of demand orientated notices announced within the scope of priority axis 1 OP CaEG with inclusion of the SMEs support:

Sub-measure 1.1.1: Support of application of innovations and technology transfers

- Notice CaEG-111SP-0801
- Notice CaEG-111SP-0902
- Notice CaEG-111SP-1001
- Notice CaEG-111SP-1101

- Notice CaEG-111SP-1201
- Notice CaEG-111SP/LSKxP-1101
- Notice CaEG-111DM-0801
- Notice CaEG-111DM-0901
- Notice CaEG-111DM-1301

Sub-measure 1.1.2: Support of creation of jobs via the development of business

- Notice of DOP 2008–SIP 001

Sub-measure 1.1.3: Support of participation of Slovak manufacturers on trade fairs, exhibits, trade missions

- Notice CaEG-113DM-0801
- Notice CaEG-113DM-0901
- Notice CaEG-113DM-1201

Measure 1.3: Support of innovative activities within enterprises

- Notice CaEG-13SP-0801
- Notice CaEG-13DM-0901
- Notice CaEG-13SP-1001
- Notice CaEG-13SP-1201

Tab. no. 4-40 Overview of payable NRG of priority axis 1 OP KaHR in 2015, Measure 1.1

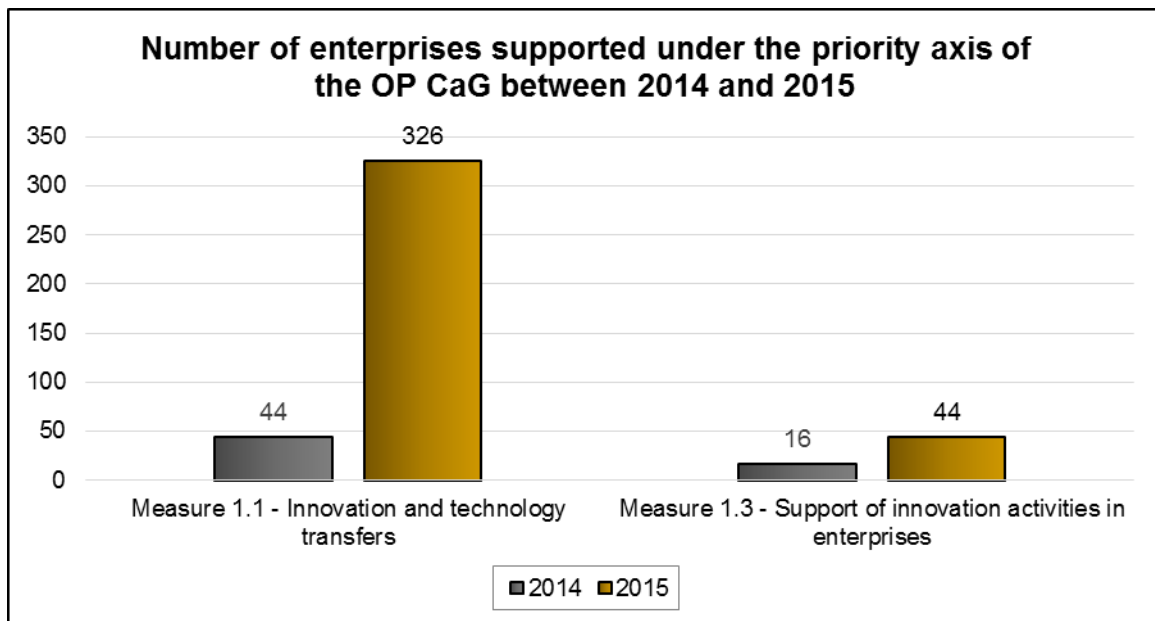
Call code	Supported subjects	Paid NFC in 2015 (Eur)
Measure 1.1		
KaHR-111SP-0801	0	0.00
KaHR-111SP-0902	1	1 815 400.00
KaHR-111SP-1001	0	0.00
KaHR-111SP-1101	28	17 338 717.83
KaHR-111SP-1201	100	71 391 580.15
KaHR-111SP-LSKxP-1101	22	8 333 362.30
KaHR-111DM-0801	0	0.00
KaHR-111DM-0901	0	0.00
KaHR-111DM-1301	165	23 023 612.36
DOP2008-SIP001	0	0.00
KaHR-113DM-0801	1	82 525.77
KaHR-113DM-0901	1	59 591.02
KaHR-113DM-1201	8	177 062.08

Source: MoE SR

Tab. no. 4-41 Overview of payable NRG of priority axis 1 OP KaHR in 2015, Measure 1.3

Call code	Supported subjects	Paid NFC in 2015 (Eur)
Measure 1.3		
KaHR-13DM-0901	1	360 250.00
KaHR-13SP-0801	3	123 424.41
KaHR-13SP-1001	17	7 239 836.33
KaHR-13SP-1201	23	7 320 685.71

Source: MoE SR

Chart No. 4-24 Number of enterprises supported under the priority axis of the OP CaG between 2014 and 2015

Source: processed on the basis of data from the Ministry of Economy of the Slovak Republic. Figures include SMEs and large enterprises

❖ **Ministry of education, science, research and sport SR**

• **Stimuli for research and development**

Within the scope of application of act nr. 185/2009 L.c. in year 2015, the support of four projects of RD within the scope of stimuli provided in year 2013 in total sum of donation from SB equaled 3 663 455 euro. Volume of the tax allowance represented 24 199 euro. The amount of co-financing from own resources of recipient of the stimuli represented 1 091 231 euro. Amount of supported projects of RD in comparison to year 2014 remained unchanged. The total sum of donation from SB rose by 1 826 689 euro, volume of tax relief rose by 5 796 euro in comparison to year 2014. Amount of co-financing of RD projects from own resources of recipient of the stimuli represented a sum of 671 206 euro in year 2014.

On the day of 19th March 2015 an announcement on possibility of providing of stimuli for research and development in year 2015 was published. 9 applicants reacted to the published announcement, out of which 8 belonged to SMEs category. In year 2015, based on the published announcement on the possibility of providing of stimuli for research and development in year 2015, after evaluation of presented applications of the applicants for stimuli by independent experts and commission named by the ministry in year 2015, stimuli for research and development were provided to nine applicants in a total sum of 3 031 600 euro donated from SB. Tax relief was not provided. The sum of co-financing from own sources of recipient of stimuli represented 987 963 euro.

• **Tax relief for recipient of stimuli**

State aid, according to § 30b of the act on income tax, was provided to 2 recipients in year 2015 in a total sum of 3 500 euro.

• **Donations for science-technological services in accordance to act nr. 172/2005 L.c.**

On the day of 2nd July 2015 the MESRS SR published an Announcement of MESRS SR on presenting of requests for providing of donations for securing of support organization, technological and administrative activities within the scope of space policy and financing of the project for first Slovak satellite SkCube in a sense of § 8a of act nr. 172/2005 L. c. at the Central information portal for research, development and innovation.

The announcement's contents included:

Securing of support organization, technical and administrative activities in the area of space policy. One request was presented in accordance with the announcement. The applicant was a civil association.

On the 22nd of December 2015, MESRS SR published an Announcement of MESRS SR on presenting of requests for providing of donations for securing of support organization, technical and administrative activities in the area of space policy and finalizing of financing of the construction of ground station of first Slovak satellite SkCube in a sense of § 8a of act nr. 172/2005 L.c. on Central information portal for research development and innovations.

Content of this announcement consisted of:

1. Securing of support organization, technical and administrative activities in the area of space policy.

2. Finalization of financing of construction of the ground station of first Slovak satellite SkCube – device serving primarily for satellite communication, consisting of control structure and antenna system.

To point 1, in accordance to announcement, 2 requests were placed.

To point 2, one request was placed.

In a sense of decree of commission the point 1 was not evaluated.

In point 2, one request was evaluated. The applicant was a civil association.

• Operation programme Research and development (OP RD)

In year 2015 MESRS, as well as Research agency, did not declare any notice for application of request for irreclaimable financial donation, aimed toward the support of SMEs within the scope of operation programme Research and development.

Within the scope of scheme of state aid in year 2015, a support was provided to 105 subjects within the scope of 89 projects in a total EU sum of 26 242 225.10 euro, which in comparison to IFD in year 2015 represents 85% and in SB sum 4 631 022.97 euro (15%). From financial standpoint, the Bratislava region was the most supported in a sum of 13.54 mil. euro from the source of EU and 2.39 mil. euro from the source of SB. Total support of IFD for Bratislava region represents a sum of 15.94 mil. euro, which equals 51.61% of the total aid of IFD for SMEs.

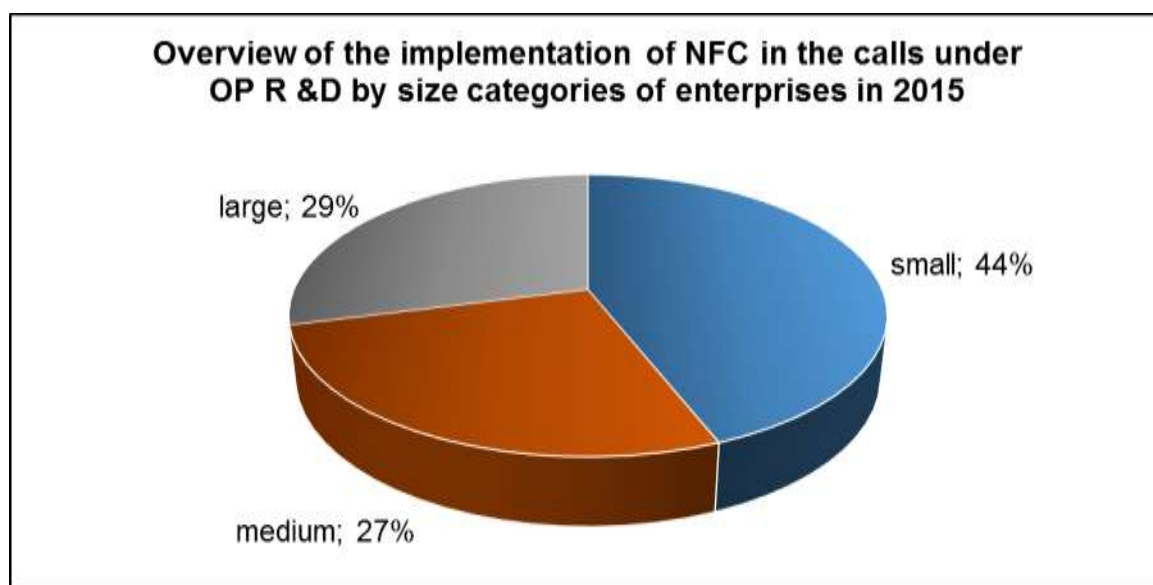
Tab. no. 4-42 Overview of drawn NFC in relevant calls R&D in 2015

Call Code	Orientation	Number of supported companies			Company size – Total provided NFC in EUR		
		small enterprises	medium enterprises	large enterprises	small enterprises	medium enterprises	large enterprises
OPVaV-2009/2.2/03-SORO	Support for applied research, development and technology transfer	7	4	5	317 624.97	366 083.28	596 246.37
OPVaV-2009/4.2/03-SORO		2	1	2	174 147.65	39 287.04	241 383.35
OPVaV-2009/2.2/05-SORO	Support for building research and development centers	7	6	7	2 708 268.55	1 207 618.29	2 104 242.00
OPVaV-2009/4.2/05-SORO		6	0	1	1 635 565.69	0	198 953.23
OPVaV-2010/2.2/06-SORO	Support for building centers of competence centers for the OP R&D	7	6	8	431 935.80	764 201.62	896 180.77
OPVaV-2010/4.2/06-SORO		8	3	5	640 395.96	482 719.11	237 383.72
OPVaV-2011/2.2/07-SORO	Support research and development centers for the OP R&D	9	8	4	2 311 206.17	2 592 277.94	520 304.43
OPVaV-2011/4.2/07-SORO		5	3	3	1 203 706.26	179 025.80	519 001.03

OPVaV- 2013/4.1/04 -SORO	Support for the centers of excellence with transnational significance and the international cooperation in research	5	2	4	4 035 649.38	2 670 168.2 4	3 677 616.1 0
OPVaV- 2012/2.2/08 -RO	Building a university science parks and research centers	0	2	0	0	122 055.32	0
Total		58	35	39	13 458 500.4 3	8 423 436.6 4	8 991 311.0 0

Source: The Ministry of Education, Science, Research and Sport of the SR

Chart No. 4-25 Overview of the implementation of NFC in the calls under OP R & D by size categories of enterprises in 2015



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

Due 31st December 2015, 68 small enterprises were registered, out of which 67 were financially supported. In year 2015, 58 enterprises were financially supported. Total contracted sum falling under small enterprises due 31st December 2015, in an IFD value was 52 446 013.79 euro, out of which an IFP total of 44 639 438.23 euro, i.e. 85.08%¹¹ was expended.

MESRS SR along with RA recorded 42 financially supported medium enterprises, out of which 35 enterprises withdrawn financial means in year 2015. Countered sum of IFD, 37

¹¹Relieved of withdrawal of 1 small enterprise which was exceptionally terminated

118 296.07 euro out of which a total of 28 912 906.29 euro IFD was expended, i.e. 77.89%¹² falls under the medium enterprises.

Due 31st December 2015, 43 large enterprises were registered and financially supported, out of which 39 were financially supported in year 2015. Total countered sum falling under large enterprises due 31st December 2015 was 33 832 085.96 euro, out of which a total of 24 019 270.80 euro IFD, i.e. 71% was expended. In year 2015, no notice on IFD was announced. Neither did it come to any signing of a treaty on IFD. In year 2015, no exceptional termination of a project within the scope of OP RD had transpired.

