



Report on the state of Small and Medium Enterprises in the Slovak Republic in 2012

Bratislava, September 2013

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1. Introduction

In the year 2012 the economy of the Slovak Republic recorded further growth of gross domestic product testifying to the overall positive development of the economy; in the case of small and medium-size enterprises (SME), however, the situation was different. The decline in economic activity continued and the trend of marginalisation of enterprises strengthened (the shift of businesses from higher size categories to the category of micro businesses), the result of which was a recorded drop in the number of businesses with more than 10 employees versus the year 2008 by up to half.

A European initiative – the Small Business Act (SBA) – serves for achieving a business environment favourable for the needs of MSB. The SBA, approved in 2008, as a continuation of the European Charter for Small Enterprises from the year 2000, creates a new strategic framework which includes existing policies and support instruments of the European Union in the field of small and medium-sized enterprise. Its goal is to see that the interests of small and medium-sized enterprises are put forward with all decision-making processes and that policies for the creation of jobs focus more on smaller rather than larger companies. It was originally in reaction in particular to competitive pressure from Asian economies with low wages and to the impact of the economic and financial crisis, by helping small enterprises which had suffered difficult losses; however, it has changed into measures focused on the survival and sustainable growth of SMEs. The SBA initiative is focused on improving the overall approach to doing business, the integration of the principles “think small first” to the process of forming policies, from regulation up to public services, and support for the growth of SMEs through help with overcoming problems that prevent their development.

In relation to meeting the principles of the SBA initiatives, activities in the SR in 2012 were constantly slowed from the side of the European Commission despite the fact that the new government enrolled in this initiative with its declared programme from April 2012. A problematic situation is especially in the areas of: internationalisation (principle 10), second chance (principle 2), application of the principle “Think small first” in the legislative process (principle 3) and the development of skills and innovation (principle 8). The Singapore initiative was stopped and the process of lowering the administrative burden was dampened. In consequence of financial consolidation several provisions which tightened the rules, especially in the tax-levies area, were accepted. These facts had a negative impact on the development of SMEs.

The subject of the report is a description of the development and the situation for SMEs in Slovakia as well as an assessment of support instruments, the identification of problems and the proposing of recommendations for improving conditions for SMEs. In association with implementation of the SBA initiative the need arose to have a monitoring instrument available through which it would be possible to track the situation in the area of application of the individual principles of the SBA. Along with utilization for the Ministry of the Economy of the Slovak Republic as the sponsoring department for the area of the business environment, a Work group for the problems of SBA, other central bodies of state administration, academic institutions, entrepreneurs and the broad public, the document also serves as the foundation for activities of the SME Envoy who for Slovakia is the Director of the National Agency for Development for Small and Medium Enterprises (NADSME).

For these reasons the Report on the State of Small and Medium Enterprises is prepared such that alongside statistical and factual data on the development of the SME sector, it offers the

reader a synopsis of information on the steps taken as well as measures prepared or proposed in relation to the individual principles of the SBA. The goal was to create a document that will be a foundation for policy makers supporting SME as well as for the business community, the academic community and students.

The second chapter of the report deals with the development of the business environment in 2012. The individual legislative, administrative and institutional changes relevant for the SME sector are described according to the individual principles of the SBA, divided into those which came into force in 2012 and those which were approved in 2012, but will become effective later.

The third chapter describes the development of the SME sector. This chapter contains data from the organisational statistics of enterprises, an overview of the development of employment, the standing of SMEs in the economy, the connection of SMEs to foreign trade as well as an assessment of the development of SMEs in the framework of the individual regions of the Slovak Republic. A component of this chapter is also data on the structure of SMEs according to technological level of the manufacturing sectors and of the knowledge intensity of services, as well as data on the financial performance of small and medium-sized enterprises. In the scope of this chapter the results of surveys and analysis of the SME environment carried out by NADSME are also presented.

The fourth chapter contains proposed recommendations aimed at development of the SME sector. The recommendations are divided according to the individual principles of the SBA, and the recommendations for entrepreneurial organisations and the results of studies and analysis carried out by NADSME within the state Monitoring and Research of SME programme are also included.

The fifth chapter is devoted to an assessment of the individual programmes and measures for the support of SMEs carried out by centralised bodies of state administration, institutions and agencies and their fields of activities, as well as state monetary institutes. Compared with last year, this chapter was altered in accordance with the goal of monitoring the initiatives of SBA – measures are divided by the individual principles of SBA, and with each of the measures information about the provider is at the same time preserved. Programmes and chapters implemented by institutions which were active in 2012 in the field of support of SMEs are presented in the chapter. A part of this chapter is also an overview of the financial support offered to SMEs. One specific measure is the programme of the European Bank for Reconstruction and Development – SlovSEFF – realised through commercial banks; the programme is focused on the support of development of energy efficiency in the industrial sector and in the area of renewable energy resources. In this chapter information about the activities of the Enterprise Europe Network (EEN) in Slovakia are also processed.

The sixth chapter deals with an evaluation of support programmes realised by NADSME. In 2012 five state programmes and 12 projects for the support of enterprise were implemented. In connection with the Microloans programme the JASMINE initiative is also described, in the scope of which evaluation of the processes of managing the GIRAFE methodology ran.

In comparison with the previous year, the Report contains more extensive appendices which are divided into charts, maps and tables.

An evaluation of the state and trends of development of small and medium-sized enterprise is the foundation for analysis of the state of the business environment in the Slovak Republic, which is annually submitted to the government of the Slovak Republic in the form of a Report on the State of the Business Environment in the Slovak Republic in terms of Resolution of the Government of the Slovak Republic no. 792 from 17 July 2002. The document will also be used as the information base for informing institutions of the European Union, OECD, European Commission and the United Nations and in processing analyses and studies of the business environment.

The Report on the State of Small and Medium Enterprises in the Slovak Republic in 2012 is available to the public via the NADSME Web page.

The authors of the document wish to thank those who cooperated from organisations of state administration, public administration, business associations and consortiums, as well as the non-government sector for the initiative and contributions, without which it would not be possible to prepare the document in the required range and quality.

2. Development of the business environment for the advancement of SMEs in 2012

2.1 General assessment

An inseparable part of each mature market economy is a quality business environment, which is crucial for the long-term development of business activities and sustainable increasing of the performance of the economy and the standard of living of citizens. Experience from preceding years has shown that the systematic introduction of positive changes in the business environment can in the mid-term horizon significantly accelerate economic development. Therefore, it is necessary to focus further on the simplification and clarification of legislation, reducing the administrative and tax burden, strengthening the support infrastructure and improving access to capital as a basic or additional source of financing.

The development of the Slovak economy, which is characterised by the high level of external openness of the economy, is to a significant measure associated with development on foreign markets. The level of performance of the Slovak economy in 2012 corresponded to a decline of economic activity among our primary trade partners. Despite the enduring debt crisis and recession in the Euro Area, however, Slovakia has maintained the rising performance of the economy.

According to the preliminary results of the Statistical Office of the Slovak Republic (SO SR) the gross domestic product of Slovakia in 2012 recorded year-on-year growth of 2.0%, which, however, was its lowest economic growth since 2009, when the Slovak economy fell into recession. In terms of development in the individual quarters, the growth the Slovak economy achieved at the beginning of the year (2.9%) slowed to 0.7% in the last quarter of 2012.

The achieved lower dynamic of economic growth associated with lower year-on-year growth in foreign demand (8.6%) as well as with a drop in domestic demand. The decline of domestic demand was influenced by the decline in all of its main components. Gross capital creation dropped by 10.3% (gross fixed capital formation by 3.7%), the end consumer of public administration and households declined by 0.6%. The only element which positively contributed to the economic growth achieved in 2012 was net exports.

In the scope of the sectoral structure of the economics the achieved year-on-year growth was connected especially with higher production in industrial manufacturing (growth by 11.6%), pulled mainly by growing in production in the vehicle-production sector (growth by 26%), which connected with the expansion of production capacity of automobiles.

The lower growth in the performance of the economy also had an impact on the worsening situation on the Slovak labour market. According to a quarterly business indicators of the SO SR, the average number of employed persons in Slovakia's national economy in 2012 achieved 2,191.3 thousand, which was year-on-year 1.3 thousand persons fewer, or a drop of 0.1%. The drop in the number of employed persons was caused mainly by the impact of the drop of employment at the end of 2012, when employment year-on-year fell for the first time (by 0.8%) after previous year-on-year growth of employment during the first three quarters of

the year. The decline in the number of employed persons was also reflected in the moderate growth of unemployment. According to data from the Selected Surveying of the Labour Force of the SO SR, the measure of unemployment in 2012 increased by 0.5 percentage point to a level of 14.0%.

Slovakia did not see any improvements in the quality of the business environment in 2012, which was reflected in current evaluations of the World Bank and the World Economic Forum.

Especially problematic for Slovakia are the growth of energy costs and special prices of electrical energy, the increased taxes, the growing number of administrative barriers and the insufficiently rapid development of infrastructure.

Changes in the area of policies of support of SMEs and of development of the business environment

In line with the programme declared by the Government of the Slovak Republic for the years 2012 - 2016 the Government is obliged to resolve these deficiencies with the aim of improving the business environment in Slovakia and especially in creating a stable business environment, including the stimulation of small and medium-sized enterprises, for application in global network structures.

The government, in the framework of improving economic policies, is improving the economic, fiscal and institutional foundations for accelerating the development of small and medium-sized enterprises in all sectors of the national economy as an important factor for the growth of employment. The government will support the business environment by lowering administrative demand through the form of systemic regulation of the range of accounting and the compiling of financial statements and annual reports.

For qualified management and identification of the status and development of the business environment the government is creating an integrated system of creation of analyses of the business environment with the aim of increasing employment. It will focus in particular on micro-monitoring of the business environment, the assessment of legislative changes, the monitoring of undesired imports and its impact on the economy, the effectiveness of public resources expended on the creation of jobs and regional development.

In 2012, within the National Reform Programme, measures were approved for improving the business environment. Since January 2012 electrification and testing of a system for single contact points (SCP) has been completed. The SCPs remove the unnecessary administrative burden for entrepreneurs and allow, for example, electronic submitting of requests/notifications for the purpose of beginning to do business, including payments through electronic devices, proposals for the registration of companies to the commercial registry, etc. Entrepreneurs thus have the opportunity to operatively arrange the necessary administrative affairs at the start of their doing business in one place, and can do so electronically, under the condition that they have an electronic signature secured.

Amendment of the Bankruptcy Act and restructuring eased creditors' motions for declaring bankruptcy due to a debtor's insolvency, thereby creating a natural pressure to comply with payment discipline. Motivation was also created for timely resolution of

imminent insolvency or bankruptcy of a debtor by means other than bankruptcy, namely by informal or formal restructuring. The amendment ends with the speculative practices of some companies in the framework of bankruptcy proceedings, when the indebted enterprise declares bankruptcy too soon, i.e. at a time when it no longer officially has any property and the creditors cannot be satisfied, or if preparation for a bankruptcy proceeding is involved with “agreed allied creditors”, which ought to serve only for the transferring of property from one company to another.

The Government of the Slovak Republic also invested into transport infrastructure – especially the construction of motorways which reduce costs and increase accessibility of enterprises in less developed regions with a high measure of unemployment. Thus, the international competitiveness of Slovakia for investors, who were the primary source of the growth in employment and the economy in the recent past, is strengthened. In 2012, for example, construction of the second segment of the Jánovce-Jablonov motorway continued.

In 2012 an Action Programme for Reducing Administrative Burdens on Business in the Slovak Republic for the years 2007 – 2012 ended and the third stage of reducing the administrative burden on business following from Government Resolution no. 486/2011 began. The need was emphasised to approve additional measures focused on minimizing the entry barrier to doing business, stabilisation of the legal environment, resolution of e-Government services and the lowering of the regulatory burden in all phases of enterprise.

The JEREMIE (“Joint European Resources for Micro to Medium Enterprises”) initiative, which represents an instrument of financial engineering focused on the support of SMEs financed from EU structural funds, had still not been launched as of 2012. On 19 January 2012 a call was announced for the selection of intermediaries for Venture Capital Tools. The call was closed on 30 April 2012 and in the next period the assessment of applicants took place. An assessment of applicants also ran in the scope of another product – the First Loss Portfolio Guarantees tool – where a call had been announced in the previous year, though even this product had not yet been launched. In the course of the year preparation of a third tool – Portfolio Risk-Sharing Loan (PRSL) – continued. Despite the connection of reputable financial institutions in the form of the European Investment Fund, even after 6 years of preparation the initiative has not been launched, which represents a significant failure in the support of SMEs. At the same time this further deepens problems in the availability of SMEs to financing, which as a consequence of the impacts of the world economic crisis and the adaptation of the banking sector to the criteria of Basel III, has significantly worsened in recent years.

Business incubators make up a significant component of support infrastructure for beginning entrepreneurs, particularly for small enterprises. They are instruments of economic development in the form of support for the creation of new enterprises, the innovation of enterprises, the putting of results of research and development into economic practice and the creation of new job opportunities. This form of enterprise support began being applied in Slovakia in the 1990s, but in 2002 the formal building of a network of incubators began, primarily from European financial resources partially supplemented by the state budget. This predominately involved business (not technology) incubators. It is possible generalise that the EU invested into the building of a basic network of incubators and the Slovak Republic is obligated to stabilise the first years of its existence and operation. Their full and effective use, however, did not occur during the past year, because no environment was created, specifically, no tools or even regional structures were developed which would include

incubators as an inseparable component. Incubators were not linked to key strategies and policies; incubators remained an ignored and undervalued instrument of support for SMEs and innovation, or measures and recommendations were not applied in sufficient measure. A state persisted in which investment was insufficiently assessed on behalf of innovative development, increasing competitiveness and innovation activities of enterprises.

The improving of the business environment is expressed in certain areas influencing business, for example, with the establishing of new companies or making the process of bankruptcy and settlements more effective. However, the need further persists for a system of changes of legislation creating the business environment, because the greatest problems for enterprises too often represent changes in legislation. New legislation is often adopted without its impact on the business environment being assessed, which brings problems to entrepreneurs regarding its application and leads later to its further amendment. Frequent changes in provisions often worsen the orientation of the valid legislation.

In chapters 2.2 and 2.3 legislative standards and measures relating to SME adopted in the year 2012 are briefly described. In association with the necessary monitoring of the implementation of SBA initiatives the standards are divided according to the individual principles of the SBA.

2.2 The most important legislative affecting business conditions for SME that came into force in 2012 and measures adopted or implemented in 2012 linked to the individual principles of the SBA

Legislation and measures in the area of Principle 1

Enterprise - Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded

- With the goal of supporting the growth of SME through stimulation of entrepreneurial ambitions and business skills, supports for successful companies, products, ideas and initiatives supporting the development of entrepreneurial thinking, the following measures and legislative changes were accepted in 2012:

Act no. 455/1991 Coll. on Trade Licensing (Trade Licensing Act) in the wording of Act no. 251/2012 Coll., Act no. 314/2012 Coll., Act no. 321/2012 Coll. and Act no. 351/2012 Coll.

Already from the fact that the Trade Licensing Act itself arranges the conditions for doing business and control over the observing of these conditions it follows that its form has a significant impact on the quality of the business environment. The proclaimed goals of the act are the protection of public interests in business, ensuring proper execution of a trade license, the registering of enterprises and protection of the interests of customers as well as employees of a business.

With amendment to the Trade Licensing Act:

- the deadline for issuing certificates on trade license authorisations was shortened to 3 days. If the trade licensing office determines that a notification has propriety according to § 45, § 45a par. 1 through 4 and § 46 of the Trade Licensing Act and the entrepreneur satisfies the conditions stipulated by the act, then certification on trade

license authorization shall be given to within three working days from the day when notification of small trade licensee and a statement from the criminal registry were delivered to it.

- duplicate fulfilment of notification obligations is cancelled

An entrepreneur is obligated to announce to the relevant trade licensing office all changes and supplements relating to data and documents stipulated for registering a trade license. This obligation, as of 1 January 2012, does not relate to changes which are personally recorded into the commercial and trade license registries, e.g. changes in the subjects of business of commercial companies. Entrepreneurs now satisfy notification obligations only in regard to the Commercial Register (the registration court), and the trade licensing office acquires this information from the registration court directly and not in duplicate form from the entrepreneur.

- Certain fees are cancelled if submissions are made electronically.

This means that filings submitted through electronic resources and signed by guaranteed electronic signature are from 1 January 2012 free of charge. This relates to the following submissions:

- the issuing of certificates on trade licence authorisations with a free trade licence
- the obtaining of a statement from the public part of the trade license register for one entrepreneur
- the issuing of an overview of data recorded in the trade license register
- the making of changes in a certificate regarding trade license authorisations
- the issuing of a confirmation on the fact that there is no entry in the trade license register
- for the assumption of data and documents which belong to applications on authorisation for an enterprise on the basis of other than trade license authorisation according to special laws
- the abolished obligation to impose fines

The amendment to the law put aside the obligation to impose a fine for less serious breach of the Trade License Act. The obligation of sanctioning remains in the case when operation of a trade license without trade license authorisation is ascertained.

- A change in the demonstrable integrity for foreign persons: state citizens of another EU member state from 1 January 2012 shall demonstrate their integrity by a statement from the register from the home country. The Trade Licensing Office no longer verifies integrity through the General Procurator, which enables the shortening of the time period for issuing of trade license authorisation for this group.

Act no. 513/1991 Coll., the Commercial Code in the wording of Act no. 197/2012 Coll.; the law, which supplements Act no. 513/1991 Coll. the Commercial Code as amended, and amending and supplementing Act no. 276/2001 Coll. on regulations in network sectors and amending and supplementing certain acts, as amended, and Act no. 246/2012 Coll. on VAT.

The purpose of Act no. 197/2012 Coll. is to expand the province of the general meeting of a commercial company on expressing consent with the submitting of a price proposal, with a proposal for a change in a price decision, with supplementing a proposal from the motion of a regulated subject, if this supplementing will have an impact on a change of price and with the recall in a price proceeding of the Regulation Office for Network Industries.

Ministry of Justice of the Slovak Republic (MJ SR) Regulation no. 25/2004 Coll. stipulates samples of forms for submitting proposals for registration to the Commercial Register and a list of documents which are necessary to attach along with a proposal for registration in the wording of MJ SR Regulation no. 563/2004 Coll., Regulation no. 150/2007 Coll., Regulation no. 656/2007 Coll., Regulation no. 231/2010 Coll., Regulation no. 98/2012 Coll. and Regulation no. 291/2012 Coll.

MJ SR Regulation no. 319/2007 Coll. on the process with verification of personal data for the purpose of electronic proceedings in matters of the Commercial Register in the wording of MJ SR Regulation no. 80/2012 Coll.

Act no. 349/2012 Coll. on Copyright

A new legal modification breaks away from exactly defining deadlines for fulfilling legal obligations of an organiser of a public cultural event to announce the programme of the event to the relevant organisation of collective administration before carrying out the event. When using a work by a person different from the author (the original holder of the right) the law clearly regulates the obligation to obtain consent for the use of the work through the form of a concluded written licensing contract always in advance, before using the work. This obligation of the organiser of a public cultural event as a user of the work remains preserved.

The new legal modification further specifies the character of the data which should be presented with a notification of a programme event. The organiser of a public cultural event is obligated to present data on authorship, that is, the name of the author, the pseudonym of the author, information that a work is anonymous, information that the name of the author is unknown, or information about the fact that the work does not have an author (usually with folklore works).

The new legal modification emphasises the character, already previously anchored, of the legal presumption regarding the fact that if the organiser of a public cultural event does not announce the programme of the event and associated data to the organisation of collective administration before carrying out the event (until now this had to be done 10 days before holding the event), it is assumed that at the event only those works to which the right of public performance is administered by the organisation of collective administration will be publicly performed. Today it is possible to send this notification at a later date. On the basis of this the circumstance formulated as a refutable legal presumption is deemed as existing, until the user (the organiser of a public cultural event) in relation to the relevant organisation of collective administration does not demonstrate otherwise.

Legislation and measures in the area of Principle 2

Second chance - Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance

Act no. 348/2011 Coll., amending and supplementing Act no. 7/2005 Coll. on Bankruptcy and Restructuring and on amendments and supplements to certain acts, as amended, and amending and supplementing certain acts (hereinafter referred to as the “Bankruptcy Act”), which came into force on 1 January 2012 aside from three clauses which will take effect on 1 January 2013.

One of the objectives of the amendment to the Act was to make feasible a creditor's motion for adjudication of bankruptcy because of the debtor's insolvency, and to thus create a natural pressure for complying with payment discipline, as well as pressure to address the imminent insolvency or bankruptcy by a debtor by means other than bankruptcy, namely by informal or formal restructuring.

The amendment to the Bankruptcy Act is a principle measure aimed at better law enforcement. The new legislation allows creditors to file a motion for adjudication of bankruptcy because without having recognised a claim by the debtor or having an enforceable claim. Thus, the creditor is entitled to newly file a motion for adjudication of bankruptcy, if he can reasonably expect the insolvency of his debtor. A debtor's insolvency can reasonably be expected if the debtor is more than 30 days in arrears with fulfilling at least two monetary liabilities towards more than one creditor and was appealed to in writing for payment by one of those creditors. This principle change enables creditors to exercise their claim against a debtor sooner than he "consumes" his unsecured assets, which should lead to higher satisfaction of creditors. Changes of the definition of bankruptcy are closely connected, especially of over-indebtedness, which provides motivation to the debtor's statutory bodies to deal with its bankruptcy.

The filing of liabilities was simplified as follows:

- creditors were allowed to file several unsecured claims upon one application, thereby simplifying the process of filing claims by unsecured creditors;
- compulsory filing claims by creditors was modified – they may file their claims only with the administrator of the bankruptcy assets and only in one counterpart;
- creditors were allowed to file a claim even after the primary filing period of forty-five (45) days from adjudication of bankruptcy, but only as an unsecured claim without voting rights.

Accordingly, as in bankruptcy, the filing of claims in a restructuring was also simplified.

Legislation and measures in the area of Principle 3

Think small first - Design rules according to the "Think Small First" principles in all areas of legislation

- The Ministry of the Economy of the Slovak Republic (ME SR) with the goal of lowering administrative burden by 30% implemented an **Action Programme for Reducing the Administrative Burden on Entrepreneurs in Slovakia for 2011 – 2013**. It is linked to the Action Programme for Reducing the Administrative Burden on Entrepreneurs in Slovakia for 2007 - 2012, which was approved by Office of the Government Regulation no. 833/2007 as a relevant measure for implementation of the Lisbon strategy for growth and employment and the goal of which was to reduce the administrative burden by 25% by the year 2012.

Act on Social Insurance no. 461/2003 Coll.

The law, amending and supplementing Act no. 461/2003 Coll. on Social Insurance, as amended, and amending and supplementing certain acts, came out in the Code of Laws of the Slovak Republic no. 413/2012 Coll.

The new legislation stipulates:

- A new method of determining the probable daily measuring base for calculation of the sickness benefit such that people working on agreement will not have during the first 90 days a sickness benefit calculated from a base which will be higher than their actual earnings. To the period of 90 days duration of sickness insurance only the period for which the premium for sickness insurance is actually paid will be calculated.
- The origin of pension insurance for students, which allows for the retroactive origin of pension insurance, if the actually paid incentive is higher than 66 euro.
- An exemption for students from 18 to 26 years old with payment of levies on agreement. With earnings up to 155 euro an employer will pay for the student in 2014 only levies for performance and accident insurance in the amount of 1.05% of the sum earned. The sum of 155 euro shall be increased each year according to the growth of the average wage in Slovakia.

Act on Income Tax no. 595/2003 Coll.

In part no. 98/2012 under number 395/2012 Coll. an act was issued amending and supplementing Act no. 595/2003 Coll. on Income Tax, as amended, and amending and supplementing Act no. 580/2004 Coll. on Health Insurance and amending and supplementing Act no. 95/2002 Coll. on the Insurance Industry and on amendments and supplements to certain acts, as amended. The incomes of all subjects (natural persons, foreign persons, legal entities and other subjects) are from 1 January 2004 taxed by a single linear percentage rate (the so-called flat tax) in the amount of 19% of relevant agricultural production and forest and water management.

Changes were approved by the last amendment of the act on income tax from which the most important are:

- the cancellation of the flat tax

The rate of income tax from legal entities increases from 19% to 23%. The rate of income tax from natural persons is 19% of that part of the tax base which does not exceed 176.8-times the sum of the valid life minimum (for the year 2013 this is 34,401.74 euro) and 25% from that part of the tax base, which does exceed 176.8-times the valid life minimum (for the year 2013 this is more than 34,401.74 euro).

- modification of lump sum expenditures

Lump sum expenditures remain preserved in the original amount of 40% of taxable incomes, but they are, however, narrowed to a monthly limit in the amount of 420 euro for each month of performing independent earning activities.

- tightening of the conditions for applying the non-taxable part of the tax base for a spouse
- expanded claim for the non-taxable part for a spouse and for citizens with serious medical disabilities
- the possibility of submitting a tax declaration in an extended period in 2013 is now only for taxpayers whose income also includes incomes coming from abroad (aside from a taxpayer in bankruptcy or in liquidation); on the basis of notification submitted to the relevant tax office before the deadline for submitting a tax declaration, the deadline for submitting of a tax declaration is extended by at most three calendar

months, and the end of this extension must be set on the last day of one of these three calendar months

- the possibility of claiming a lump sum expenditure with rented properties is cancelled
- an additional special tax rate in the amount of 5% for selected institutional officials is introduced
- the limit from which natural persons are obligated to pay advances for income taxes is increased, namely from 1,660 euro to 2,500 euro
- the limit for freeing of monetary and non-monetary winnings from taxes is increased from 165.97 euro to 350 euro
- the gradual lowering of the share of paid tax, which companies can remit to non-profit organisations is shifted by one year
- incomes of municipalities and higher territorial units following from the sale of property are freed from income taxes
- the independent basic tax for a share in a profit (dividends) is defined

Foreign Persons, i.e. those who do not have their seat or residence in the Slovak Republic, have a tax obligation which is related to incomes following from a source on the territory of the Slovak Republic.

A tax expenditure is a cost (expenditure) demonstrably expended by the taxpayer for the achieving, ensuring and maintaining of incomes. The deduction of a tax loss – a taxpayer can deduct a tax loss from the tax base uniformly during the seven taxation periods following the period for which the deducted tax loss is demonstrated. The taxpayer submits the tax declaration in the stipulated time frame after completion of the taxation period and with each change of the taxation period.

Amendment of the act on investment aid and the act on income tax also brought change in the conditions for provision of investment aid with an emphasis on equalization of domestic and foreign investors, as well as on transparency of the provision of investment aid. The recipient of investment aid must according to the new regulations, likewise have to preserve a number of newly created jobs for at least five years from the date of first filling the job. The recipient is obligated to implement the intention to investment such that at least 25% of the value of the authorised costs must be financed from own resources or through external financing, which does not include state aid. Recipients of investment aid can claim income tax relief for a period up to the 10 consecutive subsequent tax periods.

Legislation and measures in the area of Principle 4

Responsive public administration - Make public administrations responsive to SME needs

Act no. 40/1964 Coll., the Civil Code in the wording of Act no. 69/2012 Coll., the budgetary rules of public administration were approved.

Act no. 70/2012 Coll.

Was issued on 24 February 2012 in part 20/2012 of the Code of Laws of the Slovak Republic under no. 70/2012 Coll. amending and supplementing Act no. 669/2007 Coll. on One-time Extraordinary Measures in the Preparation of the Construction of Certain Motorways and Roads for Motor Vehicles and on supplements of Act of the National Council

of the Slovak Republic no. 162/1995 Coll. on Land Registries (the Land Registry Act) as amended.

Act no. 582/2004 Coll. and amendment to no. 460/2011 Coll. – Local Taxes

Act no. 582/2004 Coll. and amendment no. 460/2011 Coll. effective from 1 December 2012 on Local Taxes and Local Fees for Municipal Waste and Minor Construction Waste, arranges property tax, the dog tax, the tax for use of public spaces, the housing tax, tax of sales from vending machines, tax from non-gambling gaming machines, tax for driving and keeping of a motor vehicle in a historical part of a town, the fee for liquidation of municipal waste, the tax for nuclear facilities and tax which can be levied by a higher territorial unit, which is a motor vehicle tax.

All stipulated local taxes are facultative and the municipality and higher territorial unit have the possibility to decide according to their own conditions and needs whether a local tax will be levied and collected on their own territory. A decision with the collection of local taxes is generally a binding statute given by the municipality or higher territorial unit in the intentions of this law.

Measure of the Ministry of Finance of the Slovak Republic no. MF/020058/2012-722 from 20 August 2012, which stipulates samples of declarations for property taxes, the dog tax, taxes from vending machine sales and taxes for non-gambling gaming machines.

Property tax

Payers of property taxes are owners of property and remain so in the case that the property is leased long-term and the like. The owner recorded in the Land Register is decisive. The subjects of the taxes are properties on the territory of the Slovak Republic in partitioned plots, buildings and flats. The base of the property tax is the value of the property determined by multiplication of the property area in square metres and the value of the land per 1 m² listed according to the pricing map; with buildings the built-up portion is measured; with a flat and non-residential spaces the floor area of the flat or non-residential space is measured. The taxation period is the calendar year. For the origin or expiry of the tax obligation the status as of 1 January of the tax year is decisive.

These are the most important changes adopted by amendment:

- cancellation of the obligation to announce the establishing and dissolution of a tax obligation in a 30-day time period
- the possibility of submitting an authorised and supplementary tax declaration
- the submitting of a partial tax declaration (shall be submitted if changes occur: e.g., the taxpayer becomes the owner of additional property)

Measure of the Ministry of Finance of the Slovak Republic no. MF/021314/2012-722 from 10 September 2012, which stipulates a sample of a tax declaration for the motor vehicles tax.

Motor vehicle tax

The subject of the tax is a motor vehicle and connected vehicles of the category M, N and O, which are used in the Slovak Republic for enterprise or for activities from which incomes follow which are the subject of income taxes. The base of the tax with a passenger automobile is the piston-volume of the motor in cubic centimetres and with utility vehicles and buses their overall weight in tonnes and the number of axles.

Act no. 563/2009 Coll. in the meaning of no. 440/2012 Coll. on Tax Administration (Tax Procedure Code)

Amendment of the Tax Procedure Code no. 440/2012 Coll. expands authorisations of tax subjects:

- unification of the deadline for submitting a supplementary tax declaration in cases when the tax subject declares the return of tax with deadlines, when the tax subject is obligated to pay tax
- the possibility to request the return of a tax overpayment for a tax liability or unpaid advance payment for tax
- the shifting of the obligation for delivery of filings by electronic resources to payers of VAT and selected tax subjects from 1 January 2013 to 1 January 2014.

Act no. 246/2012 Coll. on Value-Added Tax

On 26 July 2012 the National Council of the Slovak Republic ratified Act no. 246/2012 Coll., effective from 1 October 2012 and from 1 January 2013, amending and supplementing Act no. 222/2004 Coll. on Value-Added Tax, as amended (hereinafter the “VAT Act”).

Amendment of the Act on Value-Added Tax from 1 October 2012 introduced new measures in the battle against tax evasion and at the same time to the law on VAT from 1 January 2013 guidelines of the Council of the ES, modifying invoicing regulations, which should ensure the principle of equal handling with paper and electronic invoices. The amendment also suspends the effectiveness of the measure relating to the self-taxation of the import of goods from third states by a payer of tax from 1 January 2013 to 1 January 2014.

The amendment of the VAT Act acquires force on 1 October 2012 with the exception of certain provisions, which go into force on 1 September 2012, 1 January 2013 and 1 January 2014.

- From the act (not by registration) a taxable person who supplies a building, its part or a building property or receives payment before their supply also become a payer of VAT and does so on the day which occurs first, if from its supply he achieves a turnover of 49,790 euro. A taxable person does not become a payer of VAT if the sale of a building or its part which are exempt from tax (if from the 1st inspection or 1st use more than 5 years have passed) is involved,
- the tightening of the conditions for obligatory and voluntary registration for a payer of VAT for so-called risk subjects (the obligation to deposit collateral for tax).

The amount of collateral is at least 1,000 euro and at most 500,000 euro. When determining the amounts of collateral for tax a tax office takes into consideration the risk of origin of a tax underpayment of the taxable person. The applicant for registration is obligated to deposit collateral for tax within 20 days from delivery of a decision on the depositing of collateral for tax. The tax office has the possibility to refuse registration to defined categories of persons, if they do not deposit collateral (in the case of voluntary registration for VAT). If an applicant for mandatory registration is involved, the collateral will reclaim from the subject. If he will not have any underpayment, the tax office shall after the passage of 12 months return the collator within 30 days.

- A change of the taxation period, mandatory monthly tax periods for new payers of tax and the lowering of the return for the choice of a quarterly tax period

The basic taxation period will be from 1 October 2012 a calendar month. New payers of tax must have at least 12 calendar months subsequently after registration of the taxation period without regard to the amount of turnover. If after a year the taxpayer does not exceed turnover of 100,000 euro, the taxpayer can become a quarterly payer of VAT, and it is obligatory to announce this change to the tax office within 25 days of the start of the calendar month in which the conditions were met for becoming a quarterly payer of tax. A change of the taxation period to quarterly can occur only as of the first day of the calendar quarter following the calendar month in which the payer met the conditions stipulated by the law (if more than 12 calendar months have passed since the end of the calendar month in which he became a tax payer and for the 12 preceding consecutive calendar months turnover did not achieve 100,000 euro).

- Stipulates the obligation for legal entities which are to dissolve without liquidation that they notify the tax administrator of this fact before dissolution. The tax administrator shall not issue in such cases a decision regarding the cancellation of registration but the legal entity stops being a payer of tax from the law.

In other cases the tax administrator issues a decision on the cancellation of a registration, namely in the case if registration is cancelled on the basis of a request from the registered person for VAT, as well as in the case if registration for VAT is cancelled DPH from an official power. No appeal can be submitted against such a decision.

Consumption taxes

Consumption taxes are specific taxes from the consumption of certain types of goods. Selected types of consumption are taxed according to relevant EU directives. By harmonising national legislation with EU law, the principle of the free movement of goods is fulfilled. In February 2004 the following laws on consumption taxes were approved by the Slovak National Council:

- no. 105/2004 Coll. on the Excise Duty on Spirit and on amendments and supplements of Act no. 467/2002 Coll. on Production of Spirit and its Placement on the Market in the wording of Act no. 211/2003 Coll.
- no. 107/2004 Coll. on the Excise Duty on Beer
- no. 104/2004 Coll. on the Excise Duty on Wine
- no. 106/2004 Coll. on the Excise Duty on Tobacco Products and amendment to no. 288/2012 Coll.
- no. 98/2004 Coll. on the Excise Duty on Mineral Oil

Act no. 325/2012 Coll., amending and supplementing Act no. 597/2003 Coll. on the Financing of Primary Schools, Secondary Schools and School Facilities, as amended, and amending and supplementing Act no. 596/2003 Coll. on State Administration in Education and School Self-Government and on amendments and supplements to certain acts, as amended, and is also connected to an amendment following from Act no. 345/2012 Coll. on Certain Measures in Local Government and amending and supplementing certain acts (hereinafter only "Act no. 345/2012 Coll."), both of the above-mentioned acts in the competency of the Slovak Ministry of Education, Science, Research and Sport were amended.

The subject of the amendment of the government regulation is permanent changes and legislative-technical modification of its wording following from the ratified wording of Act no. 325/2012 Coll. and from the wording of Act no. 345/2012 Coll.

The existing legislation, which governs the calculation of the share of subjects of territorial self-government in income tax revenues from natural persons in the area of the original competencies for education, is in general founded on the number of children, pupils and students adjusted with a coefficient according to the type of school and school facility presented in the appendices of Regulation of Government of the Slovak Republic no. 3 and no. 3a, which are differentiated according to the founder. The modification in the meaning of Act no. 325/2012 consolidates the adjustment coefficients to a new common Annex. On the basis of this modification municipalities will receive, for wages and operation of elementary arts schools, nursery schools, language schools and school facilities in their sphere of competency and in the sphere of competency of churches and private persons, financial resources from the state in an equal amount, and the new coefficient for administration of school subjects is implemented for administration of school buildings according to the number of children in a nursery school and elementary school in the sphere of competency of the municipality, thus enabling the consideration of capital expenditures. The level of the coefficients in the newly created Annex was proposed by the Slovak Ministry of Education, Science, Research and Sport.