Tab. no. 4-43 Overview of funds contracted and drawn by SME according to OP R&D (Eur)

Source	Small enterprise	Medium enterprise	Large enterprise	Total
Contracted amount attributable to SMEs in EUR as of 31. 12. 2015				
EU funds	44 596 058.00	31 550 585.06	28 757 235.54	104 903 878.60
State budget funds	7 869 955.78	5 567 711.01	5 074 850.42	18 512 517.21
NFC	52 466 013.79	37 118 296.07	33 832 085.96	123 416 395.82
Drawn amount attributable to SMEs in EUR as of 31. 12. 2015				
EU funds	37 943 457.96	24 575 975.49	20 416 327.53	82 935 760.98
State budget funds	6 695 980.27	4 336 930.80	3 602 943.27	14 635 854.34
NFC	44 639 438.23	28 912 906.29	24 019 270.80	97 571 615.32
Drawn amount attributable to SMEs in EUR as of 2014				
EU funds	11 439 714.21	7 159 909.79	7 642 601.10	26 242 225.10
State budget funds	2 018 786.22	1 263 526.85	1 348 709.90	4 631 022.97
NFC	13 458 500.43	8 423 436.64	8 991 311.00	30 873 248.07

Source: The Ministry of Education, Science, Research and Sport of the SR

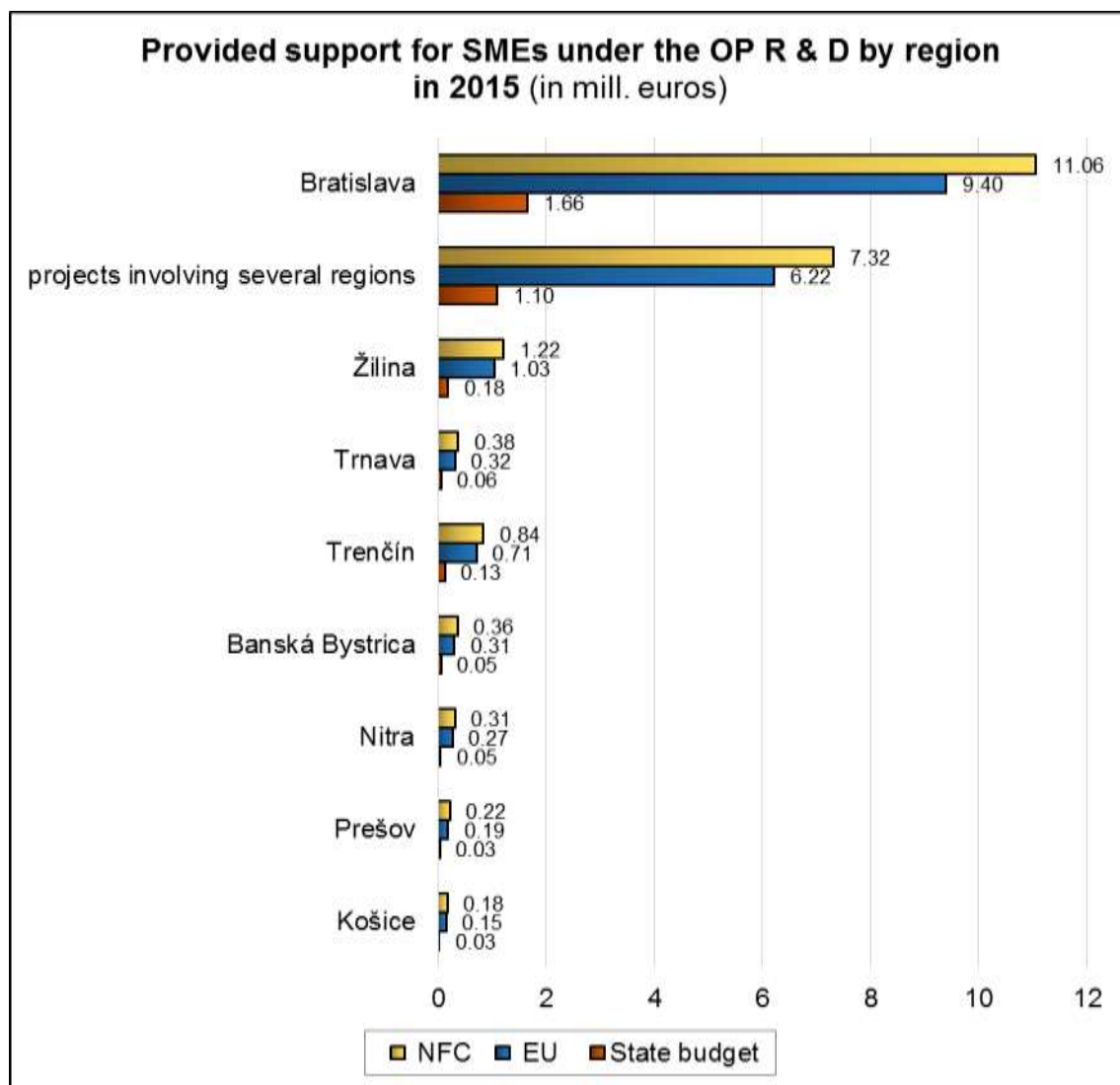
In year 2015, a total of 93 subjects of personal sector were supported in a total sum of 18 599 624.00 euro from the source of ERDF and 3 282 313.07 euro from the state budget. From the total sum of IFD, the Bratislava region was the one being supported the most. In total a sum of 21 881 937.07 euro was provided as a support to 35 projects localized in Bratislava region.

Tab. no. 4-44 Assistance provided within OP Research and Investment as of 31. 12. 2015 by regions (Eur)

NUTS III	Number	EU (in Eur)	State budget (in Eur)	NFC
PO	1	185 208.54	32 683.91	217 892.45
BA	35	9 401 555.76	1 659 109.37	11 060 665.13
BB	2	306 412.57	54 072.86	360 485.43
KE	2	150 506.68	26 560.13	177 066.81
NR	1	267 186.04	47 150.79	314 336.83
TN	3	320 943.33	56 643.44	377 586.77
TT	5	713 324.49	125 882.86	839 207.35
ZA	6	1 034 616.99	182 580.22	1 217 197.21
Projects carried out in several regions (aside from BA)	38	6 219 869.60	1 097 629.49	7 317 499.09
TOTAL	93	18 599 624.00	3 282 313.07	21 881 937.07

Source: The Ministry of Education, Science, Research and Sport of the SR

¹²Relieved of withdrawal of 1 medium enterprise which was exceptionally terminated

Chart No. 4-26 Provided support for SMEs under the OP R & D by region in 2015

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

❖ Ministry of finance SR

- **Tax benefits for taxpayers, performing a research and development**

In year 2015, the deduction of expenses for research and development from the base of tax in accordance to § 30c act on the income tax was put to use by 38 entrepreneurs within the category of SMEs in a total sum of 1.37 mil. euro.

❖ Research and development support agency

- **State aid provided by RDSA**

In year 2015, the Research and development support agency realized activities for support of small and medium enterprises via the support of project solution via the form of grants.

In year 2015 the agency supported **13 new projects** of research and development with state support according to Scheme of research and development support via the Agency for

support of research and development SA.42450. Meanwhile, **23 running projects** of research and development were financed according to Scheme of state aid N 702/2007 in year 2015. **One bilietary mobility project** was supported via the form of ad hoc de minimis.

The sum of state aid in year 2015 for SMEs represented 1.48 mil. euro, which is 83.7% of total entrepreneur sector support.

❖ **University centre of innovations, transfer of technologies and protection of intellectual property (UCITT) and a Start-up centre TUKE**

The year 2015 was a second year of functioning of the University centre of innovations, transfer of technologies and protection of intellectual property (UCITT) as a new formation within the organization structure TUKE.

The aim of UCITT is organization, coordination, information and management activity aimed on the development of science-research activity, support of innovations, transfer of technologies and protection of intellectual property on TUKE and in it's partner organizations, treaty-linked to the activities of UCITT.

The UCITT, via the use of it's internal organization cells also secures realization, development and support of efficient cooperation with domestic and foreign social and economical practice in the areas of research and development corresponding to the professional and technical focus of TUKE and it's partner organizations.

Protection of intellectual property, advertisement of research outcomes and visualization of ideas at TUKE was realized via the form of providing of advisory services in the area of protection of copyright, industrial-legal protection for students as well as employees of TUKE. It was a close cooperation with small and medium enterprises (preparation of treaties on creation of work, license treaties, submission of applications, representation in administrative acting before the IPO SR and the individual creation of treaties). Within the scope of the lead of central registry of industrial-legal protection, tasks related to submission of patents, utility models, designs and trademarks were fulfilled.

Office of industrial ownership of Slovak republic registered the following number of applications in year 2015, of which applicant/owner was the Technical university in Košice:

32 patent applications, 56 applications of utility models and 1 design application. Contemporarily, in year 2015 the Office of industrial ownership of Slovak republic granted **7 patents and 24 utility models** to the Technical university in Košice.

In year 2015 the Technical university in Košice continued in establishing of cooperation with more entrepreneurs and science-research institutions with an aim to transfer findings, commercialization of research outcome and development of the TUKE science teams, support of business as well as visualization of projects/activities of TUKE for potential investors.

Relating to this was also the providing of legislative and legal services of whole educational workplace of UCITT not only to students and employees of TUKE, but also to small and medium-sized enterprises. UCITT also provided legal support during the preparation of **treaties of cooperation** with domestic and foreign partners of TUKE, as well as support in activities of which outcomes were the innovation partnerships.

Year 2015 also continued in the area of support for startup activities in Eastern Slovakia, mainly thanks to activities of Startup centre TUKE, first of it's kind in the region. Startup centre TUKE is an organizational structure, which was created within the scope of University centre of innovation, transfer of technologies and protection of intellectual property (UCITT

TUKE) with regional activity. Goal of the Startup centre TUKE is to create motivational environment, which will help not only students, but also all the other residents of the region with innovative potential to develop in various areas of activity. Main idea is to „ignite“ the process which will support people during the realization of their innovative ideas and will help to shape the idea into commercially applicable product or service. The Technical university in Košice has an ambition to significantly support innovative projects via these activities, with quality professional consultant service as well as with its top notch research infrastructure.

The startup centre TUKE during the course of next year of its activity continued with organizing of activities for support of startups and became a significant element of innovative potential with region-wide impact. A significant achievement was the cooperation with one of the most important Swedish incubators – LEAD, within the scope of which LEAD coordinated the working of Startup centre and the preparation of commissioning of the TUKE incubator within the scope of USP TECHNICOM.

Also in year 2015, an activity focused on searching for new startups was successfully organized: already in 3rd round of the contest of innovative ideas „**Got an idea? Present your startup!**“.

Startups presented their innovative notions before the commission, which was composed of experts active in business supporting the creativity and innovations of youthful people. An interesting conjunction of workers from Crowdberry, CSTI SR, Fund of innovations and technologies, Neulogy Ventures, Saab AB, Slovak Business Agency, U.S. Steel Košic ltd., HEP RDI inc., representants of TUKE and the Košice self-administrative region ignited a discussion, based on the first work meeting the commission decided upon implementation of 5 startups EMOMIME, VARIM, Chargebrella, Fittiner and HoneyLOG into Startup centre TUKE.

An important activity of UCITT was also the organization of **informative and work seminars, workshops and conferences** in the area of influence of UCITT. Within the scope of information days the UCITT in cooperation with CSTI SR realized 1 specialized workshop focused on the problematic of personal and financial queries of solving of the H2020 projects and several more seminars, focused on the preparation of H2020 projects, preparation of financial budgets and personal matrix. In year 2015 the UCITT significantly supported the solving of USP TECHNICOM project, by organizing of meetings of research teams of pilot projects, one international conference with a participation of more than 250 participants and 3 workshops, oriented toward problematic of regional innovation strategy and creation of innovation partnerships.

TULE, within the scope of H2020 programme, submitted nearly 50 projects in year 2015, out of which 3 projects were approved and 1 placed on the Reserve list.

In the area of support of small and medium business for year 2015:

- 12 beginning entrepreneurs were supported (within three years of their beginning)
- Sector focus of entrepreneurs: ICT, gastronomy, architecture, designing, security systems, cybernetics, agriculture, telecommunications

In year 2015 the UCITT prepared these measures within the scope of its activities and extent of operation:

- Round of startup contest: Got an idea? Present your idea.
- StartupAwardsRoadshow

- 3 workshops of USP TECHNICOM devoted to regional innovation strategy: **Current state and vision of intelligent (SMART) specialization in the key branches of east-slovakia region**
- 1 international conference of USP TECHNICOM named: „*Potential and services of USP TECHNICOM for efficient development of business and research cooperation with experience*“.
- Introduction into the operation of entrepreneur incubator TUKE with assignment of 3 companies into the Incubation environment.

❖ **Slovak alliance for internet economy (SAFIE)**

Slovak Alliance for Internet Economy (SAFIE) was officially created by conjunction of several entrepreneurs and legal subjects in year 2014 with an aim to support development of technical and creative talent and contemporarily support the base of slovak entrepreneur environment with global ambitions and know-how. Aim of SAFIE is the creation of initiatives on private and governmental level, which will support the use of internet during the realization of new and existing entrepreneur activities.

For this purpose, in year 2015 it organized conference Innovatersconnect on Female Entrepreneurs (12th March 2015) and InnovatersconnectabouttheIrishStartupEcosystem (2nd June 2015). It also participated on other conferences DigitalPath to EconomicGrowth in Prague (12th February 2015) and Strategic Entrepreneurs Summit in Bratislava (13th March 2015).

Area of education

❖ **Slovak Business Agency**

- **Projekt „EU TourismMentoring“**

Introduction:

Slovak Business Agency acted as a leading partner in the EU project Tourism Mentoring (2013 – 2015) which was approved within the scope of Programme of lifelong education Leonardo Da Vinci – sub-programme transition of innovations. Together with partners from Great Britain, Romania and Lithuania the SBA had an opportunity to connect to the outcomes from successfully realized actions of finished PA4T project – Partnership for tourist business and development of rules and standards for mentoring in the area of tourist business. Tourist business belongs among the most important branches of economy within all the project countries. Despite the high potential of tourist business which Slovakia, Romania and Lithuania possess, the countries fall behind in quality of provided services. Any structure and option for professional development is also lacking.

Goal:

Ambition of the project was to create standards for mentor development in the area of tourist business based on the developed and verified product used in Great Britain.

Main goals of the project:

- Transition of methodics for mentors created in Great Britain,
- To improve the offer of schooling for mentors in close cooperation with employers and experts from praxis,
- To school 4 mentors for country in an area of tourist business (Slovakia, Romania, Lithuania) and to initiate mentoring pilot,
- Elaborate final methodic for mentors in tourist business, adjusted for national circumstances of individual countries.

Project Activities:

- Preparation and elaboration of contextual analysis and verified methods, preparation of research of needs of the labour market, existing offer of schooling and public policies,
- Preparation of 3 non-payment workshops for workers of tourist business on mentoring techniques, lead by a professional mentor and lector from Great Britain, schooling of 4 mentors for Slovakia which earned international certificate,
- Realization of mentoring meetings with 12 mentees from the sector of tourist business for Slovakia, within the scope of which the mentors forwarded their gained skills and experiences with an aim to verify the gained abilities within praxis,
- Elaboration of methodic for development of mentors in the tourist business.

Tab. no. 4-45 Activities / Services provided to SMEs and their characteristics

	Activities / Services provided to SMEs and their characteristics	Number
1	Contextual analysis	
	Elaboration of contextual analysis	1
2	Mentoring guide	
	Adjustment of guidelines and methodology of mentoring techniques	1
3	Training of mentors	
	Initial workshop in Bratislava	
	2. workshop in Pitest	
	3. workshop in Vilnius	
	The total number of trained mentors	12
4	Launch a mentoring pilot	
	Pairing mentors and mentees and initial mentoring meetings	
	The total number of mentees mentoring by mentors	30
5	Project promotion and dissemination of project results	
	Information on project activities through project websites and social networks	1

Source: SBA

Impact:

Elaboration of manual and methodic of mentoring techniques with emphasis on development of mentors in trade business as well as in other economy branches specifically designed for the conditions and needs of Slovakia. Project focused on branch of tourist business and it's benefit being the application of expense-efficient way of employee development. Thanks to the realization of project, the project partners created an innovative and efficient methodic for education applicable in the entire sector of tourist business.

- **Project SMEs eLEARNING**

Introduction:

Project SMEs eLEARNING, (www.sme-elearning.net) financed by the funds of EU, of the ERASMUS + programme was created for testing, transition and increase of awareness and access of small and medium enterprises (onward simply SMEs) to e-learning methods, which are common in the area of formal education. On the two-year project (September 2014 – August 2016) a total of 8 partners took part from 5 European countries among which are the representants of educational institutions, educators and representants of SMEs, which closely cooperating with employees, managers of SMEs and providers of expert education and preparation.

E-learning may be a fitting choice for securing of expert abilities needed for development and upholding of the SMEs growth in Europe. Research shows that the SMEs have limited sources for schooling of their employees and that which they really need is rather „informal“ preparation for solving of concrete problems which they encounter, which they can get in time and place plausible for them. A fitting education is not usually offered by the traditional education institutions and so in this respect the e-learning offers a great opportunity. Despite the many advantages, we still encounter low level of use of this education form from the side of SMEs and their employees.

Goals:

- Increase of awareness and low accessibility of e-learning initiatives via the creation of „SME e-learning portal“
- Support of development of strong economies via the identification and usage of innovative education systems
- Change of perceiving of the work schoolings as forwarding of passing the knowledge in traditionally determined places (schoolrooms, training rooms)
- Introduction of innovative pedagogical materials, before hardly accessible for the relevant group – employees – with an aim to imply toward e-learning as a positive choice for solving of their practical problems via the fittingly constructed schoolings
- Increasing of availability of the e-learning by promotion of many approaches on how the e-learning can be made available by the use of the most modern technologies.