In the case of a leisure-time centre (LTC) financial resources shall be assigned to municipalities for leisure-time education in these school facilities according to the number of residents with permanent residency on the territory of the municipality aged from 5 to 15 years old. The goal of this change is to stabilize the number of children which will be calculated into the number of children in LTCs. The number of children in LTCs is increasing from year-to-year even despite changes made in 2010 in the method of its collection. With an increasing number of children in LTCs the volume of financial resources for these school facilities is also increasing namely at the expense of the volume of financial resources for other schools and school facilities financed from municipal tax revenues.

This change is also associated with approval of Act no. 345/2012 Coll., in the meaning of which financial resources for activities of school clubs for children will be allocated to municipalities according to the number of pupils in elementary schools organised on the territory of the municipality as of 15 September of the beginning school year. A similar problem as with the LTC was recorded with these types of school facilities.

After an agreement with the Association of Towns and Communities of Slovakia (ZMOS, in the Slovak language), data on the number of residents valid for 2012 are used in 2013 for the purposes of allocating the share of taxes from incomes.

Act no. 286/2012 Coll., amending and supplementing National Council of the Slovak Republic Act no. 145/1995 Coll. on Administration Fees, as amended, and amending and supplementing certain acts (hereinafter only the “amendment of the act”).

Article I of the amendment of the act in National Council of the Slovak Republic Act no. 145/1995 Coll. on Administration Fees, as amended, (hereinafter only “Act no. 145/1995 Coll.”) among other things, amends and supplements:

- Fees paid via stamp-duty stamps are incomes of the state budget of the Slovak Republic.

This is a technical legislative tightening of § 17 of Act no. 145/1995 Coll., which clearly stipulates that administrative fees paid via stamp-duty stamps are incomes of the state budget of the Slovak Republic.

A transitional provision to the modification effective from 1 October 2012 – if incentive for an operation or action was submitted by 30 September 2012, fees are collected according to provisions in force to 30 September 2012.

A transitional provision on the use of the legal provision in regard to the date of effectiveness of this amendment of the act in the conditions of bodies of financial administration needs to be applied especially in the rate table of administrative fees, from which as of 1 October 2012 part IX. Customs is implemented.

A transitional provision is also stipulated on the possibility of using purchased stamp-duty stamps in Act no. 145/1995 Coll. tied to the shifting of the deadline for cancellation of stamp-duty stamps to 1 January 2014. This means that until 30 September 2014 a taxpayer can also pay a fee with a stamp-duty stamp issued up to 31 December 2013.

These changes were also made in the rate table of administrative fees:

- Certification of a duplicate (photocopy), statement or written information from official books, official lists, registers of documents and from writings or private writings in official storage, for each page or page begun in the Slovak language 1.50 euro, in a foreign language 3 euro.

In the rate table of administrative fees part I. General administration in item 3 in the first point, letter a) the words “0.50 euro” are replaced by the words “2 euro”, in letter b) the words “3 euro” are replaced by the words “5 euro” and in letter c) the words “6.50 euro” are replaced by the words “10 euro”.

Bodies of financial administration in some cases collect an administrative fee according to item 3 letter a), whose amount is changed to 2 euro and letter b), whose amount is changed to 5 euro. In the rate table of administrative fees part IX. Customs is overlooked. In connection to Regulation of the European Parliament and of the Council (EC) no. 450/2008 part IX. laying down the Community Customs Code, is overlooked from the rate table of administrative fees. The operations and actions in items 155 through 159, effective from 1 October 2012, will no longer be payable with respect to the provisions stipulated in the Community Customs Code, to which the Slovak Republic is also bound. In connection to § 19ga - The transitional provision regarding the modification with effect from 1 October 2012, if the incentive for the operation or action was submitted before 30 September 2012, fees shall be collected according to provisions in force up to 30 September 2012. This means that if the incentive for the operation or action, which is subject to an administrative fee according to items 155 through 159 of the rate table, was submitted up to 30 September 2012, the body of financial administration shall collect the correct fee for such operation. If the incentive for the operation or action which is subject to a fee according to part IX. of the rate table was submitted after 30 September 2012, i.e. from 1 October 2012, the body of financial administration shall not collect the correct fee for such operation.

In 2012 the 2nd stage of the action programme for reducing the administrative burden of an enterprise in the Slovak Republic ended. In the second stage of the project a total of 24 legal provisions from the social area were mapped, and 12 of them passed into the measuring and 156 informational obligations emerged from these.

In connection to the results of the first and second stages of measuring of the administrative burden a “Government of the SR Policy Proposal to Improve the Business Environment in the SR” was prepared, which contained 94 measures and was to contribute to fulfilling the obligation to lower the administrative burden for entrepreneurs in Slovakia by 25% to the year 2012. The majority of measures were to be implemented by the end of 2012. From the approved 94 measures 53 were fulfilled on time and 3 measures were partially fulfilled. Another 23 measures were being fulfilled concurrently, while 7 were not fulfilled and 8 measures were cancelled.

After completion of the second stage, the third stage for reducing the administrative burden on enterprises subsequently began following from Resolution of the Government of the Slovak Republic no. 486/2011 with the goal of creating and introducing a systematic approach which would enable the development of the administrative burden in the SR to be monitored. This is being implemented by the Slovak Ministry of the Economy. Because measuring and lowering the administrative burden with the help of an external supplier is not from a financial point of view sustainable in the long-term, the pilot project “3rd stage of reducing the administrative burden for enterprises” was implemented, the goal of which was to apply the method of the standard expenditure model on legal provisions in the competence of the Slovak Ministry of the Economy and to adapt the conditions in the SR to it such that it could be used with the mapping and measuring of legislation in other departments. The project was implemented in the scope of the actual personnel capacities of the ministries in cooperation with representative of business association and consortiums (AZZZ, RUZ, PAS, SZZ, SOPK, Klub 500), whose main role was the obtaining of the necessary data and information from entrepreneurial subjects.

Legislation and measures in the area of Principle 5

State aid and public procurement - Adapt public policy tools to SME needs: facilitate SME participation in public procurement and better use State Aid possibilities for SMEs

Act no. 25/2006 Coll. on Public Procurement and on changes and supplements to certain acts in the meaning of Act no. 282/2006 Coll., Act no. 102/2007 Coll., Act no. 232/2008 Coll., Act no. 442/2008 Coll., Act no. 213/2009 Coll., Act no. 289/2009 Coll., Act no. 402/2009 Coll. and Act no. 503/2009 Coll., Act no. 73/2010 Coll., Act no. 129/2010 Coll., of Act no. 58/2011 Coll., Act no. 158/2011 Coll., Act no. 182/2011 Coll., Act no. 223/2011 Coll., Act no. 231/2011 Coll., Act no. 348/2011 Coll., Act no. 550/2011 Coll. and Act no. 91/2012 Coll.

In the Code of Laws no. 24/2012 from the day 9 March 2012 Act no. 91/2012 from the day 29 February 2012 comes out **with effect from 9 March 2012**, supplementing, in addition to others, Act no. 25/2006 Coll. on Public Procurement.

Changes are related in particular to:

- modification of financial limits
- transposition of the defence directive of the EU
- definition of the central procurement organisation
- exceptions which do not fall under the competency of this law were again defined
- so-called “mixed orders” were introduced

Legislation and measures in the area of Principle 6

Access to financing - Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions

The Act on the Protection of Bank Deposits no. 118/1996 Coll. and its last amendment no. 233/2012 Coll.

The Act on the protection of deposits saved in banks and in branches of foreign banks arranges the provision of replacement for these deposits in the case that they become inaccessible. All monetary resources which a client deposited into a bank on his own account or which some other person deposited into his account, including interests earned, shall be considered as a bank deposit. The act protects the deposits of natural persons, associations, non-profit organisations, consortiums of citizens, associations of owners of flats and non-residential spaces and other legal entities with the exception of those which are excluded from protection.

Legislation and measures in the area of Principle 7

A unified market – Help SMEs to benefit more from the opportunities offered by the Single Market

The Slovak Office of Standards, Metrology and Testing (SOSMT), Department of European Affairs and Technical Standards (DEATS), is carrying out in the course of 2012 an interconnection of databases of the National Contact Point for products with additional informational sources of the SOSMT, database systems of the EU (e.g. the systems ICSMS, IMI) and in the scope of preparing the project of e-Government services this information will be gradually integrated into a central portal of public administration. The goal of the measure will be the gradual integration of database sources of the National Contact Point for productions with other prepared information systems and electronic databases and thus improved access to information for SMEs.

- The SOSMT and the Slovak Institute of Technical Standards (SUTN) will in 2012 continue in expanding information through Slovak Technical Standards online (STN online). The measure thus contributes to increasing competitiveness, easing the transition to technical and innovation literacy in schools, easier orientation in European or worldwide acceptance of the status of science and technology. The possibilities of expanded mediation of the access to the full wording of standards on the read-only basis through reading rooms at universities or BIC or Regional Advisory and Information Centres (RAIC) will be checked in relation to the possible realisation of projects of OPIS or within grants for science and research.
- The SOSMT in the course of 2012 carried out an information campaign on the use of standards for obtaining markets – linked to seminars on the CE labelling – which will be determined mainly for SMEs according to professions and sectors. SMEs can thus obtain a better orientation in the conditions for goods and services on the European Economic Area (EEA) market.
- Promotional activities of the SUTN and the SOSMT for SMEs, e.g.: Coneco, Standardization Forum. The world day of standardization, the International Machining Trade Fair, Promotional activities in the Information Centre have as a goal to popularize participation in the standardization process and the use of standards and to thus support the participation of SMEs in this process. The awareness of SMEs also creates for this group of users a more favourable position upon application on the market.

Legislation and measures in the area of Principle 8

Skills and innovation - Promote the upgrading of skills in SMEs and all forms of innovation

In August 2011 the Slovak Research and Development Agency (SRDA) submitted to the Slovak Ministry of Education, Science, Research and Sport a proposal for a programme with the name Supporting Research and Development in SMEs – II for the period 2012 - 2016 (VMSP – II), which significantly contributed to the goal of supporting the development of competencies of SMEs in the field of research and innovation. In the case of approval of the programme by the Slovak government, the SRDA will implement this programme through the announcing of a public tender.

- Toward the support of development of competencies of SMEs in the field of research and innovation it was possible in 2012 file an application of Act no. 185/2009 Coll. on Research and Development Incentives and on supplements of Act no. 595/2003 Coll. on Income Tax, as amended (hereinafter only “Act no. 185/2009 Coll.”), the application of the provisions of Act no. 172/2005 Coll. on Organisation of State Support for Research and Development and on supplements to Act no. 575/2001 Coll. on the Organisation of Activities of the Government and Central State Administration, as amended, by implementation of the provisions on activities of SRDA, possibilities which give use of the Web site www.vedatechnika.sk and in the scope of it a Central Information Portal for Research Development and Innovation (CIP RDI) and a Data centre working within the Centre of Scientific-Technological Information of the Slovak Republic (CSTI SR).
- Toward support of measures to tighten national research programmes, so long as they are beneficial for SMEs from other member states and to help SME enter into super-national research activities, it was possible in 2012 to file an application of Act no. 185/2009 Coll., in connection to implementation of EC Regulation no. 800/2008. For 2012 an SK Roadmap in connection to the EU Roadmap and the European Strategy Forums on Research Infrastructure (ESFRI EÚ) was prepared. Likewise, it was possible to utilise structural funds of the EU Operational Programme Research and Development.
- In the area of national projects a study on technology transfer in the Slovak Republic prepared in the scope of the National Infrastructure for Technology Transfer Support in Slovakia (NITT SK) was carried out, including a framework design for building a National Technology Transfer Support System (NTTSS) and a proposal for the establishing of a National Technology Transfer Centre (NTTC).
The most important tool for the National Technology Transfer System (NTTS) should be the so-called National Patent Fund, through which fees associated with the securing of protection of intellectual property (not eligible within the framework of the NITT SK) will be financed on behalf of public scientific institutions. It is also necessary to provide financial support in this way to institutions for the purpose of securing expert consultations and advisory services when securing the protection of intellectual property (IP) (the assessing of IP potential, patent attorneys, patent search, translations, etc.) and in processes for commercialisation of technologies (marketing and marketing research, seeking out partnerships, negotiating licensing agreements, the founding of a spin-off, etc.).
- Exploration of possibilities of financing the training of technical skills with the use of technical standards in professional training (SOSMT SR).

In view of the lack of financial resources it will be necessary to reassess the possibilities of preparing a project or projects for carrying out training sessions from EU funds.

- Participation of the Slovak Institute of Metrological (hereinafter only the “SMU”) in European research and development projects. According to the EU schedule the SMU actively participates in international research cooperation in the area of metrology within the FP7 and grant scheme European Metrology Research Programme (EMRP).
- Provision of information in SUTN Information centre
Ensuring the provision of complete information to the wider technical public in the interest of improving access to information on technical standards for SMEs in educational institutions.

Legislation and measures in the area of Principle 9

The environment - Enable SMEs to turn environmental challenges into opportunities

Act no. 609/2007 Coll. on the Excise Duty on Electricity, Coal and Natural Gas in the wording of Acts no. 283/2008 Coll., 465/2008 Coll., 493/2009 Coll., 485/2010 Coll., 546/2011 Coll., 69/2012 Coll., 189/2012 Coll. effective from 1 August 2012

From 1 July 2008 by the law no. 609/2007 Coll. on the Excise Duty on Electricity, Coal and Natural Gas and on amendments and supplements to Act no. 98/2004 Coll. on the Excise Duty on Mineral Oil, as amended, the taxation of electricity and coal, which until then had not been subjected to taxation through an excise duty on the territory of the Slovak Republic, was introduced. At the same time natural gas, as a subject of tax from Act no. 98/2004 Coll. on the Excise Duty on Mineral Oil, as amended, was shifted to a subject of tax of the new Act no. 609/2007 Coll.

Act no. 250/2012 Coll. on the Regulation of Network Sectors

Act no. 250/2012 Coll., introduced from 1 September 2012 a special levy from enterprises of selected companies which work in regulated sectors

Act no. 300/2012 Coll. on the Energy Management of Buildings

The primary content of the amendment of the act is the transposition of the Directive of the European Parliament and Council 2010/31/EU into Slovak legal order. The new directive leaves in the validity of all existing tasks and regulations and adds a new task to use energy from renewable resources. Thus, tasks following from the Kyoto Protocol to the United Nations Framework Convention on Climate Change (UNFCCC) should be fulfilled, and at the same time, the share of energy obtained from renewable resources should achieve 20% of total energy consumption by the year 2020. From the directive these new tasks follow for member states which at the same time are the subject of the amendment:

- to take into consideration climatic and local conditions and the internal environment of buildings in relation to efficiency of costs expended which are necessary for the construction of new buildings and for significant renewal of existing buildings;
- to take into consideration in the methodology of calculation of integrated energy management of buildings in addition to thermo technological characteristics and other factors influencing energy management, especially systems of heating and air-conditioning, the applying of energy from renewable resources (especially facilities

- built for solar and wind power), shading, the quality of indoor air in a building and suitable natural lighting;
- to determine minimal requirements for energy management of buildings such that lowering the consumption of energy of the buildings is on a cost-optimal level for energy efficiency with the use of a possible technological advancements in building constructions and in devices for heating and preparation of hot water, cooling, ventilating and lighting of buildings;
 - the introducing of national plans focused on increasing the overall number of buildings with nearly zero consumption of energy after the year 2020; approved national plans require notification by the commission,
 - to adopt new or adapt existing financial instruments for increasing investments into the energy efficiency of dwellings also with the use of private-public partnerships, for the support of introducing ecological technologies and energy efficient systems, for the reviewing of building processes and for the use of more quality building products;
 - the obligation to compile a list of existing and proposed measures of a financial nature for the support of investments and removing obstacles on the market and for free or subsidised technical aid and advice, as well as for subsidies and subsidy credit programmes and loans with low interest and for grant programmes (detailed conditions and regulations for the subsidies which can be provided for **research and development** in the area of energy management, as well as for speeding up the increasing of energy management of buildings and for their transfer to buildings with nearly zero energy consumption according to the national plan defined in detail in § 9a and § 9b of the act),
 - to introduce an independent control mechanism of quality for the issuing of energy certificates and control of heating systems and air-conditioning systems,
 - to enable architects and designers access to information on the results of research, on new ecological technologies and energy efficient systems, on new building products and on new construction processes with the goal of ensuring an optimal combination of improved energy management and energy efficiency and the use of energy from renewable resources and central storage of heat with proposing and designing of constructions and building renovations and
 - to innovate technical standards and the contents of professional preparation for professions of experts in the scope of using professional qualifications of architects and building engineers, including authorisation tests and lifelong education which will be carried out by the Slovak Chamber of Architects and the Slovak Chamber of Civil Engineers.

In connection to adoption of the act, the Slovak Ministry of Transport, Construction and Regional Development approved in November 2012 a **National plan focused on increasing the number of buildings with nearly zero consumption of energy**, which contains the measures and procedures necessary for increasing the number of buildings with nearly zero energy need. According to the plan after the year 2018 all new buildings in which are located and which are owned by bodies of public power and after the year 2020 all other new buildings should be nearly zero energy consumption. The plan, in addition to other activities, lists as an objective to analyse and prepare motivational instruments for the preparation and construction of buildings with nearly zero energy need when taking cost optimal level of minimum requirements for energy management of buildings into consideration and to create support programmes for energy management of buildings. Instruments for achieving defined objectives will above all be the **support of research and development** through existing but also proposed measures of a financial character in the areas:

- progressive construction products and construction systems suitable for external construction of buildings and openings such as doors and windows,
- technical systems for buildings, including high-efficiency alternative energy systems focused on using renewable resources of energy in the building and its vicinity,
- intelligent measuring systems,
- automated managing, regulatory and monitoring systems focused on energy savings.

Legislation and measures in the area of Principle 10

Internationalisation - Encourage and support SMEs to benefit from the growth of markets (outside the EU)

Act no. 341/2012 Coll. on Freedom of Information effective from 1 December 2012

The proposal of an amendment of the information act was processed by the Slovak Ministry of Justice after the European Commission notified the Slovak Republic about the incorrect transposition of Directive of the European Parliament and Council no. 2003/98/ES from 17 November 2003 on repeated use of information of the public sector. Until now the guideline had been declared as transposed in the information law, but the European Commission did not identify with the opinion of the Slovak Republic regarding complete transposition because some provisions or principles of the directive were not expressly arranged in the information act.

The actual motive for adopting the directive is the fact that public sector information has high economic value which the private sector can well capitalize on and in particular use economically. According to estimates of the European Commission information on the internal market of the European Union is worth about EUR 140 billion. To wit public sector information, especially information that has digital content, plays an important role in the creation of growth of jobs in Europe and it is this particular information that is produced, reproduced and distributed in a broad spectrum of fields such as social, economic, geochartic, tourism, meteorological and the like. For this reason the directive, as well as the information act, bring clearer regulations for the obtaining of this information from the public sector and subsequently handling it.

The amendment of the information act affects the majority of obligated persons according to the information act. This especially involves ministries and other central bodies of state administration and with them established or founded legal entities (state budget and contributory organisations, public institutions), municipalities, towns, self-governing regions and their budget and contributory organisations, city or municipal commercial companies, directors of state enterprises and other public commercial companies. Innovations introduced by the amendment of the information act could be of interest particularly to obligated persons having interesting information available for the market. Enterprises could subsequently evaluate such information after its processing into a useful, accessible form. In connection to bilateral expediency of the provision of information the amendment of the information act is interesting for entrepreneurs who do business on information markets, e.g. marketing, surveys, information agencies, companies developing computer and information systems. Entrepreneurs who have an interest in processing public information and offering it on the market in the form of online and nonstop updated information systems (e.g. on the weather, on newly established companies registered in the commercial or other registers, on the traffic situation, on state statistics, on the status of the population, on the healthcare status of the population, etc.), could – with a reference in the amendment – request that the information be

made available and request connecting through a so-called data pump to the information system of the obligated person. This must be preceded by thorough technical examination and a calculation of costs. The regime for making information available remains without changes.

Thus, the directive as well as the amendment of the information act does not change anything in the existing regime for accessing information on the basis of the information act. The given already follows from systematic placement of provisions § 21b through § 21k, which are integrated in the part of the information act under the common name of “special provisions on repeated use of information”, and they form a special legal modification in relation to the general regime of making information available.

With the regime of repeated use of information is the use of information which a specific obligated person has available for a business purpose or for a non-business purpose different from the original purpose for which the information was created in the scope of fulfilling the task of this obligated person. The act likewise defines this concept negatively. Amendment of the information act in the regime of repeated use of information the first time in the history of the information act introduces a legal definition of the concept of information. This involves any content or part thereof, especially the content of a record in a document, a record stored in electronic form, in the form of an audio record, an audio-visual record or audiovisual work, in any form, recorded on any carrier. A computer program is not information. In provisions § 21c of the information act a catalogue of information for which the regime of repeated use of information is not related is defined.

2.3 The most important legislative changes linked to changes in business conditions for SME which were approved in 2012 (and took effect in 2013 or later) and measures planned or implemented in 2013 linked to the principles of the SBA

Legislation and measures in the area of Principle 1

Enterprise - Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded

Labour Code no. 311/2001 Coll.

A subject of the Labour Code is especially problematic in the origin and termination of a job, the modification of individual types of work contracts, working time and the like. The last amendment of the Labour Code was approved on 25 October 2012 by Act no. 361/2012 Coll. with effect from 1 January 2013. The amendment in many regards changes and modifies the relation of the employer and the employee in that emphasis is placed primarily on strengthening the position of the employee. With amendment of the Labour Code the following changes in particular were enacted:

- Tightening of the definition of dependent work – dependent work is work performed in the relation of superiority of an employer and subordination of the employee, personally by the employee for the employer, according to the instructions of the employer, on his behalf in a working time determined by the employer for a wage or compensation.

- Employment can be agreed upon for a defined period for only two years. This can be extended or repeatedly agreed upon for two years at most two times.
- The notice period is at least one month if the law does not stipulate otherwise. The notice period of an employee to whom notice is given due to the reasons presented in § 63 par. 1 lett. a) or lett. b) or for the reason that the employee has regarding his/her health care state according to a medical opinion long-term lost the capability of performing the existing work, is at least two months if, on the day the notice is delivered, the employee has been employed for at least one year and less than five years and is three months if the employment has lasted more than five years.
- The employer can dismiss an employee notice only for the reasons if the employer or a part of it is shut down or is relocated and the employee does not consent with the change of the agreed place for performing the work. An employer may also give an employee notice if he unsatisfactorily fulfils the work tasks and the employer in the last six months has challenged him in written form to remove the deficiencies and the employee did not remove them in adequate time.
- Repeated introduction of the concurrence of the notice period and severance pay
- New sums for the minimum wage and hourly (also for those on work agreements)
- Changes in the area of working time, holidays and overtime
- Collective right of employees
- Agreements on work performed outside of employment and brigade activities of students
- Participation of employee representative upon termination of a job
- Severance pay
- Commercial
- Work time with a healthcare employee
- Performance of other earning activities
- Wage for overtime work
- Agreement on brigade work of students

Legislation and measures in the area of Principle 2

Second chance - Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance

Act no. 348/2011 Coll., amending and supplementing Act no. 7/2005 Coll. on Bankruptcy and Restructuring

The objective of the Amendment is to make more effective pressure for observing payment discipline in commercial relations as well as pressure for timely resolution of the impending insolvency of a debtor and at the same time to not compel a debtor due to short-term and transitory insolvency to initiate bankruptcy proceedings and to relinquish the potential initiative fully in the disposition of the creditor.

The Amendment of the Act on Bankruptcy and Restructuring, which went into force on 1 January 2012, brought in particular these changes in the year 2013:

- Modification of the definition of a person who shall be considered as over-indebted as one who is obligated to keep an account, has more than one creditor and value of whose liabilities exceed the value of his or her assets, by which all liabilities shall be taken into consideration (without regard to their maturity), as well as the anticipated future economic results of the company.

Effective from 1 January 2013, during the determination of the value of liabilities and the value of assets it will be possible to start with, alongside data from accounting, also the value stated by expert assessment, which will have priority over the accounting, and on the basis of the assumption that the enterprise shall continue its operations, the anticipated results of additional administration of the assets, or further operation of the enterprise shall be taken into consideration.

From 1 January 2013, in the case of over-indebtedness, a debtor and the statutory body on behalf of a debtor, a member of the statutory body, a liquidator or a legal representative, shall be obligated to submit a motion for the declaration of bankruptcy within 30 days from the time of finding out about, or with preservation of expert care, could have found out about its extension.

A person who omits this obligation in a period of four years prior to the beginning of a bankruptcy proceeding – does not submit a motion for the declaration of bankruptcy – and does not demonstrate that even during the preserving of expert care could not find out about the existence of the over-indebtedness, shall be obligated to pay on behalf of the general substance a sum in the amount of the debtor's basic assets recorded in the relevant register at the time when the breach of obligation took place, at most, however, in the amount of 10,000 euro in the case of a company with limited liability, or 50,000 euro in the case of a joint-stock company.

If there are several responsible persons in parts in which their obligation is to the same amount, they are obligated to fulfil commonly it and inseparably. Responsible persons acting on behalf of a debtor who will satisfy the conditions of the over-indebtedness as of 31 December 2012 and these shall endure beyond 1 January 2013 are obligated to submit a motion for the declaring of bankruptcy no later than by 31 March 2013, otherwise they will be responsible for payment of liabilities on behalf of the bankruptcy substance in the amount of the recorded basic assets of the debtor.

The new legislation enables creditors to submit a motion for declaring bankruptcy in the case of assumed insolvency of its debtor, if he shows facts from which insolvency of the debtor can be justifiably assumed, and as proof of this fact indicates his receivable 30 days after the payment deadline and at the same time indicates another creditor with a receivable 30 days past the payment deadline.

A creditor can register his receivable in the basic time period to 45 days from the declaration of bankruptcy; a new item from 1 January 2012 is that it is possible to deliver the registration to the administrator even after the expiry of this period; the creditor, however, for this reason cannot execute a voting right and other rights connected with the registered receivable and can be satisfied only from the payouts assigned to the timetable from the general substance, whose intention to compile was published by the administrator in the Commercial Bulletin before delivery of the registration.

The opportunity to submit a registration after expiry of the basic deadline is not possible in the case of a secured receivable, because it secures a right; if it was not registered on time it expires from the law. The right to register this receivable as unsecured remains preserved, however. For assessing whether a registration was delivered in the stipulated time period, the crucial moment is its delivery to the administrator.

Act no. 72/2013 Coll., amending and supplementing Act no. 8/2005 Coll. on Administrators and on amendments and supplements to certain acts, as amended, and by which National Council of the Slovak Republic Act no. 145/1995 Coll. on Administrative Fees, as amended, was changed and supplemented.

According to the amendment of the act on administrators stipulated by the courts during the bankruptcy or restructuring of companies, administrators should no longer be selected from a single general list. The list of administrators shall be divided into a section for restructuring administrators, a section for bankruptcy administrators for legal entities and a section for bankruptcy administrators for natural persons.

According to the amendment, in a bankruptcy proceeding against a legal entity a random selection is made only from administrators who are assigned to the list of bankruptcy administrators for legal entities. In a bankruptcy proceeding against a natural person and in a proceeding on debt forgiveness a random selection is made only from administrators who are assigned to the list of bankruptcy administrators for natural persons.

A change also was made in the territorial areas from which an administrator can be named. If a restructuring proceeding is involved, or if the administrator in a bankruptcy proceeding is determined on the proposal of the creditors, the administrator can be assigned from the area of the appellate bankruptcy court in which the relevant bankruptcy court is seated.

The amendment becomes effective from 1 June 2013.

Legislation and measures in the area of Principle 3

Think small first - Design rules according to the “Think Small First” principles in all areas of legislation

Act no. 421/2012 Coll. amending Act no. 580/2004 Coll. on Health Insurance.

Amendment of Act no.421/2012 Coll. on Health Insurance as of 1 January 2013 increases the rate for health insurance on incomes from dividends from 10% to 14%. Health care premiums from dividends are collected with deductions from pay-packets. Advance payment for premiums from a dividend will for a person to whom dividends were paid out, be calculated and deducted by the payer of the dividend and will be payable to within two months from the day of payment of the dividends. The concurrent paying of insurance for public health insurance from the side of the state as well as its working insured person is cancelled. Only a person whose measurement base from earning activities does not exceed 15-times the life minimum, which in 2013 represents a sum of 2,918.70 euro annually, shall remain a person insured by the state.

The amendment of the act also supplements a modification relating to the notification obligation for the purpose of monthly and annual redistributing of insurance, modifies the list of debtors, the process during the submitting of an objection toward a statement of arrears payments and the form for fulfilling the notification obligation toward the health insurer.

Legislation and measures in the area of Principle 4

Responsive public administration - Make public administrations responsive to SME needs

Act no. 246/2012 Coll. on Value-added Tax

On 26 July 2012 the National Council of the Slovak Republic ratified Act no. 246/2012 Coll., which, effective from 1 October 2012 and from 1 January 2013, changed and supplemented Act no. 222/2004 Coll. on Value-added Tax, as amended.

The amendment to the act on value-added tax from 1 October 2012 introduced into practice new measures for the battle against tax evasion and at the same time put into the law on VAT from 1 January 2013 the Directive of the Council of Europe which arranges invoicing regulations which should ensure equal handling with paper and electronic invoices.

The amendment also defers effectiveness of the measure relating self-assessment of taxation of import goods from third states to taxpayers from 1 January 2013 to 1 January 2014.

- The amendment of Act no. 431/2002 Coll. on accounting, as amended (hereinafter only the “Accounting Act”), published under no. 547/2011 Coll., adopted at the 26th meeting of the National Council of the Slovak Republic held on 1 December 2011, established the register of financial statements for the purpose of single submission of financial statements to the register in electronic form and the collecting of necessary data from the register by those concerned. Thus, accounting entities will no longer be required to submit financial statements to several state bodies.
- Since 2013, annual financial statements prepared for the year 2012 will be presented mainly in electronic form for the first time. A certain group of legal entities and natural persons – entrepreneurs will be able to submit financial statements in paper form and the collection system will remain maintained for them in its present form.
- The register of financial statements will further include annual reports to financial statements and the annual reports of the administration of municipalities and higher territorial units (HTU). The administrator of the register will be the Ministry of Finance of the Slovak Republic which shall entrust it to its budgetary organisation Data Centre.
- Amendment of the Accounting Act in article XVI amended and supplemented Act no. 530/2003 Coll. on the Commercial Register and on amendments and supplements to certain acts, as amended, and with reference to Resolution of the Government of the Slovak Republic no. 486/2011 from 6 July 2011, with which the draft policy of the Government of the Slovak Republic to improve the business environment in Slovakia was approved, shortened the deadline for the registration court to enter a company into the Commercial Registry from 5 to 2 working days. The provision will take effect on 1 January 2013.
- On 9 March 2012 **Act No. 91/2012 Coll.** from 29 February 2012 came into force and shifted the obligation to deliver documents to the Financial Administration by electronic means arising out of § 14 of the Tax Procedure Code to 1 January 2013. This means that the above-mentioned subjects have the obligation to deliver documents to the Financial Administration by electronic means will commence on 1 January 2013.
- **Act No. 331/2011 Coll. of 14 September 2011 amending and supplementing Act No. 563/2009 Coll. on Tax Administration (Tax Procedure Code)** and on amendments and

supplements to certain acts amending and supplementing certain acts amended and supplemented Part V of Act No. 222/2004 Coll. on Value Added Tax as amended, which, with effect from 1 January 2013, introduced the so-called self-assessment system of taxation for importing goods from third countries, which means that a taxpayer who meets the legally stipulated conditions on the import of goods shall himself calculate the tax, state it in the tax return for the tax period in which the tax liability incurred and also deduct the tax. This will create the same conditions in terms of tax payments for taxable goods purchased by a taxpayer in other Member States of the European Union and for taxable goods imported by the taxpayer from third countries (countries outside the European Union).

Legislation and measures in the area of Principle 5

State aid and public procurement - Adapt public policy tools to SME needs: facilitate SME participation in public procurement and better use State Aid possibilities for SMEs

No legislative amendments were approved.

Legislation and measures in the area of Principle 6

Access to financing - Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions

Act no. 394/2012 Coll. on Restriction of Cash Payments effective from 1 January 2013

With Act no. 394/2012 Coll. a new act on the Restriction of Cash Payments was approved. The act modifies the conditions of an order to perform certain cash payments. It forbids a payment in cash whose value exceeds 5,000 euro. The provisions of this new act shall be applied also outside of the territory of the Slovak Republic for cash payments which are associated with a fulfilment carried out on the territory of the Slovak Republic, when those delivering or a recipient have permanent residence, temporary residence, tolerated residence, seat, a plant or place of business in Slovakia.

Legislation and measures in the area of Principle 7

Unified market – Help SMEs to benefit more from the opportunities offered by the Single Market

No legislative amendments were approved.

Legislation and measures in the area of Principle 8

Skills and innovation - Promote the upgrading of skills in SMEs and all forms of innovation

No legislative amendments were approved.

Legislation and measures in the area of Principle 9

The environment - Enable SMEs to turn environmental challenges into opportunities

Act No. 30 from 29 January 2013, amending and supplementing Act no. 309/2009 Coll. on Promotion of Renewable Energy Sources and High-efficiency Cogeneration and on amendments and supplements to certain acts, as amended, effective from 1 March 2013.

The mentioned amendment of Act no. 309/2009 Coll. on Promotion of Renewable Energy Sources and High-efficiency Cogeneration and on amendments and supplements to certain acts, as amended, was approved for the purpose of tightening and supplementing existing legislation for promoting the production of electricity from renewable energy sources, the production of biomethane and for high-efficiency cogeneration.

The range of support is narrowed for electricity generation facilities which are used as a source of solar energy (instead of to 100 kilowatts to only 30 kilowatts). Support is likewise no longer related to producers of electricity who produce through hydroelectric plants with an installed power over five megawatts. The amendment of the law went into force on 1 March 2013.

Legislation and measures in the area of Principle 10

Internationalisation - Encourage and support SMEs to benefit from the growth of markets

- In the competence of the Ministry of the Economy of the Slovak Republic in cooperation with the Slovak Ministry of the Environment strategic material is prepared Export Promotion in the Slovak Republic for 2011 – 2014, which should set up a system of state support for the development of exports. The intention of support of exports is, in conformity with European-wide strategies, the creation of a stable support pillar of active foreign trade policies for the Slovak Republic, especially for the development of Slovak exports, support for competitiveness of Slovak companies on international markets, as well as commercial-economic interests of Slovakia in the EU and in priority non-European territories.

3. The development and status of SMEs in 2012

The quality of the business environment is key factor conditioning growth and development of the Slovak economy. Changes in the business environment with a certain time lag are also reflected in the quantitative characteristics of the sector of small and medium-sized enterprises, which, within the business economy provides jobs for 71.8% of the active labour force and contributes by 55.1% to the creation of added value.

In order that it be possible to improve the business environment for the development of SMEs, it is necessary to assess its state and monitor development. A deeper analysis of the SME sector in the context of time enables the identification of existing trends, the anticipating of future development and the preparation of measures to ensure optimal development. This chapter presents the quantitative characteristics of the SME sector in 2012 in the context of its development over the past several years and a comparison of the available data on the business sector in Slovakia and the EU.

The size categorisation of enterprises used in this chapter is in line with Commission Recommendation No. 2003/361/EC applicable from 1 January 2005. The category of SMEs consists of the enterprises with fewer than 250 employees, while the category of large enterprises is made up of enterprises employing 250 or more persons. Within the SME category there are distinguished micro enterprises (0 to 9 employees), small enterprises (10 to 49 employees) and medium-sized enterprises (50 to 249 employees). In cases where the category of micro enterprises is not differentiated independently, these enterprises are assigned among small businesses employing 0 to 49 persons. In addition to the number of workers, other criteria related to the turnover, asset value and ownership structure also apply for the categorisation of a business under the above-mentioned Directive. With the exception of Chapter 3.7 “Development of Indicators of Financial Performance of SMEs” (criteria applied – the number of employees and turnover), the following subchapters state the number of employees as the sole criterion for inclusion of the company in the category of SMEs. This categorisation enables a comparison of the state of SMEs in the Slovak Republic with the state of the business sector in the European Union.

The organisational structure of sector of small and medium-sized enterprises comprising the number of businesses, industry classification, gender and age composition and dynamics of development is assessed in detail in subchapters 3.1 – 3.3. In the subsequent subchapter 3.4 the regional aspects of the development of SMEs are analysed from the viewpoint of administration regions the Slovak Republic. The next part (subchapter 3.5) is devoted to an assessment of the impact of SMEs on employment.

The position of SMEs in the economy of the Slovak Republic is analysed in subchapter 3.6 through an evaluation of the position of SMEs in the most significant sectors and on the basis of development of selected economic indicators of SMEs (gross output, added value, and profit before tax).

Subchapter 3.7 is devoted to the development of selected indicators of financial performance of SMEs and subchapter 3.8 focuses on the area of foreign trade activities of SMEs.

An important part of monitoring of the business environment is the quantitative surveys conducted on a representative sample of businesses. Selected results of the surveys carried out by NADSME in 2012, or at the end of 2012 and early 2013, are presented in the final subchapter 3.9:

- *A survey of business activity in the Slovak Republic – Global Entrepreneurship Monitor (GEM),*
- *A survey of evaluations of application of the principles of the SBA and*
- *Financing of micro enterprises and start-up businesses.*

The final part of this subchapter also presents the main results of the *Survey of Business Activity in the EU*, a survey which was carried out by the European Commission.

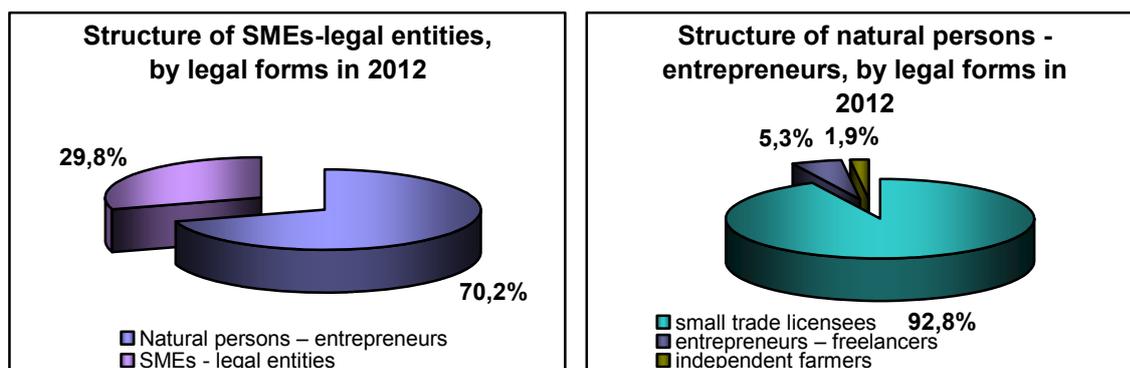
The report presents only the key/selected survey results, details of which are given in the reports from various surveys published on the NADSME website (see links in the text).

Assessment of the state of the sector of small and medium enterprises referred to in this chapter is based on the processing of data from the statistical Register of Organisations and information published by the Statistical Office of the Slovak Republic (SO SR). For the purposes of assessing the position of SMEs in employment and foreign trade the SO SR prepared special outputs for the needs of NADSME. Selected financial performance indicators were processed on the basis of the financial statements of SMEs, which NADSME has available from DataCentre resources. The source of data for EU countries is Eurostat. Chartical data, which are referred to in the following subchapters, are listed directly in the chapter text or in Annex.

3.1 Natural persons – entrepreneurs

In terms of the number of small and medium-sized enterprises by legal forms in Slovakia, natural persons – entrepreneurs are predominant. **From the total number of small and medium-sized enterprises in 2012 (551,608) natural persons – entrepreneurs** accounted for **70.2%** and **SME – legal entities 29.8%**. Within the scope of natural persons – entrepreneurs the representation of small trade licensees (92.8%) is predominant. Persons doing business through the form of liberal professions (entrepreneurs - freelancers) make up 5.3% and independent farmers (IF) 1.9% of the total number of natural persons – entrepreneurs.

Chart No.1 and No.2



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

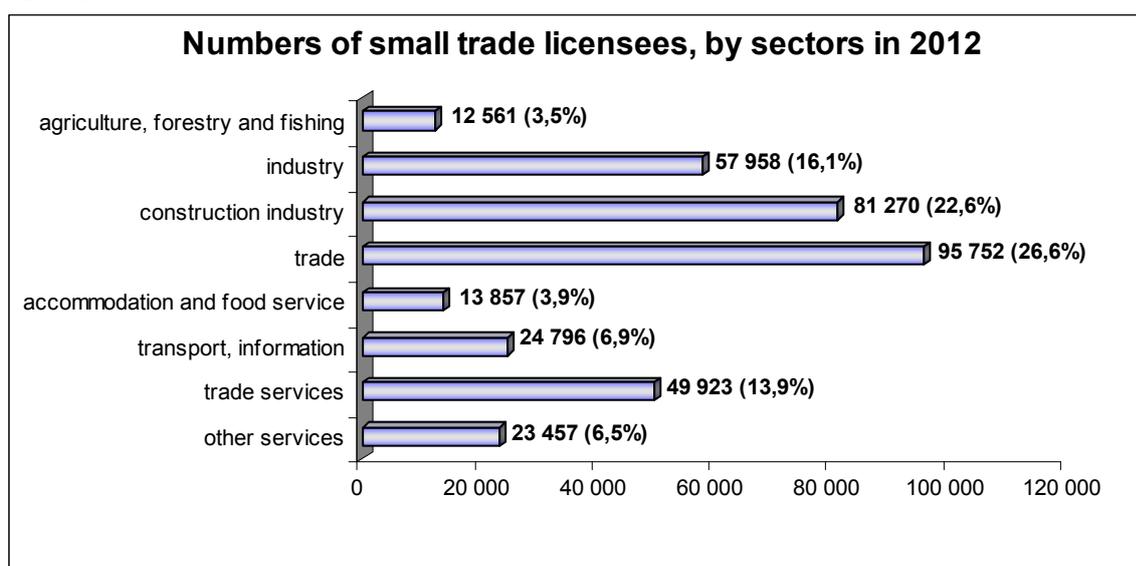
According to the data and methodology of the Statistical Office of the Slovak Republic (SO SR) a total of **387,452 active natural persons – entrepreneurs were registered at the end of December 2012**, and their number dropped year-on-year by 3.7%. A year-on-year decline in the number of natural persons – entrepreneurs has been recorded annually since 2009. From the total number of natural persons – entrepreneurs **359,575 were small trade licensees** (from this 359,574 in the SME category), **20,382 were persons doing business in liberal professions (entrepreneurs - freelancers)** and **7,495 were independent farmers** (Annex, Charts no. 1 and no. 2).

The historically high year-on-year drop in the number of natural persons – entrepreneurs was caused mainly as a consequence of the reduction of the total number of small trade licensees by 16,148 (by 4.3%). Independent farmers declined year-on-year by 39 (by 0.5%). The one legal form which recorded a higher number of entrepreneurs year-on-year was entrepreneurs – freelancers. The number of entrepreneurs – freelancers increased by 1,313 (6.9%) year-on-year. Of the total number of natural persons – entrepreneurs (387,452) by the number of employees, 99.5% was included in the category of micro enterprises (0-9 employees, including businesses with an unknown number of employees) and 0.5% in the category of small enterprises (10-49).

Sectoral structure of natural persons – entrepreneurs

Looking at the sector segmentation of small trade licensees, among the most significant sectors according to the SK NACE classification are trade with 95,752 small trade licensees (26.6%), construction with 81,270 small trade licensees (22.6%), industry with 57,958 small trade licensees (16.1%) and trade services (SK NACE Section K to N) with 49,923 small trade licensees (13.9%). In the transport, information and communications sectors (SK NACE Sections H, J) work 24,796 small trade licensees (6.9%); in other services (SK NACE Sections O to S) 23,457 small trade licensees (6.5%), in accommodation and food services 13,857 small trade licensees (3.9%), and in agriculture (SK NACE Section A) 12,561 small trade licensees (3.5%).

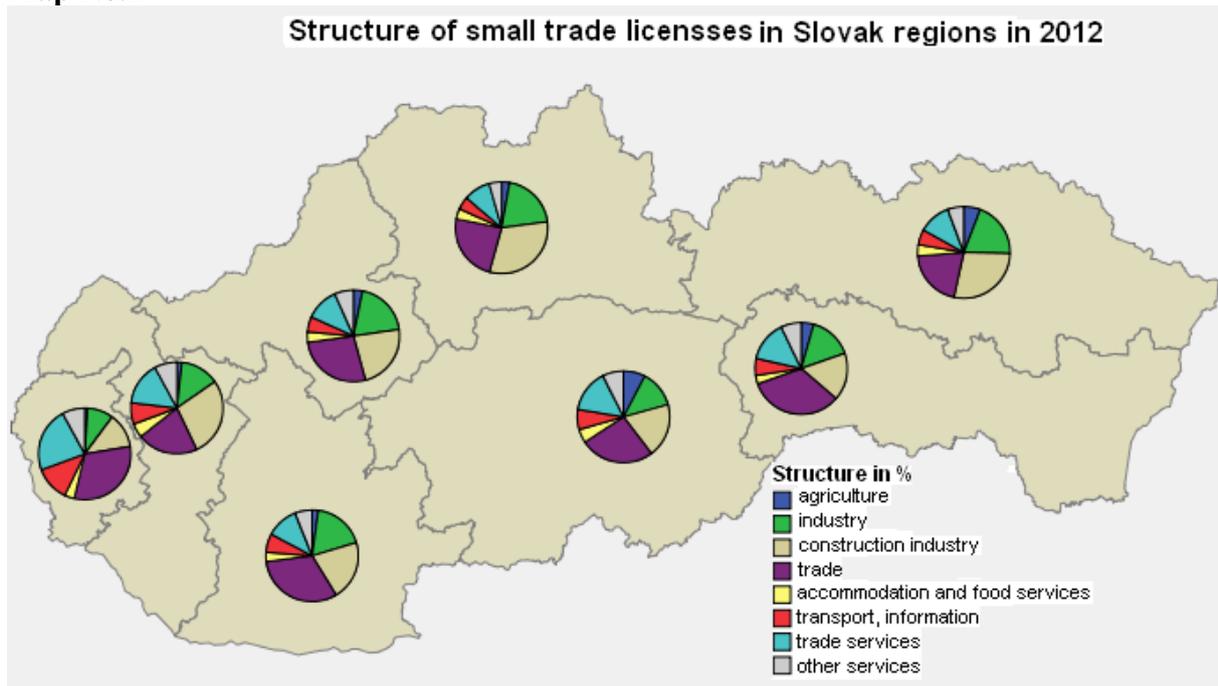
Chart No.3



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

A year-on-year decline in the number of small trade licensees was recorded in all sectors of the economy. In 2012 the largest decline in entrepreneurs was recorded in trade (by 5,750), in construction (by 5,114), in industry (by 3,152) and in trade services (by 747). The development of the small trade licensees sector since 2009 is presented in the Annex – Chart no. 3 – is characterised by a growing representation of small trade licensees in the services sector and by a decline in the trade, industry and construction sectors. The sectoral structure of small trade licensees in the regions of the Slovak Republic is presented in Map no. 1. More detailed information on the sectoral structure of small trade licensees in the individual regions of the Slovak Republic are given in subchapter 3.3 “Regional aspect”.

Map No.1



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

Of the total number of self-employed in the category entrepreneurs – freelancers in 2012 according to the SK NACE classification, 33.9% operated in ancillary activities in the insurance industry and in old age pension schemes, 23.4% in out-patient and dental practice activities, 21.9% in legal services, 6.2% in architectural and engineering activities, 4.2% in veterinary activities and 10.4% in other activities. The development of the profession structure of entrepreneurs – freelancers characterises a gradual growth in activities in the insurance industry and in old age pension schemes accompanied by a gradual decline in activities in the area of out-patient and dental practice.

The structure of small trade licensees by technological level of production and knowledge intensity of services

One of the indicators that can describe the level of development of the knowledge economy is also the structure of business entities according to the technological level of production sectors and the knowledge intensity of services defined according to the SK NACE classification.

At the end of 2012 of the total number of the small trade licensees in the manufacturing sector (57,368) 6.2% of them (the same as in 2011) were registered in the sectors of manufacturing at a medium-high and high technological level (economic activities with an intermediate and high intensity of research and development), 56.1% of small trade licensees (year-on-year growth by 0.9 p.p.) in sectors with a medium-low technological level and 37.8% of small trade licensees (a decline by 0.8 p.p.) in sectors with a low technological level (Annex, Chart no. 4). Of the total number of small trade licensees in the service sector (207,786 – SK NACE Section G to S collectively involving trade and services) 26.8% of small trade licensees (year-on-year growth by 0.6 p.p.) were operating in knowledge-intensive services that are crucially based on the use of knowledge or skills in a particular discipline, and 73.2% (a year-on-year drop by 0.6 p.p.) of small trade licensees in knowledge-undemanding services (Annex, Chart no. 6).¹

The structure of small trade licensees according to the technological level of manufacturing in the regions of the Slovak Republic is shown in the Annex, Map no. 4. The highest share of small trade licensees in manufacturing sectors with a high technological level and medium-high technological level is in the Bratislava Region (collectively 8.7%) and in the Žilina Region (7.0%). In terms of knowledge-intensive services the highest representation of small trade licensees is in Bratislava Region (33.7%) and in the Banská Bystrica Region (29.0%); in contrast the lowest is in the Nitra Region (21.8%) (Annex, Map no. 6).

Regional structure of natural persons – entrepreneurs

According to data of the Register of Organisations of the SO SR, in 2012 the most small trade licensees were operating in the Bratislava Region (15.2%), in the Žilina Region (15.1%) and in the Prešov Region (14.7%). The Nitra Region had 12.4% of small trade licensees, the Trenčín Region 11.2% of small trade licensees, the Trnava Region 10.8% of small trade licensees, the Banská Bystrica Region 10.6% of small trade licensees and the Košice Region 10.0% of small trade licensees. Year-on-year the highest drop in the number of small trade licensees was recorded in the Žilina Region (7.3%).

Of the total number of independent farmers 19.0% were registered in the Nitra Region, 18.3% in the Banská Bystrica Region, 14.0% in the Košice Region, 14% in the Prešov Region, 13.2% in the Žilina Region, 11.5% in the Trnava Regions, 6.3% in the Bratislava Region and 3.6% in the Trenčín Region.

Of persons doing business in liberal professions – entrepreneurs – freelancers, 20.6% were in the Bratislava Region, 14.6% in the Košice Region, 12.5% in the Prešov Region, 12.3% in the Nitra Region, 11.8% in the Banská Bystrica Region, 10.0% in the Žilina Region, 9.4% in the Trenčín Region and 8.7% in the Trnava Region.

Gender and age composition of natural persons – entrepreneurs

Gender composition of natural persons - entrepreneurs

At the end of 2012 of the total number of natural persons – entrepreneurs recorded in the Register of Organisations of the SO SR, 71.8% were men and 28.2% were women. The

¹ Definition of sectors according to the technological level and knowledge intensity of services is shown in the following link: http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/htec_esms_an3.pdf

share of women in the total number of natural persons – entrepreneurs **increased in comparison with 2011 by 0.5 p.p.** In terms of legal forms, women – entrepreneurs achieved in 2012 the largest representation among entrepreneurs – freelancers (54.4%). A significantly lower representation was reported among small trade licensees (26.8%) and independent farmers (24.6%).

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

Gender/legal form	Small trade licensees	Independent farmers	Entrepreneurs - freelancers	natural persons entrepreneurs total
man	73.2%	75.4%	45.6%	71.8%
woman	26.8%	24.6%	54.4%	28.2%

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

In terms of individual sectors **women – small trade licensees achieve the highest share in the sectors (according to SK NACE) other services (62.1%), trade services (49.6%), accommodation and food (39.8%) and in trade (38.9%).** Conversely, women – small trade licensees have the smallest representation in construction (1.9%), agriculture (10.3%), industry (13.7%), and in transport, information and communication activities (13.3%). The gender composition of small trade licensees by individual sector is shown in the Annex – Chart no. 6.

Women entrepreneurs – freelancers had the highest representation in the area (according to SK NACE) of ancillary activities in insurance and pension funding (65.2%) and out-patient, dental and medical operations (62.3%). In the area of legal activities the representation of women was on the level of 42.6%, in veterinary activities 25.0% and in architectural and engineering activities 19.5%.

Women – small trade licensees had above average representation in the Bratislava Region (33.5%), the Košice Region (30.8%) and the Banská Bystrica Region (29.2%). In other regions, women – small trade licensees achieved a share from 21.6% (Prešov Region) to 26.4% (Nitra Region). The gender composition of small trade licensees by individual regions of the Slovak Republic is shown in Annex - Chart no. 7.

In terms of assessment of economic activity carried out by self-employed men and women in the individual regions, Annex - Chart no. 8 shows the indicator for the share of the number of active small trade licensees in the total number of the economically active populations by gender and region.

Age structure of natural persons - entrepreneurs

According to data processed from the Register of Organisations of the Statistical SO SR, **natural persons – entrepreneurs in the age category from 30 to 39 years had the largest representation (28.0%), followed by those in the category 40 to 49 years (27.0%), 50 to 59 years (23.0%) and the category under 30 years of age (13.7%).** In the age category 60 and over, 8.2% of entrepreneurs were active. The age structure of natural persons – entrepreneurs presenting an image of the age composition of entrepreneurs by legal form is presented in Table 3.2. Chartical representation of the age structure of natural persons – entrepreneurs is shown in the Annex - Chart no. 9.

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

Age/legal form	Small trade licensees	Independent farmers	Entrepreneurs - freelancers	Natural persons entrepreneurs total
age under 30	14.1%	2.9%	11.1%	13.7%
age 30-39	28.7%	10.7%	21.9%	28.0%
age 40-49	27.6%	17.4%	20.7%	27.0%
age 50-59	22.8%	24.9%	26.0%	23.0%
age 60-69	5.8%	19.9%	16.6%	6.7%
age 70-79	0.8%	11.7%	3.3%	1.1%
age 80 and more	0.2%	12.5%	0.4%	0.4%

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

The most significant representation of the higher age categories of entrepreneurs in terms of legal forms is clearly independent farmers (IF) and persons doing business as entrepreneurs – freelancers (the portion of 50 years or older made up 69.0% in the case of Independent farmers and 46.4% in entrepreneurs – freelancers). With small trade licensees this share reached 29.6%. Conversely, the representation of those under 30 years was most significant among small trade licensees (14.1%), while Independent farmers had only 2.9% and entrepreneurs – freelancers 11.1%. From a long-term perspective the age structure of natural persons – entrepreneurs indicates a falling representation of entrepreneurs in the age category of under 30 years (the drop versus 2007, from which NADSME evaluates the presented data achieved 2.8 p.p.) and a growing representation of the 50 and older age group (growth versus 2007 by 4.8 p.p.).

The age structure of natural persons – entrepreneurs by gender indicated in Annex – Chart no. 10 – shows a more notable concentration of men in the younger age groups – 39 or less, and conversely, a more significant concentration of women in the age categories of 50 and over.

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

According to the data and methodology of Eurostat² in 2012 **the share of women** in the total number of independently earning active persons (entrepreneurs to age 74 years) achieved **31.0% in the European Union**.

Slovakia in the achieved share of women in the total number of entrepreneurs (28.2%, which represents 2.8 p.p. less than in the EU as a whole) **ranked among the countries with the lowest entrepreneurial activity among women** (Annex, Chart no. 11). Only four countries in the EU placed behind Slovakia: namely Denmark (27.7%), Sweden (26.4%), Ireland (20.0%) and Malta (18.0%). The impact of growth in the share of women

² Source: Eurostat, the European Union Labour Force Survey

Methodological note: The collection of the subject data was carried out in Slovakia through a Selection Survey of the Labour Force. The following are considered to be entrepreneurs: partners in a company, small trade licensees, independent farmers and persons in liberal professions - freelancers. If an entrepreneur has more companies he or she is listed in the mentioned statistics only one time. The basis for the survey was the stratification selection of flats which evenly cover the entire territory of the Slovak Republic. To the sample were included 10,250 flats, which represent 0.6% of the whole number of permanent lived-in flats in Slovakia. The subjects of the survey are all persons age 15 years or older living in households of the selected flats without regard to whether they have permanent, temporary or unregistered residence in the flat, aside from the instructional population. All data found are re-calculated into current data on the population of the Slovak Republic taken from the statistical survey on the movement of the population.

entrepreneurs by 1.3 p.p. improved the position of Slovakia versus last year's evaluation by one rung on the ladder. Data from Eurostat on the growth of the business activities of women in Slovakia in 2012 at the same time confirm the year-on-year growth tendency in the share of women in the category of natural persons – entrepreneurs, documented in the preceding part of the chapter on the basis of data from the Register of Organisations of the SO SR and processed by NADSME.

Atop the list of countries with the highest share of women in the total number of entrepreneurs were countries such as Latvia (40.3%), Luxembourg and Lithuania (each with 39.1%). In the scope of the V4 countries the highest share of women in the total number of entrepreneurs in 2012 was recorded in Hungary (33.7%, which is 5.5 p.p. more than in the Slovak Republic). In Poland the share of women represented 33.5% (which is 5.3 p.p. more than in the Slovak Republic) and in Czech Republic 30.1% (which 1.9 p.p. more than in the Slovak Republic).

According to Eurostat data, the collection and processing of which was done according to the methodology for “*The European Union Labour Force Survey*”, in 2012 in Slovakia the total number of citizens performing entrepreneurial activities was 4.4% (1.9 p.p. more than in the EU) in the age category from 15 to 24 years, 40.5% (12.4 p.p. more than in the EU) in the age category from 25 to 39 years, 27.5% (2.5 p.p. less than in the EU) in the age category from 40 to 49 years, 23.1% (2.6 p.p. less than in the EU) in the age category from 50 to 59 years, and 4.5% (9.6 p.p. less than in the EU) in the age category from 60 to 74 years (Annex, Chart no. 12).

Upon a comparison of the age structure of Slovak entrepreneurs with selected countries from the EU **Slovakia is distinguished as having the highest representation of entrepreneurs in the age category from 25 to 39 years** and the second highest representation of entrepreneurs in the age category from 15 to 24 years. In contrast, **in the age category over 50 years Slovakia achieved the lowest representation of entrepreneurs among the compared countries**, which is testimony to the very low entrepreneurial activity of the higher age groups of Slovak citizens.

Therefore, it will be necessary in the course of implementing the individual principles of the SBA to devote greater attention to the support for enterprises of disadvantaged groups of citizens in Slovakia, such as women, young people or seniors.

3.2 Legal entities – enterprises

At the end of December 2012, the Register of Organisations of SO SR recorded 222,929 active legal entities, of which 164,771 were enterprises. The crucial portion of all businesses was made up of micro enterprises (0 to 9 employees, including enterprises with an uncertain number of employees) with 91.3%. Small enterprises (10 to 49 employees) made up 6.8%, medium-sized enterprises (50 to 249 employees) 1.6% and large enterprises (250 and more employees) 0.4%. **Small and medium-sized enterprises made up a total of 99.6% share (164,157 in absolute numbers) of the total number of enterprises – legal entities.**

The number of registered active enterprises **grew year-on-year only in the category of micro enterprises** (by 13,761 or by 10.1%) to 150,433. The number of small enterprises dropped year-on-year by 2,699 (by 19.5%) to 11,151 and the number of medium-sized

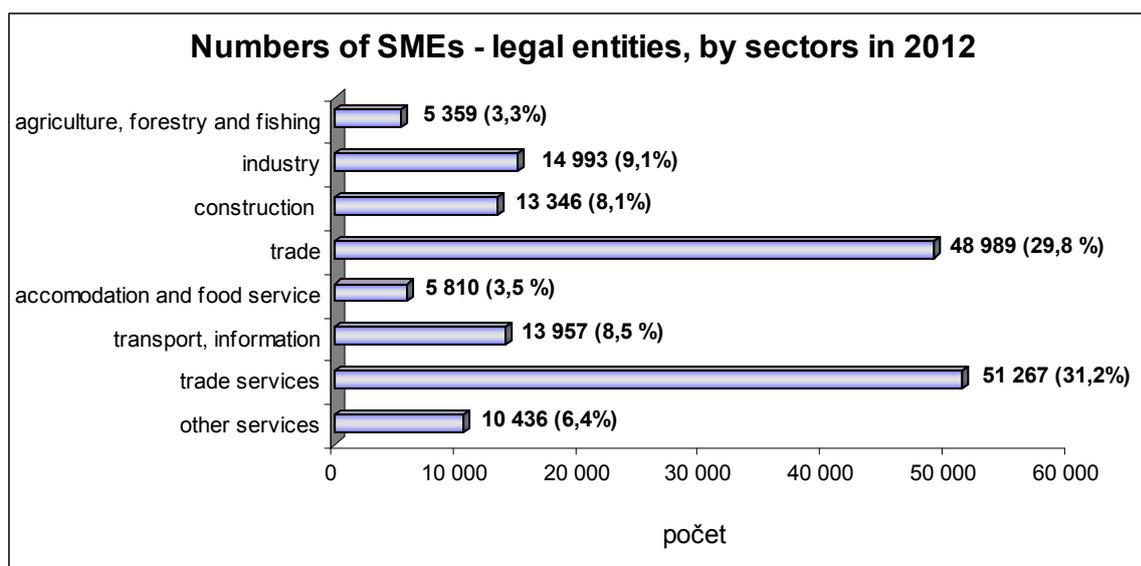
enterprises dropped by 188 (by 6.8%) to 2,573. **Overall, the number of small and medium-sized enterprises – legal entities increased year-on-year by 10,890 (by 7.1%).** The number of large enterprises increased year-on-year by 16 (by 2.7%) to 614.

The development in the number of small and medium-sized enterprise is shown in the Annex - Chart no. 13. Changes in the individual size groups in the years 2003 - 2012 are shown in the Annex - Chart no. 14. In 2012, we can observe year-on-year growth in the share of micro enterprises (0-9) by 2.5 p.p. and a decline in the share of small enterprises (10-49) by 2.2 p.p. and of medium-sized enterprises by 0.2 p.p.

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

The most small and medium-sized enterprises – legal entities according to the SK NACE classification **operate in the area of trade services** (SK NACE Section K through N-31.2%; 51,267), **trade** (29.8%; 48,989), **industry** (9.1%; 14,993), transport and informational and communication activities (8.5%; 13,957) and construction (8.1%; 13,346). In other services (SK NACE Section O through S) a total of 10,436 business operated (6.4%), in the area of accommodation and food 5,810 (3.5%), and in agriculture 5,359 (3.3%).

Chart No.4

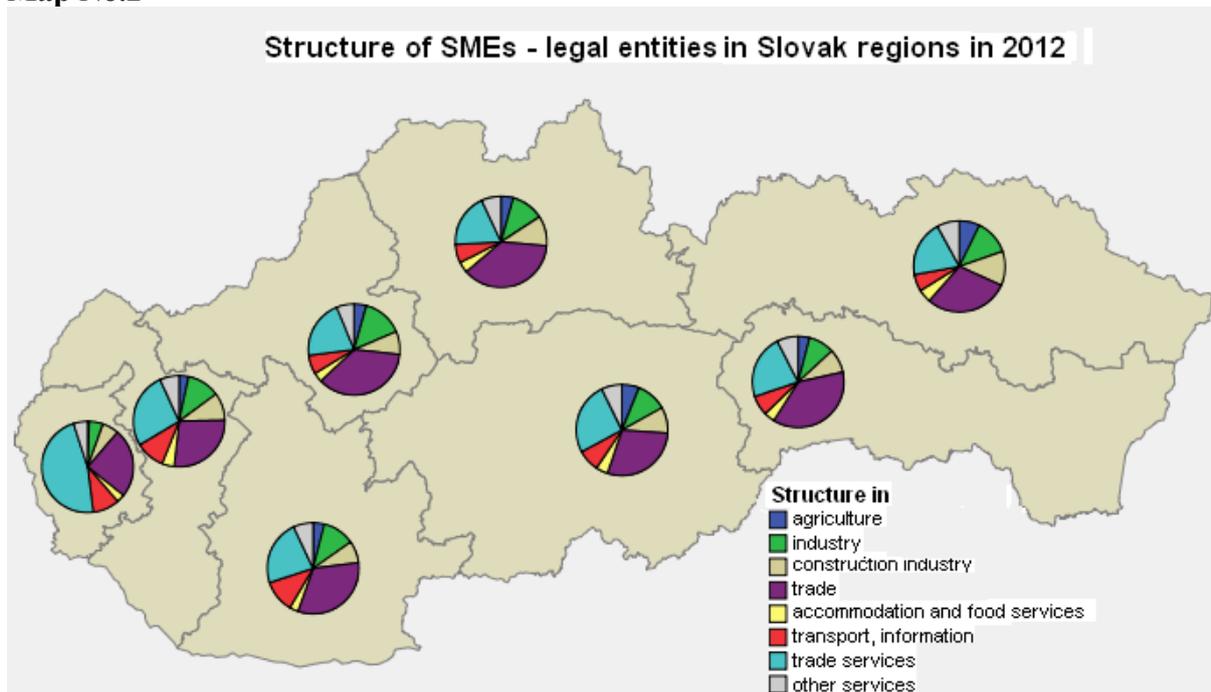


Source: Statistical Office of the Slovak Republic, processed by NADSME

In comparison with 2011 the number of small and medium-sized enterprises grew in all sectors, the most in the area of trade services by 4,691 (by 10.1%). In the trade the number increased by 2,295 (by 4.9%), in transport and informational and communications activities by 1,230 (by 9.7%), in construction by 868 (by 7.0%), in other services by 844 (by 6.4%), in industry by 439 (by 3.0%), in accommodation and food by 371 (by 6.8%) and in the area of agriculture by 156 (by 3.0%). Year-on-year changes in the number of SME-LE by individual sectors are presented in Annex - Chart no. 16. From the long-term viewpoint the sectoral structure of small and medium-sized enterprises is characterised by a declining representation of small and medium-sized enterprises working in the area of trade, industry and agriculture and in contrast, by a growing representation in services and relatively stable in construction (Annex, Chart no. 15).

For territorial divisions of SME – legal entities a relatively imbalanced distribution is characteristic in certain sectors of the economy, which is typical mainly in the case of the Bratislava Region, where 53.4% of the total number of SME – legal entities is registered in the sector of trade services (SK NACE Section K through N), 39.0% in transport and information activities and 29.1% in trade. The sectoral structure of SME-LE in the regions of the Slovak Republic is shown in Map no. 2. More detailed information on the sectoral structure of SME-LE in the individual regions of the Slovak Republic is presented in subchapter 3.3 “Regional viewpoint”.

Map No.2



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

The structure of small and medium-sized enterprises – legal entities by technological level of production and knowledge intensity services

According to the technological level of the manufacturing sectors in 2012 of the total number of SME-LE registered in the manufacturing sector (13,650) **3.0% were in sectors of production with a high-technological level** (economic activities with high research and development intensity), **14.1% in sectors of a medium-high technological level**, **40.8% in sectors with medium-low technological level** and **42.2% in sectors with a low technological level** (Annex, Chart no. 17). Compared with year 2011 the share of SME-LE increased in sectors of manufacturing with a high technological level (by 0.1 p.p.), in sectors of medium-high technological level (by 0.2 p.p.) as well as in sectors with a medium-low technological level (by 0.3 p.p.). The share of SME-LE in sectors with a low technological level dropped by 0.5 p.p.

Of the total number of SME-LE in the services sector (130,459; SK NACE Section G through S including trade and services collectively) 35.4% worked in knowledge-intensive services that are to a crucial measure based on the use of knowledge or skills (year-on-year growth of 0.6 p.p.), and 64.6% in knowledge undemanding services, which was 0.6 p.p. less than in 2011 (Annex, Chart no. 18).

The structure of SME-LE by technological level of manufacturing in the regions of the Slovak Republic are characterised by an above-average representation of sectors of manufacturing with a high technological level and a medium-high technological level in the Bratislava Region (collectively 20.5%), the Žilina Region (19.4%) and the Trenčín Region (19.1%). The representation of SME-LE in knowledge intense services was highest in the Bratislava Region (42.6%). In the other regions it moved in an interval from 27.5% in the Trenčín Region through 33.8% in the Banská Bystrica Region (Annex, Map no. 3 and no. 5).

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

In terms of legal forms, most of the total number of SMEs – legal entities (LE) in the past year were **limited liability companies (90.6%) and joint stock companies (3.3%)**.

In terms of ownership, **79.5% of SME – legal entities** in 2012 were **in private domestic ownership**, 14.6% in foreign ownership, 4.4% in international private ownership and 0.9% in cooperative ownership.

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

Of the total number of small and medium-sized enterprises (legal entities) in 2012, 35.5% were in the Bratislava Region, 10.3% in the Nitra Region, 10.2% in the Košice Region, 9.2% in the Žilina Region, 9.1% in both the Prešov and Trnava Regions, 8.6% in the Banská Bystrica Region, and 7.9% in the Trenčín Region.

Development in the number of small and medium-sized enterprises – legal entities in the first quarter of 2013

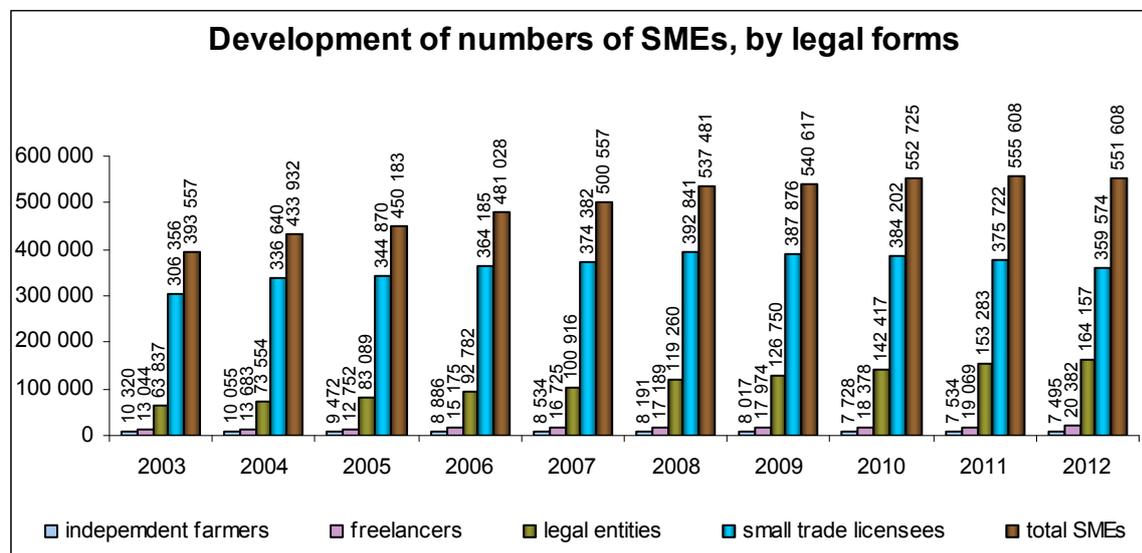
The number of small and medium-sized enterprises – legal entities also increased in a significant way during the first quarter of 2013. The Statistical Office of the Slovak Republic recorded by the end of March 2013 overall 178,033 active small and medium-sized enterprises – legal entities, which represents an increase (by 8.5%) versus the status at the end of December 2012 by 13,876 businesses. The impact of a mass updating of data in the Register of Organisations of the SO SR, in the scope of which at the beginning of 2013 led to a change in status to active in the case of more than 12,000 businesses, had the main impact on the growth in the number of registered active small and medium-sized enterprises. This growth in active businesses represented enterprises which originated in preceding years but up to December 2012 were considered as inactive and thus were not listed in the scope of the overall number of active businesses.