Activities:

- Creation of „SME e-learning portal“
- Creation of „e-learning guide“ for SMEs
- Analysis of the state of usage of e-learning by SMEs in partner countries

Outcomes of the project for year 2015:

In first half of 2015 a question-form research was realized along the depth discussions on the state of e-learning and it's usage on a sample of more than 60 entrepreneurs, employees and providers of e-learning courses in Slovakia. Outcomes of the research were then processed into a report on the state of e-learning of the country, as well as the whole-European report on the state of e-learning (both publications are available on a website of the project). Conclusions of the reports were then taken into account during the writing of the guide for the use of e-learning for SMEs, of which first version was sent and commented on at the end of year 2015. Contemporarily with the writing of the guide, on autumn of 2015 a creation of new main act of the project begun, SME e-learning portal, and will be started in second half of year 2016.

While the guide through e-learning is supposed to present MSEs, providers and designers of e-learning courses with a creative and the most up-to-date access to this learning method and instigate its usage and innovation, the task of the e-learning portal is to raise awareness of SMEs on the possibilities which e-learning offers them and to give space to providers of e-learning services for promotion of their services after completing certain conditions.

Impact:

Via the project SMEELEARN the e-learning, with all of its benefits, will be closer introduced to SMEs and their employees. In that way the project will contribute to bigger awareness on innovative options of educations and on the assets which the e-learning presents for the economical stability of SMEs. The project also reacts to the need for creation of a skill platform with informations of general and technical nature which can help the mature employees to remain in the employment, which contributes to retainable employment within the partner countries.

- **Project Manager Training Programme (MTP) – „Building of capacities for managers from uzbek SMEs“**

Introduction:

Slovak Business Agency, within the scope of its activities, supports the internationalization of Slovak enterprises as well as the international growth via the form of mediation of potential trade or technological partners abroad. It helps them to pass into the new markets not only in the scope of European Union, but also on the markets of third countries like Russia, Uzbekistan, Japan and others. For that reason the SBA in year 2014 decided, in cooperation with Uzbek Trade and industrial department, to join in on the new project named „Manager training programme (MTP) – building of capacities for managers from uzbek SMEs.“

The project is financially supported by sources of European union. Its being realized in a period from August 2013 to August 2016, via the consortium which is led by European Profiles S.A., Greece. Part of it are also these organizations: WYG International Limited, United kingdom, CCI ParisIle-de-France, France, Birmingham Chamber of Commerce (BCI), United kingdom, PLANET S.A., Greece, Anticrisis Management Consulting (AMC), Uzbekistan. Trade and industrial department of Uzbekistan is a local partner of the project.

The project is focused mainly on the increase of sector efficiency of small and medium enterprises in Uzbekistan. It realizes on the base of international exchanges of selected uzbek managers into european enterprises with an aim to familiarize with local techniques of enterprise leadership and their following application in companies within which they act.

Such international exchange also represents a potential opportunity of cooperation for all the participants in the area of equipment purchase, investments, trade, manufacture or the exchange of know-how.

Goals:

The main goal of the project is to add to the improvement of SMEs sector efficiency in Uzbekistan via the use of organization of practical exchanges of selected managers from the leading private companies into the enterprises of EU. The project presents exceptional opportunity to establish a cooperation of Slovak companies with representants of small and medium enterprises from Uzbekistan, as well as an opportunity to present and build awareness on Slovak companies abroad.

Activities:

- Information seminary
- Hosting of uzbek managers
- Database of foreign cooperation
- Catalog of Slovak companies with an interest in business in Uzbekistan and/or in Central Asia

Outcomes of the project for year 2015:*Hosting of uzbek managers*

Slovak Business Agency organized information seminary in Bratislava on 26th June 2014 which was focused on cooperation with companies from Uzbekistan. Based on the participation on the information seminary and/or registration of Slovak companies in the database of International Cooperation lead by SBA, a Catalog of Slovak companies which are interested in business in Uzbekistan and/or in Central Asia was created.

In cooperation with Uzbek Trade and industrial department in year 2015, 2 stages for selected uzbek managers in Slovakia were realized.

❖ Ministry of education, science, research and sport SR**• Operation programme Education (OP E)**

In year 2015 the research agency continued in implementation of project within the scope of notices on submission of requests for irreclaimable financial donation (onward simply „notice“) with codes OPV-2009/2.1/01-SORO, OPV-2010/2.1/02-SORO, OPV-2012/2.1/03-SORO and OPV-2013/2.1/04-SORO. Within the scope of notice OPV-2009/4.2/02-SORO, only one project was implemented, but it was exceptionally terminated in year 2013. In year 2015, there were no notices announced within the scope of operation programme Education (onward simply „OP E“)

For all the projects, which the Research agency implements within the scope of these notices, the rules of the scheme of aid de minimis apply, ie. projects must fulfill all the conditions and criteria of the *Scheme for support of development of modern education for intellectual society in a sense of addition nr. 1, addition nr. 2, addition nr. 3, addition nr. 4, (schemes of aid de Minimis) and rules of scheme N222/2009 for temporary providing of small aid in Slovak republic during the period of financial crisis.*

Aid within the scope of the scheme of aid de Minimis, within the scope of OPE, is being realized via form of irreclaimable financial donation (further „IFD“) for payment of provable authorized expenses relating to capacity of the activities during realization of authorized project.

Recipients must take part on authorized expenses of the project with their own means in a minimal sum of 5%. Remaining maximal sum of 95% of authorized expenses of the project is being covered in 80.75% by ESF and in 14.25% by the state budget of SR. Aforementioned applies in case of notice OPV-2009/2.1/01-SORO, OPV-2010/2.1/02-SORO and OPV-2013/2.1/04-SORO. In case of notice OPV-2012/2.1/03-SORO, the recipients must take part on authorized expenses of the project by their own means in a minimal sum of 5%, the remaining 95% of authorized expenses of the project is covered in 85% by the ESF and in 10% by the state budget of SR.

The recipients, within the scope of the scheme of aid de minimis, can be micro-, macro- and medium enterprises (onward simply „SMEs“). The determining definition of SMEs is the definition stated in addition I act of the Commission (ES) no. 800/2008 from 6th august 2008 on announcement of certain categories for being compatible with the common market in accordance to article 87 and 88 of the treaty on ES (General act on group exceptions), and large enterprises which perform or are planning to perform educational activities in accordance to act no. 568/2009 L.c. on lifetime education and on the change and ammendment of some acts. For the purposes of notice OPV-2012/2.1/03-SORO, under the enterprises we mean state, public and private colleges as constitutors of senior universities and communities on the level of local administrative units LAU 1.

Within the scope of the Operation programme Education, 4 notices focused on scheme de Minimis were announced by the Research agency during the course of programme period 2007 – 2013:

- 1. Notice OPV-2009/2.1/01-SORO – Quality of human sources and efficiency of their constitution.** In year 2015 within the scope of the notice, 2 projects were duly finished out of 6 implemented projects.
- 2. Notice OPV-2010/2.1/02-SORO – Support of further education in the areas of tourist business.** In year 2015, within the scope of notice, 1 project was duly finished out of 7 implemented projects. In year 2015, 1 project was exceptionally terminated.
- 3. Notice OPV-2012/2.1/03-SORO – Broadening of knowledge and skills which improve the quality of senior life.** In year 2015, within the scope of notice, 25 projects were duly finished out of 35 implemented projects.
- 4. Notice OPV-2013/2.1/04-SORO – Support of following education in the area of industry.** In year 2015, within the scope of notice, 7 projects were duly finished out of 14 implemented projects. In year 2015, 1 project was exceptionally terminated.

Tab. no. 4-46 Total volume of assistance provided in relevant calls OP V as of 31.12.2015 (Eur)

Call code	EU funds	State budget funds	Private funds	NFC
OPV-2009/2.1/01-SORO	2 088 838.85	368 618.62	129 339.86	2 457 457.47
OPV-2010/2.1/02-SORO	2 322 666.56	409 882.34	143 818.36	2 732 548.90
OPV-2012/2.1/03-SORO	4 005 193.50	471 199.27	235 599.63	4 476 392.77
OPV-2013/2.1/04-SORO	1 246 192.87	219 916.43	77 163.66	1 466 109.30
Total	9 662 891.78	1 469 616.66	585 921.51	11 132 508.44

Source: MESRS SR

Due 31st December 2015, within the scope of scheme of aid de minimis, a withdrawal of means begun as an Irreclaimable financial donation (onward simply „IFD“) in a total sum of 8 066 866.16 euro, from the sources of EU a sum of 6 997 401.67 was paid, from the sources of SB a sum of 1 069 464.49 euro was paid and the sum of personal sources of recipient represented 424 578.63 euro.

In the monitored period the aid within the scope of the scheme of aid de Minimis was paid to 62 recipients acting in the area of advisory services, in area of business and directing as well as in the area of other education.¹³

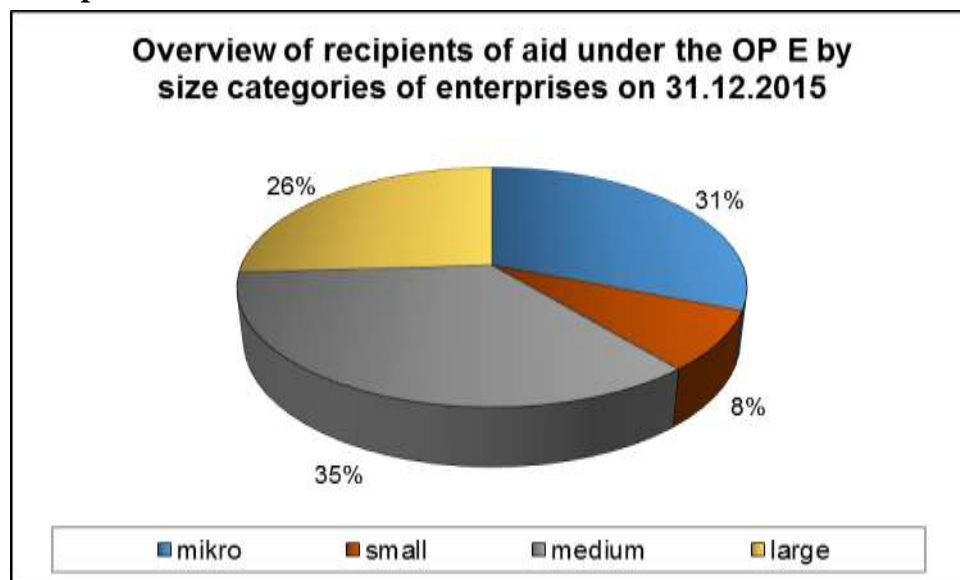
From regional standpoint, the most supported were the support projects including more regions in a sum of 4 796 853.43 euro. Within the scope of regional projects, the most supported was Prešov region in a total sum of 1 754 570.17 euro.

Tab. no. 4-47 Assistance provided within OPV as of 31. 12. 2015 by regions (Eur)

Regions	Assistance provided (in Eur)	Source		Number of projects implemented
		EU (in Eur)	State budget (in Eur)	
Nitra	1 052 574.43	919 468.75	133 105.68	5
Banská Bystrica	1 303 370.48	1 153 484.16	149 886.32	10
Prešov	1 754 570.17	1 552 104.49	202 465.68	15
Žilina	1 445 377.42	1 256 201.71	189 175.71	9
Trnava	329 241.53	294 584.53	34 657.00	3
Trenčín	254 818.36	227 995.37	26 822.99	2
Košice	195 702.62	175 102.34	20 600.28	2
Projects carried out in several regions (aside from BA)	4 796 853.43	4 083 950.43	712 903.00	16
TOTAL	11 132 508.44	9 662 891.78	1 469 606.66	62

Source: MESRS SR

Chart No. 4-27 Overview of recipients of aid under the OP E by size categories of enterprises on 31.12.2015



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

Ratio of microenterprises out of total amount of recipients is 30.65% (19 recipients), ratio of small enterprises is 8.06% (5 recipients), ratio of medium enterprises is 35.48% (22 recipients) and a ratio of large enterprises is 25.81% (16 recipients).

¹³Total withdrawal is relieved of 2 exceptionally terminated projects, where a compensation of RfP and following exceptional termination of the project took place.

❖ Ministry of agriculture and development of rurality SR

• Operation programme Bratislava region (OP BR)

In year 2015, no notice for submission of requests for irreclaimable financial donation was announced within the scope of Operation programme Bratislava region. Within the scope of Operation programme Bratislava region, 323 treaties on providing of IFD were signed for small and medium enterprises since the beginning of the programme period, the total sum comes up to 32 799 682.40 euro (source ERDF+SB), out of which, 3018 projects were duly finished in a total sum of 32 402 747.02 euro (source ERDF+SB) due 31st December 2015. The directing organ for Operation programme Bratislava region did not announce any notice aimed toward the support of SMEs in year 2015, due to the stated reason no SMEs projects were contracted.

In year 2015, a total of 91 small and medium enterprises, to which a donation from OPBR was paid in a sum of 7 347 510.77 euro (source ERDF+SB), were supported. Within the scope of measure 2.1 of Innovation and technological transfers a number of 46 small and medium enterprises was supported, to which a donation from OPBR in a sum of 4 316 068.93 euro (ERDF+SB) was paid. Within the scope of measure 2.2 Informatization of society, 45 small and medium enterprises were supported, to which a donation from OPBR was paid in a sum of 3 031 441.84 euro (source ERDF+SB).

❖ Office of industrial ownership SR

OIO SR provides the SMEs with services named Prediagnostic of industrial-rights since year 2008. Aim of the prediagnostic is to provide basic information from the area of industrial right protection, so that the companies are able to create a basic strategy also in this area. It is a free advisory service „made to fit“, ie. protection of technical solutions, designs, trade-marks, collision of domain names with trade-marks, searching in free patent databases, basics of license politics etc. The participating company representants will familiarize with industrial-rights protection at home and abroad, it's benefits and under certain circumstances also it's drawbacks, they will gain tips for the most advantageous means of protection (also finance-wise). Suggested recommendations are not obligatory and are supposed to reflect the needs of society with respect to production and trade interests in individual countries. In year 2015, the service was provided to 30 SMEs from entire Slovakia, which is 100% more than in year 2014.

OIO SR, via the use of it's partners – informative-advisory posts of the office for innovations INNOINFO tries to orientate the small and medium entrepreneurs in the area of industrial-rights protection. Innoinfo are established in entrepreneur incubators, regional advisory centres, in regional departments of Slovak trade and industrial department and in the universities of technical focus.

Partners of the IPO SR within the scope of INNOINFO are currently four regional departments of STID – Bratislava, Trenčín, Banská Bystrica and Košice. In year 2015, the IPO SR established an active cooperation with other regional departments, which might not belong into the network, but shown interest in becoming their members in the future. Those are RD STDI in Trnava, Žilina and Prešov.

❖ Junior Chamber International – Slovakia

Within the scope of projects aimed toward the support of SMEs, the JCI-Slovakia in year 2015 realized following event:

1. Young innovative entrepreneur 2015

Co-announcers: Association of entrepreneurs of Slovakia, Profit

It was meant for the young entrepreneurs, which already begun their business. Emphasis was put mainly on the application and incorporation of innovations in their business. Many young entrepreneurs from various branches took part, manufacturing, services, IT.

5 finalists were supported, selected by the expert jury composed of representants of coannouncers of the project, as well as holders of the Entrepreneur of the year SR title.

❖ Union of clusters of Slovakia

UCS in the period since September 2013 to February 2016 realized a project financed by 7 scope programme of EU named „Association of the transfer of knowledge for bypassing of the gap between research, innovations and business (NoGAP)“. Slovakia, Germany, Romania, Georgia, Ukraine and Belorussia participated on the project. Leading partner of the project was Steinbeis-Europa-Zentrum der SteinbeisInnovationGmbH.

The project NoGAP was created by partnership of 13 partner institutions from 3 member states of EU and 3 countries of eastern partnership. Associated partners from Armenia, Azerbaijan and Moldavia also took part on the project.

4.8.4 Recommendations

- Increase the level of awareness of entrepreneurs about the meaning of innovation activities for SMEs.
- Systematically support the regional self-administrations and the regional structures created in previous periods to support innovations (for instance the technological incubators) with an aim to support innovative ideas, solutions, good experiences and development of lifelong education (as components of building of the knowledge economy and society).
- Apply more efficient motivation tools for permanent increasing of the innovation activity of entrepreneur sector.
- Implement tools for the support of close cooperation between private sector and academical sphere/research with the use of the best examples from EU.
- Implement measures from the Conception for support of startups and development of startup ecosystem within Slovak republic into praxis and support new innovative types of advisory services for technological fast-growing companies (ie. startups), for instance mentoring, technological scouting, coaching, market intelligence or technological foresighting.
- Support founding of cluster organizations, which will bring increase of innovation capacity of the company members of cluster organizations and will stimulate development of SMEs sector.

- Via help of innovative financial implements, support the expansive and innovative activities of companies with growth potential.
- Reevaluate the support system of applied research and development from the sources of european structural and investment funds and secure comparable conditions for the use of these sources by organizations of all sectors of science and technology with inclusion of organizations making business in the area of science and technology.
- Increasing of awareness about possibilities of protection of intellectual property and transfer of technologies especially in the environment of research and development, making the system of protection of intellectual property clearer for viewer and support the implementation and activities of centres for technology transfer.
- Create implements for systematical support of participation of slovak companies and organizations in european and international programmes of research and innovation (Horizont 2020, ERC, ERANET, KIC EIT, ESFRI, CARS 2020, the Danube strategy and others), for example via the development of activities of Liaison office of SR for research and development in Brussels, or via the creation of National support structures for communitarian programmes of EU
- Contribute to improvement of skills of researchers, entrepreneurs and multipliers via organization of trainings, based on the recommendations of the project „Association of transfer of knowledge for bypassing of the gap between research, innovations and business (NoGAP)“ realized by the Union of clusters of Slovakia.
- Support the implementation of innovations which lower the energetic, material and emission encumbrance.

4.9 Principle 9 SBAfe Allow SMEs to turn ENVIRONMENTAL challenges to opportunities

4.9.1 Evaluation of the situation

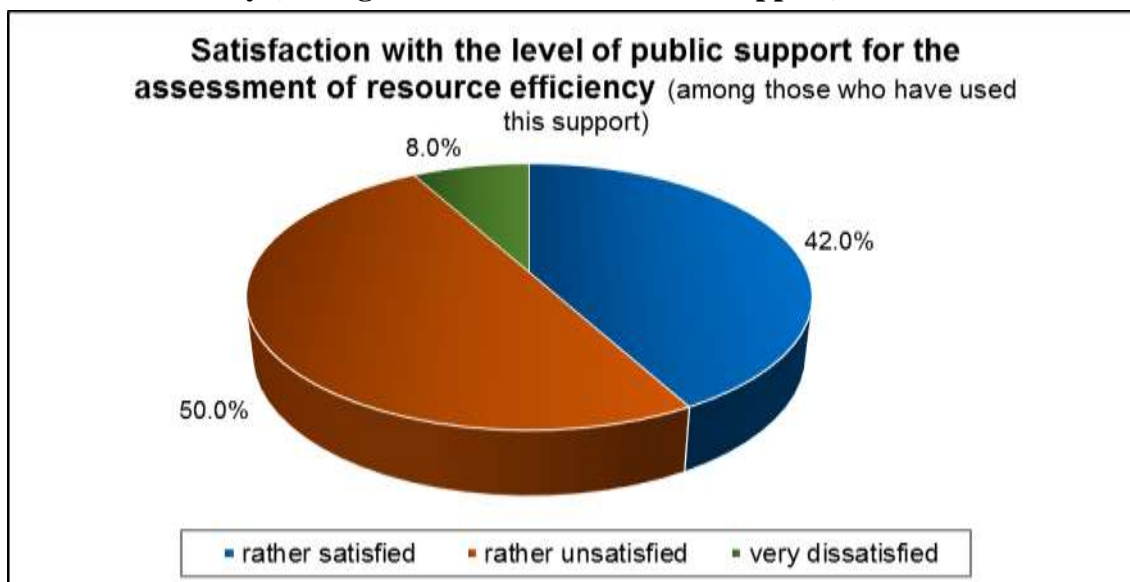
❖ Support of ecological products and services

Based on the outcomes of the research „Usage of support programmes from the side of SMEs“ only 1% of the entrepreneurs stated, that in the past two years they used some kind of public support for implementation of more efficient usage of the means (lowering of the expenditure of energy) or for the support of ecological products and services – while this was primarily originating from state budget, further also a donation from the sources of EU, advisory services or beneficial loan, credit. Next 2% of the entrepreneurs did attempt to obtain similar type of public support in the course of last 2 years, but were unsuccessful. More than tenth of the entrepreneurs (14%) do not make use of such a type of public support in the course of last 2 years, but are considering it. Remaining 84% of the confronted entrepreneurs responded, that they did not put such a support to use and neither are they considering it, i.e. they are not interested.

Responses of entrepreneurs are portrayed in the following graph, which was used in the course of previous 2 years for application of more efficient usage of the sources or for support of ecological products and services. Their amount in absolute statement represents 12 entrepreneurs.

42% of such entrepreneurs are rather satisfied, contrarily dissatisfaction was made apparent by 58% of such entrepreneurs (50% were somewhat dissatisfied and 8% were highly dissatisfied).

Chart No. 4-28 Satisfaction with the level of public support for the assessment of resource efficiency (among those who have used this support)



Source: SBA, Survey of using support measures by SMEs

4.9.2 Development of the regulatory environment

Act on wastes and the changes and additions to certain acts (act No. 79/2015 L.c.)

The new act on wastes with effect since **1st January 2016** replaced the act No. 223/2001 L. c. on wastes and the changes and additions to certain acts in accordance to latter decrees as well as act No. 119/2010 L. c. on packaging in accordance to latter decrees. Aim of the new act is primarily to lower the amount of wastes which are eliminated by storage and by avoiding the waste production. The new act includes three determining changes in comparison to current state in the area of waste economy.

Biggest change is the **cancellation of Recycling fund** (on 31st December 2016) and resulting cancellation of the manufacturer and importer responsibility to pay relevant donations. Function of the Recycling fund will pass onto manufacturers and the state. The new system of responsibility security of manufacturers and importers will be secured by direct application of the **broadened responsibility of manufacturers and importers principle**, may it be individually or collectively (organizations of manufacturer responsibility). That means that the manufacturers will be responsible for recycling and processing of their own products. For instance, that also applies to manufacturers or importers of electronics, vehicles, tires, accumulators but also paper, plastic or glass. The newly formed Organizations of manufacturer responsibility will be expected to take care of sorted wastes.

Second change directly relates to the **creation and functioning of organizations of manufacturer responsibility**. The responsibility of authentication of these organizations is being implemented, while authentication will be administered by Ministry of environment SR. The aim is mainly to make the activity of these organizations easy to monitor. Analogical kind of authentication will be administered by Ministry of environment SR to manufacturers which are fulfilling their responsibilities individually.

Third change is the significant **toughening of the conditions and control of the purchase of metal waste** from persons – non-entrepreneurs and the ban on disposal of the sorted elements of communal waste, to which the broadened responsibility of manufacturers applies, and the sorted biologically disposable waste in the waste dumps. The collection centres will get a new responsibility to store metals for seven days in so called monitoring area, which is monitored by camera system. Contemporarily, an obligation to pay for purchase of metal waste only via the form of financial payment docket or the form of non-cash payment contact will be implemented.

4.9.3 Supported programs and measures

❖ **Ministry of transit, construction and regional development of SR**

- **National plan aimed toward increase of amount of buildings with nearly null energy requirement**

National plan of support in this area is aimed toward the increase of amount of buildings with nearly null energy requirement. The programme was approved in year 2012. Donation can be provided based on the act No. 555/2005 L.c. on energetic efficiency of the buildings for research and development of energetic efficiency, for the acceleration of the increase of energetic efficiency of buildings and for their transition into buildings with nearly null energy requirement.

Aim of this support will mainly be to adjust the existing financial implements for increase of investments into energetic efficiency of buildings, as well as search for new forms with consideration to possibilities of the state budget. This process has to be continual and must react to the development in construction industry. It will be oriented to use of private-public partnerships, support of implementation of ecological technologies and energetically efficient systems, fore revision of construction methods and for use of the energetically more efficient construction products.

Aim of the existing, but also suggested measures of financial character, will be primarily support of research and development:

- of progressive construction products and construction systems fitting for casing constructions for buildings and aperture fillings,
- of technical systems of buildings with inclusion of highly efficient alternative energetic systems focused on use of renewable sources of energy in the building and it's surroundings,
- intelligent measurement systems,
- automated control, regulation and monitoring systems focused on energy preservation.

Donation can be provided (up to a 100% economically authorized expenses) for research and development in area of energetic efficiency, as well as for accelerating of the increase of energetic efficiency of buildings and for their transition into buildings of nearly null energy requirement in accordance to the national plan.

In year 2015 there were no notices declared for providing of donations for research and development in the energetic efficiency, for the acceleration of increasing of the energetic efficiency of buildings and for their transition into buildings of nearly null energy requirement.

❖ Ministry of Environment of SR

• Support from the Environmental fund

The Environmental fund, as a state fund for realization of state support of care for environment, yearly publicizes specification of activities of support via the form of donation or credit, to which the applicants can send their requests for support. The Environmental fund is primarily focusing on donation support of environmental projects of communities and does not have any programme created specifically for the interested people from the environment of SMEs. **Entrepreneurs (not only SMEs) can request for support via form of donation or credit with beneficial interest of 1% p.a. with payment due 5 – 15 years without limitation of the credit sum.**

Entrepreneur subject could request for **support via the form of donation** from the fund in following activities:

1. Activity E1: Environmental education, training and promotion. Within the scope of this activity, no support via the form of donation was provided to any entrepreneur subject in year 2015.
2. Activity F1: Survey, research and development aimed toward determining and improvement of the state of environment. Within the scope of this activity, there was no support via the form of donation provided to any entrepreneur subject.

Entrepreneurs could ask the fund for support via the form of credit in the following fields:

Field A: Protection of the air and ozone layer of the Earth

Field B: Protection and usage of waters

Field C: Development of waste management

Field D: Protection of nature and land

Field E: Environmental education, training and promotion

Field F: Survey, research and development focused on determining and improvement of the state of environment

Field H: Environmental encumbrance

Within the scope of stated fields, a support via the form of credit was provided to 1 entrepreneur subject in a sum of 500 000 euro in year 2015.

- **Support from the Recycling fund**

Recycling fund is non-state purpose fund established by the act No. 223/2001 L.c. on Waste and on change and amendment of certain acts, in which the financial means are focused for the support of collection, appreciation and processing of wastes in the law-established commodities. The aim of providing of these means is the support of activities which fill the social requirements for environmentally optimal handling of wastes in the SR. Resources of the recycling fund can be used in accordance with the purpose and goals of the waste management stated in the current WMP of the SR for:

1. ***Payment of operational and investment costs necessary for securing sorted collection and waste appreciation and processing of old vehicles.***

In year 2015 17 827 541.13 euro has been provided for this goal based on 1 195 valid contracts (49 project contracts, 37 framework contracts with vehicle processors and 1109 active framework treaties with communities and associations of communities on providing of claimable donation based on § 64 sec. 1 Act No. 223/2001 L.c.) with inclusion of the support of contract with Environmental fund on disposal of wastes from the place of their illegal placement.

2. ***Payment of economically entitled costs related to the transportation of old vehicles to designated parking lot and costs for operating given parking lot.***

In year 2015, no resources were used for this goal.

3. ***Promotion of sorted collection and appreciation of waste.***

In year 2015, **901 842.23 euro** has been provided for this goal based on 19 contracts.

4. ***Ensuring information system for the support of waste appreciation.***

In year 2015, **124 140.28 euro** has been provided for this goal based on 2 contract

5. ***Support of research, development, search for and application of new technologies of waste appreciation.***

In year 2015, 149 000 euro has been used for this goal based on 1 contract.

In year 2015, 15 projects of companies were financially supported within the category of SMEs in a total sum of 5.39 mil. euro. 33 vehicle processors were paid a sum of 562 850 euro in year 2015. The total sum 5.95 mil euro represents 31.3% from the total support of recycling fund (19 mil. euro) in year 2015.

- **Operation programme Environment**

The main goal of operation programme Environment (OP E) is the improvement of state of the environment and rational usage of resources via construction and improvement in quality of environmental infrastructure in a sense of EU and SR decrees. By providing of aid from funds of EU within the scope of OP E, achieving of environmental goals and the improvement of parameters of individual parts of the environment are monitored. Within the scope of OP E, the SMEs are one of several types of legitimate recipients in case of **priority axis 3 Protection of air and minimalization of adverse effects of climate change** and **priority axis 4 Waste economy**, while the aid is provided based on the scale on which realized activities contributed to the fulfillment of goals of the programme. Entrepreneurs are supported via irreclaimable financial donations, while the target group is the sector of public administration, as well as the private sector. In accordance to rules for providing of state aid, one of the **schemes of state aid** applies to the recipients (with inclusion of SMEs) based on the type of activities:

- *State aid scheme for improving and developing infrastructure for the protection of air for the programming period /years 2007 – 2013 (regional aid) - effective from 30th June 2014,*
- *State aid scheme for improving and developing infrastructure of waste management for the programming period /years 2007 – 2013 (regional aid) - effective from 30th June 2014*
- *State aid scheme for protection of environment in the field of protection of air and minimizing negative effects of climate change for the programming period /years 2007 – 2013 (group exemption) - effective until 31. December 2014.*

Tab. no. 4-48 Implementation of selected indicators OP Environment related on support SMEs (actual status as of 31.12.2015)

Prioritná os	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	7 (goal 20)	2 (goal 15)
Priority axis 4 Waste Management	38 (goal 30)	47 (goal 25)

Source: ME SR

Priority axis 4 Waste management features the greatest amount of support of SMEs (in terms of the amount of resources from the EU funds as well as supported projects) under the OP E, especially the operational goal 4.2 Support of activities for waste appreciation. In case of the operational goal 4.1 Support of activities in the field of sorted collection the support of SMEs is limited by the fact that in according to valid legislation in the field of waste management as well as the municipal system, securing the sorted collection of waste is the obligation of communities, which determines that the majority of requesters and subsequently recipients under this operational goal are entities in the public sector (entities of territorial self-governance).

Under the operational goal 4.3 Disposal of hazardous waste in an environmentally friendly way there is space for support of entrepreneurial entities established especially under the 2nd group of activities - Disposal of hazardous wastes, including construction and reconstruction

of facilities with the goal of appreciating and disposing dangerous waste in an environmentally friendly way.

In case of the priority axis No. 3 Protection of air and minimization of negative effects of climate change, entrepreneurial entities, including SMEs are entitled to aid under the operational goal 3.1 Air protection, as well as the operational goal 3.2 Minimization of negative effects of climate change, including support of renewable energy sources. Interest of SMEs and the level of support of SMEs in case of the priority axis 3 is affected by the fact that under activities of reducing air pollution, rules for providing state aid (regional aid or group exemption), which apply to the enterprises and their activities are limited by the maximum amount of aid.