Status and development of total number of small and medium-sized enterprises, including natural persons – entrepreneurs

A basic quantitative indicator which also reflects the overall quality of conditions for doing business is the number of small and medium-sized enterprises. Since the year 2009 the lower recorded dynamic of growth in the total number of small and medium-sized enterprises is associated with different developmental tendencies, which are recorded in the scope of the individual legal forms. The total **number of small and medium-sized enterprises – legal entities has grown since 2009 on average by 8.3% year-on-year**. In

contrast, the number of natural persons – entrepreneurs over the previous four years shows on average a year-on-year drop by 1.9%. The reduction in the number of small trade licensees in particular has influenced the drop in natural persons – entrepreneurs, when, for example, in 2012 their number year-on-year fell by 16,148 (by 4.3%).

Chart No.5



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

In 2012 according to data of the Slovak Statistical Office a decline was recorded for the first time in the number of small and medium-sized enterprises (year-on-year by 4,000 businesses, or by 0.7%). The historic drop in the number of small and medium-sized enterprises is associated with the lower growth of the Slovak economy and the lacklustre household demand as well as with the lack of steps taken to improve the conditions for doing business, which would support the growth of existing and the creation of new businesses in terms of SBA principle no.1 “Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded. At the end of 2012 of the total number of active businesses, 97.0% were micro businesses, 2.4% small businesses and 0.5% medium-sized businesses.

Tab. no. 3.3: The size structure of the business sector by individual legal forms as of 31 December 2012

Size category/legal forms	businesses	small trade licensees	entrepreneurs – freelancers	IF	total abs.	total in%	index 2012/2011
Micro enterprises (0-9)	150,433	357,598	20,324	7,479	535,834	97.0%	100.2
Small enterprises (10-49)	11,151	1,899	56	15	13,121	2.4%	73.0
Medium enterprises (50-249)	2,573	77	2	1	2,653	0.5%	92.3
Large enterprises (250 or more)	614	1	0	0	615	0.1%	102.7
Total SME (0-249)	164,157	359,574	20,382	7,495	551,608	99.9%	99.3
Enterprises together	164,771	359,575	20,382	7,495	552,223	100.0%	99.3

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

A comparison of the size structure and number of businesses in the Slovak Republic and EU

The size structure of the business sector in the Slovak Republic is largely similar to the size structure of businesses in other EU member states. For a comparison of the structure of the business sector in the Slovak Republic and in EU-27 countries in terms of the size categories, data published by Eurostat and the SO SR were used. The presented data show certain methodological differences which need to be taken into account in mutual comparison. Data for the EU-27 are compiled by Eurostat methodology for *Structural Business Statistics* and cover the sectors of the non-financial business economy. The data show that from the total number of the almost 22 million businesses in the non-financial business economy **in EU countries SMEs account for 99.8%** (with a strong representation of micro enterprises – 92.6%). The number of businesses in Slovakia in the below-presented table represents the whole economy of the Slovak Republic and the data source is the Register of Organisations of SO SR. According to the presented data, SMEs in the Slovak Republic represent **a 99.9% share of the total number of businesses, and micro enterprises account for 97.0%, which is 4.4. p.p. more than in EU countries.**

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

		Size of enterprise				SMEs	Total
		Micro	small	medium	large		
		(0-9)	(10-49)	(50-249)	(250+)		
EU - 27 (2010)	Number of businesses in non-financial business economy, 2009 (in thous.)	20,154	1,355	222	42	21,731	21,773
	<i>Share in the number of businesses</i>	92.6%	6.2%	1.0%	0.2%	99.8%	100.0%
Slovakia (2012)	number of businesses	535,834	13,121	2,653	615	551,608	552,223
	<i>share in the number of businesses</i>	97.0%	2.4%	0.5%	0.1%	99.9%	100.0%

Source: Data for the Slovak Republic: SO SR, processed by NADSME

Data for the EU-27: Eurostat, Structural Business Statistics, sectors cover SK NACE Sections B through N and division 95, at the time of processing the material data were available for year 2010

As follows from Chart no. 20, which is presented in the Annex, Slovakia achieved in 2010 the second highest share of micro enterprises in the overall number of business subjects in the scope of the non-financial business sectors of the economy and in selected EU countries. The presented comparison at the same time points to the fact that the dominant position of micro enterprises is a characteristic feature of the size structure of the business sector in all V4 countries. The V4 countries in the presented comparison are in four of the first five places.

3.3 The regional aspect

At the end of 2012 according to the data from SO SR **every fifth (21.3%) active small and medium-sized enterprise** (including NP – entrepreneurs) was **recorded on the territory of the Bratislava Region**. In terms of legal forms the domination of the Bratislava Region is manifested primarily in SMEs – legal entities.

From the total number of **SME – legal entities** 58,209 (35.5%) were recorded in the Bratislava Region. In the other regions the number of SME – LE ranged from 13,039 (Trenčín Region) to 16,987 (Nitra Region). Year-on-year, the number of SME – LE increased in all regions, most notably in the Nitra Region (by 10.3%), the Žilina Region (by 8.4%) and the Bratislava Region (by 7.4%), and the least in the Trnava Region (by 4.5%).

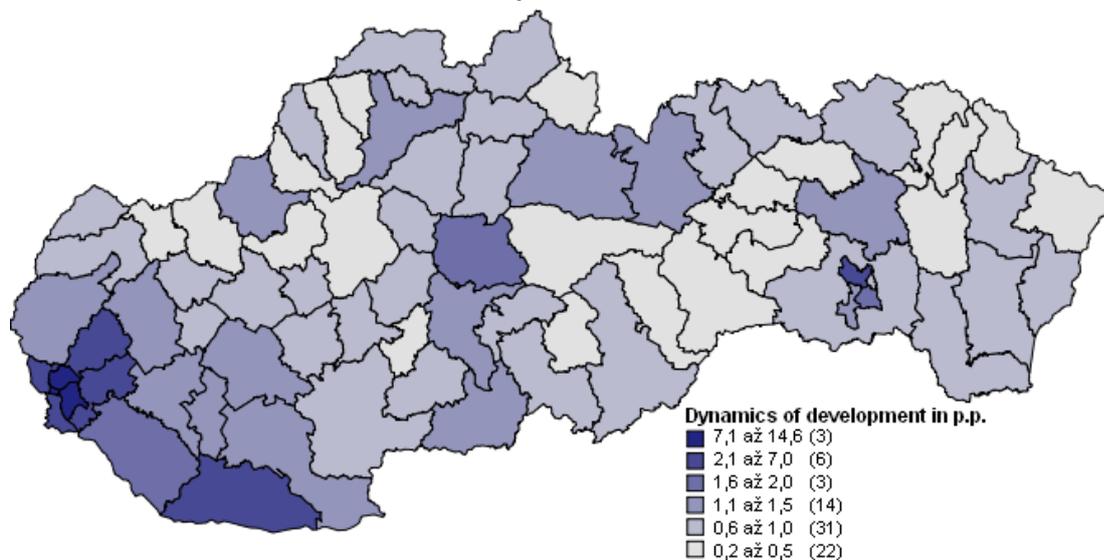
The development in the number of SME-LE in the Slovak regions, which is shown in the Annex, in Map no. 7, points to a growing number of SME-LE in the period from 2005 in all of the regions of Slovakia. In 2012 the most growth in SME-LE occurred relatively in the Nitra Region (by 10.4%; by 1,600), the Žilina Region (by 8.4%; by 1,174) and in the Bratislava Region (by 7.4%; by 4,005).

The measure of business activity of SME-LE³ in 2012, calculated on the district level is shown in the Annex, in Map no. 1. The highest measure of business activity in SME-LE was in 2012 recorded in the districts within the cities of Bratislava and Košice, specifically in the districts of Bratislava I (59.1%), Bratislava II (26.7%), Bratislava III (25.6%), Košice I (13.7%) and Košice IV (10.7%). In contrast, the lowest was achieved in the districts of Poltár, Revúca and Gelnica (the same at 1.5%).

The highest dynamic measure of business activity of SME-LE in the period 2008-2012 was achieved in the districts Bratislava I (14.6 p.p.), Bratislava II (8.3 p.p.) and Bratislava III (7.0 p.p.). Relatively surprising is the high dynamic achieved in the Komárno district (3.0 p.p.). In the districts of Gelnica (0.2 p.p.), Spišská Nová Ves (0.3 p.p.) and Revúca (0.3 p.p.) the growth of SME-LE in relation to economic activity of the population was the lowest (Map no. 3).

Map No.3

Dynamics of development of rate of entrepreneurial activity of SMEs - legal entities in Slovak districts in period from 2008 to 2012



Base map © Geodesy, Cartography and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic and Office of Labour, Social Affairs and Family, processed by NADSME. Rate of entrepreneurial activity is calculated as a proportion of the number of SME-LE and economically active population in %.

³ The measure of business activity is calculated as the share in the number of SME-legal entities and the economic activity of the population in %.

The most **natural persons - entrepreneurs** operated in the Bratislava Region (59,336) and in the Žilina Region (57,345), the least in the Košice Region (39,854). A year-on-year decline in the number of natural persons - entrepreneurs was in 2012 recorded in all regions of the Slovak Republic. The relatively most number of natural persons – entrepreneurs dropped in the Žilina Region (by 6.8%).

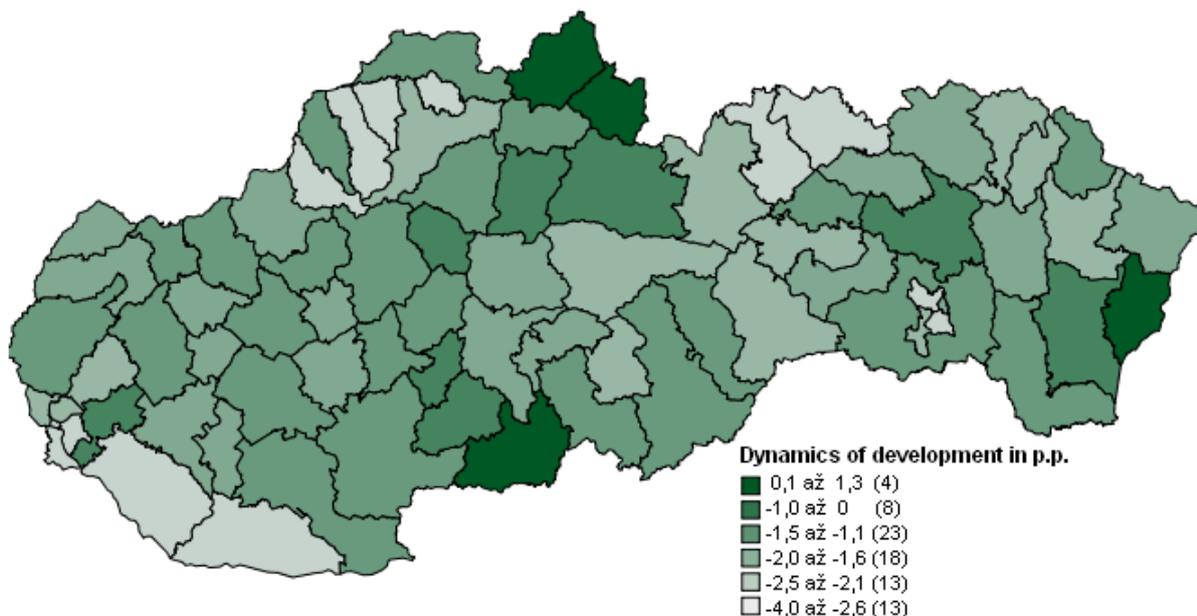
The development of small trade licensees in the Slovak regions is shown in the Annex, in map no. 8. The number of small trade licensees fell for the first time in crisis year of 2009, and such a drop was recorded in all regions of the Slovak Republic. In subsequent years the number of small trade licensees increased year-on-year only in the Banská Bystrica Region (year 2010) and in the Žilina Region (year 2011). In 2012, paradoxically, the most significant year-on-year decline of all the regions was recorded in the Žilina Region (by 7.3%) and thus the region lost the position of having the highest number of small trade licensees.

The measure of business activities of NP – entrepreneurs in 2012 processed on the district level is shown in the Annex, in Map no. 2. The highest measure of business activity among NP – entrepreneurs in 2012 was recorded in the districts Námestovo (28.6%), Stará Ľubovňa (23.5%), Bratislava I (22.5%) and Tvrdošín (22.5%).

Growth in the measure of business activities in relation to the economic population in the period 2008-2012 was achieved only in the districts Veľký Krtíš (by 1.3 p.p.), Tvrdošín (by 1.3 p.p.), Sobrance (by 0.8 p.p.) and Námestovo (by 0.2 p.p.). In the other districts the business activities of NP - entrepreneurs fell, with the most marked drop occurring in the districts Kežmarok (-4.0 p.p.), Bytča (-3.6 p.p.), Komárno (-3.6 p.p.) and Bratislava I (-3.5 p.p.) (Map no.4).

Map No.4

Dynamics of development of rate of entrepreneurial activity of natural persons - entrepreneurs in Slovak districts in period from 2008 to 2012



Base map © Geodesy, Cartography and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic and Office of Labour, Social Affairs and Family, processed by NADSME. Rate of entrepreneurial activity is calculated as a proportion of the number of natural persons – entrepreneurs and economically active population in %.

Tab. no. 3.5: Number of businesses in the individual regions of the Slovak Republic in 2012

Region of SR	Natural persons - entrepreneurs			Enterprises			SME	Total
	Small trade licensees	Entrepreneurs – freelancers	IF	Small (0-49)	medium (50-249)	large (250 and more)		
Bratislava Region	54,654	4,208	474	57,525	684	192	117,545	117,737
Trnava Region	38,874	1,782	865	14,656	249	58	56,425	56,484
Trenčín Region	40,355	1,926	267	12,762	277	84	55,587	55,671
Nitra Region	44,756	2,498	1,425	16,669	317	54	65,665	65,719
Žilina Region	54,307	2,046	992	14,863	304	65	72,512	72,577
Banská Bystrica Region	38,031	2,402	1,369	13,826	242	47	55,870	55,917
Prešov Region	52,774	2,542	1,051	14,760	252	56	71,379	71,435
Košice Region	35,824	2,978	1,052	16,523	248	58	56,625	56,683
Total for SR	359,575	20,382	7,495	161,584	2,573	614	551,608	552,223

Source: SO SR, processed by NADSME

The Bratislava Region

In 2012, all enterprises based in the Bratislava Region reached receipts for their own performances and goods in industry worth EUR 29,624.4 million (they accounted for a 36.0% share of total revenues in the Slovak Republic); in wholesale and retail trade this was EUR 19,136.20 million (46.2% of total revenues in the Slovak Republic), in transportation and storage EUR 3,626.1 million (62.4% of total revenues in the Slovak Republic) and in selected market services EUR 6,927.0 million (57.8% of total revenues in the Slovak Republic). Construction output achieved a level of EUR 2,243.6 million and a 29.1% share of construction output of the Slovak Republic. Revenues in 2012 grew year-on-year at constant prices in the sectors industry, transport, the wholesale and retail trade and selected market services. In contrast, lower revenues were made year-on-year in construction.

According to the Register of Organisations of SO SR, as of 31 December 2012 **in the Bratislava Region there were registered 58,209 active legal entities – SME, which is 4,006 (7.4%) businesses more year-on-year than in 2011.** In terms of the size structure of enterprises, the largest group of enterprises were micro enterprises (0-9) with a 93.2% share, while small businesses (10-49) accounted for 5.3%, medium-sized enterprises (50-249) 1.2% and large enterprises (250 or more) 0.3%. The Bratislava Region achieved the highest share of micro enterprises among all regions of the Slovak Republic. More than half of SME-LE (51.5%) were registered in the districts of Bratislava I and Bratislava II. In terms of the structure of SME-LE by type of economic activities, business activities in the field of trade services predominated (47.0%, which is 15.8 p.p. more than in the Slovak Republic overall), constituting the highest representation among all regions. They were followed by trade with a 24.4% share and transport and information activities with a 9.4% share.

In the Bratislava Region there in 2012 a total of **59,336 natural persons – entrepreneurs** were recorded. **Year-on-year their numbers declined by 2.8%.** Of the total number of individuals – entrepreneurs, 54,654 were small trade licensees, 4,208 entrepreneurs – freelancers and 474 independent farmers. In terms of gender structure natural persons – entrepreneurs **65.6% were men and 34.4% women** (6.2 p.p. more than in the Slovak Republic as a whole). The achieved share of women entrepreneurs was highest here among all of the regions of the Slovak Republic. In territorial terms, the most registered natural persons

– entrepreneurs were located in the district of Bratislava V (19.9%) and in the district Bratislava II (17.9%). According to data processed from the Register of Organisations of the SO SR, more than half of small trade licensees were active in trade and in trade services (54.0%, which was 13.5 p.p. more than the average for Slovakia). A total of 12.3% worked in construction (10.3 p.p. fewer than in Slovakia as a whole) and 12.2% in transport and information activities (5.3 p.p. more than in Slovakia as a whole). The sectoral structure of small trade licensees in the Bratislava Region indicates the highest representation of the trade services sector (22.8%), transport and information activities (12.2%) and other services (7.9%) among the regions of the Slovak Republic.

On the basis of data processed from the most currently available financial statements for 2011 **the share of SMEs in the Bratislava Region** (accounting in double-entry bookkeeping) **with a positive economic result** (including zero operating results) in the total number of SMEs achieved **51.8%** (4.3 p.p. less than Slovakia as a whole), which was the lowest value among all the regions of the Slovak Republic. Small and medium-sized enterprises focused on exports and headquartered in the Bratislava Region (including NP – entrepreneurs) made up in 2011 on the basis of the most currently available definitive data nearly **one quarter (24.7%) of the total exports of SMEs**.

The Trnava Region

In the Trnava Region businesses (the entire population of enterprises) realised in 2012 revenues for their own performances and goods in industry a value of EUR 11,702.3 million (14.2% of total revenues in the Slovak Republic), in wholesale and retail trade EUR 3,586.70 million (8.7% of total revenues in the Slovak Republic), in transportation and storage EUR 427.6 million (7.4% of total revenues in the Slovak Republic) and in selected services EUR 1,058.9 million (8.9% of total revenues in the Slovak Republic). Construction output achieved a level of EUR 676.4 million and an 8.8% share of the construction output of the Slovak Republic. Construction output and revenues in wholesale and retail also recorded a year-on-year decline. Revenues in other sectors increased year-on-year.

According to the organisational statistics of SO SR, at the end of 2012 in the Trnava Region there were registered **14,905 SME - legal entities, which was 752 (5.3%) more than in 2011**. Micro enterprises (0-9) accounted for 90.7% of the total number of enterprises, small businesses (10-49) 7.3%, medium-sized enterprises (50-249) 1.7% and large enterprises (250 and more) 0.4%. The largest number of registered SME-LE was in the districts of Dunajská Streda (25.8%) and Trnava (24.9%). In the structure of SME-LE in terms of economic activities businesses operating in trade dominated, accounting for 27.1% (2.8 p.p. less than the Slovak average). They were followed by enterprises in trade services 26.8% (4.4 p.p. less than the Slovak average) and in industry, which accounted for 11.4% (2.4 p.p. more than the Slovak Republic as a whole).

In the Trnava Region 41,521 active natural persons – entrepreneurs were registered, which is 2.8% less than at the end of December 2011. In terms of legal forms 38,874 were small trade licensees, 1,782 were entrepreneurs – freelancers and 865 were independent farmers. Of the total number of the natural persons – entrepreneurs registered in the Trnava Region **72.7% were men and 27.3% women** (0.9 p.p. less than the Slovak average). The most registered natural persons – entrepreneurs were based in the districts of Dunajská Streda (25.2%), Trnava (22.3%) and Galanta (18.8%). In terms of sectors, small trade licensees in the Trnava Region were active mainly in construction (27.7%, which was 5.1 p.p. more than

the Slovak average), in trade (21.3%, 5.4 p.p. less than the Slovak average), trade service (15.2%) and in industry (13.6%). The sectoral structure of small trade licensees in the Trnava Region is characterised by the highest representation of the accommodation and food services (5.0%) among all the regions of Slovakia.

In 2011 **the share of SMEs (accounting in double-entry bookkeeping) with a positive economic result** (including zero operating results) in the total number of SMEs in the Trnava Region was **57.9%** (1.8 p.p. more than the Slovak average). From the total export of goods of SMEs in 2011 the share of small and medium-sized enterprises (including NP – entrepreneurs) based in the Trnava Region represented 15.4%.

The Trenčín Region

In 2012, all the businesses based in the Trenčín Region realised receipts for their own performances and goods in industry worth EUR 8,208.8 million (10.0% of total revenues in the Slovak Republic), in the wholesale and retail trade EUR 3552.0 million (8.6% of total revenues in the Slovak Republic), in transportation and storage EUR 238.5 million (4.1% of total revenues in the Slovak Republic) and in selected market services worth EUR 624.9 million (5.2% of total revenues in the Slovak Republic). Construction output achieved a level of EUR 606.1 million representing a 7.9% share in construction output in the Slovak Republic. Revenues increased year-on-year in constant prices in all sectors, aside from retail sales. Construction output also recorded a decline.

At the end of 2012 a total of **13,039 SME - legal entities** were registered in the Trenčín Region. **Compared with 2011 their number increased by 712 (5.8%)**. In terms of size categories of enterprises, micro enterprises accounted for 88.6%, small businesses 8.7%, medium-sized enterprises 2.1% and large enterprises 0.6%. The achieved share of micro enterprises was the lowest of all of the regions of the Slovak Republic. The largest number of registered SME-LE was in the districts of Trenčín (29.5%) and Prievidza (18.0%). In terms of the sectoral structure of SME-LE, SMEs working in trade predominated with 36.2% (6.4 p.p. more than the Slovak Republic), in the area of trade services with 20.9% (10.4 less than the Slovak average) and industry with 14.3% (5.1 p.p. more than the Slovak average), and the representation of SME-LE operating in industry was the highest among all regions of Slovakia.

The number of active **natural persons – entrepreneurs (42,548) in the Trenčín Region declined year-on-year by 3.8%**. Of the total number of natural persons - entrepreneurs 40,355 were small trade licensees, 1,926 were entrepreneurs – freelancers and 267 were independent farmers. In terms of the gender structure of natural persons - entrepreneurs the **representation of men was on the level of 72.8% and women made up 27.2%** (1.0 p.p. less than the Slovakia as a whole). In territorial terms, the most registered natural persons – entrepreneurs were based in the districts of Prievidza (21.9%), Trenčín (19.3%) and Považská Bystrica (14.1%). Small trade licensees in the Trenčín Region were active especially in trade (27.0%), construction (23.4%) and industry (19.6%), which represents the second highest representation among all the regions of Slovakia.

In 2011 **the share of SME (accounting in double-entry bookkeeping) with a positive economic result** (including zero operating results) in the total number of SMEs in the Trenčín Region achieved **58.1%** (2.0 p.p. more than the Slovak average). From the total export of

goods of SMEs in 2011 the share of small and medium-sized enterprises (including NP – entrepreneurs) based in the Trenčín Region was 11.7%.

The Nitra Region

In 2012, the Nitra Region saw receipts for own performances and goods for the entire population of enterprises in industry worth EUR 6,188.8 million (7.5% of total revenues in the Slovak Republic), in wholesale and retail trade EUR 4,241.70 million (10.2% of total revenues in the Slovak Republic), in transportation and storage EUR 503.9 million (8.7% of total revenues in the Slovak Republic), and in selected market services EUR 678.8 million (5.7% of total revenues in the Slovak Republic). Construction output achieved a level of EUR 797.7 million and 10.4% share of construction output of the Slovak Republic. Revenues grew year-on-year in constant prices in wholesale, transport and selected market services. Conversely, a decline was recorded in industry, retail trade and construction (output).

According to data from the organisational statistics of the SO SR at the end of **2012** in the Nitra Region **16,986 SME – legal entities** were registered, **which was 1,591 (10.3%) more than in 2011**. In terms of the size structure of enterprises, the largest group of enterprises (90.5%) were micro enterprises (0-9), small businesses (10-49) accounted for 9.3%, medium-sized enterprises (50-249) 1.9% and large enterprises (250 or more) 0.3%. More than half of SME-LE (52.3%) were registered in the districts of Nitra and Komárno. In terms of economic activities, SME-LE accounted mainly for trade with 32.3% (2.5 p.p. more than the Slovak Republic), trade services with 23.1% (8.1 p.p. less than the Slovak Republic) and industry with 11.3%. In transport and information activities SME-LE accounted for 11.4%, which was the highest representation among all regions.

In the Nitra Region a total of **48,679 natural persons - entrepreneurs** were registered, **which is 2.5% less year-on-year**. In terms of gender structure of natural persons – entrepreneurs **71.9% were men and 28.1% women** (0.1 p.p. less than in the Slovak Republic). Of the total number of natural persons – entrepreneurs 44,756 were small trade licensees, 2,498 entrepreneurs – freelancers and 1,425 independent farmers. In territorial terms, most registered natural persons – entrepreneurs had their seat in the district of Nitra (26.1%) and the district of Nové Zámky (18.3%). The largest representation of small trade licensees in the Nitra Region was active in trade (31.6%, which was 5.0 p.p. more than in the Slovak Republic), construction (21.0%) and industry (18.2%).

In 2011 **the share of SMEs** (accounting in double-entry bookkeeping) **with a positive economic result** (including zero operating results) in the total number of SMEs in the Nitra Region was **58.1%** (2.0 p.p. more than the Slovak average). The share of small and medium-sized enterprises (including NP – entrepreneurs) with their seat in the Nitra Region from the total export of goods of SMEs was 14.9%.

The Žilina Region

In 2012, all the businesses located in the Žilina Region realised receipts for their own performances and goods in industry worth EUR 11,542.4 million (a 14% share of total revenues in the Slovak Republic), in wholesale and retail trade worth EUR 3,459.20 million (8.3% of total revenues in the Slovak Republic), in transportation and storage worth EUR 296.2 million (5.1% of total revenues in the Slovak Republic) and in selected market services worth EUR 641.0 million (5.4% of total revenues in the Slovak Republic). Construction

output achieved a level of EUR 1,242.4 million and a 16.2% share of construction output for the Slovak Republic. Year-on-year revenues increased in constant prices in all sectors, except the retail trade. Construction output also recorded a decline.

According to the Register of Organisations of SO SR, as of 31 December 2012 in the Žilina Region there were registered **15,167 active SME-LE, which is 1,174 (8.4%) more businesses year-on-year**. In size terms, micro enterprises were the largest group with 89.5% representation, followed by small businesses (10-49) with 8.1%, medium-sized enterprises (50-249) with 2.0% and large enterprises (250 or more) with 0.4%. In terms of districts, the most SME-LE was registered in the districts of Žilina (35.9%) and Martin (15.1%). Within the SME-LE structure by type of economic activities, the businesses active in trade dominated, accounting for 37.4% (7.5 p.p. more than the Slovak Republic), followed by trade services (19.0%, which is 12.3 p.p. less than the Slovak Republic) and industry (11.4%). The Žilina Region together with the Košice Region achieved the highest share of SME-LE in the area of trade.

The number of registered **natural persons** doing business in 2012 on the basis of the trade license and non-trade law **achieved 57,345 in the Žilina Region**. In 2012 the Žilina Region recorded the highest year-on-year decline in the number of natural persons – entrepreneurs, specifically by 6.8%. In terms of the gender structure of natural persons – entrepreneurs the **representation of men was on a level of 76.4% and the share of women 23.6%** (4.6 p.p. less than Slovakia as a whole). Of natural persons - entrepreneurs the most were small trade licensees, whose number achieved 54,307. There were 2,046 registered entrepreneurs – freelancers and 992 independent farmers. More than half of small trade licensees (51.5%, which was 12.8 p.p. more than in Slovakia as a whole) developed their activities in the construction and industry sectors, and the representation of small trade licensees in these sectors was the highest in the whole country.

In 2011 **the share of SME** (accounting in double-entry bookkeeping) **with a positive economic result** (including zero operating results) in the total number of SMEs in the Žilina Region was **57.4%** (1.3 p.p. more than the Slovak average). The share of small and medium-sized enterprises (including NP – entrepreneurs) based in the Žilina Region from the total export of goods of SMEs was 10.2%.

The Banská Bystrica Region

In 2012 the Banská Bystrica Region achieved receipts for own performances and goods for all enterprises in industry worth EUR 4,122.1 million (a 5.0% share of all revenues in the Slovak Republic), in wholesale and retail trade EUR 2,381.90 million (5.7% of all revenues in the Slovak Republic), in transportation and storage EUR 274.5 million (4.7% of all revenues in the Slovak Republic) and in selected market services EUR 662.7 million (5.5% of all revenues in the Slovak Republic). Construction output achieved a level of EUR 526.0 million and a 6.8% share of construction output of the Slovak Republic. A year-on-year decrease in constant prices was achieved in retail and wholesale and construction output also saw a decrease. Other sectors recorded growth in revenues.

According to the organisational statistics of SO SR, in 2012 in the Banská Bystrica Region **recorded 14,068 SME-LE, which was year-on-year 835 (6.3%) more businesses**. In terms of the size structure of enterprises, the largest group of enterprises with 91.3% was micro enterprises employing 0 to 9 persons. Small businesses accounted for 6.7%, medium-

sized enterprises 1.7% and large enterprises 0.3%. More than one-third of SME-LE (36.7%) was registered in the district of Banská Bystrica. According to type of economic activities, SME-LE were most active in trade (29.1%, which was 0.7 p.p. less than the Slovak Republic as a whole), trade services (25.6%, 5.6 p.p. less than the Slovak Republic as a whole) and industry (10.8%).

Of the total number of **active natural persons – entrepreneurs (41,802)** 38,031 were small trade licensees, 2,402 entrepreneurs – freelancers and 1,369 independent farmers. Year-on-year the number of natural persons – entrepreneurs was reduced by 3.1%. In terms of gender structure, natural persons – entrepreneurs were **69.6% men and 30.4% women** (2.3 p.p. more than the Slovak Republic as a whole). More than one-fifth (22.0%) of registered natural persons – entrepreneurs were in the district of Banská Bystrica. In terms of sectors, small trade licensees in the Banská Bystrica Region were particularly active in trade (26.1%, 0.6 p.p. less than the Slovak Republic as a whole), construction (19.0%, 3.6 p.p. less than the Slovak Republic as a whole) and in trade services (15.1%). The Banská Bystrica Region is notable for having the highest representation of entrepreneurs working in agriculture (7.7%) among all the regions of the Slovak Republic.

In 2011 **the share of SMEs** (accounting in double-entry bookkeeping) **with a positive economic result** (including zero operating results) in the total number of SMEs in the Banská Bystrica Region was **56.9%** (0.8 p.p. more than the Slovak average). Of the total export of goods of SMEs in 2011 the share of small and medium-sized enterprises (including NP – entrepreneurs) based in the Banská Bystrica Region was 7.9%.

The Prešov Region

In 2012 the Prešov Region achieved receipts for own performances and goods for all enterprises in industry worth EUR 3,259.7 million (4.0% of total revenues in the Slovak Republic), in the wholesale and retail trade EUR 2,345.40 million (5.7% of total revenues in the Slovak Republic), in transportation and storage EUR 231.2 million (4.0% of total revenues in the Slovak Republic), and in selected market services EUR 587.0 million (4.9% of total revenues in the Slovak Republic). Construction output achieved a level of EUR 839.4 million and 10.9% of construction output of the Slovak Republic. Revenues increased year-on-year at constant prices only wholesale and selected services.

According to the data from the SO SR, at the end of 2012 **15,012 SME - legal entities** were registered in the Prešov Region, **which was 876 (6.2%) more than in the preceding year**. In terms of size, micro enterprises accounted for a 90.1% share, small businesses (10-49) represented 7.8%, medium-sized enterprises (50-249) 1.7% and large enterprises (250 or more) 0.4%. The highest number of SMEs– LE was registered in the districts of Prešov (30.5%) and Poprad (18.7%). In the sectoral structure of enterprises by economic activities SME-LE active in trade predominated (29.7%), followed by trade services (19.9%, which was 11.3 p.p. less than the Slovak Republic as a whole), industry (12.4%, which was 3.3 p.p. more than the Slovak Republic as a whole) and construction (12.1%). The sectoral structure of SME-LE in the Prešov Region in comparison with the other regions is notable for having the highest achieved share of SME-LE in the areas of construction (12.1%), other services (7.9%) and agriculture (7.2%).

According to SO SR statistics, at the end of 2012 **56,367 natural persons – entrepreneurs** were registered in the Prešov Region, **which represented a year-on-year**

decline by 3.7%. Of the total number of natural persons – entrepreneurs, 52,774 were small trade licensees, 2,542 entrepreneurs – freelancers and 1,051 independent farmers. In terms of the gender of natural persons – entrepreneurs, the **representation of men was 77.0% and the share of women made up 23.0%** (5.2 p.p. less than the Slovak Republic as a whole). The share of women was the lowest of all the regions of the Slovak Republic. Almost one-fifth (19.9%) of the total number of natural persons – entrepreneurs were based in the district of Prešov, 12.9% in the district of Poprad and 10.2% in the district of Stará Ľubovňa. More than a quarter of small trade licensees (28.0%, which was 5.5 p.p. more than the Slovak Republic as a whole) were active in construction, 20.3% (6.4 p.p. less than the Slovak Republic as a whole) in the area of trade, 19.6% (3.4 p.p. more than the Slovak Republic as a whole) in industry and 11.2% in trade services.

In 2011 **the share of SME** (accounting in double-entry bookkeeping) **with a positive economic result** (including zero operating results) in the total number of SMEs in the Prešov Region achieved **60.8%** (4.7 p.p. more than the Slovak average), which was the highest value among the regions of the Slovak Republic. The share of small and medium-sized enterprises (including NP – entrepreneurs) based in the Prešov Region from the total export of goods of SMEs in 2011 was 8.0%.

The Košice Region

In the Košice Region in 2012 receipts were realised for own performances and goods in industry worth EUR 7,602.4 million (9.2% of all revenues of the Slovak Republic), in wholesale and retail trade EUR 3,150.5 million (7.6% of all revenues of the Slovak Republic), in transportation and storage EUR 210.9 million (3.6% of all revenues of the Slovak Republic) and in selected market services EUR 784.5 million (6.6% of all revenues of the Slovak Republic). Construction output achieved a level of EUR 775.6 million, a 10.1% of construction output of the Slovak Republic. All sectors recorded a year-on-year decline with the exceptions of wholesale, transportation and selected market services.

According to organisational statistics from the SO SR in 2012 in the Košice Region there were registered **16,771 SME - legal entities. Year-on-year their number increased by 928 (5.9%)**. Of the total number of enterprises micro enterprises accounted for 91.1%, small businesses 7.1%, medium-sized enterprises 1.5% and large enterprises 0.3%. The highest number of registered SME-LE was in the district of Košice I with 25.3%, followed by the district of Košice IV with 18.5% and the district of Košice II with 13.8%. In terms of type of economic activities, SME-LE were most active in trade with 37.4% (7.6 p.p. more than the Slovak Republic as a whole), in the area of trade services with 22.6% (8.6 p.p. less than the Slovak Republic as a whole) and in industry with 9.1%. The Košice Region together with the Žilina Region achieved the highest share of SME-LE in the area of trade.

The number of natural persons – entrepreneurs in the Košice Region year-on-year **dropped by 3.1% to 39,854**. From the total number of natural persons 35,824 were small trade licensees, 2,978 entrepreneurs – freelancers and 1,052 independent farmers. In terms of gender, natural persons – entrepreneurs were **67.6% men and 32.4% women** (4.3 p.p. more than the Slovak Republic as a whole). Of the total number of natural persons – entrepreneurs, 14.2% had their registered office in the district of Spišská Nová Ves, 12.4% in the district of Michalovce and 12.2% in the district of Košice – surroundings. More than a third of small trade licensees (33.2%) worked in the area of trade (6.5 p.p. more than the Slovak Republic as a whole), 16.8% in construction (5.8 p.p. less than the Slovak Republic as a whole), 15.2% in

industry and 14.3% in trade services. The representation of small trade licensees achieved in trade was the highest among the regions of the Slovak Republic.