In case of the state aid scheme for protection of the environment in the field of protection of air and minimization of negative effects of climate change (group exemption), enterprises are entitled to support only in case if it is an investment aid allowing the enterprises to go beyond the community standards on protection of the environment or increase the level of protection of the environment in case of absence of the community standards. In current economic situation interest of the enterprises in implementation of projects restricting the pollution of the environment above the standard of valid legislation is subdued.

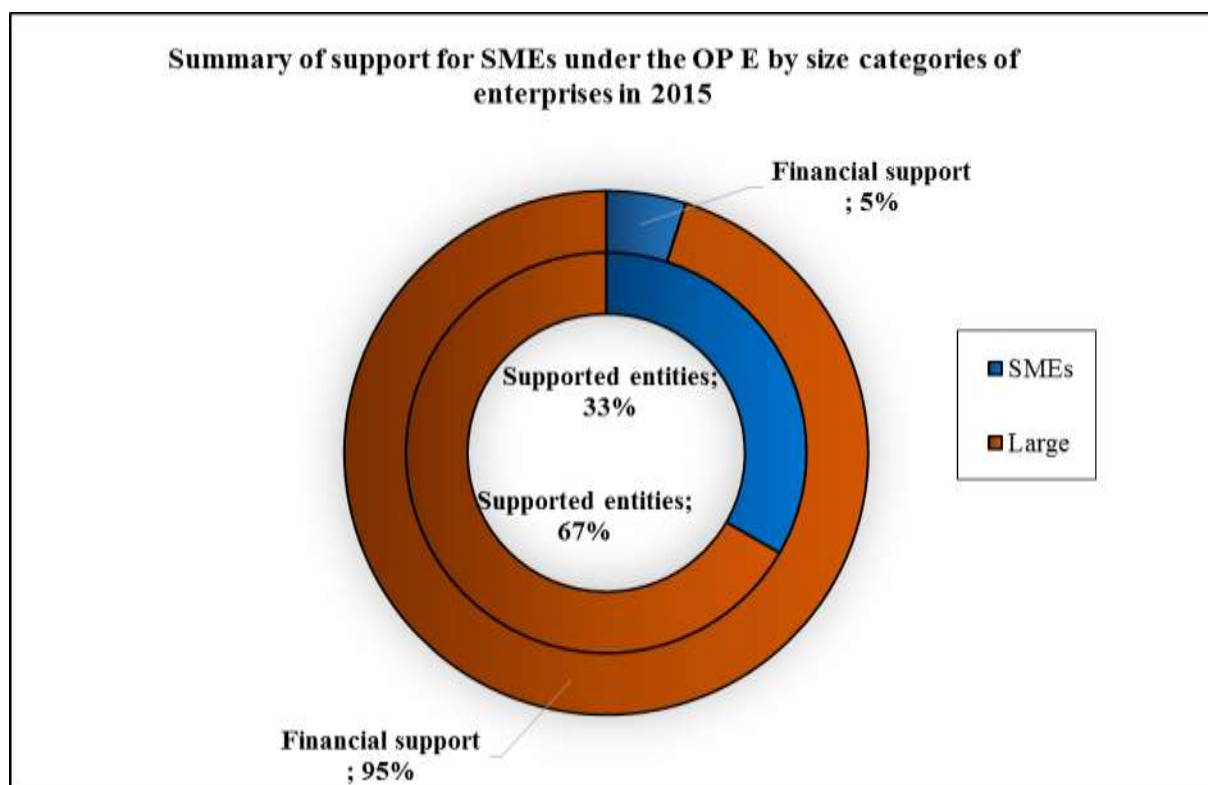
Tab. no. 4-49 Financial support within OP Environment for 2015 (Eur)

Priority axis 3	Number	Total support (EU + SB)	Priority axis 4	Number	Total support (EU + SB)
micro enterprise	0	0.00	micro enterprise	0	0.00
small enterprise	0	0.00	small enterprise	4	1 447 691.85
medium enterprise	0	0	medium enterprise	0	0.00
large enterprise	8	28 105 303.03	large enterprise	0	0
Total	8	28 105 303.03	Total	4	1 447 691.85
<i>From this operational objective 3.1</i>			<i>From this operational objective 4.1</i>		
	8	28 105 303.03		1	552 426.67
3.2	0	0.00	4.1 – 4.2	1	162 389.18
			4.2	1	718 011.00
			4.3	1	14 865.00

Source: ME SR

In year 2015, within the scope of OP E, 4 entrepreneurs from the category of SMEs were financially supported in a total sum of 1.45 mil. euro.

Chart No. 4-29 Summary of support for SMEs under the Operational programme Environment by size categories of enterprises in 2015



Source: Ministry of Environment of the Slovak Republic

Share of the state aid for SMEs on the total provided state aid in year 2015 within the scope of OP E represented 5%.

In year 2015, the sum of the state aid provided to resorts of MoE SR represented 29.55 mil. euro, which in comparison to year 2014 (7.34 mil. euro) represents a rise of 302.59%. Reason of the significant rise in withdrawal of provided state aid is the closure of all supported projects in year 2015 financed in accordance to schemes of the state aid. Due 31st December 2015 th Ministry of environment SR registered 52 successfully finished projects, contracted under the schemes of state aid in a sum of 160.22 mil. euro. MoE SR in year 2015, did not announce any notices of OP E for submission of requests for IFD, within the scope of which they could submit projects in a sense of approved schemes of state aid. Effect of all schemes of state aid used within the scope of OP E was closed. Effect of relevant schemes of state aid closed in year 2014.

❖ Government Office of the SR

- **Implementation of the financial mechanism of the European Economic Area and the Norwegian Financial Mechanism**

SK07 Green innovations in the industry

The notice (code GII01) was announced on 28th March 2013 and concluded on 13th October 2013. The target groups under the notice were small and medium enterprises based in Slovakia. In year 2013 assessment of the applications for the projects under the notice SK 07 was concluded. Under the SK 07 notice 4 project contracts have been closed before the end of

2014. During year 2015, 2 project contracts were signed, including the predefined project. In total 6 projects were contracted, 5 of those were implemented (within the scope of single project the GO SR resolves abandonment of contract)

Tab. no. 4-50 Overview of implemented projects under the programme SK07 green industry innovation

Programme	Name of project	Name of recipient	The amount of the grant(eur)	Date of implementation to
SK07	SINBIO (Sustainable Innovation in Bioenergy)	Intech Slovakia, Ltd.	4 940 994.00	30.4.2017
SK07	Biomass logistics center	BIOPEL, Plc.	3 377 927.00	30.4.2017
SK07	Green innovation Kaloša	ECO FILM, Plc.	1 749 775.00	30.4.2017
SK07	Research Center biomass potential	Národné poľnohos. a potrav. Centrum	2 500 000.00	30.4.2017
SK07	Biogas plant and green logistics center Tvrdošín	VSV Group, Ltd.	1 289 795.00	30.4.2016

Source: Government Office of the Slovak Republic

Aid under this scheme is provided through a non-returnable financial contribution (grant); state aid scheme for green innovations in the industry and scheme for support of introducing green innovations in the industry (scheme de minimis)

❖ Ministry of Economy of the SR

• Operational program Competitiveness and Economic Growth (OP CaEG)

Priority axis 2 – Energy sector

Priority axis 2 – Energy is focused specifically on support of energy efficiency, progressive technologies and building and modernization of public lighting of communities. Under this priority axis conditions are created for the implementation of demand oriented projects and national projects focused on support of counseling on the possibilities of energy savings for the public and for introduction and optimization of measures in the field of energy efficiency of public buildings.

Tab. no. 4-51 Funds drawn priority axis 2 as of 31. 12. 2015 in Eur

Priority axis 2 - Energy	Drawn total	Drawn in 2015 (EU resources)		Drawn total	Cumulative drawn to 31. 12. 2015 (EU resources)	
		TOTAL	%		TOTAL	%
Measure 2. 1 – Increasing energy efficiency both on the side of generation and consumption; and introducing advanced Technologies in the energy sector	73 905 968	14 905 968	20.17	160 138 185	85 980 640	53.69

Source: MoE SR

In year 2015 there were no notices announced within the scope of priority axis 2.

❖ **European Bank for Reconstruction and Development**

European Bank for Reconstruction and Development (EBRD) realizes a credit programme in Slovakia, **SLOVSEFF** for the support of development of energetic efficiency and renewable sources of energy in Slovakia, also with a final contribution for small and medium enterprises.

- **SLOVSEFF**

SLOVSEFF I a SLOVSEFF II

The SLOVSEFF program is focused on support of the development of energy efficiency in the industry sector, in the field of renewable energy sources and projects of energy efficiency in the housing sector. **The first phase of SLOVSEFF** began in 2007, when four banks joined the project, namely Dexia Bank Slovakia, Slovak Savings Bank, Tatrabank a VUB. The grant was designed for technical support through services of consultation companies, incentives for potential clients and administrative fees of participating banks.

Due to quick depletion of resources in the first stage of SLOVSEFF and its high success rate, in 2010 the EBRD in cooperation with the Ministry of Economy decided to implement the **second stage of SLOVSEFF** totaling 90 mil. Euros and grant funding totaling 15 mil. Euros from the BIDSF21¹⁴; 5 Slovak banks participated in the second stage, namely CSOB, Slovak Savings Bank, Tatrabank, Unicredit Bank Slovakia and VUB.

Both lines of SLOVSEFF totaling 150 mil. Euros together with the overall grant funding totaling 30 mil. Euros are completely depleted and implemented in 690 projects, of which majority was used in the housing sector (599 projects, 61% of the total loan line together for SLOVSEFF I and SLOVSEFF II). Floor surface area of objects reconstructed under both SLOVSEFF lines was 2.5 mil. square meters, while cost savings, better thermal comfort and improvement of hygiene conditions apply to more than 86 thousand people. Average cost savings in the housing sector were 33%, which is double the amount when compared to original projections. Total annual heat savings thanks to the SLOVSEFF program exceed 580 thousand MWh and overall year-on-year decrease of CO2 emissions is in the amount of 155 thousand tons. It is important to mention that projects financed by the SLOVSEFF program are implemented in absolute majority by Slovak companies, which contributes to job creation, especially in SME enterprises.

SLOVSEFF III

EBRD increased the support of investments in sustainable energy in the Slovak Republic also in year 2015 and **continued with the third stage** of the successful SLOVSEFF program since year 2014. Under SLOVSEFF III EBRD provided funding totaling 40 mil. Euros. Slovakia participated on cofunding of the program by providing profits from the transaction for sale of emission quotas between the Slovak Republic and Spain, which were used for funding investment incentives for projects of energy efficiency. Resources for technical support of the program totaling 2 mil. Euros come from donor funding, which was provided by Spain. Continuation of the program is a contribution for satisfying the high demand for

¹⁴International support fund for decommissioning the nuclear power plant V1 in Jaslovské Bohunice

projects of energy efficiency among smaller enterprises and households. The demand for this type of investments is supported by major success of the first two stages of the SLOVSEFF program and continuing interest of Slovak banks in participation in this program.

Framework of the SLOVSEFF III was evenly split between two banks, Slovak Savings Bank and VUB. EBRD provided Slovak Savings Bank with a credit of 20 mil. euro in June 2014. Next it signed a credit link in a sum of 5 mil. euro with VUB in December 2014 and 15 mil. euro in September 2015. By the end of year 2015, out of the total sum of 40 mil. euro, 9.9 mil. euro was used in 19 implemented projects (SLSP: 13 projects in the sum of 5.8 mil. euro VUB: 6 projects in a sum of 4.1 mil. euro). In present the EBRD prepares a continuation of SLOVSEFF III in a sum up to 60 mil. euro, in which four commercial banks will take part.

❖ **Association of industrial ecology in Slovakia**

ASIEC is non-governmental, independent and non-profit association, founded with an aim to contribute with it's activities toward solution of lowering of adverse influences of production and other activities on the environment.

ASIEC affiliates:

- Industrial enterprises, which are interested in lowering of adverse influences of their activities on the environment,
- Research, manufacturing, consultation and other subjects, colleges and physical entities, which focus on solving of environmental influences related to industrial production and other economical activities.

Activities in year 2015:

Coneco 2015

On the trade faires of CONECO/RACIOENERGIA 2015 25th – 28th March 2015, the ASIEC had a stand set up in Consultation and information centre, in which along the promotion of ASIEC the participating member subjects (National energetic company inc., ENEX trade ltd., SES Tlmače inc., PROEN ltd., MM Team ltd.) provided information and advisory services on nomenclature themes of the event (energetic efficiency, energetic appreciation of communal wastes, environmental influences of energetics, recycling of construction waste). As a guidance expert-event of trade faires, in cooperation with MoE SR, the ASIEC organized a discussion forum (25th March 2015) on problematic of energetic appreciation of communal wastes. Along the agreed panelists, approximately 30 participants took part, which exchanged their opinions and practical knowledge of the given problematic.

National entrepreneur prize for Environment in SR 2015

On 26th March 2015 on the Festive meeting on the International day of water 2015 in Bratislava, within the scope of opening of the trade faire CONECO/Racioenergia/Water and expert conference Water and retainable development, the general director of ASIEC announced – Associations of industrial ecology in Slovakia, Michal Fabuš the 5th anniversary of the competition for National entrepreneur prize for environment 2015. The competition took place under the auspices of minister of environment Peter Žigo.

The competition is a national round of important international competition European Business Awards for the Environment (EBAE) which in EU is a custom since 1987 and is

organized by General directorate for environment of European commission. European competition is an opportunity for community-wide recognition and promotion of the effort of subjects of which politics, practices and processes, in accordance to principle of permanently retainable development, contribute to economical and social development along the contemporary decrease of negative influences and their impact on the environment. The competition is organized with two-year periodicity and a condition of participation of subjects from respective countries on this competition for gaining of leading position in the national competition.

The Slovak entrepreneurs obtained the right for participation in the European competition in year 2007, when ,based on the offer of General directorate for environment of European commission, the 1st anniversary of the relevant national competition was organized by ASIEC.

Seminary Application of requirements of directive 2010/75/EU on industrial emissions for large combustion installations

On 13th May 2015 in Bratislava, a seminary Application of requirements of directive 2010/75/EU on industrial emissions for large combustion installations was organized by ASIEC in cooperation with ME SR. The goal was to familiarize the top managers and expert employees of enterprise sphere with the preparing changes in the process of IPPC, requirements for large combustion installations (50 and more MW), which are stated in the legal form of SR for protection of air, and come from the EP directive and R 2010/75/EU on industrial emissions and state of revision of BREF LCP (Large combustion installations).

Conference Industrial emissions 2015

Conference INDUSTRIAL EMISSIONS 2015 took place on 5th and 6th october 2015 in Austria Trend Hotel Bratislava. The target group on which the program was focused, were primarily top managers and expert workers of entrepreneur sphere. Among the participants were also representants of the state legislative and other institutions, which are related to the conference's themes.

ASIEC composed preparation council for preparation of the conference out of the representants of ministry of environment of SR, Ministry of economy of SR, Representation of European commission in Slovakia, important industrial enterprises and other relevant subjects.

4.9.4 Recommendations

- Improve information support of entrepreneurial entities in the field of protection of the environment and environmental management.
- Raising awareness on green business as business with a high added value in relation to the CSR concept.
- Support the introduction of green public procurement in relation to the Notice of the European Commission KOM(2008)400. This is a process, in which public bodies attempt to procure goods, services and works with reduced impact on the environment during their entire life-cycle, in comparison to goods, services and works with the same primary function, which would have been procured otherwise.

- Development of education programs at all levels – also in the field of life-long education with focus on ecology.
- Increase the rate of stability and continuity of environmental strategies in broader political and social context.
- Improve infrastructure for introducing eco-innovations in the business environment, specifically in the SMEs sector.
- Support the introduction of environmental management systems EMS, EMAS and environmental marking of products in small and medium enterprises as a tool allowing to reduce negative environmental impacts.
- Better promote the need of implementing energy savings and implement decrease of energy demand of production in the field of small and medium enterprises.
- Introduce stimuli for the support of ecological products and clean production in the SMEs environment.
- Raise awareness of entrepreneurs on awarding environmental labels for products, clarify and improve efficiency in the extent of application of environmental marking of products, public information campaign, which would ignite support of voluntary compliance of environmental regulations and standards.

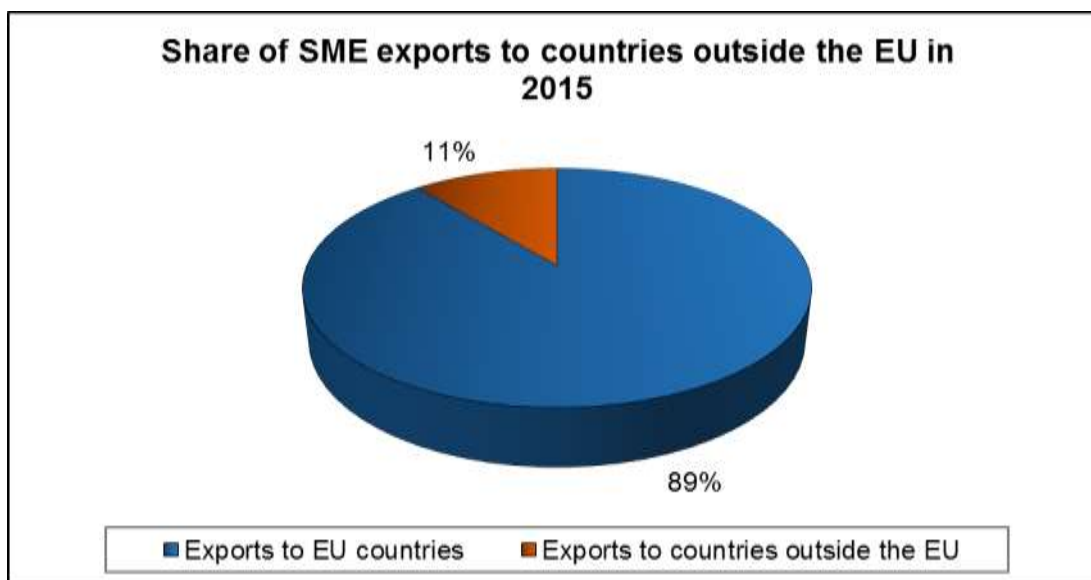
4.10 Principle 10 SBAfE Encourage and support SMEs to benefit from the growing markets (INTERNATIONALISATION)

4.10.1 Evaluation of the situation

❖ Territorial structure of the SMEs export

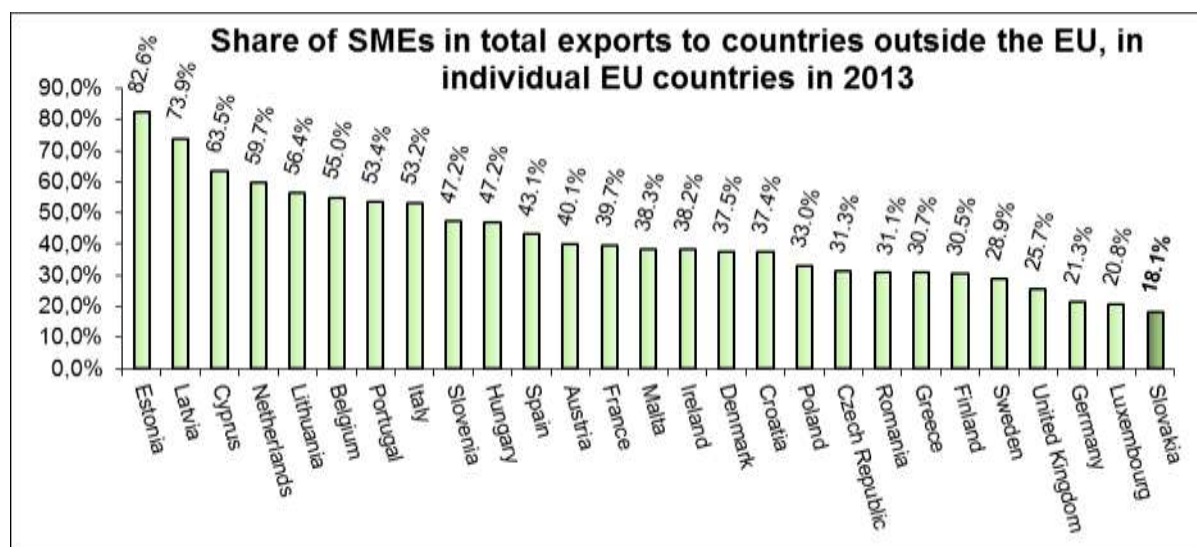
Territorial structure of the small and medium enterprises export is characterized by significant dominance of the EU markets. **From the total export of small and medium enterprises** in year 2015 (18 170.5 mil. euro) export to countries of EU – 28 made up 88.8% share (16 135.8 mil. euro), while the export to other member countries of EU - 15 made up 43.5% share and the new member countries of EU – 13 made up 45.3%. **Share of the export of SMEs into third countries represented 11.2% (2 034.6 mil. euro), with the interannual rise of 0.3 p. p.**

Chart No. 4-30 Share of SME exports to countries outside the EU in 2015



Source: Slovak Business Agency

In year 2013 Slovakia ranked last in the share of small and medium enterprises in the total export to countries outside EU (18.1%). Highest levels of share of SMEs export into countries outside EU was achieved by Estonia (82.6%), Latvia (u3.9%) and Cyprus (63.5%). Other countries of V4 ranked higher than Slovakia in the stated comparison, specifically Hungary with a share of 47.2%, Poland with a share of 33.0% and Czech republic with a share of 31.3%.

Chart No. 4-31 Share of SMEs in total exports to countries outside the EU, in individual EU countries in 2013

Source: Data for SR: SBA, processed based on the data of SO SR. Unlike to Eurostat micro category includes the business operations of enterprises with an unknown number of employees.

Data for EU countries: Eurostat, processed by SBA.

4.10.2 Development of the regulatory environment

Restatement of the Act, by which an Act No. 199/2004 L. c. Customs act is changed and amended, and the change and amendment of certain acts in accordance to latter decrees and by which certain acts are changed and amended (act no. 360/2015 L.c.)

Change of the customs administration of EU required revision of assessments of Customs act in SR from the standpoint of absence of the respective legal adjustment, if customs decrees of the union do not adjust some of the inquiries, specification on national level is plausible, or explicitly required. Other central points of the amendment are the change of conception of announcing of the customs debt or the new adjustment of the guarantee institute on the customs debt with individual emphasis on the guarantee via the form of guarantee.

The amendment also solves certain changes caused by the needs of application praxis, for example the legislative fixture of the lowering of the fine rate for the customs delictum, if the declarant voluntarily announces that the data provided were incorrect or lacking. Amendment is in effect **since 1st March 2016**.

4.10.3 Support programs and measures

❖ Enterprise Europe Network (project Business and innovation support services in Slovakia)

Activities realized in year 2015

Via the information and assistance services, which were focused on the development of international cooperation in the area of business, innovation and research, all types of SMEs were supported in year 2015. Specific type of activities was the obtaining of feedback for European commission.

Information services:

- Seminary and regional events: 800 supported subjects
- Responses to inquiries: 550 supported subjects
- Feedback: 44 supported subjects
- Number of registered subjects for electronic services: 1 624

Assistance services:

- Visits: 112 supported subjects
- Specific in-depth internationalization and innovation services: 146 supported subjects
- International partnership events: 531 supported subjects
- Prepared cooperation profiles: 69

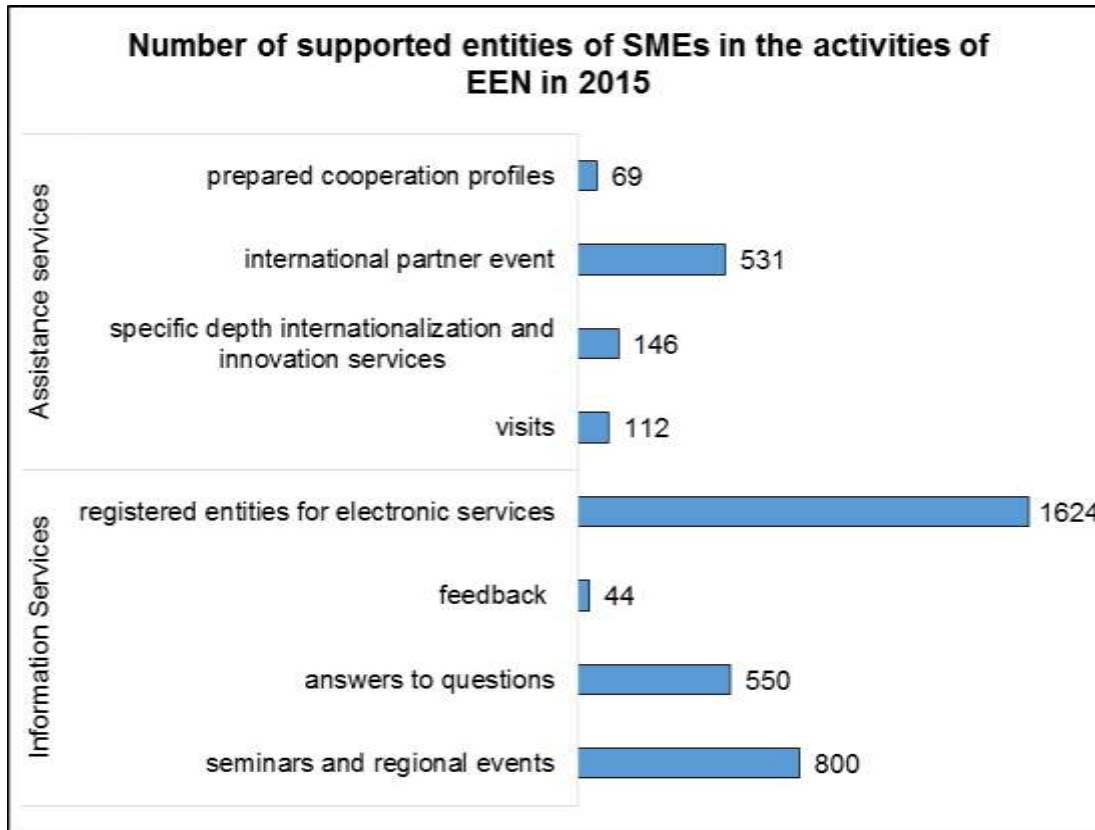
Outcome of the support activities was also the signing of contracts on international cooperation, within the scope of which **30 subjects** were supported. Aforementioned activities were financed from the sources of European commission from the COSME Programme in an approximate sum of 360 000 euro.

Interannually it had come to **significant development of activities of the EEN during the providing of information services, which related to realized seminars and regional events for SMEs** (rise of 478 supported subjects). Increased activity was also noticed **during the providing of feedback** (rise of 22 supported subjects).

With other information services it had come to a decrease of supported subjects of SMEs, specifically in responses to inquiries (decrease of 293 subjects), **registration of subjects for electronic services** (decrease of 524 subjects).

Decrease of 31 supported subjects occurred also in specific in-depth internationalization and innovation services, in international partnership events (decrease of 527 subjects), **in preparation of cooperation profiles** (decrease of 18 subjects) **and in visits** (decrease of 50 supported subjects)¹⁵

¹⁵Interannual comparison executed based on the unofficial data.

Chart No. 4-32 Number of supported entities of SMEs in the activities of EEN in 2015

Source: BIC Bratislava, processed by SBA

❖ Ministry of economy SR – Slovak agency for development of investments and trade (SARIO)

• Pro-export services

- In relation to the aims of internationalization of Slovak enterprises, the SARIO agency supported export activities of Slovak companies during their penetration into the global market.

As a state agency, SARIO provides services for SMEs mainly falling under non-financial state support, while it provides expert cooperation to beginning exporters as well as to established companies.

For the SMEs it provides:

- Overviews of possibilities of individual branches of industry in territories and sector analysis
- Searching for potential trade partners by the given criteria * Business Partner Search Profile
- Education in the area of export – Pro-export academy SARIO, round tables and SARIO Business breakfast,
- Assistance during the search for subcontract opportunities,
- Building of partner network and networking,
- Systematic informing of entrepreneur public about the events in preparation – incoming and entrepreneur missions, conferences, presentations, forums,

- Online database of trade opportunities and info on possibility of cooperation – catalogue of cooperation opportunities and also the Portal of export and cooperation possibilities,
- National trade portal Slovakia,
- SARIO Agency administers the Exporter portal,
- SARIO Agency exclusively operates the Helpdesk for Ukraine and the Tenders of customs union Belorussia-Russia-Kazachstan,
- It informs entrepreneur public about the activities and products of partners: MZVaEZ SR, MoE SR, SOPK, ISA, Eximbank

In year 2015 SARIO welcomed 10 foreign entrepreneur missions from Turkey, Serbia, Finland, RF, China, India, Romania, Croatia, Georgia and Kenya. 13 entrepreneur missions were realized abroad (China – Peking, Zhejiang, Ningbo, Langfang, Kazachstan, Cuba 2x, Belorussia, Serbia, Turkistan, Italy 2x, Bulgaria and others).

In year 2015 SARIO successfully finished 7 investment projects originating from third countries, which are the following projects:

- (production of other parts and accessories for car industry) WindsorMachine Group from Canada,
- (production and processing of metals) SAM HWA TECH from South Korea
- (production and processing of metals) Sungwoohitechz from South Korea
- (SSC) Embraco from Brazil
- (R&D) Babcock&Wilcox from USA,
- (other production) Medline from USA,
- (production of electronic components) fy. Cosmoelectronicsfrom Japan.

❖ Ministry of finances of SR

• EXIMBANK SR

Bank activities

Share of the support of **export of the SMEs segment for year 2015 outside of member countries of the EU represented 11.91%**.

Tab. no. 4-52 Percentage of export support by banking products to EU countries and other countries, divided by size clients

2015	SME	Large clients
EU countries	88.09 %	89.98 %
Other countries	11.91 %	10.02 %
TOTAL	100.00 %	100.00 %

Source: EXIMBANKA SR

For entrepreneurs within the category of SMEs, within the scope of total support of export by bank products of EXIMBANK SR, it had come to decrease of the share of support of export into the countries outside EU from 29.45% in year 2014 to 11.91% in year 2015.