In 2011 **the share of SME** (accounting in double-entry bookkeeping) **with a positive economic result** (including zero operating results) in the total number of SMEs in the Košice Region was **57.1%** (1.0 p.p. more than the Slovak average). From the total export of goods of SMEs the share of small and medium-sized enterprises (including NP – entrepreneurs) based in the Košice Region in 2011 was 7.3%.

The number of SME-LE and small trade licensees by individual sectors and regions is presented in Annex B, in Tables no. 1 and no. 2.

3.4 The Dynamics of development of entrepreneurial subjects

3.4.1 The origin and dissolution of legal entities and natural persons – entrepreneurs according to the Business Demography methodology

The SO SR publishes data on the number of originating and defunct economic entities according to the common methodology of the OECD and Eurostat for Business Demography, according to which **newly established entities** are defined as legal entities and natural persons – entrepreneurs which had in the given year revenues or employees and in the two preceding years did not have either revenues or employees. **Defunct entities** are defined as legal entities and natural persons – entrepreneurs that were active in the given year but which in the two subsequent years had neither revenues nor employees. Legal entities, aside from enterprises, also include data from non-profit institutions. Non-profit organisations make up 3.6% of the total number of legal entities and natural persons – entrepreneurs.

The most recent data on newly established entities according to the Business Demography methodology are published for the year 2010. **According to the above-mentioned methodology, in 2010 the SO SR recorded a total of 53,077 newly established subjects** (legal entities and natural persons – entrepreneurs, which had in the given year revenues or employees and in the two preceding years did not have either revenues or employees).

Compared with 2009 the total number of newly established entities according to the mentioned methodology declined by 10,666. From the presented data it is obvious that the fluctuations of the Slovak economy in the number of newly established subjects according to the applied method appear to have a certain delay. The achieved growth of the Slovak economy in 2008 is projected in the increased number of newly established entities even in 2009 (entities administratively originated in 2008 and later, but economically they probably became active only in 2009). In contrast, a decline in economic activity in 2009 was expressed in the lower number of newly established entities only in the year 2010.

Of the total number of the newly established entities, 98.4% were included in the size group having 0 to 4 employees. In terms of sectoral structure (according to the Statistical Classification of Economic Activities – SK NACE), the most subjects in 2010 were established in trade (14,553), construction (9,736), professional, scientific and technical activities (7,456) and in industry (6,022).

Tab. no. 3.6: The origin of legal entities and natural persons – entrepreneurs in the Slovak Republic by size category according to the number of employees and economic activities

Size category	2007	Size category	2008	2009	2010
0 – 4	46,473	0 – 4	54,963	62,663	52,231
5 – 9	1,949	5 – 9	1,465	656	435
10 or more	1,436	10 or more	1,146	424	411
Total number	49,858	Total number	57,574	63,743	53,077
Economic activity (OKEČ)		Economic activity (SK NACE)			
C-E Industry	11,130	B-E Industry	10,409	8,433	6,022
F Construction	8,840	F Construction	11,949	12,073	9,736
G Trade	13,995	G Trade	14,429	18,040	14,553
H Hotels, restaurants	1,488	H Transport and storage	1,768	2,162	1,863
I Transport, post, telecomm.	1,657	I Accommodation and food services	1,853	2,389	2,079
J Financial intermediary	597	J Information and communication	2,022	2,453	2,276
K Real Estate, rents, bus. act.	7,511	K-L Financ. activities, real estate	3,019	2,799	2,231
M Education	493	M Professional, science and tech. activities	6,020	7,880	7,456
N Health care and social work	1,037	N Admin. and support services	2,178	3,061	3,138
O Other community, social and personal services	3,110	P-S Education, health care, entertainment, others	3,927	4,453	3,723
Selected sectors total	49,858	Selected sectors total	57,574	63,743	53,077

Source: SO SR, processed by NADSME

Based on Eurostat data, according to the methodology for Business Demography in selected sectors (SK NACE, Sections B to S) the share of newly established entities in the total number of active entities in Slovakia achieved 12.93% in 2010. Compared with 2009, the proportion of newly established entities declined by 3.1 p.p. Within individual sectors, this indicator achieved the values of 10.1% in industry, 13.5% in construction, to 13.9% in services (SK NACE, Sections G to N).

The most recent data on defunct entities are published for the year 2009, and they represent preliminary data that will subsequently be put more precisely by SO SR, probably in a downward direction.⁴ **According to preliminary data from the above-mentioned methodology, a total of 54,185 entities (legal and natural persons – entrepreneurs) were dissolved in 2009.** Of the total number of the defunct entities 97.4% of entities were included in the size group having 0 to 4 employees. In terms of sectoral structure (according to the Statistical Classification of Economic Activities – SK NACE) the most subjects were dissolved in trade (14,890), construction (12,732), industry (9,362) and in professional, scientific and technical activities (4,984).

According to preliminary data from Eurostat, the share of defunct entities in the total number of active entities according to the methodology of Business Demography in selected sectors (SK NACE Sections B to N) in Slovakia achieved 13.6% in 2009. According to definitive data the mentioned share in 2008 achieved a value of 11.3%. Within individual sectors, this indicator achieved in 2008 the highest value in industry and construction (both at 15.8%). In services (SK NACE, Sections G to N) the share of defunct entities was 14.4%.

⁴ The impact of specified data led to a year-on-year reduction in the total number of defunct entities in 2008 using the Business Demography methodology by 23.4%.

Tab. no. 3.7: Dissolutions of legal entities and natural persons – entrepreneurs in Slovakia by size category according to the number of employees and economic activity

Dissolutions in enterprises in Slovakia	2006	2007	Dissolutions in enterprises in Slovakia	2008	2009
Size category			Size category		
0 - 4	39,857	48,150	0 - 4	41,325	52,793
5 - 9	625	3,369	5 - 9	768	739
10 or more	582	2,333	10 or more	832	653
Enterprises total	41,064	53,852	Enterprises total	42,925	54,185
Economic activity (OKEČ)			Economic activity (SK NACE)		
C-E Industry	6,556	8,523	B-E Industry	7,896	9,362
F Construction	5,712	6,980	F Construction	8,500	12,732
G Trade	15,731	19,385	G Trade	12,006	14,890
H Hotels, restaurants	1,688	2,709	H Transport and storage	1,392	1,878
I Transport, posts, telecomm.	1,480	2,051	I Accommodation and food services	1,492	1,978
J Financial intermediary	417	516	J Information and communication	1,110	1,417
K Real estate, rentals, business activities	6,375	7,606	K-L Financial activities, real estate	1,975	1,500
M Education	538	532	M Professional, scientific and technical activities	3,809	4,984
N Health care and social work	646	1,203	N Administrative and support services	1,178	1,739
O Other community, social and personal services	1,921	4,347	P-S Education, health care, entertainment, others	3,567	3,705
Selected sectors total	41,064	53,852	Selected sectors total	42,925	54,185

Source: SO SR, processed by NADSME

Of the total number of newly established entities in Slovakia in selected sectors, according to Eurostat data, 76.8% of entities were active after the first year of their establishment (the share of entities which originated in 2009 (t-1) and were active to 2010 (t), to the total number of established entities in 2009 (t-1)). After the fifth year from their establishment 42.1% of entities remain active in Slovakia (the share of entities which were established in 2005 and were active to 2010, to the total number of established entities in 2005).

Tab. no. 3.8: The share of active entities in individual years since their establishment (the so-called survival rate) in selected sectors in Slovakia in 2010 (in %)

Sectors (by SK NACE Rev 2)	1st year	2nd year	3rd year	4th year	5th year
Industry (SK NACE, Sections B to E)	74.6%	58.9%	45.4%	44.2%	43.5%
Construction (SK NACE, Section F)	70.9%	56.1%	44.9%	42.7%	42.0%
Services (SK NACE, Sections G to N)	79.0%	64.2%	41.7%	43.7%	41.4%
Selected sectors total (SK NACE, Sections B to S)	76.8%	61.1%	41.7%	44.3%	42.1%

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

Table no. 3.8 presents the shares of active entities in individual years from their establishment (the survival rate) by reference year. From the data presented it is clear that the crisis year of 2009 had a negative impact on the presented survival rates in nearly all reference years. The economic decline in 2009 had an influence during the reference period of 2005 – 2008 on:

- nearly the lowest survival rate of entities after the 1st year: in 2008 the survival rate of entities which originated in 2008 and survived to 2009 achieved a level of 74.4%,

- the lowest survival rate of entities after the 2nd year: in 2007 the survival rate of entities which originated in 2007 and survived to 2009 achieved a level of 49.9%,
- the lowest survival rate of entities after the 3rd year: in 2006 the survival rate of entities which originated in 2006 and survived to 2009 achieved a level of 51.1%.

Tab. no. 3.9: Share of active entities in individual years since their establishment (the so-called survival rate) in selected sectors (SK NACE, Sections B to S) together in Slovakia by reference year

Survival rate / reference year	2009	2008	2007	2006	2005
Number of newly established entities	63,743	57,574	49858	48,025	47,130
Survival rate after 1st year	76.8%	74.4%	62.7%	74.3%	82.7%
Survival rate after 2nd year		61.1%	49.9%	61.5%	65.8%
Survival rate after 3rd year			41.7%	51.1%	55.8%
Survival rate after 4th year				44.3%	47.9%
Survival rate after 5th year					42.1%

Source: processed by NADSME, on the basis of Eurostat data - **Business Demography statistics**. Data shown in the diagonal of Table no. 3.9. correspond to data in Table no. 3.8. in the line **selected sectors total**.

Comparison of the share of established and defunct entities in Slovakia with EU countries

According to the data presented in Charts no. 21 to no. 23, which are given in the Annex, Slovakia belonged among the countries with the highest share of established (4th place) and defunct entities (3rd place) and at the same time among the countries with the lowest survival rate of newly established entities two years after their establishment (5th place).

3.4.2 Origin of SMEs on the basis of data processed from the Register of Organisations of the SO SR

Of the total number of small and medium-sized enterprises (551,608) recorded in the Register of Organisations of the SO SR at the end of December 2012 (based on the date of their establishment) **40,527 SMEs were newly established during 2012**. According to the individual legal forms of the newly established SMEs, 6,030 were enterprises, 32,929 small trade licensees, 1,359 entrepreneurs – freelancers and 209 independent farmers. The recorded number of newly established entrepreneurs in 2012 was the lowest since 2009, which is also reflected in the historically high year-on-year decline in the total number of active entrepreneurs in 2012 (a drop by 16,148).

Of the total number of the newly established SME-LE (6,030) 2,130 started doing business in trade services, 1,624 in trade, 569 in transport and information activities, 552 in construction, 427 in other services, 374 in industry, 236 in accommodation and food and 118 in agriculture. In terms of the sector of operation, 8,464 small trade licensees started doing business in the construction sector, 6,721 in trade, 5,170 in industry, 5,081 in trade services, 2,672 in transport and information activities, 2,330 in other services, 1,399 in agriculture and 1,092 in accommodation and food. A comparison of the sectoral structure of SME – LE and small trade licensees which were established in 2012 with the structure of all active subjects is presented in the Annex, in Table no. 3. The most preferred sector for newly established SME-LE in 2012 was the trade services sector (35.3%, which is 4.1 p.p. more than

in total SME-LE), trade (26.9%, which is 2.9 p.p. less than in total SME-LE) and construction (9.2%, which is 1.0 p.p. more than in total SME-LE). The most preferred sectors for newly established small trade licensees in 2012 was the construction sector (25.7%, which is 3.1 p.p. more than in total small trade licensees), trade (20.4%, which is 6.2 p.p. less than in total small trade licensees), industry (15.7%) and trade services (15.4%).

Chart no. 24 in the Annex shows the structure of the total number of small and medium-sized businesses by date of origin (year) of the given entity.

Tab. no. 3.10: Development in the number of newly established SMEs by legal forms on the basis of data from the Register of Organisations of the SO SR (Drawn up on the basis of date of establishment of the entity. Data do not include a change in activity of an entity which likewise in a significant way influences the year-on-year change in the number of active entities, mainly SME – LE).

Legal form of SME	2007	2008	2009	2010	2011	2012
SME – LE (legal entities)	6,333	9,592	5,942	6,656	5,663	6,030
Small trade licensees	37,704	41,355	32,508	34,937	37,383	32,929
Independent farmers	299	243	215	185	213	209
Entrepreneurs – freelancers	1,500	1,082	1,074	921	1,134	1359
Total SMEs	45,836	52,272	39,739	42,699	44,393	40,527

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

3.5 Characteristics of employment in SMEs

According to quarterly corporate reporting processed by SO SR the average number of persons employed in the national economy of the Slovak Republic in 2012 was 2,191,300. Compared with 2011 employment recorded a moderate drop by 0.1% (1,300 persons). The year-on-year decline in the number of employed persons was caused mainly by the impact of the worsening situation on the labour market at the end of 2012, when employment year-on-year declined for the first time (by 0.8%) after the preceding year-on-year growth recorded during the first three quarters of 2012.

The highest year-on-year decline in employment in relative expression was recorded in construction by 4.5% (by 7,800 persons), in the suppliers of electricity, gas, steam and air-conditioning by 3.8% (by 700 persons), in extraction and quarrying by 3.5% (by 300 persons), in the supply of water, purification and removal of wastewater, waste and services of waste removal by 3.4% (by 700 persons), in transport and storage by 1.6% (2,300 persons) and in wholesale and retail sales by 1.3% (4,800 persons). Conversely, employment according to quarterly corporate reporting increased most significantly year-on-year in professional, scientific and technical activities by 8.7% (by 7,600 persons), in administrative and support services by 7.9% (by 8,400 persons), in information and communication activities by 7.1% (by 3,800 persons), in other activities by 3.3% (by 1,700 persons) and in real estate activities by 3.2% (by 700 persons).

Of the total number of persons employed in the national economy of the Slovak Republic (2,191.3 thousand) 1,815.0 thousand were persons (according to a quarterly corporate reporting) employed in the for-profit business sector. In terms of the individual size categories and legal forms in total employment in the business sector in 2012, NP – entrepreneurs (NP – entrepreneurs and employed persons with them) had a 36.0% share, micro enterprises 11.7%, small businesses 10.2%, medium-sized enterprises 14.0% and large enterprises 28.2%. **Small**

and medium-sized enterprises in 2012 accounted for a 71.8% share in employment in the business economy and a 59.5% share in total employment in the Slovak economy (according to quarterly corporate reports to the SO SR). In comparison with 2011 the share of small and medium-sized enterprises in employment in the business sector fell by 0.4 p.p.

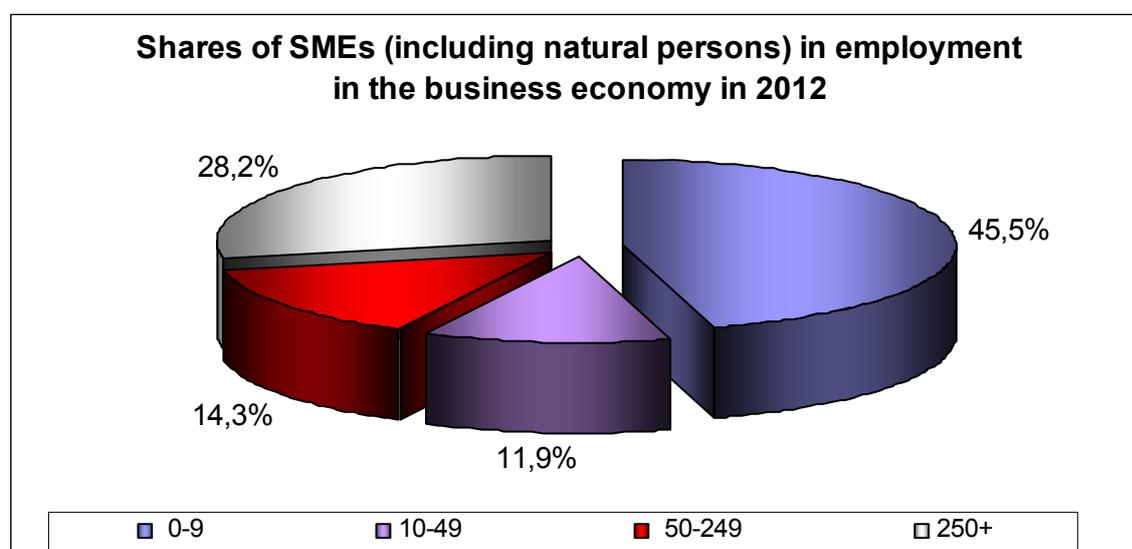
Employment in the profit-oriented business sector versus 2011 grew modestly year-on-year by 0.3% (by 5,900). **In the category of small and medium-sized enterprises, including NP – entrepreneurs, employment fell year-on-year by 0.2%** (in 2011 growth of 2.6% was achieved). Employment in the category of NP - entrepreneurs grew year-on-year by 0.5%, small businesses by 3.2%, but in medium-sized businesses it fell by 6.8%. For a comparison, the average number of employed persons in large enterprises grew year-on-year by 1.7%.

Small and medium-sized enterprises, including NP – entrepreneurs, provided in 2006 (since 2006 NADSME has available exact data on SME employment) employment to 71.5% of the employed population in the business sector, and this share moderately grew to 2012 by 0.3 p.p. to a level of 71.8%.

In comparison with the pre-crisis year of 2008 the average number of employed persons in small and medium-sized enterprises was lower by nearly 46,000 persons.

Chart no. 6 shows the overall structure of jobs in the business economy in 2012 by size category of enterprises (including NP – entrepreneurs), which was processed on the basis of data from the SO SR and the NADSME estimate. Micro enterprises accounted for 45.5% of employment, small business 11.9%, medium-sized businesses 14.3% and large enterprises accounted for 28.2% of jobs in the business economy. The position of small and medium-sized businesses in overall employment in the national economy of Slovakia according to quarterly corporate reports of the SO SR is presented in the Annex, in Chart no. 26. From the mentioned chart it follows that the share of small and medium-sized enterprises in total employment in the Slovak economy is 59.5%, and the share of large enterprises is 23.3% and non-profit institutions (the public sector) is 17.2%.

Chart No.6



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

The individual regions of Slovakia in total employment in the Slovak economy according to quarterly statistical reporting in 2012 shared in an interval from 9.6% (the Banská Bystrica Region) to 20.1% (the Bratislava Region). The number of employed persons increased year on year in the Žilina Region (2.6%), the Prešov Region (2.0%), the Bratislava Region (1.9%), the Trnava Region (1.6%) and Nitra Region (0.8%). Employment, in contrast, fell in the Banská Bystrica Region (5.0%), the Trenčín Region (3.9%) and in the Košice Region (2.4%).

The year-on-year decline in the number of employed persons is also reflected in the moderate growth in unemployment in 2012. According to the Labour Force Survey, in 2012 the number of unemployed increased by 9.6 thousand, when the total number of unemployed achieved 377.5 thousand persons. The annual measure of unemployment increased by 0.5 p.p. and reached 14.0%. Data from the quarterly corporate reporting indicate that the decline in employed persons in small and medium-sized enterprises in 2012 (by 9.6 thousand) followed especially from the decline of employed persons in small and medium-sized enterprises (by 2.9 thousand) and in the public sector (by 7.2 thousand).

Comparison of employment in SMEs in Slovakia and EU countries

In 2010 in the total number of employed persons in the sectors of the non-financial business economy within the EU – 27 countries (132.7 mil.) small and medium-sized businesses had a 67.5% share, and the share of micro enterprises represented 29.9%, small businesses 20.5% and medium-sized businesses 17.1%.

In Slovakia the currently achieved share of small and medium-sized enterprises in employment in the business economy in 2012 is 4.3 p.p. higher than in the countries of the EU – 27. In the scope of individual size categories in Slovakia in comparison with EU-27 countries, micro enterprises have the most dominant position (a share higher by 15.7 p.p.), accordingly as well as with the size structure of enterprises. On the other hand, in Slovakia the share of small and medium-sized enterprises in comparison with the EU-27 is lower by 8.6 p.p. and by 2.8 p.p, respectively.

Tab. no. 3.11: Comparison of employment by size categories of businesses in the Slovak Republic and in EU countries

		Size of the enterprise					Total
		micro	small	medium	large	SME	
		(0-9)	(10-49)	(50-249)	(250+)		
EU - 27 (2010)	Number of persons employed in non-financial business economy, 2010 (in thousands)	39,646	27,231	22,711	43,157	89,587	132,744
	<i>share in employment</i>	29.9%	20.5%	17.1%	32.5%	67.5%	100.0%
Slovakia (2012)	Number of persons employed in the business economy (in thousands)	827	217	260	511	1,304	1,815
	<i>share in employment</i>	45.5%	11.9%	14.3%	28.2%	71.8%	100.0%

Source: data from Slovak Republic: SO SR, processed by NADSME

data from EU 27: Eurostat, Structural business statistics, sectors covering SK NACE Sections B to N and division 95, at the time of processing the material data from 2010 was available

As follows from Chart no. 27, which is presented in the Annex, that in addition to Slovakia, the other V4 countries are also characterised as having a above-average level of employment in the SME sector (in the scope of non-financial business economy in 2010).

3.6 The position of SMEs in the economy of the Slovak Republic

3.6.1 The position of SMEs in the most important sectors

According to preliminary data from the SO SR in 2012 **gross domestic product at current prices was in the amount of EUR 71,463 million**, and in comparison with 2011 **its real growth was at 2%**. Real gross domestic production year-on-year increased by 2.4% to a level of EUR 170,418.6 million, intermediate consumption increased by 1.8% to EUR 105,009.5 million and added value by 3.2% to EUR 65,409.0 million. Net taxes on products decreased by 9.2% to EUR 6,054 million.

Of the total creation of gross domestic product (according to the statistical classification of economic activities SK NACE) at current prices industry accounted for the most with 25.5%, wholesale and retail trade, repair of motor vehicles and motorcycles, transportation and storage, accommodation and food services with 19.3%, public administration and defence, compulsory social security, education, health care and social assistance with 12.1%, construction with 7.4%, professional, scientific and technical activities and administrative services with 6.9%, real estate activities with 6.4% and other sectors with a share smaller than 4.2%.

The creation of gross domestic product was associated particularly with the year-on-year growth of value-added in current prices in agriculture, forestry and fisheries by 10.7%, in industry by 8.2%, in real estate activities by 7.6%, in the arts, entertainment and recreation and other activities by 4.8%, and in professional, scientific and technical activities and administrative services by 4.7%. In current prices value-added decreased only in construction year-on-year (by 6.8%).

The following part of Subchapter 3.6.1 presents processed indicators documenting the position of small and medium-sized enterprises in the selected most important sectors of non-financial business economy, for which the SO SR has published data by size categories of enterprises. It presents revenues for own performances and goods (in the case of building – construction output) according to the SK NACE classification in industry (Section B, C, D, and E), in construction (section F), in trade (Division 46, 47), road transport (other passenger land transport, freight transport and removal services) and in selected market services. The selected market services include real estate activities, professional and technical activities (legal and accounting activities, management consulting, architectural and engineering activities, advertising and other professional activities), administrative and support services (rental and leasing, mediation of work, activities of travel agencies and offices, security and investigation services, administrative support activities), other education and training support activities, activities in the arts, entertainment and recreation, repair of computers and various needs and personal services (Divisions 68, 69-75, 77-82, 90-93, 94-96, and groups 85.5-6). The mentioned sectors cover 85% of SMEs registered in the Register of Organisations of the SO SR.

Industry

According to the SO SR data, industrial production in Slovakia in 2012 increased year-on-year by 8.1% (in 2011 it recorded growth by 5.3%). The higher dynamic growth in industrial production was associated mainly with the growth of output in manufacturing by 11.6%. Production, conversely, fell in the supply of electricity, gas, steam and air-conditioning

by 9.4% and in mining and quarrying by 3.1%. Within the individual industrial sectors, the strongest year-on-year growth was recorded in the manufacture of transport equipment (by 26%), the production of textiles, clothing, leather and leather products (by 17.9%) and the production of computers, electronics and optical products (by 17.3%).

Revenues for own performances and goods in industry increased year-on-year at constant prices by 7.3% and achieved a level of EUR 82,251.0 million. Revenues for own performances and goods in industrial production were year-on-year higher by 8.3% and in the supply of electricity, gas, steam and air-conditioning supply by 2.4%. In mining and quarrying there was a year-on-year decline by 7.3% and in the supply of water and wastes revenues recorded a year-on-year decrease by 4.9%.

Tab. no. 3.12: Development of revenues for own performances and goods in industry by size category and legal form of businesses (in million EUR)

Category of business	2009	2010	2011	2012	Share in 2012 in%	Index 2012/2011 in current prices
Small trade licensees	3,078.8	3787.8	4,242.9	4,289.7	5.2%	101.1
Small enterprises (0-49)	4,141.7	5,345.7	6,410.7	7,695.4	9.4%	120.0
Medium-sized enterprises (50-249)	10,396.3	12,207.2	13,939.2	14,181.2	17.2%	101.7
Large enterprises (250 or more)	39,830.1	46,143.4	51,990.8	56,084.7	68.2%	107.9
SMEs	17,616.8	21,340.7	24,592.8	26,166.3	31.8%	106.4
Total	57,447.0	67,484.1	76,583.6	82,251.0	100.0%	107.4

Source: SO SR, processed by NADSME

In terms of size categories large enterprises had a crucial share in the overall receipts in industry, accounting for more than two-thirds (68.2%) of the total amount of realised receipts for own performances and goods in 2012. **Small and medium-sized enterprises, including small trade licensees, accounted for 31.8% of receipts in industry**, which was 0.3 p.p. less than in 2011.

Of total revenues (EUR 82,251.0 million) revenues of small trade licensees accounted for 5.2% and small businesses (0-49) 9.4%, and medium-sized enterprises (50-249) 17.2%. Revenues in 2012 grew year-on-year in all size categories of enterprises. **Overall, revenues of small and medium-sized enterprises (including small trade licensees) grew year-on-year at current prices by 6.4%**, and from this revenues of the small trade licensees by 1.1%, revenues of small business (0-49) by 20.0%, and revenues by medium-sized enterprises by 1.7%. Revenues of large enterprises increased year-on-year at current prices by 7.9%.

Construction

Construction output in Slovakia in 2012 fell year-on-year by 12.5% to a level of EUR 4,845.3 million (updated data from SO SR). Development of construction output was affected mainly by a decrease of domestic production by 13.8% to a level of EUR 4,595.0 million. Construction output abroad increased year-on-year by 22.6% and achieved a level of EUR 250.3 million.

Tab. no. 3.13: Development of construction output by size category of enterprises and legal forms (without construction plants of non-construction enterprises, in million EUR)

Category of business	2009	2010	2011	2012	Share in 2012 in%	Index 2012/2011 in current prices
Small trade licensees	1,927.5	1,869.5	1,875.4	1,766.9	36.7%	94.2
Small enterprises (0-49)	1,396.5	1,358.2	1,565.6	1,263.5	26.2%	80.7
Medium-sized enterprises (50-249)	1,045.6	1,014.3	923.6	827.2	17.2%	89.6
Large enterprises (250 or more)	1,340.9	1,255.1	1,098.5	956.8	19.9%	87.1
SMEs	4,369.6	4,242.0	4,364.6	3,857.6	80.1%	88.4
Total	5,710.5	5,497.1	5,463.1	4,814.4	100.0%	88.1

Source: SO SR, processed by NADSME

In 2012 small trade licensees (excluding the estimate for building plants of non-construction enterprises) accounted for more than one-third of the total construction production (36.7%), small businesses (0-49) accounted for more than one-quarter (26.2%), medium-sized enterprises (50-249) 17.2% and large enterprises (250 or more) 19.9%. **Small and medium-sized enterprises (including small trade licensees) collectively accounted for more than four-fifths (80.1%) of total construction output in 2012.**

Overall the construction output of small and medium-sized businesses (including small trade licensees) at current prices declined year-on-year by 11.6%. Construction output of small trade licensees fell year-on-year by 5.8%, small businesses (0-49) fell by nearly one-fifth (19.3%) and medium-sized enterprises (50-249) by 10.4%. Construction output in the case of large enterprises (250 or more) recorded a drop by 12.9%.

Trade

In 2012, revenues in wholesale increased year-on-year at constant prices by 3.5% and achieved a level of EUR 23,926.7 million. Revenues in wholesale increased year-on-year in all areas, except in wholesale with household goods, fell year-on-year by 2.8%. Conversely, revenues in retail recorded a year-on-year decline at current prices by 1% to a level of EUR 17,926.8 million. Within retail revenues grew only in the area of retail in non-specialised stores and in fuel sales in specialised stores. In other areas of retail revenues were lower year-on-year.

Tab. no. 3.14: Development of receipts for own performances and goods in trade by size category and legal form of businesses in million EUR (SK NACE Divisions 46-Wholesale, aside from motor vehicles and motorcycles and 47-Retail aside from motor vehicles and motorcycles)

Category of business	2009	2010	2011	2012	Share in 2012 in%	Index 2012/2011 in current prices
Small trade licensees	7,790.2	6,020.5	5,900.7	5,731.5	13.7%	97.1
Small enterprises (0-49)	16,307.9	16,918.6	16,512.4	18,309.5	43.7%	110.9
Medium-sized enterprises (50-249)	7,331.8	7,960.9	8,666.9	8,397.8	20.1%	96.9
Large enterprises (250 or more)	8,714.9	9,694.4	9,563.5	9,414.9	22.5%	98.4
SMEs	31,429.9	30,900.0	31,080.0	32,438.8	77.5%	104.4
Total	40,144.8	40,594.4	40,643.5	41,853.7	100.0%	103.0

Source: SO SR, processed by NADSME

In 2012 total wholesale and retail revenues for own performance and goods were realised in the amount of EUR 41,853.7 million. Of the total volume of revenues for own performance and goods NP - entrepreneurs achieved 13.7%, small businesses (0-49) 43.7% and medium-sized businesses (50-249) 20.1%. **Small and medium-sized enterprises (including NP – entrepreneurs) overall accounted for more than three-quarters (77.5%) of the total volume of realised revenues in wholesale and retail in 2012.** Large enterprises achieved a share of 22.5%.

With a year-on-year comparison revenues at current prices increased only with small businesses (by 10.9%). For NP – entrepreneurs, revenues at current prices fell by 2.9% and for medium-sized enterprises (50-249) by 3.1%. **Overall, with small and medium-sized enterprises (including NP – entrepreneurs) revenues in wholesale and retail increased year-on-year at current prices by 4.4%.** Revenues of large enterprises were lower year-on-year by 1.6%.

Transport

In the field of transport and storage (including postal and courier services) receipts for own performances and goods in 2012 achieved EUR 6,848.7 million and grew by 8.0% year-on-year at current prices. A 52.2% share of total revenues was the results of activities of land transport and transport via pipelines.

Tab. no. 3.15: Development of receipts for own performances and goods in road transport by size category and legal form of businesses in million EUR (other personal ground transport, freight road travel and moving services)

Category of business	2009	2010	2011	2012	Share in 2012 in%	Index 2012/2011 in current prices
Small trade licensees	286.0	235.4	426.8	442.9	19.8%	103.8
Small enterprises (0-49)	480.7	516.0	544.0	660.2	29.5%	121.4
Medium-sized enterprises (50-249)	449.8	556.2	652.0	597.7	26.7%	91.7
Large enterprises (250 or more)	388.7	402.8	473.5	539.3	24.1%	113.9
SMEs	1,216.5	1,307.6	1,622.8	1,700.8	75.9%	104.8
Total	1,605.2	1,710.4	2,096.3	2,240.1	100.0%	106.9

Source: SO SR, processed by NADSME

In terms of size structure of enterprises, in 2012 in total receipts for own performances and goods small trade licensees in road transport had a 19.8% share, small businesses (0-49) 29.5%, medium-sized enterprises (50-249) 26.7% and large enterprises 24.1%. **Overall, revenues of SMEs, including small trade licensees, accounted for more than three-quarters (75.9%) of revenues in road transport in 2012.**

Revenues for own performance and goods in road transport increased year-on-year (at current prices) in all SME categories, except for medium-sized enterprises (50-249), which recorded a year-on-year decline by 8.3%. Revenues of small enterprises increased year-on-year by 21.4% and of small trade licensees by 3.8%. **Overall, revenues of small and medium-sized enterprises in the area of road transport increased year-on-year at current prices by 4.8%.**

Selected market services

In selected market services receipts for own performances and goods reached EUR 11,964.9 million, which is a year-on-year growth at current prices by 15.3%. Of total revenues more than half (56.8%) were revenues from real estate and professional and technical activities, which increased year-on-year by 16%.

Tab. no. 3.16: Development of receipts for own performances and goods in selected market services by size category and legal form of businesses (in million EUR)

Category of business	2009	2010	2011	2012	Share in 2012 in%	Index 2012/2011 in current prices
Small trade licensees	978.5	1,235.6	1,267.1	2,035.0	17.0%	160.6
Small enterprises (0-49)	4,297.7	4,321.6	5,346.2	6,404.6	53.5%	119.8
Medium-sized enterprises (50-249)	1,586.3	1,840.3	1,970.3	2,054.6	17.2%	104.3
Large enterprises (250 or more)	1,120.7	1,168.2	1,473.7	1,470.7	12.3%	99.8
SMEs	6,862.5	7,397.5	8,583.6	10,494.2	87.7%	122.3
Total	7,983.2	8,565.7	10,057.3	11,964.9	100.0%	119.0

Source: SO SR, processed by NADSME

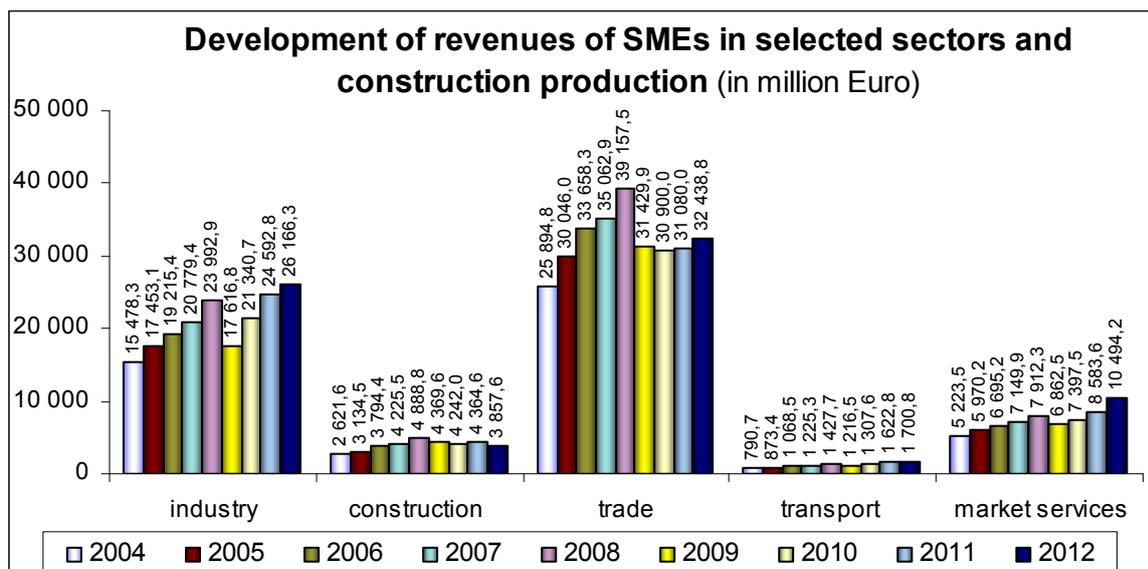
Of total revenues in selected market services 17.0% were results of the activities of small trade licensees, 53.5% the result of small enterprises (0-49), 17.2% of medium-sized enterprises (10-49) and 12.3% were from large enterprises. **Small and medium-sized enterprises accounted for 87.7% of all revenues in selected market services in 2012.**

Revenues of SMEs increased year-on-year in all of the monitored categories of enterprises. The most significant growth (by 60.6%) at current prices was recorded in small trade licensees, while small businesses increased by 19.8% and medium-sized enterprises by 4.3%. **Overall, SMEs including the small trade licensees, recorded revenues in 2012 higher year-on-year at current prices by 22.3%.**

Small and medium-sized enterprises in Slovakia in a significant measure shared in the overall volume of revenues for own performance and goods in the individual sectors and construction output. **The share of small and medium-sized enterprises in total revenues in 2012 represented from 31.8% in industry to 87.7% in selected market services.** The share of small and medium-sized enterprises in construction output achieved 80.1%. In the trade sector the share of revenues of small and medium-sized enterprises represented 77.5% and in transport (other personal ground transport, road freight and moving services) 75.9% (Annex, Chart no. 28).