Insurance activities

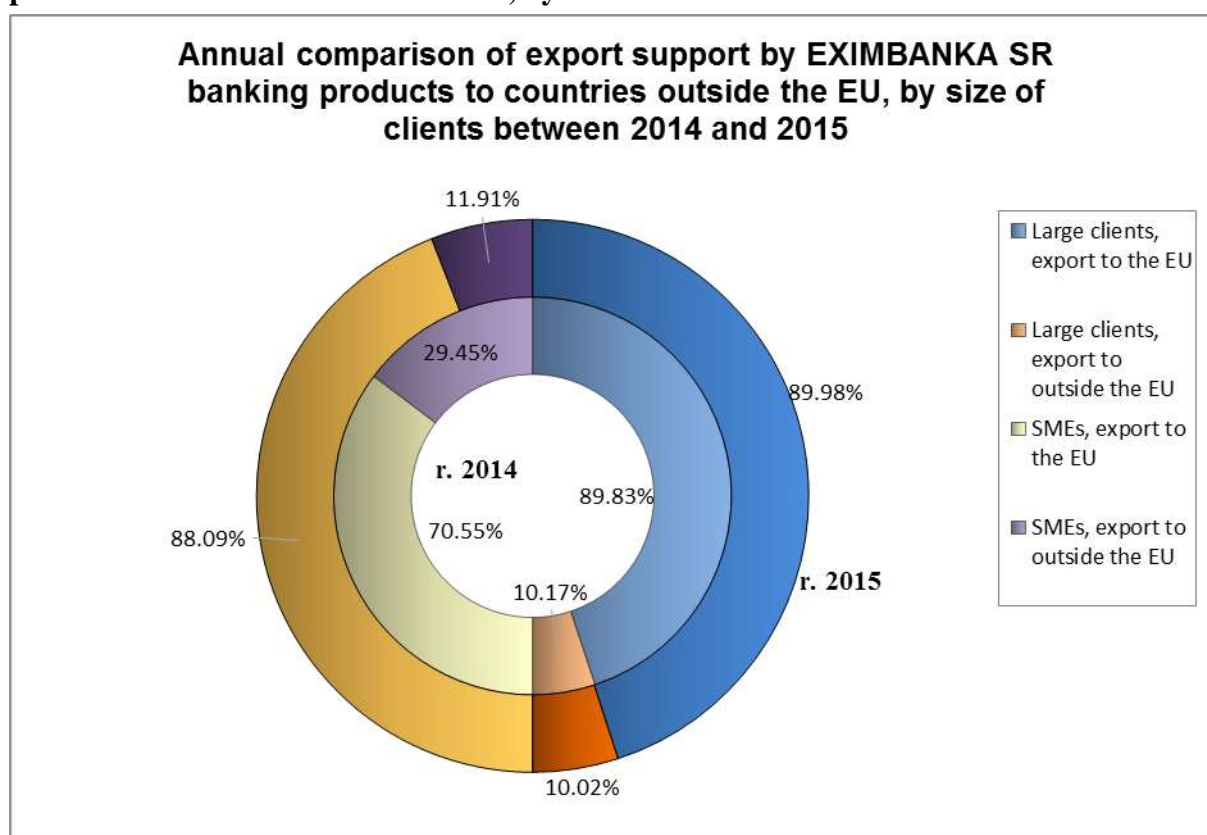
Share of the support of **export segment of SMEs for year 2015 outside of the state countries of EU represented 17.06%.**

Tab. č. 4-53 Percentuálne vyjadrenie podpory exportu poisťovacími produktmi do krajín EÚ a ostatných krajín v členení podľa veľkosti klientov

Rok 2015	MSP	Veľkí klienti
Krajiny EÚ	82,94 %	74,10 %
Ostatné krajiny	17,06 %	25,90 %
SPOLU	100,00 %	100,00 %

Zdroj: EXIMBANKA SR

Chart No. 4-33 Annual comparison of export support by EXIMBANKA SR banking products to countries outside the EU, by size of clients between 2014 and 2015



Source: EXIMBANKA SR, processed by SBA

❖ Ministry of Foreign Affairs and Europeans Affairs of the SR

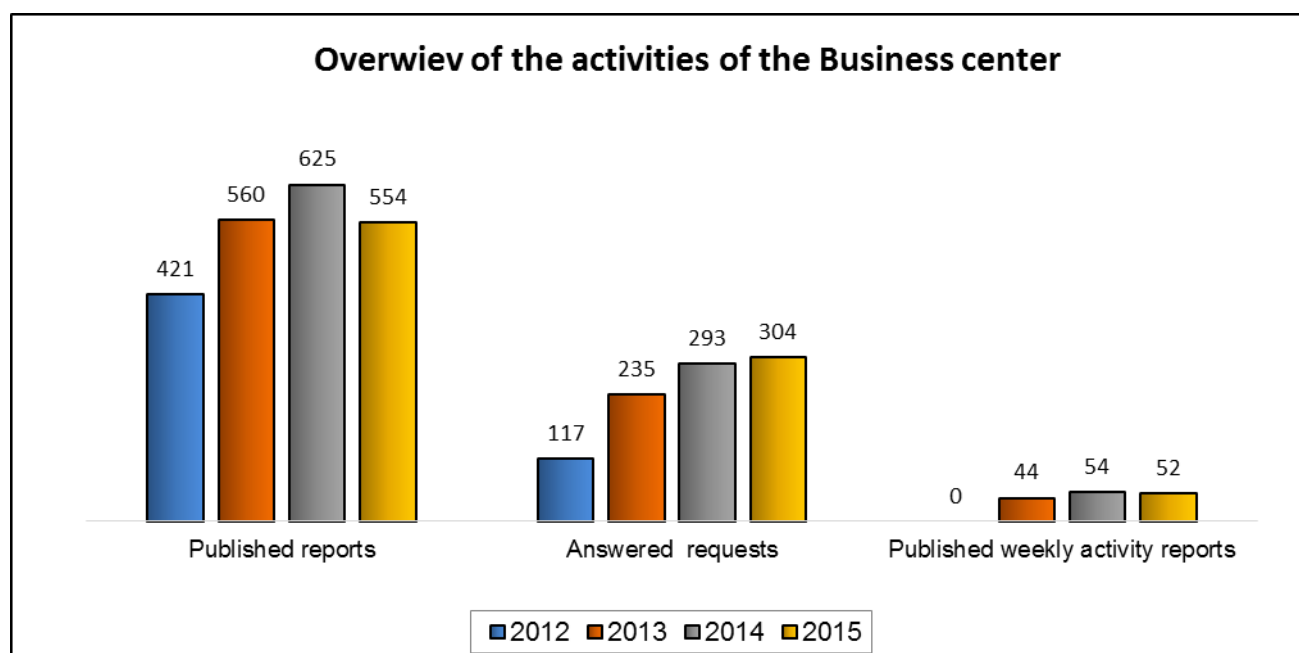
• Activities of the Business Center

The Business Center of the MFAEA of the SR provided in year 2015 information to the business community necessary for promoting their business plans and activities in the field of export of goods and services, creating cooperation links and establishing enterprises abroad. It provided information for free and directly (by phone or email) or through the **“Let’s do business abroad” portal.**

The portal allows public sharing of economic information (economic information about individual territories, current economic news, foreign tenders and notices, information on business missions and fairs, selected information for entrepreneurs from the EU environment, notices under the implementation of external tools of the EU, etc.). The web portal was expanded in 2014 with opportunities for entrepreneurs under the international public procurement in international organizations and financial institutions and national public procurement in individual foreign territories.

Overview of main activities of the business centre and their development in years 2012 2015 are illustrated in following graph.

Chart No. 4-34 Overview of the activities of the Business center



Source: Ministry of Foreign and European Affairs of the Slovak Republic

The Business Center continued issuing the electronic weekly magazine on current business, economic and financial information from abroad, which it currently distributes to ca. 2000 addressees - entrepreneurs, unions, chambers and other interested parties.

In 2013 a telephone hotline service has been established for exporters, which provides “first aid“ with solving their problems. In year 2015 the Business Center solved through this hotline as well as the email inbox of the center 304 demands of the business community, which is 2.6 times as many inquiries of the business community when compared to 2012, when the Business Center was established.

The Business Center also performs the function of the national **contact point for TWINNING** (implementation tool of the EU for building institutions of state and public administration) **and TAIEX** (tool of technical assistance and exchange of information between the EU and third countries) and represents the SR in the EU under the access tool IPAI and the tool of neighborhood policy ENI.

Innovative outcome of the activity of entrepreneur centre was the processing of qualified **econometric analysis of countries of the world** in year 2015, which allowed to find comparative advantages of SR in individual commodities in comparison to other countries

and the **evaluation of consumption potential for Slovak export goods in accordance to respective territories.**

For the support of economic diplomacy and realization of events for entrepreneurs with export ambitions, the Business centre provided a **project scheme of economic diplomacy**, designed for the representant offices of SR. In year 2015, 15 projects were realized in 14 countries under the participation of representant offices and partners from business sector (entrepreneur missions, cooperation events, innovation forums and other).

As a national contact point for implements of outside politics of EU Twinning and TAIEX (advisory service via the experts of state and public administration during introduction of european legislative into the national legislative of the country receiving the aid) the Business centre in year 2015 organized two **seminars** with an aim to increase the participation of SR on these implements.

- **Support and stimulation of SMEs during the entry into the international markets, especially third countries**

MFAEA SR in year 2015 focused on the offering of new trade and investment opportunities abroad via following activities:

- a. Organizing of **smaller entrepreneur missions lead by representants of MFAEA SR.**
- b. In year 2015 MFAEA SR organized or co-organized numerous expert **territory-oriented events** with economical and trade focus, ie. business forums with foreign partners.
- c. The events supporting the entry of Slovak entrepreneurs into the **international public acquisition.**
- d. Support of **knowledge economy and international cooperation in the field of science, research and innovation.** Organization of **innovation forums continued in both SR and abroad.** Slovakia actively acted in the format **V4 and V4+** in the field of **support for science, research and innovations.**
- e. **Activities with focus on pro-investment goals** – Pro-investment activities in year 2015 were realized via the form of presentation of Slovakia as an attractive country open to foreign investments with preference for investment into sectors with higher added value. In cooperation with SARIO agency and regional trade departments in Slovakia and abroad, plenty of seminars on trade and investment opportunities as well as institutional cooperation (for instance, in the field of dual education) were organized.

- **Activities of administrative departments of SR abroad**

Administrative departments of Slovak republic abroad in year 2015:

- Processed 3 071 demands of Slovak and foreign entrepreneurs for inport/export of goods and services and 1 016 offers of Slovak entrepreneurs for export abroad. The demands and offers were processed either directly, or via the information portals of Slovak agency for development of investments and trade, Slovak trade and industrial department and the branch of business centre MFAEA SR (304 demands),
- Processed the information on filling of 704 public reservations in countries of accreditation or additional accreditation,
- Realized 465 presentation events in countries of accreditation and additional accreditation; either own presentation events or events with the participation of Slovak business entities at presentations and fairs abroad

- secured a total of 163 business missions or business forums directly or with the participation of the STIC and/or SARIO;
- initiated 282 new projects in economic diplomacy, i.e. investment projects, export projects, scientific research and educational projects, projects in the field of tourism, health, etc., which FO of the SR initiated either directly or participated in their organization. There are a total of 506 projects currently registered in the so called project reservoir.

❖ **Government Office of the SR**

• **Implementation of the financial mechanism in the European Economic Area and the Norwegian Financial Mechanism**

SMEs took part in a notice announced in 2013 under the financial mechanism of the European Economic Area and the Norwegian Financial Mechanism, specifically:

- **SK08 Cross-border cooperation (focused on Ukrainian-Slovak cooperation)**

In year 2015 no notices were announced in this field. Notice coded CBC01 was announced in year 2014(only scheme de minimis) and one project contract was signed with an organization from private sector (Perspettiva ltd.) with a total project grant of 79 496 euro, from which project grant in a sum of 76 096 euro belongs to recipient from the personal sector.

In another 3 projects 4 organizations took part from the personal sector (Comat INFO ltd., SOMUD – Association of communities of microregion Uličská dolina, Mestské lesy Košice inc. and PRO POPULO Poprad ltd.) as a partner with financial participation with total project grant for these organizations in a sum of 305 439 euro.

❖ **Ministry of finance of the SR / European Bank for Restoration and Development**

• **Fund for technical cooperation of the SR and the European Bank for Restoration and Development**

The resources of the fund are designed for projects in countries, in which the EBRD performs its activity and also are recipients of official development assistance based on the current list based on the statistical directive of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD).

The purpose of the fund is to finance advisory services and technical cooperation for projects, which the EBRD finances under its mandate, or should finance in its recipient countries based on a successful tender. These are smaller projects, which can serve as the first step towards bigger investment projects, to get experience in given field, to get a business partner, etc.

Territorially the fund covers countries of Eastern Europe and Middle Asia: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, Kosovo¹⁶, Macedonia, Moldova, Mongolia, Montenegro, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan and the countries of the Southern and Eastern Mediterranean: Egypt, Jordan, Morocco and Tunisia.

¹⁶This designation in no way judges the position againsts the status and is in accordance with the Resolution of the Security Council of the UN 1244/99 and the opinion of the International Court of Justice with respect to the Kosovo's declaration of independence

This is a linked fund, which is designed for support of activities of Slovak entities (consultants, advisory companies based in the SR) with the goal to help transforming countries of the Eastern Europe, Middle Asia and countries of the Southern and Eastern Mediterranean in their transformation to market economy with emphasis on support of the private sector. The priority is to secure to full development of the cooperation between the EBRD and the Slovak entrepreneurial entities in the development countries, so that the Slovak entities could participate in development cooperation and implement projects of the EBRD and have the possibility to use their experience and know-how.

4 projects totaling approximately 1 mil. euro have been supported by the fund in year 2015: project for Georgia in the field of information-communication technologies, Moldova in the field of building of capacity for public acquisition, regional project for Azerbaijan, Jordan, Kazakhstan and Turkey in the field of technical cooperation after the Agreement of Global trade organization on government acquisition and study programme on the University in Rome Ver Torgata in the area of administration of public acquisition.

❖ **Slovak trade and Industrial department**

During the organizing of own activities directed toward improvement of the state of entrepreneur environment in Slovakia, the Slovak trade and industrial department engaged also in international structures.

In year 2015 on the level of department office, no missions of slovak entrepreneurs into countries outside of EU took place. On the level of collective economy council (JBC) Slovak-chinese entrepreneur council was the most active (SCEC):

- In course of year 2015 the chairman of SCEC participated on three meetings with deputies of CCPIT in PRC.
- Two members of the SCEC were in delegation of vice-chairman of the government, Ľubomír Vážny on the november meeting of 16 european premiers and the chinese premier (Initiative PRC+16 MEE) – 5. China CEEC Economic and TradeForum in Suzhou in PRC.

Missions from abroad outside of the EU:

- **Dubai**

On 23rd April 2015 on the level of department office, a trade delegation of Dubai trade and industrial department was accepted in Bratislava, of which members were high representants of the ministry of economy of the United Arab Emirates. Aim of the delegation was to familiarize with investment possibilities in SR and to broaden mutual cooperation. Representants of important Slovak (11) and dubai (6) companies met on a common meeting, on which also the state secretary MoE SR and vice-secretary MoE UAE. In delegation of UAE, the representants of financial sphere, insurance business, automobile industry, chemistry and other branches were represented. Dubai delegation was interested in world unique aeromobile, which was developed by Slovak constructors. Authors officially presented it on EXPO in Milan and in accordance to representants of UAE and Dubai trade department, they would like to use the aeromobile as one of operation vehicles on EXPO in Dubain in year 2020.

- **Jordan**

In cooperation with STID, Jordan ambassador in Vienna and honorary consulate of Jordan in SR on day 28th May 2015 a meeting of trade forum of delegation of Jordan entrepreneurs with potential Slovak partners was organized in Bratislava. In Jordan delegation, representatives of 12 companies, ie. entrepreneur associations and representatives of state administration and Jordan trade and industry department and Amman trade and industry department. From Slovak side there was equal number of entrepreneurs.

- **HongKong**

STID contributed toward successful trade meetings, which were led by delegation of entrepreneurs from Hongkong. 19 Hongkong companies under the lead of HongKongTradeDevelopmentCouncil participated on the mission on 5th October 2015. Participation accepted 80 Slovak company entrepreneurs. They had an opportunity to find new trade partners via personal meetings and collective lunch. In course of the meeting, not only new possibilities of mutual cooperation were presented, but also a Memorandum on understanding was signed, which is supposed to contribute toward development and simplification of already existing and future trade. Memorandum was signed by general secretary STID Martin Hirvík and executive director of HKTDC Margaret Fong. Member of the partner delegation was also the member of Directorate of HKTDC and a honorary consulate of SR in HongKong Willy Lin.

❖ **American trade department in Slovak Republic**

- **Work group AmCham for the cross-border trade within the scope of DoingBusiness initiative**

On 19th March 2015 within the scope of labour group for cross-border trade in AmCham expert discussion was realized on the notices in customs field with an aim to find out which obstacles the companies have to face during the re-customing of the goods in SR in comparison to re-customing of the goods abroad. Representatives of seven enterprises participated on the discussion, as well as representatives of MoF SR and SAIDT. Among the obstacles which were identified were: lack of clarity in the customs legislative, lack of manuals for application of customs legislative, praxis lacking cohesion in Slovak customs offices, need of professionalization and increase of flexibility of customs offices, criminalization of entrepreneurs.

4.10.4 Recommendations

- Broaden the support of export in commodity, as well as territorial structure with an emphasis on markets with trade potential for expansion of Slovak SMEs.
- Support the advisory services and education more significantly in the possibilities of business on the markets of third countries, aimed toward solution of technical obstacles of trade and increase of the level of management of exporting SMEs. Insufficient experience with foreign trade transactions, insufficient knowledge of the market and associated decrees, gaining of trade partners, financing of export etc. present significant barriers for internationalization of SMEs.
- In case of support directed toward acquisition activity, allow withdrawal of resources for entrepreneur associations and unions, which can provide service to SMEs during

organization of exhibits, especially in the collective expos and can put the resources to use more efficiently and complexly.

- Increase competitiveness of Slovak enterprises on foreign markets via the support of decrease of domestic energetic and resource encumbrance of production and increasing of added value of products and services.
- On a larger scale put the experiences of large enterprises with foreign activities to use for reinforcement of internationalization of SMEs.
- Reinforce the Eximbank with additional capital as well as the Slovak guarantee and development bank with an aim to support increase of export activities of SMEs.
- Electrification of hunting and medical acting in foreign trade.

5 Evaluation of the SBA implementation in Slovakia from the EU perspective

Individual member states play the key role in implementation of the Small Business Act. Also because of this the **evaluation of implementing of the principles listed in the Small Business Act for Europe** (hereinafter referred to as “SBAfE“) is carried out since 2008 for each EU member state.

The procedure of the SBAfE implementation in Slovakia is not stable from the time perspective. While in 2011 and 2012 Slovak SMEs recorded a decrease of creation of added value as well as creation of new jobs, in the following period the situation gradually moderated. In 2013 and 2014 Slovak SMEs stagnated, however forecasts for years 2014 through 2016 expect growth in the creation of added value by 5% despite the expected decrease of employment by 1%. Based on the SBAfE profile of Slovakia based on data for 2014, strengths included principle 6 (access to finances) and 9 (environment), on the other hand weaknesses have been discovered in applying principle 2 (second chance) and principle 4 (receptive administration). However greatest reserves are linked to principle 10 (internationalization). In implementation of other principles Slovakia ranged among the EU average.

In the following text we will list specific factors, which affected the fact that the abovementioned principles 6 and 9 are included as **strengths**.

The positive development in implementing **principle 6** (access to financing) was influenced mainly by improvement of accessibility of bank loans for SMEs and broad offer of tools of public providers of support (Fund for Innovations and Technologies, SGDB, Eximbank, Microloans program SBA, JEREMIE initiative, EIB and EBOR programs). Despite year-on-year deterioration of access to state securities the situation in Slovakia in this area is ranked above the average of the EU. Above the average is also the willingness of the banks to provide loans. Negative aspect in applying this principle are the relatively high costs of acquiring small loans as opposed to large loans.

In the field of environment (**principle 9**) the SR remains high above the average in terms of the number of enterprises using measures in the field of public support of activities related to efficient use of resources. Ranking of Slovakia in applying this principle reflects also the adoption of the Act on energy efficiency. However despite this, the assessment criticizes the non-existence of measures for securing environmentally efficient processes, products and business services in traditional sectors of Slovakia.

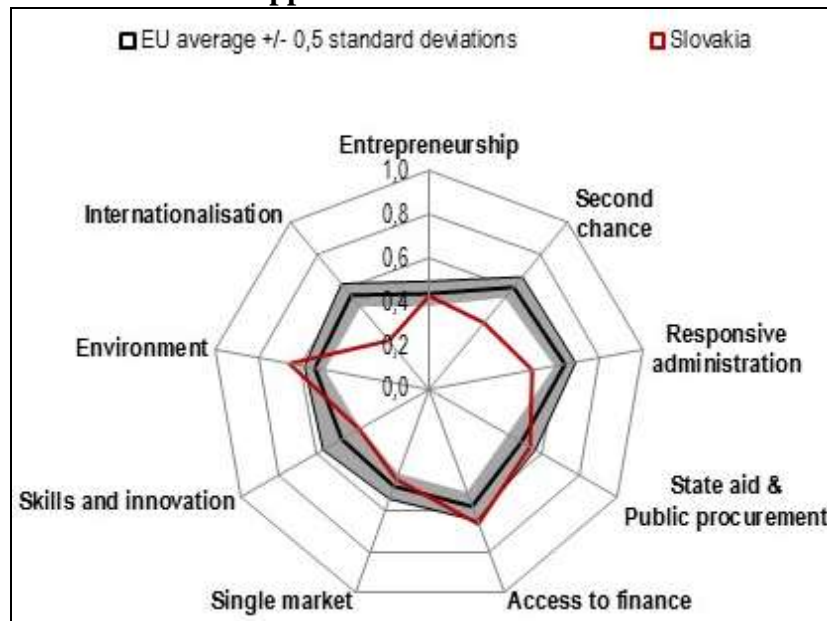
Slovakia achieves **long-term below the average results** in fulfilling **principles 2 and 10**. Despite legislation adjustments related to the Act on Bankruptcy and Restructuring the time needed to resolve insolvency (4 years) and related costs (18% of the amount of the debtors' assets) are far below the EU average. At the same time there were no changes in the level of support of “second chance“. The only positive in this aspect is that Slovaks have less fear of failing in entrepreneurship than the EU average.

In fulfilling **principle 10** Slovakia is far below the EU average; there was no change in this field in 2015. The Slovakia is not approaching the EU average in any of the monitored indicators. Administrative burden of import and export and costs needed for implementation of import and export have the greatest share on the negative ranking. Costs for goods import increased when compared to 2014.

Administrative (time) burden when starting a business had the greatest share on the negative ranking of **principle 4** (receptive administration). Administrative burden of business in general as well as in relation to fulfilling tax obligations of the entrepreneurs were assessed negatively as well. Positively assessed areas are the transfer of ownership and share of SMEs communicating electronically with the public administration.

However it is important to assess the **fulfillment of some selected principles**.

Evaluation of the application of the SBA in Slovakia in 2015



Source: European Commission / *SBA Factsheet*

Despite a certain progress in the field of reducing administrative burden of business, the implementation of **principle 3** (“think small first”) is still considered to be insufficient. During the monitored period the third stage of measuring the administrative burden of entrepreneurship has been completed, which estimated the amount of the burden to approx. 270 mil. Euros. At the same time an update of the Unified methodology for assessing selected effects has been adopted, which also included a SMEs test. The assessment states that thus far the assessment of effects on the business environment was performed only formally and therefore in case of correct application this measure can have a positive impact on the whole business environment.

Under the **principle 1** (entrepreneurship) there is still a negative perception of entrepreneurship as a desirable career choice by the public. Despite this, entrepreneurship activity in its beginning stages is ranked above the average, as well as entrepreneurship activity of the female population in the beginning stages. Changes in professional education and preparation of the concept for the support of startups and development of the startup ecosystem in the SR are assessed as potentially positive, contrarily the changes in expert education to support the entrepreneur spirit are seen rather negatively.

Perception of corruption behavior by entrepreneurs and unfinished reform of the system of public procurement rank Slovakia among the EU average also under **principle 5** (state aid and public procurement). On the other hand the percentage share of enterprises submitting competitive proposal through the electronic public system in the SR is above the average. Legislative changes in the field of providing state aid as well as the introduction of the electronic portal for public procurement e-marketplace are assessed positively.

From 2008 there were significant advancements under **principle 7** (unified market), especially thanks to increase of share of SMEs trading in the single market. Despite the continual growth of share of importing / exporting SMEs, when compared to the EU countries these indicators are below the average. The SR is positively assessed in the field of transposition and compliance with the EU law. Reserves are noticeable in setting of the system of technical standardization.

It was only the excellent ranking of the SR in the field of sale of innovations, which are new in the market and new for the company and in the field of electronic trading, which secured for the SR an overall average results in applying **principle 8** (expertise and innovations). However the long-term growing trend of other indicators of this principle could not have been proven this time. In the future this situation can be influenced by the introduction of the so-called super deduction for research and development and continuation of implementation of other support measures (e.g. innovation vouchers).

6 Conclusion

In 2015 a national project took place in the SBA under the name „**The support for establishing a developing the National Business Center in Slovakia- stage 1**“. The National Business Center was created in the premises of the Business Centre Twin City A2 on Karadžičova Street in Bratislava for the support and development of future, but also existing entrepreneurs. The NBC creates conditions for the application of not only young people, and graduates, but also the generation 40+ and members of marginalised groups of the population. At the same time conditions for creating sustainable jobs are being created.

In 2015 the Slovak Research and Development Agency launched a four-year project **IKLUPOD** (The development of inclusivity of entrepreneurship of certain disadvantaged groups in Slovakia: a pragmatic approach). The aim of the project is the development of a complex method of **development of inclusiveness of entrepreneurship** in Slovakia on a national and regional level for certain disadvantaged groups (women, young people, seniors and migrants) through the analysis of the current state, the most recent theoretical knowledge as well as practical experience in Europe and throughout the world.

In the framework of the Better Regulation Agenda, the programme of decreasing the administrative burden of entrepreneurship and the policy of the government of the SR for the improvement of the entrepreneurial environment were created in the SBA **Better Regulation Center**. The center focuses on the creation of proposals for measures that decrease the regulatory burden of enterprises with the aim of increasing competitiveness. It tests the influences of legislation and materials of a non-legislation character on small and medium-sized enterprises. It contributes to improving the overall quality of the entrepreneurial environment.

In the sphere of using services of the single contact places the decreasing trend of the number of business objects that used the services of SCP has continued in 2015. The said trend can be related to the annual decreasing number of registered business objects.

In the framework of the Operation programme Competitiveness and economic growth 1600 projects realized by SMEs were supported towards the end of 2015 in the form of a non-repayable financial grant, which represents 69% of all of the projects of this programme. In 2015, 181.2 mil euro was paid to SMEs based on the contracts on the non-repayable grant, which represents a **year-on-year increase of over 630%**, whilst the number of SMEs on the overall drawdown reached 75.3%.

Despite the instability of the legislative framework in the area of public procurement in 2015 (the 6 accepted amendments of the Act on public procurement) the number of small and medium-sized enterprises in the overall value of contracts made in the framework of public procurement has increased in a year-on-year comparison (by 1.8 p.p) to 82.1%. The amount of small and medium-sized enterprises in the overall amount of **State aid provided** in 2015, has year-on-year increased (by 5.9 p.p) to **60.8%**.

In 2015 a significant development of financial instruments realized through the JEREMIE initiative occurred. The support of SMEs through the credit instrument **PRSL** increased year-on-year by 185.40% (5.75 mil. Euro), to 8.8 mil. euro. The same trend was noted in the **FLPG** instrument where there was an increase by 118.93% (55.46 mil. euro), to 102.1 mil.euro. The **risk investment capital** supported in the framework of the JEREMIE initiative increased in a year-on-year comparison by 98.31% (3 mil. euro). At the same time a **new financial instrument** was launched the Portfolio risk sharing (PRSL II) with an additional allocation from OP CaEG and a transfer of the part of unused allocation of other instruments,

the allocated amount of resources thus increased to 91.28 mil. euro, of which the JEREMIE allocation itself represents 58.87 mil. euro. At the same time the risk sharing was amended from the ratio 1:1 to 7:3, which **increased the attractiveness of financial** instruments for commercial intermediaries.

From the point of the forms of financing SMEs in 2015, the most significant were **still EU grants** (32.05%), whilst their share on the structure of forms of financing increased year-on-year by as much as 103.61 mil. Euro to 244.78 mil. euro, especially as a consequence of an increased drawdown of resources in the framework of the OP CaEG. An important means of financing SMEs were still **credits from the state budget** with a share of 21.34% (162.99 mil. eur) and **credits with the support of the EU** 18.91% (144.43 mil. euro), where there was a year-on-year increase by 88.24%. A significant year-on-year increase was also noted in the support within the framework of the **common agricultural policy**, by as much as 100.97% to 61.61 mil. Euro. From a year-on-year comparison of the summary amount of financial resources used by SMEs from public financial instruments an **increase of using resources in 2015 by 39.05% to 763.70 mil. euro.**

In the framework of financial instruments of the **EXIMBANK SR** the amount of credits provided to clients from the SMEs sector reached **25.85% of the overall credit engagement.** In a year-on-year comparison the said amount increased by 16.66% (7.29 mil. Euro). The amount of guarantees issued for the SMEs segment was only **2.10% of the overall guarantees issued**, despite this in comparison to 2014 it represents an increase by as much as 228.96% (2.29 mil. euro).

In 2015 the government of the SR approved the **Concept of supporting start-ups and the development of the start-up ecosystem in the SR** in the sense where start-ups, as starting enterprises are a source of innovative solutions with a significant growth potential. This concept seeks to **support that start-up ecosystem in the SR** by creating an entrepreneurial environment and a system of State support that could activate Slovak objects and individuals with unique ideas, attract foreign objects with innovative ideas, make investing into start-ups more appealing and to create a unique image of the country.

The use of support instruments in the area of innovations of SMEs is very low. According to a survey The use of support programs by SMEs, over a fourth of entrepreneurs (76%) declared that they don't use, or **aren't interested in the support** aimed at the development of innovative activities.

The European Bank for Renewal and Development (EBRD) had been increasing the investments into renewable energy in the Slovak republic and also in 2015 **continued with the third stage** of the successful programme **SLOVSEFF**. The continuing of the programme is a contribution to satisfying the high interest in projects of energetic efficiency amongst small companies and households. The demand for these type of investments is based on the significant success of the first two stages of the SLOVSEFF programme and the continuing interest of Slovak banks in participating in this programme.

In 2015 the amount of State aid provided by the sector of the Ministry of Environment of the SR was 29.55 mil. Euro, which compared to 2014 (7.34 mil. euro) represents an increase of 302.59%. The reason for this significant growth of using State aid is the termination of all supported programmes in 2015 financed according to the schemes of State aid. **The amount of State aid provided to SMEs on the overall State aid in the framework of the OP E only reached 5% (1.45 mil. eur).**

An innovative result of the action of the Entrepreneurial Centre of the MfaEA of the SR in 2015 was the processing of a qualified **econometric analysis of countries around the world,**

which enabled to find out the comparative advantages of the SR in individual commodities and the **evaluation of the sales potential for Slovak export goods according to territories.**

On a year-on-year basis there was **a significant development of the activities of the EEN network when providing information services related to the seminars and regional events that were realized** (an increase of 478 supported objects). The increased activity was noted also in providing feedback (an increase of 22 supported objects). Some other services provided (consulting-answers to questions, registration of objects for electronic services, participation at international partnership events or the preparation of cooperative profiles) however noted a decreased interest.