Small and medium-sized enterprises (including NP - entrepreneurs) recorded in the assessed sectors in 2012 year-on-year growth of revenues at current prices. However, construction output of small and medium-sized enterprises experienced a year-on-year decline. Revenues of small and medium-sized enterprises increased most significantly in selected market services (22.3%), followed by industry (6.4%), transport (4.8%) and trade (4.4%). Construction output of small and medium-sized enterprises versus 2011 fell year-on-year by 11.6%.

Chart No.7



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

The level of revenues realised by small and medium-sized enterprises in trade and the amount of construction output in 2012 still did not reach the level of the pre-crisis year of 2008, which points out the fact that small and medium-sized enterprises have been only very slowly able to compensate for the consequences of the economic crisis in these sectors.

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

According to data and the methodology of Eurostat Slovak small and medium-sized enterprises (including NP – entrepreneurs) achieved in 2010 in the non-financial business economy a 55.9% share in revenues for own performance and goods, which was 1 p.p. less than the share achieved within EU-27 countries (Annex, Chart no. 29). Within the individual V4 countries Slovakia in the mentioned area placed comparatively behind Czech Republic (59.1%), Hungary (57.7%), and Poland (56.1%).

3.6.2 Development of selected economic indicators of SMEs

In 2012 the Slovak economy recorded its lowest economic growth since 2009, when the Slovak economy fell into recession. According to preliminary data from the SO SR the lowered dynamic growth of GDP in 2012 was influenced by foreign and domestic demand.

Due to the impact of the decline in economic activities in our main export partners, foreign demand grew year-on-year by 8.6% (in 2011 it grew by 12.7%). The decline of domestic demand was associated with the decline of all of its main elements. Gross capital formation fell by 10.3% (and growth in gross fixed capital formation by 3.7%), and public administration final consumption was lowered by 0.6%. The only component which contributed positively to the achieved economic growth in 2012 was net exports.

According to preliminary data from the SO SR in 2012 the share of small and medium-sized enterprises (legal entities – non-financial corporations) declined year-on-year in the creation of gross production and added value and conversely, moderately increased in the achieved pre-tax profits.

Gross output of SMEs

In 2012 the share of SME-legal entities in gross production in the non-financial corporate sector reached 41.3%. The mentioned share was lowered by 1.1 p.p. versus 2011 and by 0.9 p.p. versus 2008. The share of micro enterprises (0-9) in gross production represented 12.1% (growth by 3.2 p.p.), the share of small business achieved 10.5% (a decline of 3.7 p.p.), the share of medium-sized enterprises 18.8% (a decline of 0.5 p.p.) and large enterprises 58.7% (growth by 1.1 p.p.) (Annex, Chart no. 30).

At current prices **gross production of SME – legal entities grew year-on-year in the non-financial sector by 0.9%** and reached a level of EUR 48,265 million. The gross production of micro enterprises increased year-on-year by 40.3% to a level of EUR 14,075.7 million, of small businesses fell by 23.5% to a level of EUR 12,228.8 million and of medium-sized enterprises grew by 0.6% to a level of EUR 21,960.9 million.⁵

Added value of SMEs

In 2012, the share of SME-legal entities in the creation of added value in the non-financial sector reached 55.1%. Accordingly, as in the case of gross production, the share of SMEs in added value fell (by 0.5 p.p.) compared with 2011 and by 0.1 p.p. versus 2008. The share of small enterprises (0-9) in added value represented 20.3% (a decrease by 5.2 p.p.), the share of small businesses achieved 14.2% (a decrease by 5.2 p.p.), the share of medium-sized enterprises was 20.6% (a decrease by 0.5 p.p.) and of large enterprises 44.9% (growth by 0.5 p.p.) (Annex, Chart no. 31).

Added value in SME-legal entities in the non-financial sector grew at current prices year-on-year by 0.2% and reached a level of EUR 18,049.1 million. The added value of micro enterprises increased by 35.8% to EUR 6,639.9 million, and the added value of small enterprises was lower year-on-year by 26.2% (EUR 4,647.7 million) and in medium-sized enterprises lower by 1.0% and achieved a level of EUR 6,761.5 million.

Comparison of the share of SME in added value in the non-financial business economy in the Slovak Republic and in EU countries

In 2010 Slovak small and medium-sized enterprises (including NP – entrepreneurs) achieved a 61.0% share in the creation of added value in the non-financial business economy (according to data and the methodology of Eurostat, added value is presented in prices of production costs), which represents a moderately higher value (by 3.5 p.p.) than the total share recorded in the EU-27 countries. The share of Slovak small and medium-sized enterprises achieved in added value was at the same time the highest within the V4 countries. In Czech Republic SMEs achieved a share in added value of 55.8%, in Hungary 54.3% and in Poland 50.6% (Annex, Chart no. 32).

SME profits before tax

The share of SME-legal entities in profit before tax in the non-financial sector reached 53.4%. Year-on-year the achieved share increased by 1.1 p.p., but versus 2008 it is

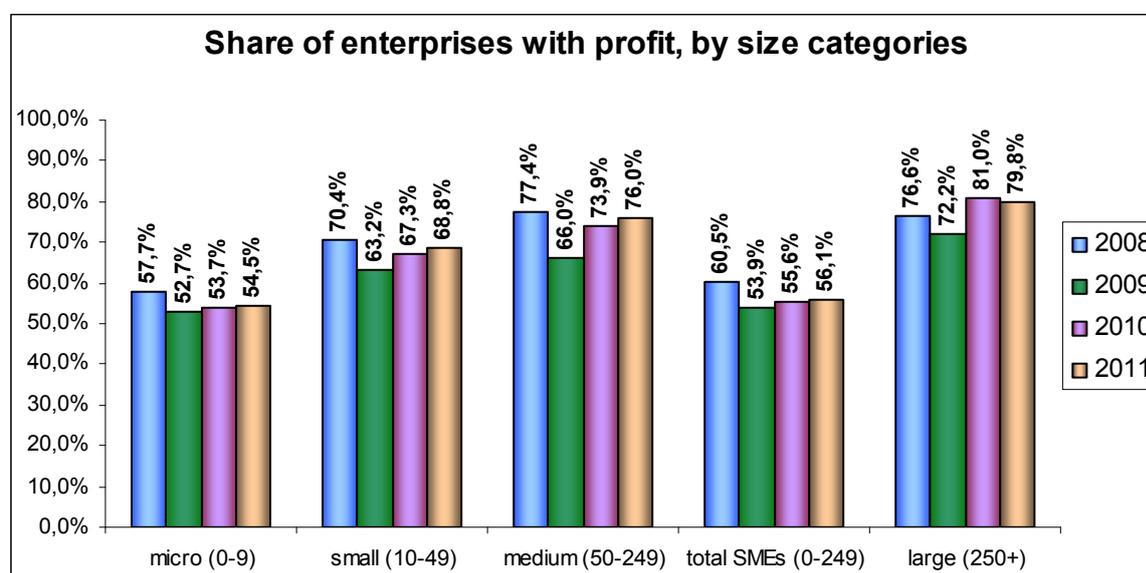
⁵ According to the methodology SO SR, non-financial corporations are considered as profit-oriented businesses recorded in the Commercial Register in all areas of activities, aside from financial activities. Organisations which cover their expenditure from more than 50% of revenues also belong here.

still lower by 4.8 p.p. The share of micro enterprises accounted for 23.7% (growth by 4.4 p.p., data represents a NADSME estimate), small enterprises 17.8% (a decrease by 1.4 p.p.), medium-sized enterprises 12.0% (a decrease by 1.9 p.p.) and large enterprises 46.6% (a decrease by 1.1 p.p.) (Annex, Chart no. 33). **Year-on-year the profit of SMEs – legal entities in the non-financial corporate sector decreased by 6.1%** and achieved a level of EUR 4,730.1 million. Profit before tax of small enterprises (0-49) fell year-on-year by 0.8% to EUR 3,670.6 million, and the profit of medium-sized enterprises fell by 20.8% to EUR 1,059.5 million.

3.7 The development of indicators of financial performance of SMEs

On the basis of data processed from accessible financial statements⁶ in 2011 **the share of SMEs with positive economic results (including zero operating results) in the total number of SMEs was 56.1%**. The share of small and medium-sized enterprises with positive economic results increased year-on-year by 0.5 p.p., but versus the pre-crisis year of 2008 it is still lower by 4.4 p. p. In terms of the individual size categories versus 2008, micro enterprises had this share lowered the most significantly (by 3.2 p.p.), followed by small enterprises (by 1.6 p.p.) and then medium-sized enterprises (by 1.4 p.p.). For a comparison, the share of large enterprises with positive economic results surpassed the pre-crisis value back in 2010. From the presented data it is obvious that the economic fall-off had the most negative impact on SMEs, primarily micro enterprises, which to 2011 were still unable to return to their pre-crisis level in the share of profitable enterprises. Within the regions of the Slovak Republic the highest share of SMEs with positive economic results in 2011 was in the Prešov Region (60.8%) and conversely the lowest was in the Bratislava Region (51.8%) (Annex, Map no. 9).

Chart No.8



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

The median of the indicator return on revenues (on the basis of EBITDA), which tells of the assessment of consumed input in that it gives the ratio of profit adjusted by tax,

⁶ The processing of indicators took place on the basis of data from available anonymous financial statements of businesses accounting in double-entry bookkeeping. The calculation of indicators for 2011 took place in a total number of 126,928 business entities.

depreciations and interest expenses to sales⁷, **achieved in sector of small and medium-sized enterprises in 2011 a value of 2%**. The median was lower versus 2010 (a decrease by 0.4 p.p.), as well as year 2008 (a decrease by 2.0 p.p.). The return on revenues is lowest over the long-term in micro enterprises (1.4% in 2011, Annex, Chart no. 34). In terms of sectors agriculture has the highest return on revenues in the subject activities and conversely the lowest trade. The economic falling off in 2009, however, affected all sectors, and most significantly in the already mentioned trade (a decrease by more than half, from 2.4% to 0.9%) and construction (a bit more moderate fall from 3.5% to 1.7%). This decline also continued at a strong pace in these two sectors in subsequent years. On the other hand, in agriculture median return on revenues at the end of 2011 grew to a value of 16.6% (growth versus 2008 by 2.2 p.p.).

The indicator return on assets, which is compiled as the ratio of achieved profit before tax to total assets, characterises the assessment of total assets of an enterprise. This indicator **achieved in the sector of small and medium-sized enterprises in 2011 a median value of 0.03%**. Median return on assets decreased compared with 2010 (by 0.01 p.p.), as well as in 2008 (by 0.76 p.p.). Return on assets was recorded as completely the opposite in large enterprises, where aside from a moderate decrease in 2009 (by 0.75 p.p.), median return on assets grew in 2011 versus 2008 by 0.63 p.p. (Annex, Chart no. 35). In terms of sectors, a fall-off in return on assets was recorded in 2009 in practically every sector and were down to values close to zero. Up to 2011 return of assets of all sectors grew, with the exceptions of trade and construction. In the best condition was the agriculture sector, which overcame the economic falling off in terms of return on assets, increasing in 2011 its median profitability by 0.26 p.p. in comparison with 2008.

The indicator of total indebtedness of assets expressing the share of liabilities (including time-differentiated) **in own assets and liabilities, achieved in the small and medium-sized enterprises sector in 2011 a median value of 66.8%** which is close to the upper recommended sufficiency (70%). Compared with 2008 the value of this indicator increased by 2.4 p.p., and in the category of micro enterprises grew by 5.7 p.p. The category of small enterprises achieved a long-term median of over 70%, which points to a higher measure of use of foreign resources. In terms of regions and individual sectors no major change has occurred since 2008 in the indebtedness of small and medium-sized enterprises (Annex, Chart no. 36).

In contrast with the increasing measure of use of external resources, the low level of using bank credits acts as the dominant form of commercial financing in the environment of the Slovak Republic. **In 2011 from the total number of SMEs accounting in double-entry bookkeeping for which financial statements were available, 16.5% used bank credits** (which is 1.2 p.p. less than in 2010), and in the case of micro enterprises this was only 13.5%. Micro enterprises and small businesses, given their higher sensitivity to economic influences, were as a consequence of the economic decline in 2009 forced to a greater measure to fall back on external financing, which is manifested in the significant growth of commercial bank credits in the category of micro enterprises by up to one-third (between 2008 and 2011) (Annex, Chart no. 37).

Liquidity represents an important economic concept in the market economy as it expresses the ability of companies to cover liabilities in the short-term horizon to one year. **Second-**

⁷ Revenues include income for the sale of goods, own products and services.

degree liquidity achieved in the sector of small and medium-sized enterprises in 2011 a median value of 1.03. The achieved value of second-degree liquidity was lower in comparison with 2010 (by 0.02), as well as 2008 (by 0.04). Similarly as in the case of other indicators, the most significant differences in terms of second-degree liquidity exist between micro enterprises and other size categories of enterprises. Micro enterprises were the only category of business entities that achieved a value of second-degree liquidity above the recommended value of 1 (Annex, Chart no. 38).

In the area of time of liability settlement a distinct upswing is visible which occurred in 2009. The difference between 2008 and 2009 in the case of micro enterprises is growth from 15.7 to 22.9 days, in the case of small businesses from 40.9 to 50.9 days and in the case of medium-sized enterprises from 45.1 to 53.8 days. While in the category of medium-sized enterprises a moderate correction followed in subsequent years, in the categories of micro enterprises and small businesses the increased level of time of liability settlement was effectively maintained. The median value of time of liability **settlement** in the case of **micro enterprises** between 2008 and 2011 **was extended by nearly 30%** and in the case of small business by more than 21% (Annex, Chart no. 39).

3.8 The position of SMEs in the foreign trade of the Slovak Republic

In 2012 according to preliminary statistics of the SO SR and Narodná banka Slovenska (National Bank of Slovakia - NBS) **goods and services worth EUR 68,326.5 million were exported from Slovakia**, with year-on-year growth of 8.6%. **The import of goods and services** increased year-on-year by 2.8% and **reached a level of EUR 64,773.9 million.**

Export of goods alone from Slovakia according to preliminary data from the SO SR increased year-on-year by 10.7% to a level 62,833.0 million. The import of goods achieved a value of EUR 59,223.8 million with year-on-year growth by 6.2%. The achieved positive balance of trade with goods was on a level of EUR 3,609.2 million.

The export performance of the economy expressing the share of exported goods and services to GDP **achieved 95.6%.** **Import demand** expressing the share of imported goods and services to GDP **represented 90.6%.**

The decisive share in the commodity structure of total exports from Slovakia (by harmonised system classes) was made up of machinery, instruments, electrical equipment, apparatuses for recording and reproducing video and audio (31.5%), vehicles, aircraft, vessels and associated transport equipment (24.1%), base metals and articles from base metals (11.6%) and mineral products (6.4%). In 2012 exports of cars and other motor vehicles designed principally for the transport of persons increased most markedly by EUR 1,907.6 million, telephone sets, including telephones for cellular networks or other wireless networks by EUR 1,001.7 million, motor vehicle chassis by EUR 665.2 million and parts and components of instruments for radio or television broadcasting, monitors and projectors by EUR 327.9 million.

The decisive share in the commodity structure of total imports to Slovakia was made up of machinery, instruments, electrical equipment, apparatuses for recording and reproducing video and audio (28.9%), mineral products (14.3%), vehicles, aircraft, vessels and associated transport equipment (12.3%) and base metals and articles of base metals (9.9%). In absolute

value in 2012 the import of telephone sets, including telephones for cellular networks or other wireless networks increased most significantly year-on-year, by EUR 1,187.1 million, followed by parts, components and accessories for motor vehicles by EUR 763.7 million, liquid crystal products by EUR 696.8 million, spark-ignition reciprocating or rotary internal combustion piston engines by EUR 223.7 million and broadcasting devices for radio or television by EUR 173.8 million.

The most significant active foreign trade balance of Slovakia was achieved with Germany (3,537.2 million), Czech Republic (3,130.8 million), Poland (2,918.4 million), Austria (2,850 million), Hungary (2,380.4 million), the United Kingdom (1,796.8 million), France (1,661.6 million) and Italy (1,154.1 million). The most significant deficit in foreign trade was achieved with the Republic of Korea (5,464.6 million), the Russian Federation (3,247.7 million), China (2,324 million) and Japan (865 million).

Among the main economic groupings, **exports to the EU countries increased by 9.6% (accounting for 83.8% of total exports of the Slovak Republic)** and to OECD countries by 10.8% (accounting for 86.7% of total exports of the Slovak Republic). **Imports from EU countries increased by 5.7% (it accounted for 64.2% of total imports)** and from OECD countries by 6.1% (a 61.9% share of total imports).

Exports of small and medium-sized enterprises

Exports of small and medium-sized enterprises in 2012 achieved a value of EUR 17,486.2 million, with a year-on-year increase by 6.5% (in absolute terms by 1,065.6 million). **Overall small and medium-sized enterprises had a 30.4% share** in total volume of exports, which is by 1.3 p.p. less than in 2011. The year-on-year decline in the share of SMEs in total exports in 2012 was associated with the lower year-on-year growth in the volume of exports in the SME category (6.5%), as in the category of large enterprises (by 13.2%).

The share of micro enterprises (0 - 9) in total exports in 2012 was 12.5%, which represents EUR 7,200.0 million (this category also includes enterprises with an unstated number of employees in a volume of EUR 1 944.5 million, which represents 3.4% of total exports). Small enterprises (10 - 49) had a 6.1% share in total exports, which was in absolute terms EUR 3,508.9 million and medium-sized enterprises (50 - 249) an 11.8% share, or EUR 6,777.3 million in absolute terms. Large enterprises had a dominant position in total exports in 2012 with a share of 69.6% of total exports, which represents EUR 40,071.3 million.

In terms of individual size categories of enterprises, compared with 2011 only micro enterprises increased exports (by 22.9%), in absolute terms by EUR 1,341.2 million. Exports of small enterprises fell year-on-year by 4.7% (by 172.6 million) and exports of medium-sized enterprises by 1.5% (by 103.0 million). For comparison, year-on-year growth of exports of large enterprises by 13.2% represented in absolute terms EUR 4,664.3 million.

The territorial structure of exports of small and medium-sized enterprises is distinguished by the notable domination of EU markets. **Of total exports of small and medium-sized enterprises (17,486.2 million) in 2012 exports to EU countries represented a 91.7% share** (16,036.4 million), with exports to the older EU – 15 member states accounting for a 39.3% share (6,873.3 million) and the new EU– 12 a 52.4% share (9,163.2 million) in total SME exports. SME exports to countries outside the EU represented 8.3% (1,449.7 million) of total SME exports in 2012. For comparison, exports to EU countries accounted for in the case of

large enterprises an 80.7% share, which is 11 p.p. less than in SMEs. The relatively low share of SME exports to countries outside of the EU points to the more significant need for supporting the expansion of SMEs into these markets, which is linked to SBA principle no.10 “Encourage and support SMEs to benefit from markets outside of the EU”. The structure of foreign trade according to the size categories in 2012 is presented in the Annex, in Charts no. 40, no. 41, no. 42, no. 45, no. 46, no. 47 and is calculated on the basis of preliminary foreign trade statistics from the SO SR; operations performed by foreign entities are not calculated into the data (of total exports they accounted for an 8.4% share and of total imports a 7.8% share).

Based on the final results of processed foreign trade statistics for the year 2011, in terms of the size categories of enterprises it is possible to characterise foreign trade operations performed by SMEs by commodity structure and territorial areas. In the commodities structure of SME exports commodities having the most significant share (according to data for year 2011) were machinery, apparatuses, electrical equipment, image and sound recorders and reproducers (26,8%), base metals and articles of base metals, (16,7%) and vehicles, aircraft, and transport equipment (7,2%). In the categories of food and textile products SMEs ensured more than 60% of total exports. Within the countries of the EU 25.9% of total exports of SMEs went to Germany, 17.6% to Czech Republic and 15.1% to Hungary. SMEs had largest representation in exports to the countries Malta, Cyprus and Hungary. The most significant target territories for SME exports outside the EU were Russia (a 20.4% share), Ukraine (13.1%), Switzerland (9.1%) and the United States (6.5%).

A comparison of the position of SMEs in exports in the Slovak Republic and EU countries

According to data and the methodology of Eurostat, small and medium-sized enterprises in the EU-25 in 2010 accounted for totally a 47.2% share in total exports to EU countries (without including business entities with an undetermined number of employees), which is 14.2 p.p. more than the achieved share of SMEs in the Slovak Republic in exports to EU countries in 2010 (according to the data and methodology from SO SR and NADSME – including data from entities with an undetermined number of employees). In comparison with other EU countries the Slovak Republic placed third from last (33.0%). A smaller such share was recorded only in Hungary (30.9%) and Finland (30.2%). The other V4 countries also recorded a similar share as Slovakia in the mentioned comparison, specifically Poland 33.5% and Czech Republic 33.8% (Annex, Chart no. 43).

In 2010 in the EU – 25 countries the share of SMEs achieved in total exports to countries outside the EU was 38.7% (according to Eurostat data), was 19.3 p.p. more than in the Slovak Republic. The Slovak Republic is in last place in the mentioned comparison in the share of SMEs in total exports to countries outside the EU. In Hungary the share SMEs achieved in total exports to countries outside the EU was 28.0%, in Czech Republic 32.0% and in Poland 33.6% (Annex, Chart no. 44).

Imports of small and medium-sized enterprises

The share of small and medium-sized enterprises in total imports in 2012 represented 43.0%, which was 1.9 p.p. lower versus 2011. In absolute value import of SMEs achieved a level of EUR 23,471.8 million, with year-on-year growth by 1.3% (or by EUR 302.3 million). The share of micro enterprises (0 - 9 employees) in total volume of

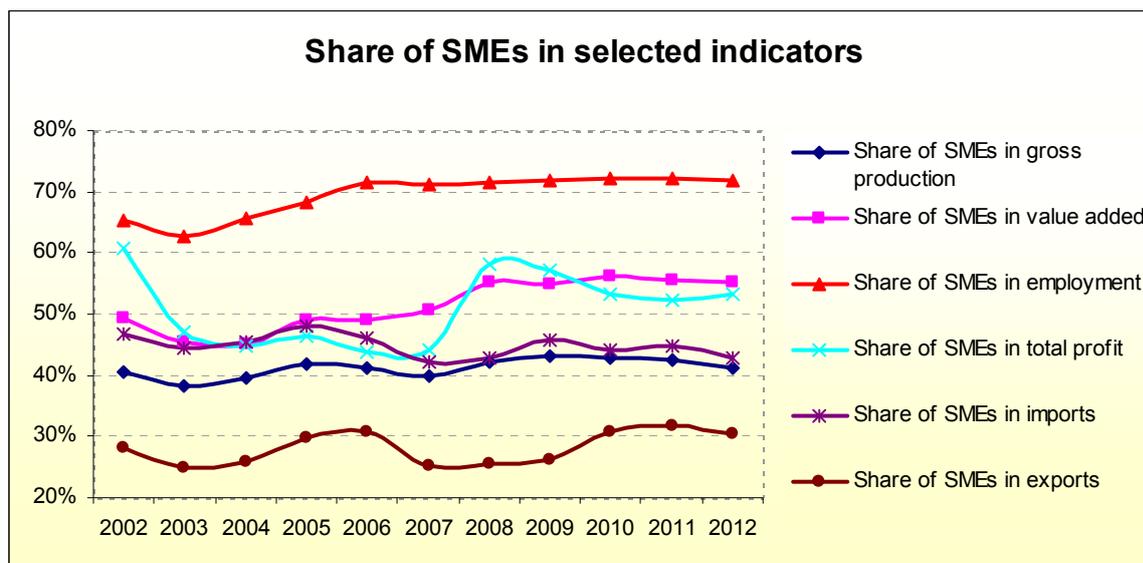
imports in 2012 represented 18.9%, in absolute expression EUR 10,322.2 million, and this category also included enterprises with an undetermined number of employees in a volume of EUR 2,506.1 million, with a share of 4.9% of total imports. Small enterprises (10 - 49) had a 9.6% share in total imports, in absolute expression EUR 5,264.8 million and medium-sized (50 - 249) had a 14.4% share, in absolute expression EUR 7,884.7 million. The largest share of total imports was accounted for by large enterprises (57.0%), which represents EUR 31,136.6 million.

In terms of individual size categories of small and medium-sized enterprises imports grew in 2012 only in the category of micro enterprises, namely by 10.3%, in absolute expression by EUR 966.0 million. The imports of small enterprises declined year-on-year by 10.9%, in absolute expression by EUR 3.2 million and medium-sized enterprises by 0.3%, in absolute expression by 20.5 million. The total volume of imports in the category of large enterprises grew by 9.4%, in absolute expression by EUR 2,685.5 million.

Of total imports of SMEs (EUR 23,471.8 million) in 2012 the share of imports from EU countries was 81.1% (EUR 19,032.9 million), and imports from the old member states of the EU-15 accounted for a 39.0% share (EUR 9,152.3 million) and imports from new member states 42.1% (EUR 9,880.6 million) of total SME imports. **Imports of SMEs from countries outside the EU** achieved a level of EUR 4,438.8 million in 2012, which **represented 18.9%** of total SME imports. For a comparison, imports from EU countries accounted for in the case of large enterprises a 51.8% share, which is 29.3 p.p. less than in SMEs.

Based on definitive statistical data on foreign trade for 2011 SMEs had in the commodity structure of imports the most significant representation in machinery, apparatuses, electrical equipment, devices for recording and reproducing video and audio (24.4%), base metals and articles of base metals (12.9%) and vehicles, aircraft, vessels and associated transport equipment (10.8%). In terms of imports of SMEs from the EU, the largest shares were from Czech Republic (29.7%), from Germany (18.7%), from Poland (8.4%) and from Hungary (8.2%). SMEs had the highest share of imports from Cyprus (98.6%), Latvia (89.2%) and Lithuania (87.9%). The most significant imports territories for SMEs from countries outside the EU were China, the Republic of Korea and Russia. SMEs had the highest share of in imports from Vietnam (76.5%), Serbia (72.7%) and Belarus (71.8%).

Chart No.9



Source: NADSME, based on data from the Statistical Office of the Slovak Republic

3.9 Results of analyses and surveys

3.9.1 Attitudes of residents toward business - Global Entrepreneurship Monitor (GEM)

The Global Entrepreneurship Monitor (hereinafter only “GEM”) is the world’s largest academic study of entrepreneurship. Slovakia became involved with it for the first time in 2011. GEM explores the role of entrepreneurship in national economic growth, through the unveiling of detailed national features and characteristics associated with entrepreneurial activity. On the other hand, it also surveys the state of the business environment itself and offers information on applying the SBA principle no. 1 “Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded”.

The main objectives of GEM is to measure differences in the level of business activities between countries, to reveal the factors that differentiate the national levels of business activities and to identify policies which can improve the national level of business activity. Data from the study are annually collected on two levels. One of the basic elements of the GEM study is the **Adult Population Survey (APS)**. National GEM teams carry out the survey on a representative sample of minimally 2000 respondents. The second part consists of a **National Experts Survey (NES)**.

The most important findings from the adult population survey⁸ are the following (Annex, Chart no.48):

- Self-confidence:
 - In Slovakia a **relatively low perception of opportunities** predominates. Slovakia is significantly below the European average. From all 29 European GEM countries Slovakia is in 24th place,

⁸ The final report of the survey is available on the website: http://www.nadsme.sk/files/Prieskum_dospelej_populacie_GEM-sprava2012.pdf

- **high perceptions of abilities.** Slovakia finished 6th place among European countries, a decline versus 2011 was recorded from 53% to 49.7% and
 - **fear of failure of business in Slovakia is at the level of the European average.** Fear of failure grew versus 2011, from 32% to 38%.
- Societal attitudes towards entrepreneurship:
- **Low perception of entrepreneurship as a good career choice.** Slovakia is below the European average,
 - perception of successful entrepreneurs and their social status is low – in this area Slovakia is slightly below the average of Europe. An improvement versus 2011 from 64.4% to 74.4% and
 - relatively high attention of the media devoted to new entrepreneurs, Slovakia is below the European average.
- Assessment of the individual phases of entrepreneurship:
- **The intention to begin in the coming 3 years to do business fell year-on-year** from 18% to 12%. Slovakia finished in 14th place in Europe,
 - **total start-up business activities fell year-on-year** (from 14.2% to 10.2%), but we are still above the European average (5th place in Europe),
 - the percentage of start-up enterprises declined year-on-year from 9.2% to 6.7% (4th place in Europe),
 - the percentage of new enterprises fell year-on-year from 5.3% to 3.9% (6th place in Europe),
 - **the percentage of established enterprises decreased year-on-year** to below the European average (14th place in Europe) and
 - the excessively high finishing of entrepreneurship in Slovakia (4.7%) in comparison with the dynamic of business activities (2nd place in Europe).

The conditions for entrepreneurship in Slovakia evaluated through the survey on the level of experts are the following:

- **In comparison with Europe and innovation-driven countries Slovakia overall has below average conditions for doing business,**
- areas with the greatest room for improvement were identified as government policies, transfer of science and research and government programmes
- the business environment in Slovakia is characterised by weak enforceability of the law, problematic business legislation, a high administrative burden for entrepreneurship and persisting problems with corruption and clientelism.

3.9.2 Evaluation of the application of the principles of the SBA

In 2013 NADSME carried out, in cooperation with the agency Focus, a historic first survey of the opinions of representatives of small and medium-sized enterprises, the main objective of which was the mapping of the situation in the area of the individual principles of the SBA and an assessment of their application in Slovakia.⁹ The survey was conducted in the form of telephone interviews on a total sample of 1000 small and medium-sized enterprises, including natural persons – entrepreneurs. The completed survey offered information on the level of application of the following SBA principles: 1. support for enterprise; 3. think small first; 4. responsive public administration; 5. state aid and public procurement; 6. access to

⁹ The final report of the survey is available on the website: http://www.nadsme.sk/files/Hodnotenie_uplatnovania_principov_SBA_sprava.pdf

financing, timely payments; 7. a unified market; 8. skills and innovation; 9. the environment; 10. internationalisation.

Support of enterprises

According to the survey results **not quite one-fifth of those small and medium-sized enterprises surveyed (18%) evaluated the present business conditions in Slovakia as good**. Conversely, 82% of surveyed entrepreneurs evaluate the current business conditions as bad overall. Nearly 8 of 10 (78%) surveyed entrepreneurs stated that business conditions have worsened during the previous two year. More than one-fifth of entrepreneurs consider business conditions as the same (20%) or as better than before (2%). The relatively marked negative evaluation of business conditions is probably associated with the fact that from 1 January 2013 several changes took place in the tax-levies area with a negative impact on entrepreneurs, which are reflected in the survey conducted in the positions of responding entrepreneurs.

Think small first

The excessive regulation of business represents according to survey results an obstacle in the opinion of 26% of respondents and a moderate obstacle in the opinion of 39% of survey respondents. More than half of surveyed entrepreneurs (53%) also stated that during the previous two years an overall increase of administrative burden has occurred for doing business.

Responsive public administration

Only 2% of entrepreneurs addressed evaluated the level of electronic communication with bodies of public and state administration as excellent. A total of 60% of entrepreneurs evaluated the level of electronic communication as sufficient and 35% evaluated it as insufficient.

State aid and public procurement

Not quite **1% of small and medium-sized enterprises evaluated the possibilities of obtaining financial resources for the support of programmes for doing business as excellent**. A third of entrepreneurs surveyed (32%) evaluated these opportunities as sufficient and more than half (53%) as insufficient. More than one-tenth (12%) of surveyed entrepreneurs stated that in the preceding two years they had used some type of public financial support (Annex, Chart no. 49).

Access to financing, timely payments

Nearly **two-thirds of surveyed entrepreneurs (62%) stated that the average period of payment of their liabilities or invoices is less than to 30 days**. A quarter (25%) of surveyed small and medium-sized entrepreneurs declared that the average period of payment of their liabilities is in the range from 31 to 60 days and more than one-twenty (13%) declared the payment period for liabilities as 60 days.

A unified market and internationalisation

According to the survey results **nearly 4 in 10 (38%) entrepreneurs at present are also carrying out their trade activities abroad**. At the same time, 96% of them do business on the unified EU market and 29% of them do business on markets outside the EU. Only 1% of surveyed entrepreneurs stated that they used some type of public support for their foreign trade activities during the preceding two years and 3 of 10 (29%) small and medium-sized enterprises stated that they had tried to gain such support but were not successful.

Skills and innovation

Not quite one-fifth (17.1%) of surveyed entrepreneurs declared overall satisfaction with the level of public support for the introduction of innovations, while 68% declared overall dissatisfaction with the level of public support for introducing innovations. Just 3% of entrepreneurs stated that they had tried during the preceding two years to obtain financial resources from support programmes for carrying out innovation activities and that they were successful in their attempt. Not quite one-tenth of entrepreneurs (8%) attempting to obtain such support were not successful.

The environment

Only 2% of surveyed entrepreneurs stated that in the preceding two years they **had used some type of public support for advocacy of more effective use of resources or support for ecological products and services**. Another 5% of surveyed small and medium-sized enterprises attempted to obtain some similar type of public support in the preceding two years but they were unsuccessful.

3.9.3 Financing of micro enterprises and start-up businesses

With the rational preserving of a healthy structure of the business environment significant attention should be devoted specifically on the segment of small trade licensees, micro enterprises and small businesses, because it is these groups of entrepreneurs that have markedly hindered possibilities in the area of obtaining external sources of financing. The collection of data in the scope of the presented survey was carried out in January 2013.¹⁰ The survey results allow more detailed knowledge regarding the financial situation of SMEs which belong among the priorities of the EC and solving this problem is the essence of principle no. 6 “Facilitate SMEs’ access to finance.”

According to the survey results, **more than four-fifths (82.3%) of all entrepreneurs used their own savings for the running their enterprise**. The contribution from the Labour Office for a business start-up was used by 15.3%, which is comparable with those using bank credits (15.2%). Approximately one-tenth of entrepreneurs (11%) used the savings of other family members, and nearly half (45%) beginning small trade licensees used a contribution from the Labour office for starting-up a business (Annex, Chart no. 50).

Entrepreneurs expressed a negative opinion upon evaluating the possibility of obtaining external financing in the present in comparison with the state before the start of the economic crisis. **In all, one-third of entrepreneurs (32.3%) in the survey stated that opportunities for getting external financing had worsened**. Only just over 5.2% of those asked stated that this state had changed for the better.

For 57% of micro and small enterprises the unfavourable situation in obtaining external resources represents an obstacle in developing their business.

Nearly two-thirds of entrepreneurs (61.3%) did not use in the preceding 12 months any external sources of financing, while **15.4% of entrepreneurs used a bank credit according to the survey results**, 10.4% drew on a bank account and 9.6% used leasing.

¹⁰ The results of the survey is available on the website: http://www.nadsme.sk/files/Financovanie_mikropodnikov_2013.pdf

From the surveyed entrepreneurs, 86.5% did not request credit during the past 12 months, while 9% were fully satisfied with their request. Another 3.3% were partially satisfied and 1.2% were not at all satisfied. From the presented data it follows that **from the total number of requests for bank credit 66.7% of applicants were fully satisfied**, and the most fully satisfied were in the category of self-employed (71.4%), followed by small businesses (68.3%) and micro enterprises (60.0%).

The most common request for credit was in the interval EUR 10,000 to EUR 30,000, by nearly one-third of entrepreneurs (31.6%). Less than EUR 10,000 was requested by 27.1% and 20.3% requested from EUR 100,000 to 500,000.

Operating capital was the most common purpose of using external financial resources obtained from a bank, namely in 71.5% of cases. Another 17.1% of entrepreneurs used such financial resources for the investment purchase of real estate, a vehicle or machinery. No entrepreneurs used obtained financial resources for development of international activities.

The surveyed entrepreneurs **most often guaranteed used real estate property to guarantee bank credits (31.7%)**. No guaranteeing was requested in a third of cases – 33.3%.

Insufficient securing of credit was the reason for refusal in 42.3% of the fully unsatisfactory applications for credit, while 16.7% of entrepreneurs had a weak credit rating. An insufficient business history was the reason for refusal of credit in 11.9%.

Entrepreneurs consider **the high level of interest as most important limiting factors in obtaining bank credits (30.3%)**, the low willingness of the bank to provide credits (22.3%), unsuitable general economic conditions (21.6%) and insufficient business history (16.8%).

Over the last 3 years only 15.8% of entrepreneurs used financial support from public institutions.

A total of **43% of entrepreneurs** in the survey declared the overall opinion (responses certainly and possibly) that in the subsequent 3 years they **will probably need external sources of financing** for the development of their business. An unchanged state in terms of possibly obtaining credit financing in the future is expected by 41.7% of entrepreneurs, an improvement in 25.1% and a worsening in 17.9% of entrepreneurs.

3.9.4 Business activity in the European Union

The following part of the report presents selected results from the survey European Commission “Entrepreneurship in the EU and beyond¹¹”, from which NADSME processed the secondary analysis of results of responses from Slovak respondents. More than 42,000 respondents over 15 years of age were involved in the survey and 1,000 of them were from Slovakia. The goal of the survey was to study the position of residents regarding entrepreneurship, potential entrepreneur activities and the kinds of factors that conditions the start-up and development of an enterprise. The results of the survey provide information that can help with improving conditions for doing business, which is the goal of SBA principle no. 1: Create an environment in which entrepreneurs and family businesses can thrive.

¹¹ **Sources:** *European Commission 2013: Entrepreneurship in the EU and Beyond (Flash Eurobarometer 354)*
http://ec.europa.eu/public_opinion/flash/fl_354_en.pdf

According to the survey results **every third resident of Slovakia (33%) would, given the choice, prefer to become an entrepreneur rather than be an employee**, which is 4 p.p. less than in the case of respondents from the EU-27 (Annex, Chart no. 51).

Compared with 2009, when the European Commission carried out a similar survey, however, the **number of residents of Slovakia who would prefer the status of being an entrepreneur grew by 7 p.p.**, which is in contrast with development within the EU – 27, where the number of such residents fell by 8 p.p. to 61% of respondents connected to the survey from Slovakia and 58% of respondents within the EU – 27 declared that they would prefer the status of an employee rather than an entrepreneur.

Among the **most frequent reasons, on the basis of which** respondents from Slovakia connected to the survey **prefer the status of an entrepreneur was the feeling of freedom and self-realisation (56%, which is 6 p.p. less than in respondents from the EU-27) and free decision-making (27%, which is 3 p.p. less than in respondents from the EU-27)**. A higher financial income was given as a reason for starting up a business in a higher measure by respondents connected to the survey from Slovakia (22%) than respondents in the EU – 27 (16%). Taking advantage of a business opportunity was given as the reason for starting a business by 6% of respondents from Slovakia and 4% respondents in the EU – 27.

On the basis of results of questions evaluating the **measure of reality and feasibility of plans to start an enterprise** in the next 5 years it is evident that **respondents from Slovakia connected to the survey (34%) evaluate intentions in this area as moderately more positive** than respondents in the EU – 27 (30%). Nearly two-thirds (65%) of respondents from Slovakia and 67% respondents in the EU – 27 consider the possibility that they will start a business in the next 5 years as totally unreal.

Respondents connected to the survey from Slovakia as well as in the EU – 27 gave **the lack of financial resources for starting up and developing an enterprise as the most serious reason why they do not evaluate their plans to start an enterprise in the next 5 years as real and feasible. Respondents from Slovakia (25%) feel the problem of lack of access to financial resources more strongly than respondents within the EU – 27 (21%)**. The second most frequent reason given of the unreality of starting an enterprise was from both respondents from Slovakia (15%), as well as within the EU – 27 (12%) the unsuitable economic climate for starting a business. Among other reasons given for the unreality of starting a business were from respondents from Slovakia the problem of harmonizing running a business with family life (11%, which is 5 p.p. more than in respondents from the EU-27), fear of consequences of an unsuccessful enterprise (10%, which is 5 p.p. more than in respondents from the EU-27), insufficient basis for running a business (9%, which is 1 p.p. more than in respondents from the EU-27), lack of ideas for a business (7%, which is the same as in respondents from the EU-27), and the high administrative burden (7%, which is 3 p.p. more than in respondents from the EU-27).

4. Recommendations for further improvement of the business environment and SME development

A prerequisite for economic growth in a market economy is a favourable business environment. The development in the sector of small and medium-sized enterprises is sensitive to the quality of the business environment and requires a coordinated approach from all authorities in order for support for SMEs be on the highest possible level. This approach is very important because small and medium-sized enterprises in Slovakia have a large share in the creation of the national product and have an irreplaceable role in the area of employment.

As was presented in previous chapters in the business environment in Slovakia, aside from the global economic impacts, problems persist in certain areas, the resolution of which are progressing very slowly, or in the end even stagnating. Among these problems are, for example, law enforcement, frequent changes in legislation, high administrative burden on businesses, high levies and administratively demanding mechanism for their payment, etc.

For any improvement and removal of these deficiencies in the given areas of SME, a complex approach is required, as is inter-authority cooperation and mainly the active cooperation of entrepreneurs themselves. This complex approach to the problems of SMEs would restart economic growth and create a competitive advantage for our businesses. In regard to this step, it also helps that the Government of the Slovak Republic for the years 2012 – 2016 has committed itself in its programme to resolve these deficiencies with the aim of improving the business environment in Slovakia and creating in particular a stable business environment, including incentives for small and medium-sized enterprises for application in global network structures. The government also expanded the application of the European principles of the development of small and medium-sized enterprises (the SBA – Small Business Act) so that small and medium-sized enterprises are the supporting framework for the development of regional employment and the ones that will assess domestic natural resources in particular.

In the interest of improving access of statistical data for the SME sector as well as for the purpose of more thoroughly monitoring the application of SBA principles, we recommend that the Statistical Office of the Slovak Republic (SO SR):

- include in the Register of Organisations a codebook of size categories according to revenues in accordance with European Commission Recommendation No. 2003/361/EC,
- publish data on establishment and dissolution of enterprises by legal form (legal entities – businesses, natural persons – entrepreneurs),
- perform a mass update of data in the Register of Organisations before the deadline of the annual processing of the organisation statistics,
- process and publish indicators of structural statistics by size categories of enterprises (in line with European Commission Recommendation No. 2003/361/EC) and legal forms (legal entities – businesses, natural persons – entrepreneurs).

In the interest of improving the quality of the business environment and improving the conditions for long-term development of SMEs, we recommend adopting the proposed measures.

4.1 Proposed recommendations

Based on the recommendations given by NADSME, according to the conclusions of the analytical outputs of the programme Monitoring and Research of SMEs and upon expert opinions of organisations representing the business sector, this section presents the measures proposed in the interest of improving the business environment and the conditions for long-term development of SMEs, and thus for the development of the Slovak economy. The measures are identified in relation to particular SBA principles.

Principle 1) Enterprise - Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded

- To re-orientate the educational system to the system encouraging young people to assume more responsibility for themselves and their economic self-fulfilment.
- To support the development of entrepreneurial thinking, entrepreneurial culture and entrepreneurial skills at all levels of education, while it is necessary to combine the formal approach (modification of existing curricula) and informal approach consisting in a close contact with business practice.
- Tightening of the system of accreditation of universities which enable the achieving of quality of education for the needs of the labour market.
- To increase investment in education through special programmes for SMEs and their advisers in support structures and organisations representing the interests of SMEs.
- Better alignment of the educational system of secondary vocational education with the needs of SMEs and creating cooperative links between practice and educational institutions to reduce structural weaknesses of the labour market.
- Creating the system of incentives for investment in education and providing increased support for the schools, whose graduates are in demand in the labour market.
- Principle changes in the education system and access to the partnership of the private sector, public administration, educational institutions and scientific and research institutes.
- Issues of education and training of future generations of small trade licensees must create a system of lifelong learning. The school system needs to create the foundation for changing the philosophy of a society from employees to a society of employers. To educate graduates of secondary schools and universities prepared for self-employment through increased knowledge in the field of business economics, financial markets, law and in the areas of informatics and communications. It is important that future employees know the modern world of technology, methods/techniques and are able to use them flexibly and to improve them within global competitiveness. A suitable solution would be, for example, the assigning of the subject of entrepreneurship to the curriculum at universities with a pedagogical orientation; thus, the transfer of knowledge of entrepreneurship should also be ensured at a lower degree of the educational system.

- To recommend to regional governments and local government entities to incorporate the provisions of the Small Business Act (SBA) in their strategies and policies.
- To adopt the National Strategy for Promotion of Corporate Social Responsibility (CSR) in the Slovak Republic and the Action Plan for CSR at the national level and promoting principles of accountability in business, which should strengthen the sustainability and competitiveness of the SME sector.
- In relation to completed projects continuing to increase awareness of CSR among Slovak SMEs through the dissemination of information on the issue, and presenting/appreciating examples of good practice.
- To govern family businesses by a special legal regulation. Because a family business is a specific form of business it would be appropriate to govern it by a special law that would regulate both property and labour relations, as well as any inheritance and the intergenerational transfer of business.
- To use the current organisational basis providing support to entrepreneurs and to complete it so as to ensure the support of a family business with all its needs and particularities.
- To work up methodological guideline – a manual for entrepreneurs – which will deal with accounting, psychological and legal aspects of generational change in family businesses; following the example of the Netherlands, we recommend distributing this manual to all entrepreneurs over 55 years in family businesses.
- To amend legislation in the field of inheritance law in the matter of succession in family business management with the possibility to exercise the cessionary's concepts and will in case of his death.
- In the field of trade license enterprises we propose to expand the range of the persons who can do business on the basis of a trade license of a deceased person by other persons, in terms of the family definition, so to avoid the termination of the trade license ex offio upon the death of the founder, despite the interest of the family to continue in carrying on the business.
- To give a tax advantage to companies supporting educational institutions, research, development and innovation.
- An information campaign focused on supporting the interests of women regarding doing business, raising awareness of other potential groups of entrepreneurs who thus far have not utilised their potential (school graduates, immigrants, seniors, health-disabled persons, ...).

Principle 2) Second chance - to ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance

- To carry out the analysis of the system of resolving insolvency of enterprises in Slovakia and to propose measures that should lead to an expeditious procedure associated with the termination of business and settlement of financial and property relationships in

accordance with the recommendations proposed in the SBA Action Plan for promoting the “second chance” for entrepreneurs. To limit the period to settle outstanding debts for an honest entrepreneur at maximum three (3) years.

- In the case of insolvency, to allow the petition for bankruptcy order or dissolution of a company in relation to the entrepreneur’s own company or to himself ex offio.
- To remove long time deadlines in deciding matters of commercial disputes.
- To implement a long-term information campaign focused on eliminating prejudice against bankruptcy, in the scope of which the right to a new beginning for honest entrepreneurs is supported and the public perceives bankruptcy as the “right to fail” and not as a life-long stigma of failure.

Principle 3) Think small first - to design rules according to the “Think Small First” principle

- Non-payment of invoices by the payment deadline by a business should be in certain cases classified as a criminal offense, because non-payment of invoices can be for honest entrepreneurs liquidating. A dishonest entrepreneurs take advantage of this deficiency in the law in order to avoid having to pay invoices.
- To use the Institute of Shortened Approval Proceedings in the National Council of the Slovak Republic only in exceptional cases, so that it does not lead to a de facto reducing of professional consultations of the submitter with experts from practice and thus to ensure that proposed laws are properly prepared and assessed. Non-system interference into the law by consultants during preparation of legislation should be eliminated through the amending and supplementing of proposals of members of the national council. To prepare proposal for laws on the basis of the principles of simplicity, readability, briefness and comprehensibility.
- Continuous education of persons responsible for transposition of EU directives which would be focused on avoiding so-called gold-plating of provisions and on the harmonising of EU terminology and national provisions.
- To stabilise the regulatory framework for business, and in this context especially:
 - to define the system of consultations between public administration and the business sector, which can be implemented as part of the use of a single methodology to prepare standards that would be stable and would not require subsequent adjustments/corrections;
 - to establish a system for assessing the impact of the upcoming legislative and administrative initiatives on SMEs (SME test) when preparing new legislation,
 - to analyse the existing regulatory framework and eliminate standards or measures that are obsolete and do not produce social benefits (have not fulfilled the objective followed by the standard in the past).

Applying these measures should significantly decrease costs incurred by SMEs in terms of time spent by studying regulatory changes and necessary literature, as well as additional technical support costs (for example, updating accounting software).

- To prepare a medium-term strategy for the development and support of SMEs, which would re-define the objectives for the development of the SME sector, a framework for the use of support tools for SMEs, their institutional arrangements and coordination, as well as the adaptation of the legal framework of the business environment in order to remove barriers to the development of SMEs in Slovakia. The strategy should be based on the principles defined in the document Review of the “Small Business Act” for Europe (COM(2011) 78).
- To reduce the administrative burden, shorten and simplify procedures for obtaining and using support for SMEs, which mainly in programmes financed by the structural funds are prohibitively time-consuming and administratively difficult. To facilitate the refinancing of projects by implementation of advances to SMEs. To exclude changes of rules from a tender announcement up to the completion of projects.
- To introduce the obligation of the relevant authority to objectively assess the real impacts of approved provisions with a certain space of time from their approval and in the case of identification of undesired negative impacts to make the necessary amendments.
- To remove all forms of black work, which to a great measure deforms the business environment and costs the state a great portion of revenue. Honest entrepreneurs are unable to then compete with dishonest entrepreneurs who have in this way made their work less expensive. Black work occurs not only with entrepreneurs and different work agencies but also with employees where the employer, aside from wages listed in a work contract, pays for a certain financial portion of so-called black work without the relevant levies being paid.
- To draw off VAT after the payment of invoices in order to support honest entrepreneurs. Paying the VAT levy before payment of invoices penalizes entrepreneurs and with a certain volume of unpaid invoices this can be difficult for them and cause them to become insolvent. Adoption of measures tightening legislation with unpaid invoices and introducing payment of VAT only after payment of invoices would certainly help the business environment.
- To ensure promotion of employment of low-qualified workers in SMEs through the lowering of the tax burden, improving active policies on the labour market and focusing on the young and on long-term employment applicants for a job.
- To improve accounting implementing rules involving the business community in order to reflect the needs of the practice of accounting, which should contribute to a further reduction of the costs of accounting.
- To amend all laws on taxes, levies provisions and other regulations in principle only once a year, as at 1 January of the following year.
- To consider suspending the provisions governing the sanctions in the amended provisions of laws so that changes can be put into practice.
- To enforce that all taxes and levies are paid to the tax office and the tax office should then distribute them to the Social Insurance Agency and health insurance companies.

- Tax authorities should have a single information system where all applications for registration, deregistration and statements about employees would be sent in order to avoid double fulfilment of such obligations. The Social Insurance Agency and health insurance companies would draw information from this system.
- We suggest shortening by half the obligation of the premium payers to retain selected documents for ten (10) years to only five (5) years.
- To introduce the obligation of the presenter of a rule of law to develop, together with a draft, a simple, concise and easy-to-understand explanation of the rules and obligations arising from it.
- Based on the analysis of the implementation of the institute of a pre-binding opinion for institutions and selected laws, discussed by the Government on 29 June 2011, ensuring that the responsible department (the creator of the law) would be required to provide authoritative interpretation of the rules of the law. The above measure is designed to remove the inconsistent interpretation of legal regulations.
- For small trade licensees, independent farmers and entrepreneurs – freelancers receiving a pension, we propose voluntary paying contributions to old-age pension insurance; as such payments will be reflected only minimally in their total amount of pension. At the same time this would also motivate those groups of entrepreneurs to further economic activity, which would result in increased tax revenues.
- To perform legislative changes concerning occupational health and safety (OHS) and associated provisions into one law, for the purpose of simplifying the orientation of employers in this area due to its scattered nature. (Modification of OHS is contained not only in the law but also in 35 other provisions).
- To adopt measures for reducing the administrative burden related to the employment of persons (recruitment, system of contributions to funds) and to reduce overall labour costs by reducing contributions to funds based on a comprehensive and objective analysis of the needs and possibilities of further reduction of tax burden in the Slovak Republic.
- To remove disproportionate penalties imposed by the State, municipal, and other public administrative bodies to SMEs in a single infringement (such as it was governed by Act No. 392/2011 Coll. on Trading with Defence-related Products and on amendments and supplements to certain acts, which amended Act No. 455/1991 Coll. on Trade Licensing), in particular the non-monetary ones. With less serious deficiencies, to establish the principle that the imposition of a penalty will only be preceded by the possibility of a remedy by imposing a measure with a binding deadline for eliminating the deficiency.
- Supervisory authorities should apply, especially to small businesses, prevention (e.g. imposing educational activities as a remedy) rather than repression.
- To establish coordination of the procedure of particular public authorities in exercising control over businesses. Several control authorities should inspect the entrepreneur at the same time, thus avoiding multiple checks of the same facts. In addition to saving time and administrative burden it would mean a reduction in costs incurred by the entrepreneur in association with the performance of control activity.

- In the area of commercial law, to actively promote the use of alternative methods of dispute resolution, particularly mediation and arbitration, and raising awareness of businesses in that area.
- To raise awareness of SMEs through communication campaigns on the need for preparation in the case of the planned business transfer with an adequate interval of time. To promote the dissemination of information needed for the transfer of enterprises through training and databases in order to increase the number of successful transfers of companies.

Principle 4) Responsive public administration - Make public administrations responsive to SMEs' needs

- To reduce the administrative burden on business, eliminate duplication of submission of documents to the public administration, to simplify and to reduce the scope of required reporting, and the like.
- When creating each rule of law, to apply the principle that public authorities and public institutions (the Social Insurance Agency, etc.) will not require, in the administrative or other procedures, documents, deeds, decisions and the like, which are issued by the State authority or public administration body or public institution (the Social Insurance Agency, etc.). In this context, to support the ICT development within State authorities and public administration bodies and the rapid introduction of e-government in all areas where there is interaction between public administration and businesses, and thus eliminating several repetitive requests for information, documents and data from businesses.
- To improve the transition to electronic communications, the introduction of mandatory electronic reporting – technically it is handled very poorly (see the problem of the tax administration in early 2012; the Social Insurance Agency, and health insurance companies). The fact that the smallest businesses may not deal with new things technically (the latest PC, network coverage, etc.) is not taken into account, and therefore, we consider it as realistic, if an alternative option will be given to small firms, or companies in the region to be able to submit reports by post for a transitional period.
- Based on the analysis of the National Security Authority named the “Weaknesses in the Approach to the Use of Electronic Signatures and Advanced Electronic Signatures” (document no. 281/2012/IBEP/OEP-006) to create conditions to stimulate widespread use of electronic signatures by businesses. In this context, it is necessary to simplify Slovak legislation governing the issue of electronic signatures.
- To send the current standard forms – this would also contribute to the reduction of the administrative burden on small and medium enterprises, if, based on the measure implemented upon the Foreign Exchange Act No. 202/1995 Coll., within the electronic communications tax authorities send businesses a model of the respective form of a tax return in advance and notify them of the tax liability in such way.
- Unification of the function of the Commercial Register and the Trade Register into a single institution.

- To resolve system-wide the position of small trade licensees as a self-employer. Present legislation does not acknowledge to a small trade licensee the advantages of an employer (self-employer) and understands such a person more as an organisation, where the small trade licensee performs only as the owner, and does not take his own work into consideration. This deals mainly with the possibility of acknowledging as expenditures influencing the tax base for income of the own work of the small trade licensee (at least in the amount of a minimum wage) and allows the creation and drawing of the Social Fund and for the small trade licensee for equal conditions as with an employee.
- To apply a court fee for proposal for entering a change in the amount of EUR 66 even on first registration, or considering complete removal of charges related to establishment of a company.
- On the basis of analysis of the possibility of using electronic extracts from the Commercial Register of the Slovak Republic for legal purposes, a hearing by the Government of the Slovak Republic on 7 March 2012, to ensure that electronic extract from the Commercial Register is useful for legal purposes.
- We also recommend transfer of the obligation of a builder to provide a building office with documents for a building permit procedure in the form of statements of authorities. Prospectively, creating an information system could be considered, which would connect all the authorities concerned in the respective territory (the authorities concerned in such way can be identified already in the planning inquiry) and allow to shorten the building permit procedure.
- Regarding black construction penalties, to specify in the Construction Act, the cases of the breach of the Construction Act in which a financial penalty will be imposed on a builder and the cases of violation in which removing of black building will be ordered to the builder. This should be clearly addressed by the law; the current wording in general terms allows the circumventing of the law.
- Within land use planning and then within permitting structures, to strictly observe industrial zones and residential zones, and within residential zones the areas of houses, high-rise residential zones and the like, under threat of sanctions for the building authority. Such provision in the law would avoid confusion in explaining the provisions of the law in any way.
- We recommend that the Statistical Office of the Slovak Republic not to include micro enterprises in the statistical survey more than once every three years, except where the needs of statistical and other types of information require otherwise.
- To support the preserving of jobs during reduced economic activities (different fiscal advantages for employers).
- We propose to “motivate” the courts to speed up taking decisions on the merits, for example, through the amendment to Act No. 71/1992 Coll. on Court Fees, as amended, upon which the following measures would be taken. If more than three (3) months lapse from the payment of the court fee for a motion to start proceedings to the first hearing date, the parties to the proceedings should be given back 50% of all fees paid.

Principle 5) Public procurement and state aid - Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs.

- To introduce rules of transparency on the central level and on the regional level – local government, to adopt an effective law on public procurement, adopt effective measures for limiting corruption and bribery, to increase personal responsibility of the person responsible for procurement, to make public contract with the state and municipalities.
- To create greater space for the application of quality criteria in the procurement process, particularly in the supply of services. Current legislative practices connected with a pronounced preference of price criteria causes problems in selecting the best offer in terms of the requirements of the contract. On the other hand, high-quality offers by entrepreneurs are often unsuccessful because of the submission of cheaper but lower quality offering.
- To analyse the impact of existing State aid schemes for SMEs and to adapt the conditions of their provision for the needs of SMEs.
- To train public procurers with the goal of improving the quality of the procurement, not only in terms of formality, but also efficiency.
- To determine the limit for the proportion of small businesses in contracts to be financed from public funds at 30%, as is common in European countries. This would also help eliminate corruption in the awarding contracts financed from public funds. Objective conditions of competition would also allow for the success of small businesses and small trade licensees. Funds from public sources could be the engine of this segment – small business entities would employ more workers, pay taxes, levies, and expand.
- The requirement for the lowest price in the public procurement creates an opening for dishonest business. During public procurement of construction work we propose banning the lowest price as the only criterion, unless the competitive work is defined by a detailed project, an accurate and comprehensive list of areas and proper realisation documentation or quantitatively and qualitatively comprehensive description of the work. The use of the lowest price as the sole and decisive criterion for selecting a winner of the tender for the construction work is a method distorting this market segment.
- To exclude bids with the highest and lowest price from tenders. This rule is applied in many EU countries to eliminate extreme variants.
- In the interest of improving the current system of making public the possibilities for obtaining state support, we propose to create an independent Web portal on which it will be possible to search for a specific type of state support according to different criteria, such as the subject of the business, the region, the amount and type of support and the like.
- To carry out practical training for SMEs focused on lowering the measure of technical and formal deficiencies in the process of public procurement from their side, regular making public of the most common deficiencies in the process of public procurement together with practical advisement and recommendations for SMEs/entrepreneurs.

Principle 6) Finance – Facilitate SME access to finance and develop a legal and business environment supportive to timely payments in commercial transactions.

- To improve the provision of information on financial support for SMEs and present more significantly existing support programmes at local, national or European level.
- To ensure greater support for businesses through repayable forms of aid that have significantly less distorting effect on economic competition.
- To focus greater attention on funding start-ups and small businesses and supplementing the financial aid in the form of grants or loans by the provision of educational and consultancy services and connecting these supports with each other.
- By reinforcing and improving the connection of existing financial support programmes (structural funds, guarantee and loan programs of the SZRB, EXIMBANKA SR, NADSME, lines of credit from commercial banks financed by the EIB, SLOVSEFF programme), as well as the prepared initiative JEREMIE to ensure effective support for the individual categories of SMEs. Special emphasis should be directed at facilitating access to finance for start-ups and micro enterprises, which represent the categories of businesses most affected by market failure. To regularly review the need for adding resources to these programmes.
- To carry out market analyses, identifying market gaps and the need for funding for various types of businesses in order to set up an effective support for SMEs from the structural funds for the programming period 2014-2020. On the basis of this to identify and prepare financial instruments based on a suitable combination of refundable and non-refundable support to eliminate gaps in the market and create conditions for improving the competitiveness of SMEs.
- To improve the financial situation of SMEs by encouraging potential investors to invest or lend funds to start-ups and businesses through tax relief, which the investor would be able to exercise at 2.5% of the loan amount. The advantage of such scheme is a simple principle of operation, which only minimally burdens the State budget and appropriately stimulates the market environment (e.g. the Win-Win loans in Belgium sets an example of a working model).
- To consider establishing a support scheme for reimbursement of claims for small and medium-sized enterprises towards government agencies and other subjects with the participation of the State. By using this scheme, an entrepreneur would be reimbursed a substantial portion of the receivable (e.g. 80%). This measure would allow the entrepreneur to continue to grow, since funds would be available and would not be blocked in the form of receivables (the Casheo support scheme in Belgium sets an example of a working model).
- To support the creation of the so-called credit ombudsman to facilitate dialogue/communication between SMEs and credit institutions.
- To create a loan and microloan scheme involving private and banking finances to respect the particularities of family business, i.e. they would provide long-term funds for acceptable interest.

Principles 7 and 10) Single Market and Internationalisation – Help SMEs to benefit more from the opportunities offered by the Single Market, encourage and support SMEs to benefit from the growth of markets.

- To increase the level of awareness of entrepreneurs regarding opportunities offered by the single market and continuing to encourage SMEs to the internationalisation of their activities.
- To expand support of exports in the commodity as well as in the territorial structure with an emphasis on commercial markets with potential for expansion of Slovak SMEs.
- To more strongly support consulting and training in regard to business opportunities in the markets of the EU and third-country markets, focused on resolving technological barriers to trade and improving the level of management of exporting SMEs. The lack of experience in foreign trade transactions, lack of knowledge of a market and relevant regulations, obtaining trade partners, export financing, and the like represent significant barriers to the internationalisation of SMEs.
- In the case of support focused on the acquisitions, to allow the drawing of funds by business groups and associations that can provide services to SMEs in organising exhibitions, especially in the common expositions, and utilise resources more effectively and comprehensively.
- To increase the competitiveness of Slovak companies on foreign markets through promoting the reduction of domestic energy consumption and raw material intensity of production and an increase in added value of products and services.
- To utilise to a greater measure the experience of large enterprises with foreign trade activities to strengthen the internationalisation of SMEs.
- To support exports of exporting companies through effective pro-export policies of the State and to strengthen the capital of public financial institutions: Eximbanka and Slovenská záručná a rozvojová banka (SZRB).
- Simplification of the approach to Slovak technical standards – support of establishing of INFOPOINTS mediating access to reading the full-text wording of STNs in university reading rooms or, as necessary, in business centres.
- The establishing of controls of electronic businesses to market inspection programmes for the competent authorities, control and covering of dishonest practices with electronic businesses (persons not observing regulations obtain a competitive advantage over honest entrepreneurs).

Principle 8) Skills and Innovation – Promote the upgrading of skills in SMEs and all forms of innovation.

- To increase the level of awareness of entrepreneurs on the importance of innovation activities for SMEs.

- System-wide support of regional governments and regional structures created in previous periods for the support of innovation (e.g. technology incubators) with the goal of promoting innovative ideas, disseminating good practices and developing lifelong learning (as part of building the knowledge economy and society).
- To apply effective motivational tools for a sustained increase in innovation activities of the business sector.
- To introduce into practice tools for the support of closer cooperation between the private sector and academia/research with using the best examples from the EU.
- To support the establishment of cluster organisations, which will increase the innovative capacity of companies that are members of the cluster organisations and will stimulate the development of the SME sector.
- To support expansion and innovative activities of firms having growth potential with the use of innovative financial instruments. In this context, to also prepare measures for the next programming period of EU support.
- To review the priorities of the State science and technology policy and to determine the optimal number of priority directions of research and development in line with the expected economic growth. To concentrate State resources on areas of research and development where it is possible to achieve internationally acceptable and realistic results. To verify real results regularly and compare them with the intentions.
- To review the system of support for applied research and development financed from the EU structural funds and to ensure comparable conditions for the use of those resources by organisations across all sectors of science and technology, including organisations doing business in the field of science and technology.
- Increasing the awareness regarding the possibilities of protecting intellectual properties and the transfer of technologies especially in the areas of research and development, making transparent the system of protection of intellectual property and support of establishment and activities of a centre for technology transfer.

Principle 9) Living Environment – Enable SMEs to turn environmental challenges into opportunities.

- To improve information support for businesses in the area of environmental protection and environmental management.
- Raising awareness about green business as a business with a high added value in relation to the CSR concept.
- To support the introduction of green public procurement in response to European Commission Communication COM(2008) 400. This is a process, in which public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle compared with the goods, services and works with the same primary function that would otherwise be procured.

- Development of educational programs on all levels – including in the field of lifelong learning with a focus on ecology.
- To increase the measure of stability and continuity of environmental strategies in the wider political and social context.
- Improvement of infrastructure for the deployment of eco-innovation in the business environment, particularly in the SME sector.
- To support the implementation of environmental management systems EMS, EMAS and the eco-labelling of products in small and medium-sized enterprises as a tool enabling to reduce negative environmental impacts.
- To more strongly promote the need to implement energy savings and enforce the reduction the energy demand of production in the sector of small and medium-sized enterprises.
- To provide more effective consultation for SMEs on environmental legislation (for example, on the website <http://www.go-eco.sk/>).
- To introduce incentives for the support of organic products and cleaner production in the SME environment.
- To increase awareness on the implementation of the Europe 2020 strategy, with a focus on the environment and corporate social responsibility (CSR) in Slovakia.
- Increasing the awareness of entrepreneurs regarding the assigning of environmental labels on products, making more transparent and effective the range of applications of environmental labelling of products, an information campaign for the public which should stimulate support of voluntary observing of environmental regulations and standards.

5. Evaluation of programmes and activities for the support of SMEs

In connection with the need for monitoring the application of the SBA initiatives in the Slovak Republic, which is a part of the role of the SME Envoy, the overview of implemented measures is divided by the individual SBA principles, so that it is possible to identify the individual measures in terms of their contribution/support for the principles of the SBA.

The SBA consists of a set of 10 principles, which should facilitate the understanding and implementation of policies on the levels of the EU and its member states. To each principle is linked a set of policy measures through which the given principles are implemented on the level of the Community and of the individual member states:

Tab. no. 5.1: Description of SBA principles and associated policy measures

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

The EU and member states should facilitate the access of SMEs to finance, especially to venture capital, micro loans and mezzanine financing and to develop a legal and business environment supportive to timely payments in commercial transactions.
VII Help SMEs to benefit more from the opportunities offered by the Single Market
The EU and member states should help SMEs to benefit more from the opportunities offered by the Single Market, primarily by improving the system of administration and awareness in association with the policy of the single market, by improving representation of interests of SMEs with the preparation of standards and by facilitating access of SMEs to patents and trademark protections.
VIII Promote the upgrading of skills in SMEs and all forms of innovation
The EU and member states should promote the upgrading of skills in SMEs and all forms of innovation. They should help SMEs with investments into research and their participation in programmes supporting science and research, multinational research, groupings and active administration of intellectual property rights by small and medium-sized enterprises.
IX Enable SMEs to turn environmental challenges into opportunities
The EU and member states should enable SMEs to turn environmental challenges into opportunities. They should provide more information, professional knowledge and financial incentives, so that it is possible to take advantage of new “green” markets and to increase energy efficiency, partially through implementation of environmental management systems in SMEs.
X Encourage and support SMEs to benefit from the growth of markets
The EU and member states should encourage and support SMEs such that they are able to benefit from the growth of markets outside of the EU, primarily through support aimed at a specific market and commercial training.

5.1 Principle 1 - Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded

The following cooperated on putting SBA Principle 1 into practice with the help of different programmes and activities: the Ministry of Economy of the Slovak Republic, the Slovak Investment and Trade Development Agency (SARIO) and the Ministry of Labour, Social Affairs and Family of the Slovak Republic.

The overall financial worth of aid for SBA Principle 1 in 2012 was: 101,925,759 EUR.

❖ Ministry of Economy of the Slovak Republic (MH SR)

The Ministry of Economy of the Slovak Republic (MoE SR) is the central State administration authority of the Slovak Republic for industry, energy, heating, gas, protection and rational use of mineral resources, strategy of development and implementation of innovation in these areas, for the support of small and medium business development, strategy of a support of business environment, internal trade, foreign trade, consumer protection, occupational health and safety in mining, hallmarking, precious metal testing, control of development, production, stockpiling, use and trade of chemical weapons and their precursors, the coordination of economic mobilisation, and privatisation of State property.

One of the strategic intentions of the economy authority is **support for the creation of the business environment** as a component of economic strategy and policies. The primary mechanism for the origin and development of industrial production with a focus on the perspective and modern sectors is competitiveness in the area of innovation of enterprises and investment into the education of young people. A specific activity in this direction is the regular organisation of a state-wide presentational exhibit of the products of pupils from secondary vocational schools **Young Creators 2012**, which was held from 19 to 21 April 2012 at the state-owned exhibition grounds Agrokomples - Výstavníctvo Nitra, š. p. The primary objective of the jubilee 20th year of the exhibition was to promote secondary school vocational education and to present the results of the acquired professional knowledge and obtained practical skills of pupils from secondary vocational schools and at the same time to inspire the pupils of primary schools and their parents in the selection of a future profession. This year the circle of traditional events accompanying the exhibition was expanded by a **Career counselling seminar**, which was primarily **for educational counsellors** from primary schools, who in a significant measure guide pupils and their parents with selecting a future profession. In this way the event organisers responded to one of the most serious problems of secondary education, which is the lack of interest of applicants in studying technical professions and professions preparing for craftsman activities. A total of about 270 people took part in the seminar.

Slovak Investment and Trade Development Agency (SARIO)

SARIO is a contributory organisation of the Slovak Ministry of Economy funded from the State budget. The primary objective of SARIO is to raise the standard of living of citizens in Slovakia by increasing employment and reducing regional disparities. To support the development of trade and investment, it provides promotion of benefits for the Slovak business and investment environment, acquires investors, organises activities to support trade with foreign countries, and provides consulting activities. Among its other activities are participation in general and specialised exhibitions and fairs, implementation of trade missions abroad, receiving foreign missions, education programmes for exporters and the provision of consulting services both at home and abroad.

SARIO is not a provider of support but aside from its other work it prepares expert assessments of submitted investment plans on companies which are seeking investment aid under Act No. 561/2007 Coll. on Investment Aid. This support is not limited by the size of the applicant; the so-called scheme is open to small and medium-sized as well as large enterprises. In the area of investment aid in Slovakia SARIO offers investment services and current information on the business environment for domestic as well as foreign investors, ensures the selection of the most suitable locations and real estate properties for the implementation of investment plans. In 2012 SARIO, through the Investment Projects section, successfully completed 18 investment projects with a volume of EUR 466 million, which together created approximately 3,200 jobs.

In the framework of support of small and medium-sized enterprises SARIO organised in 2012 the Slovak Start-Up Development Program, which served as a support for young innovate and technically oriented Slovak companies in the areas of high technology (high-tech) and research and development. In the scope of this programme SARIO in 2012 supported the following companies: Monogram Interactive, s.r.o., Websupport, s.r.o., Work in Field, s.r.o., Studentive, s.r.o., foretaster, s.r.o., 24B, s.r.o., Forsys a.s. and QUADISYS s.r.o. This involved payment of authorised costs of these companies which occurred to them during

the individual deadlines of the “Slovak Start-Up Development Program” (max. EUR 4,350) under the conditions that they will act according to the contractual conditions.

❖ Ministry of Labour, Social Affairs and Family of the Slovak Republic

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

Activity policies for the labour market in 2012 were carried out mainly through the instruments of Active Labour Market Policies in compliance with Act No. 5/2004 Coll. on Employment Services and on amendments and supplements to certain acts, as amended (the Act on Employment Services). Job applicants, job seekers, employees and employers were for the purpose of placing and staying of the labour market through the Act on Employment Services provided with several active measures on the labour market. **In terms of development of the business environment, priorities for SMEs, the following support instruments were the most interesting in 2012 (overall in the amount of EUR 85,295,758.91):**

Tab. no. 5.2: Implementation of selected instruments of Active Labour Market Measures for 2012

Instrument of ALMM	Number of created-filled jobs, or number of people enrolled, or number of supported jobs	Agreed amount of funds (in EUR)
Allowance for self-employment (§ 49)	8,690	29,389,692.77
Allowance for the employment of disadvantaged job seekers (§ 50)	599	1,457,117.78
Allowance to help maintain jobs for workers with low wages (§ 50a)	2,451	10,431,464.48
Allowance to support the creation and maintenance of jobs in social enterprises (§ 50c)	139	863,400.24
Allowance for the establishment of sheltered workshops and sheltered workplaces (§ 56)	2,026	17,656,995.37
Allowance for keeping citizens with disabilities in employment (§ 56a)	453	884,807.85
Allowance to persons with disabilities for self-employment or operating business (§ 57)	536	4,741,475.46
Allowance for the activities of a work assistant (§ 59)	601	4,098,860.86
Allowance for the payment of operating costs incurred by sheltered workshops or sheltered workplaces and transport expenses for employees (§ 60)	6,013	15,771,944.10
Total	21,508	85,295,758.91

Source: Central Office of Labour, Social Affairs and Family

An **allowance for self-employment (§ 49)** is provided to cover the costs associated with self-employment. In terms of supporting job creation, it helps job seekers entering the labour market as entrepreneurs. In 2012 a total of 8,690 jobs were created and supported through this

allowance, which was 3,581 fewer than in 2011. From the total number, the allowance was provided to 4,046 disadvantaged job seekers (47% of the total number of supported job seekers), the largest accounted for long-term registered job seekers (2,533, or 29% of the total number of supported job seekers). The allowance was used by 3,352 women (38.6% of the total number of supported job seekers). The total agreed sum was EUR 29,389,692.77, which was EUR 12,493,499.13 less than in 2011. The most jobs were created in the Žilina Region (1,577) and represents 18% of the total number of jobs created through self-employment.

Aid provided to micro, small and medium-sized businesses is from the MLSAF SR, as the Managing Authority for the Operation Programme Employment and Social Inclusion (OP EaSI) is provided through the National Projects of the Central Office of Labour, Social Affairs and Family (COLSAF) and via demand-driven projects of Intermediate Bodies under the Managing Authority, which are the Social Implementation Agency and the Social Development Fund. Assistance was provided to businesses within the respective State aid schemes. **In 2012 the Ministry of Labour, Social Affairs and Family of the Slovak Republic provided state aid in the total amount of EUR 31.59 million.** Another EUR 22.73 million were provided from the European Union resources, which represents 71.95% of the total volume of state aid provided to the authority. The volume of aid provided from own funds (the State budget) totalled EUR 8.86 million, which represented approximately 28.05% of the total volume of aid provided. The total share of state aid granted to SMEs in 2012 **accounted for 52.64%** of the total state aid granted by the Ministry of Labour, Social Affairs and Family of the Slovak Republic.

Tab. no. 5.3: Distribution of the State aid granted by the Ministry of Labour, Social Affairs and Family of the Slovak Republic by size category of enterprises for 2012 in EUR

	Total state aid		EUR 31.59 million	%
Assistance to businesses	from this SMEs	Assistance for micro enterprises	0.98 mil. EUR	3.10%
		Assistance for small enterprises	2.01 mil. EUR	6.36%
		Assistance for medium-sized enterprises	13.64 mil. EUR	43.18%
	<i>Assistance for large enterprises</i>		14.96 mil. EUR	47.36%

Assistance for SMEs was provided in particular under the State Aid Scheme for Support of Employment (X 754/2009) within the implementation of COLSAF National Projects and under the State Aid Scheme for Support of Training and Adaptability of Workers (X 531/2009) within the demand-driven projects of the Social Implementation Agency.

Aid for the support of employment

The year 2012 saw a significant decrease in state aid provided for the support of employment compared with 2011 by approximately 81.74% (that is EUR 4.63 million), which was a consequence of **ending of aid provision** in the meaning of conditions of the Temporary Community Framework for state aid measures to support access to finance during the current financial and economic crisis in the Scheme to provide temporary small aid in the Slovak Republic during the financial and economic crisis no. **N 222/2009 (General Scheme)** and unimplemented measures for the support of creation and maintaining of jobs during the financial and economic crisis from the side of the Central Office of Labour, Social Affairs and Family and offices of Labour, Social Affairs and Family, which were financed predominately from the state budget.

Priority for aid for the support of employment in 2012 was given primarily within the scope of minimal aid National Projects of the Office of Labour, Social Affairs and Family, because this permits several possibilities for the realising of new measures for the support of sustaining employment, the creation and sustaining of new or existing jobs, which can thus reflect on the current needs of the labour market, and do so not only in time of a financial and economic crisis.

State aid was provided within the measure **State Aid Schemes for the Support of Employment (X 754/2009)** in a total volume of EUR 0.90 million, and from this the volume provided from the state budget totalled EUR 0.14 million, which represents approximately 15% of the total volume of aid provided. In comparison with 2011 aid provided in 2012 according to this state aid scheme for the support of employment was reduced by EUR 0.09 million. State aid for the support of employment according to this scheme was in 2012 provided in the scope of the National Projects of the Office of Labour, Social Affairs and Family, and support was provided within the mentioned scheme according to Article 42 “**Aid for compensation of additional costs associated with employment of health-disabled workers**” and according to Article 41 “**Aid for the employment of health-disabled workers in the form of wage grants**”. Aid was provided to 93 authorised recipients of aid and represented approximately 2.85% of total aid provided by the Ministry of Labour, Social Affairs and Family. SMEs were supported in 92 cases, and **aid for SMEs represented EUR 0.89 million**. The purpose of the aid was primarily the support of jobs and the support of employment in the meaning of the act on employment services, with a focus on the creation and sustaining of new jobs with an emphasis on the group of job seekers – health-disabled citizens – i.e. for the support of new jobs, the sustaining of existing jobs, and likewise the support of new opportunities for health-disabled workers and compensation of additional costs associated with the employment of health-disabled workers.

Tab. no. 5.4: Scheme of State Aid for the Support of Employment (X 754/2009)

Employment Aid	Total aid for employment		0.90 mil. Eur	%		
	from this	Central Labour Office authority	0.90 mil. Eur	100%		
		Ministry of Labour, Social Affairs and Family SR/ SORO	0 mil. Eur	0%		
Form of aid	non-recurring financial contribution					
Measure of the State Aid Scheme for Support of Employment (X 754/2009)	According to type of enterprise		Number of recipients	0.90 mil. Eur	Share in %	
	from this	SMEs	Micro enterprises	74	0.73 mil. Eur	80.65%
			Small enterprises	9	0.05 mil. Eur	5.93%
			Medium enterprises	9	0.11 mil. Eur	12.61%
		Large enterprises	1	0.01 mil. Eur	0.81%	
	According to NUTS II		According to NUTS III	0.90 mil. Eur	Share in %	
	From this	Bratislava Region		Bratislava Region	0 mil. Eur	0%
		West Slovakia		Trnava Region	0 mil. Eur	0%
				Trenčín Region	0 mil. Eur	0%
				Nitra Region	0 mil. Eur	0%
Central Slovakia		Žilina Region	0.09 mil. Eur	10%		
		Banská Bystrica Region	0.10 mil. Eur	11.11%		
East Slovakia		Prešov Region	0 mil. Eur	0%		
		Košice Region	0.71 mil. Eur	78.89%		
Form of aid	non-recurring financial contribution (ESF + state budget)					

Educational aid provided

By means of state aid for the support of education for SMEs in the sense of the Scheme for Support of Training and Adaptability of Workers (X 531/2009) within the demand-driven projects, the Social Implementation Agency supported activities which were focused on the adaptability of employees on the new market environment through educational activities, training, or even entire courses. Education activities had in all projects a general character; no project was intended for specific training.

Within this state aid scheme, aid totalling EUR 25.84 million was provided to 184 recipients and from this, aid was provided in the amount of EUR 3.87 million from the state budget, which represents approximately 14.98% of the total volume of aid provided. From the total volume of aid provided within this scheme **aid provided for small and medium-sized enterprises** accounted for **61% (EUR 15.74 million)** and for large enterprises 39% (EUR 10.10 million).

Tab. no. 5.5: State Aid Scheme for Support of Training and Adaptability of Workers (X 531/2009)

	According to type of enterprise			Number of recipients	25.84 mil. Eur	Share in %
	Measure – State Aid Scheme for Support of Training and Adaptability of Workers (X 531/2009)	from this	SMEs	Micro enterprises	2	0.25 mil. Eur
Small enterprises				24	1.96 mil. Eur	7.59%
Medium enterprises				95	13.53 mil. Eur	52.36%
Large enterprises			63	10.10 mil. Eur	39.1%	
		According to NUTS II		According to NUTS III	25.84 mil. Eur	Share in %
from this	Bratislava Region		Bratislava Region	0.37 mil. Eur	1.46%	
	West Slovakia		Trnava Region	1.81 mil. Eur	7%	
			Trenčín Region	3.64 mil. Eur	14.1%	
			Nitra Region	2.49 mil. Eur	9.63%	
	Central Slovakia		Žilina Region	2.56 mil. Eur	9.91%	
			Banská Bystrica Region	4.51 mil. Eur	17.45%	
	East Slovakia		Prešov Region	5.42 mil. Eur	20.95%	
			Košice Region	5.04 mil. Eur	19.5%	
Form of aid	non-recurring financial contribution (ESF + state budget)					

Effectiveness of aid provided to SMEs

The provision of assistance in 2012 was still subjected to the enduring financial and economic crisis, when employers reconsidered and rationalised the number of their employees, which had an impact on employment and on increasing the number of registered unemployed. State aid for the support of employment and for the support of education was further implemented particularly within active labour-market measures (ALMM) according to the act on employment services. The relevant ALMM, in the scope of which aid was provided, were in 2012 implemented through National Projects of the Office of Labour, Social Affairs and Family and also through regional investment aid.

State aid for the **support of employment** was in 2012, equally as in 2011, carried out primarily in the scope of minimal aid through national projects of the Office of Labour, Social Affairs and Family, because *ad de minimis* aid provided several opportunities for the

implementing of new measures for the support of sustaining employment and the creation and maintaining of new or existing jobs, which thus reflect the current needs of the labour market, not only in times of financial and economic crisis. The State aid granted under the calls for demand-driven projects **to support training of employees** through general education helped especially to increase the qualification of employees, enhance their professional skills and to increase the professionalism of staff performance and to build human capacities. At the same time it also supported in these persons their continuance on the labour market and facilitated their access to the labour market in the future. The greatest share of state aid in the scope of calls for a demand-driven projects were aimed at the Košice, Prešov and Banská Bystrica self-governing regions.

5.2 Principle 2 - Ensure that honest entrepreneurs who have faced bankruptcy quickly get a second chance

In 2012 no programmes and activities were identified focused on the application of this principle.

The overall financial worth of aid for SBA Principle 2 in 2012 was: 0 EUR.

5.3 Principle 3 - Design rules according to the “Think Small First” principle

In 2012 no programmes and activities were identified focused on the application of this principle.

The overall financial worth of aid for SBA Principle 3 in 2012 was: 0 EUR.

5.4 Principle 4 - Make public administrations responsive to SMEs’ needs

The following cooperated on putting SBA Principle 4 into practice with the help of different programmes and activities: Ministry of the Interior of the Slovak Republic, Ministry of Economy of the Slovak Republic and the Statistical Office of the Slovak Republic.

The overall financial worth of aid for SBA Principle 4 in 2012 was: 0 EUR.

❖ Ministry of the Interior of the Slovak Republic

The Ministry of the Interior of the Slovak Republic is the central body of state administration for, among other areas, general internal administration, registration of certain legal entities as stipulated by law, small trade licensees and coordination of the performance of state administration.

District (trade license) offices in the positions of **single contact points** (hereinafter only “SCP”) within state administration for the section of providing services connected with start-up business of Slovak and foreign natural persons and legal entities on the territory of the

Slovak Republic (in the legal framework of transposed EU legislation) fulfil the role of a place where it is possible to procure services associated with:

- obtaining a trade license for doing business according to the Trade Licensing Act,
- obtaining another authorisation aside from a trade license for doing business according to another special provision than the Trade Licensing Act,
- submitting a proposal for registration into the Commercial Register for all legal entities and natural persons who are mandatorily recorded to the Commercial Register,
- fulfilment of registration and notification obligations of entrepreneurs toward tax authorities within the law on the Tax Procedure Code,
- fulfilment of notification obligations associated with registering to the system of compulsory health insurance toward a health insurer in the legal framework of the law on health care,
- obtaining data from the General Procurator of the Slovak Republic and the Criminal Register of the Slovak Republic necessary for assessing the fulfilment of obligations of integrity of an obligatory circle of persons,
- the provision of data with identification of business subjects for the purpose of statistical records in the legal framework of the act on state statistics,
- fulfilment of the legally determined conditions for professional and other qualifications toward authorised bodies prior to obtaining authorisation (a trade license) to do business and
- fulfilment of the legally stipulated circle of so-called suspensory conditions which are necessary to fulfil prior to the start of doing business.

Districts (trade license offices) in the positions of SCP at the same time fulfil the task:

- of a notification location which follows from Directives EP and R 2006/123/EC on services in the internal market toward relevant bodies of the EU,
- a place at which it is possible and necessary in a certain range to fulfil obligations connected with the possibility of cross-border provision on the territory of the Slovak Republic by an authorised person, and
- a place for fulfilment of the tasks and performing rights associated with a mechanism of functioning of the so-called IMI system in the territory of an internal market in the EU (toward the relevant bodies of EU member states).

From 1 January 2012 it is also possible **to use** all functionalities of **SCP electronically** and to submit documents (notifications) electronically signed with a guaranteed electronic signature. A component of the electronic services of the SCP from 1 January 2012 is also the possibility of paying administrative and court fees. With electronic notification of a free trade license and a request for a record from the trade license register with the use of the electronic payment system (ZEP) no administrative fee is paid.

For 2012 a total of **16,868 electronic submissions** were sent through SCPs, which represents 29% of all trade license notifications. From the nine existing electronic services, seven are serving applicants. The most frequently used electronic service was Notice of a free, craftsman or limited trade license (79%).

❖ **Statistical Office of the Slovak Republic**

The field of state statistics falls under the competency of the Statistical Office of the Slovak Republic (SO SR), which is a central body of state administration of the Slovak

Republic. The legal foundation of SO SR activities is Act of the National Council of the Slovak Republic No. 540/2001 on State Statistics.

In connection with SBA recommendations to not request information from SMEs which public administration already has available, as long as it is not necessary to update it, **there were not from the beginning of calendar year 2011 any statistical surveys in monthly and quarterly periodicity addressing** natural persons recorded in the trade license register, or doing business according to some other trade licensing act, with the exception of natural persons with 20 or more employees. The SO SR obtains data on this segment of enterprises from administrative sources. The obligation to provide administrative resources to the SO SR for state and public legal institutions follows from § 13 of Act no. 540/2001 Coll. on State Statistics, in the wording of no. 55/2010 Coll., amending and supplementing Act no. 540/2001 Coll. on State Statistics, as amended.

The SO SR in the group of small enterprises (to 20 employees) conducts a **selected statistical survey**, in the scope of which enterprises are assigned to a selected group in accordance with the principles of rotation of reporting units in the selected set. A **random selection with rotation** is applied, which in practice means each year one-third of the units vary. The periodicity of the assigning of units into sets of reporting units is influenced also by the number of units in the given stratification layer in which the unit is located. The applied method of assigning reporting units to selected surveys, in the scope of which one-third of the units of the selected set vary each year in layers with a sufficient number of subjects, is not in accordance with the SBA recommendation to not assign micro enterprises (to 9 employees) to the statistical surveys more frequently than once every three years.

❖ Ministry of Economy of the Slovak Republic

The Ministry of Economy of the Slovak Republic in the framework of adapting the activities of bodies of public administration to the needs of SMEs in the following year will share in the putting of the principle of “only once” into practice. In terms of the conditions of providing aid within the Operational Programme Competitiveness and Economic Growth (OP CaEG) an applicant submits documents only one time. The Managing body of OP CaEG began during 2012 to work on a system of so-called central soliciting of documents, the purpose of which is to reduce administrative demand for the applicant associated with submitted documents for the provision of aid. The first step was closing an agreement on cooperation with the Social Insurance Agency, on the basis of which the Ministry of the Economy of the Slovak Republic and subordinate organisations performing approval of applications on NFCs obtained access to the information system of the Social Insurance Agency for the purpose of verifying possible arrears payments of applicants and recipients or Social Insurance premiums. Applicants will thus not have to submit in future a written confirmation from the Social Insurance Agency.

5.5 Principle 5 - Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs

The following cooperated on putting SBA Principle 5 into practice with the help of different programmes and activities: Ministry of Economy of the Slovak Republic; Ministry of Agriculture and Rural Development of the Slovak Republic; Ministry of Transport,

Construction and Regional Development of the Slovak Republic; the Slovak Tourist Board; Office for Public Procurement; Slovak office of Standards, Metrology and Testing and the Government Office of the Slovak Republic.

The overall financial worth of aid for SBA Principle 5 in 2012 was: 81,564,520.70 EUR.

❖ Ministry of Economy of the Slovak Republic

Support of the development of strategic investments – Investment Incentives

In the Slovak legal procedure conditions for the provision of investment aid are governed by Act no. 561/2007 Coll. on Investment Aid and by changes and amendments to certain acts, as amended (hereinafter only the “Investment Aid Act”). According to § 4 par. 4 of the Investment Aid Act the minimal amount for procuring long-term material assets and long-term non-material in industrial production for the purpose of investment carried out by small or medium-sized enterprises is reduced by half.

Tab. no. 5.6: Conditions for the provision of investment aid

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

According to § 2 par. 2 of Regulation of the Government of the Slovak Republic no. 481/2011 Coll., setting the maximum intensity of investment aid and the amount of investment aid according to the form of investment aid and the measure of unemployment in the districts of the individual regions of the Slovak Republic, if an investment intent with authorised costs up to EUR 50 million is carried out by a small or medium-sized enterprise, it is possible to increase the investment aid according to Annex no. 1 for small enterprises by 20% and for medium-sized enterprises by 10%.

In 2012 investment aid was not approved by the Government of the Slovak Republic for an investment intent carried out by a small or medium-sized enterprises. However, in 2012 investment aid **approved in previous years** was offered. State aid was provided to **two subjects** assigned to the category of SME in the total amount of **EUR 2.38 million**.

Operational Programme Competitiveness and Economic Growth

The goal of support within OP C&EG is to preserve and to further develop the competitiveness and effectiveness of manufacturing potential for industrial production and energy sectors, as well as the potential of the tourism industry and other selected services in the conditions of permanently sustainable development, and thus to contribute effectively to increasing the economic performance of Slovakia as a whole and reduce disparities of economic performance in the regions of Slovakia. Attention is devoted to the support of activities having a positive impact on employment and innovative development.

Financial resources for OP C&EG were originally earmarked from ERDF in the amount of EUR 772 million. In 2010, however, this sum was increased by EUR 5 million due to the reallocation from the Operational Programme Informatisation of Society. On **16 May 2012** Resolution of the Government of the Slovak Republic no. 191 on a proposal for reallocation of funds within the framework of Operational Programme National Strategic Reference Framework (OP NSRF) for the years 2007 – 2013 for financing measures supporting the resolution of unemployment of young people and intensifying support for SMEs was approved. For this purpose the proposal for reallocation of funds from 3 OP overall was approved, and EUR 225 million were reallocated from two OP to OP C&EG. The revision of OP C&EG was approved by Decision of the EC no. C (2012) 7070 from 4 October 2012, on the basis of which the total volume of allocated funds from the ERDF for OP C&EG represented EUR 968.25 million. Thus, total allocation from ERDF funds and obligatory co-financing from national public funds for OP C&EG after reallocation represented a total sum of **EUR 1,139 million**.

As of 30 June 2012 **60.70% of allocated funds were contractually bound** in the meaning of the report on the strategic evaluation of OP C&EG¹², and the total level of funds drawn was at 34.78% of allocated resources. The highest measure of funds drawn at 44.55% was shown in Priority axis 3, focusing on the tourism industry. In contrast, the lowest measure of funds drawn was shown in Measure 2.2 (support for building and upgrading public lighting for towns and municipalities and the provision of energy consulting services), in percentage expression 23.43%. Other priority axes and measures show an approximately equal measure of use, which moved in the range from 30% to 50%.

OP C&EG supports the **area of small and medium-sized enterprises** especially through non-refundable financial contributions consisting of funds from the ERDF which are co-financed by resources from the state budget. In the entire OP C&EG as of 31 December 2012, 826 projects were supported and from this number of projects **736 are devoted specifically to support for SMEs** (in a total volume of funds of nearly **EUR 407 million**). This means that nearly 90% of supported projects of OP C&EG are those supporting SMEs and these to a significant measure contribute to the fulfilment of the objectives set within the framework of the entire OP C&EG. In 2012 non-refundable financial contributions totalling **EUR 102,030,016** were paid out for measure OP C&EG, in the scope of which SMEs were supported (in addition to SMEs large enterprises can also be supported) through relevant schemes of state aid and *de minimis* aid.

In 2012 non-refundable financial contributions totalling **EUR 89,203,921** were paid out for measure OP C&EG for the support of SMEs through relevant schemes of state aid and *de minimis* aid.

Tab. no. 5.7.: Overview of funds drawn from sources of OP C&EG for SMEs in 2012

Measures of the Operational Programme Competitiveness and Economic Growth	Total drawn (EUR)	Drawn by SMEs (EUR)	Share drawn by SMEs (%)
Priority axis 1 - measure 1.1 07K 0E 01 Innovation and technology transfers	55,597,245	43,473,936	78.2
Priority axis 1 - measure 1.3 07K 0E 02 Support of innovation activities in enterprises	2,044,850	1,983,220	97.0

¹² Source: "Strategic evaluation of the Operational Programme Competitiveness and Economic Growth", available at <http://www.nsrr.sk/aktuality/&id=906&page=7>

Priority axis 2 - measure 2.1			
07K 01 0D Increasing energy efficiency both on the side of generation and consumption; and introducing advanced technologies in the energy sector	19,160,085	18,518,929	96.7
Priority axis 3 – measure 3.1			
07K 03 0D Support of business activities in tourism	25,227,836	25,227,836	100
TOTAL	102,030,016	89,203,921	87.4

One of the fundamental demonstrable results of interventions is the number of newly created jobs directly in the SME environment. In the scope of the relevant priority axes of OP C&EG nearly **1,800 new jobs in SMEs were** created as of the end of 2012. The largest contributions in relation to this value came from projects focused on innovation and competitiveness. The tourism industry is the second most important area which indirectly supports the creation of new jobs. By the end of 2012 recipients within OP C&EG are **contractually bound to create nearly 4,000 new jobs**. These new jobs originate especially in the period of impact, i.e., after projects have been completed. Preliminary evaluation of the calls, which are currently in the approval process, indicates the creation of additional new jobs (in the thousands) in SMEs, which contribute to lowering the measure of unemployment in Slovakia.

In terms of a detailed analysis of the overall current state of implementation of OP C&EG a certain **risk of unfulfilled indicators** emerge following the creation of new jobs, which as of 30 June 2012 moved around 49% of the target value. This is predominately, however, about impact indicators which will be fulfilled only after completion of project implementation. The risk of non-fulfilment exists also with the indicators “Number of supported projects” and “Number of supported projects for aid to small and medium-sized enterprises” whose value as of 30 June 2012 achieved only 39.11%, or 33.18% of the planned value.¹³

The individual calls within the operation programme Competitiveness and Economic Growth are, in addition to this subchapter, also assigned to subchapter **5.5** (for the Ministry of Transport, Construction and Regional Development of the Slovak Republic), **5.7** and **5.8**. An overall view on calls issued, contracts signed and drawn upon from the beginning of OP C&EG to 31 December 2012 are listed in Table Annex no. 5 of this document.

Measure 1.2 - Support for Joint Services for Businesses

- **The call KaHR-12VS-0801 “Support for Brownfield Industrial Park Development”** – a public sector call with an indicative allocation of EUR 46,471,486.42.

From a total of 9 applications received for an NFC, 5 applications were approved and given contracts, specifically: “City brown field industrial park Bardejov”, “Industrial park in Gelnica”, “Brownfield park Stropkov – Phase I”, “Brownfield industrial park Tornaľa” and “City industrial and technology park”. To 31 December 2012 1 project was properly completed and 4 were still being implemented. According to the last additions to the contract on an NFC, there was in the 5 contracted projects a total contractual sum of NFC in the amount of EUR 34,210,452.79. The total amount of NFC drawn as of 31 December 2012 achieved the sum of EUR 27,603,484.63.

¹³ More detailed information on the current state of implementation of OP KaHR is available in the document “Strategic evaluation of the Operational Programme Competitiveness and Economic Growth”.

➤ **The call KaHR-12VS-0901 “Support for Brownfield and Greenfield Industrial Park Development”** – a public sector call with an indicative allocation of EUR 50,000,000.00.

In the given call, from a total of 20 applications for an NFC received, 6 were approved and given contracts, specifically: “Construction and revitalisation of infrastructure of a brown field industrial area for a production-service industrial park, Levice”, “Revitalisation of a brown field industrial zone in the municipality of Švedlár”, “Industrial park Palárikovo”, “Brownfield industrial park Krompachy” and “Brownfield industrial zone Levoča - South”. As of 31 December 2012 the 6 projects were being implemented. According to the last additions to the contracts on NFC, there was in the 6 contracted projects a total contractual sum of NFC in the amount of EUR 43,172,070.06. The total amount of NFC drawn as of 31 December 2012 achieved the sum of EUR 9,735,823.28.

Tab. no. 5.8: Overview of calls within measures of 1.2 OP C&EG as of 31 December 2012 (in EUR)

Call	Level of grant requested (NFC)	Amount of unapproved requested grant (NFC)	Amount of approved grant (NFC)	Amount of contractual resources (NFC)	Amount of returnable resources (NFC)	Amount of funds drawn (NFC)
KaHR-12VS-0801	63,048,120.66	25,927,880.53	37,120,240.13	34,210,452.79	0.00	27,603,484.63
KaHR-12VS-0901	140,146,152.80	92,210,957.16	47,935,195.64	43,172,070.06	0.00	9,735,823.28
Total	203,194,273.46	118,138,837.69	85,055,435.77	77,382,522.85	0.00	37,339,307.91

❖ **Ministry of Agriculture and Rural Development of the Slovak Republic**

In the meaning of Act no. 543/2007 Coll. on Powers and Responsibilities of the State Administration Authorities in the Provision of Assistance to Agriculture and Rural Development, as amended the Ministry of Agriculture and Rural Development of the Slovak Republic manages and directs the provision of subsidies in agriculture, food processing, forestry and fisheries from the State budget and performs financial management of subsidies provided by European agricultural funds, in addition to the European Fisheries Fund. All support mechanisms in the agriculture sector **are administered by the Agricultural Paying Agency**.

In the framework of the **Rural Development Programme 2007-2013** it is possible for small and medium-sized enterprises to draw funds in the framework of the following measures:

- 123 Adding value to agricultural and forestry products (the intensity of the aid is 50% of eligible expenditure under the Convergence objective and 40% in other areas). Support for SMEs within this measure is limited through determination of the end recipient of the support. Legal entities and natural persons are eligible (micro enterprises, small and medium-sized enterprises in the terms of Recommendation of the Commission 2003/361/EC).

In 2012 in the scope of this measure two calls were announced and 33 contracts on the provision of an NFC were concluded. The deadline for submission of an application for

a non-refundable financial contribution (NFC) in the scope of a call published in December 2012 was 3 May 2013; for this reason it is still not possible to determine exactly the number of supported enterprises, because received applications for NFC are being evaluated by the Agricultural Paying Agency.

- 311 Diversification into non-agricultural activities – and in the case of implementation through axis 4 LEADER (the intensity of the aid is 50% of eligible expenditure under the Convergence objective). Support for SMEs within this measure is demarcated through determination of the end recipient of the support. Natural persons are eligible (micro enterprises, small and medium-sized enterprises in the terms of Recommendation of the Commission 2003/361/EC).

In 2012 no call was published; however, in this year three contracts were closed on the provision of a non-refundable financial contribution from the last call, which was published in 2010.

- 313A Encouragement of Rural Tourism (intensity of the aid is 50% of eligible expenditure under the Convergence objective, 30% in other areas). Within this measure small and medium-sized enterprises are defined as natural persons entitled to do business in the area of the tourism industry.

A call for submission of applications for an NFC was published in December 2012. The deadline for submitting an application for an NFC was 17 May 2013, for this reason it is still not possible to determine exactly the number of supported enterprises, because received applications for NFC are being evaluated by the Agricultural Paying Agency. **In the scope of the Rural Development Programme in 2012 paid financial contributions to SMEs totalled EUR 53,936,684.70.**

Tab. no. 5.9: Support for SMEs in 2012 from the EAFRD SR 2007-2013

Measure	Number of SMEs supported in 2012 (with payment of fin. resources in 2012)					Total paid fin. resources from EAFDR SR 07-13 in EUR for SMEs in 2012
	overall	micro enterprises	small enterprises	medium-sized enterprises	other enterprises*	
123 Adding value to agricultural and forestry products	53	13	18	21	1	22,411,441.09
311 Diversification into Non-agricultural Activities	108	0	91	17	0	31,525,243.61
311 through axis 4 Leader Diversification into Non-agricultural Activities	0	0	0	0	0	0.00
313A Encouragement of rural tourism	0	0	0	0	0	0.00
Total	161	13	109	38	1	53,936,684.70

Within the framework of **Operational Programme Fisheries of the Slovak Republic 2007-2013 (OPF)** applicants from the category of micro, small and medium-sized enterprises have the opportunity to draw in particular from the Measure 2.1 Investments in Aquaculture and Measure 2.2 Investments in Processing and Marketing. The intensity of aid depends on the size of the enterprise requesting support, and micro enterprises and small businesses can

be provided a non-repayable financial contribution (NFC) from public resources up to 60% and medium-sized enterprises up to 50% of the total eligible costs. In 2012 in the framework of Measure 2.1 1 contract was closed, where the total volume of approved financial resources represented **EUR 243,270.06**, and this sum has still not been paid. In the framework of Measure 2.2 no contract was closed in 2012 in the area of SMEs.

❖ **Ministry of Transport, Construction and Regional Development of the Slovak Republic**

Ministry of Transport, Construction and Regional Development of the Slovak Republic (MTCRD SR) is the central public administration authority for track and transport on the railways, road and combined transport, roads, ports and inland navigation, maritime shipping, civil aviation, posts, telecommunications, public works, building code and land planning except for environmental concerns, building production and construction products, development and implementation of housing policy, the provision of the state premium for building savings and the state contribution for mortgage loans, tourism, energy performance of buildings the creation and implementation of urban development policy. At the same time it also coordinates the preparation of regional development policies and serves as the State transport authority and the Maritime Office.

Support of tourism consists in activities for increasing the number of domestic and foreign visitors, extending their stays within the Slovak Republic and increasing their contribution for the economy. Since Act no. 91/2010 Coll. on **Promotion of Tourism** went into force on 31 December 2012, 34 area travel industry organisations and 4 regional travel industry organisations were registered at the MTCRD SR. A total of 235 towns and villages and **406 business entities** are members of area travel industry organisations. In the meaning of Act no. 91/2010 Coll. on the Promotion of Tourism grants **for the support of projects** in the tourism industry were contractually provided from the state budget – to area organisations in the amount of EUR 2,962,060.64 and to regional organisations in the amount of EUR 319,242.

Slovak Tourist Board

The Slovak Tourist Board (STB) is a State allowance organisation specialising in marketing and State promotion of tourism in the Slovak Republic. It performs marketing of tourism at the national level, provides information on tourism in Slovakia, promotes Slovakia as a tourist destination, contributes to the positive image of Slovakia abroad, and supports the sale of tourism products of the Slovak Republic. STB is authorised to perform the function of an official representative abroad and establish field offices at home and abroad.

STB also acts as the Intermediary Body under the Managing Authority for **OP C&EG 2007 – 2013**, which oversees the implementation of Priority axis 3 – Tourism, Measure 3.1 - Support of business activities in tourism and Measure 3.2 - Development of information services for the travel industry, presentation of regions and Slovakia. **In 2012 aid for SMEs was provided in the amount of EUR 25,227,836.**

Tab. no. 5.10: Overview of calls and contractually binding projects administered by STB¹⁴

Call code	Type of support	Number of contractually bound projects	Contractually bound NFC / Amount contracted of NFC modified by Supplement (in EUR)
KaHR-31SP-0801	The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	19	68,141,609.57
KaHR-31DM-0801	The scheme to support business activities in tourism (<i>De minimis</i> Aid Scheme)	16	2,815,996.32
KaHR-31SP-0802	The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	6	19,075,050.86
KaHR-31DM-0902	The scheme to support business activities in tourism (<i>De minimis</i> Aid Scheme)	42	16,921,890.87
KaHR-31SP-1101*	The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	0 *	36,000,000.00**
KaHR-31SP-1201***	The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	0 *	50,000,000.00**
All calls totalled		83	106,954,547,62****

* *Process in progress on applications for a non-refundable financial contribution*

** *The planned amount of contracted NFC in 2013 for the given call*

*** *The call closing date was set for 26 April 2013*

**** *As of 31 December 2012*

As of 31 December 2012 a total of six calls were published for the submission of applications for a non-fundable financial contribution; five calls were completed and in one case the application process for a non-fundable financial contribution is still in progress.

- Under Measure 3.1 Support of Business Activities in Tourism of the OP C&EG 2007 – 2013 on 16 December 2011 a call was published (KaHR-31SP-1101) for the submission of applications on a non-fundable financial contribution (NFC). The call closing date was 23 July 2012. A total of 288 applications for an NFC were received in the amount of EUR 162 million, and EUR 36 million is allocated for the call. At present contracts with successful applicants are being prepared.
- Under Measure 3.1 of OP C&EG lone call was published in 2012 for the submission of applications on a non-fundable financial contribution (NFC) (call code KaHR-31SP-1201) namely, on 21 December 2012. The call closing date was 26 April 2013. A total of nearly 239 applications in the amount of EUR 130 million were received. This call has EUR 50 million allocated to it. The number of SMEs supported will be known only after evaluation of the entire process and the concluding of contracts on the provision of NFC.

¹⁴ An overview of support drawn by SMEs within the below-listed calls of measure 3.1 OP KaHR for 2012 is given in Tab. no. 5.7

❖ Office for Public Procurement

The Office for Public Procurement (OPP) is in the terms of Act no. 575/2001 Coll. on the Organisation of the Activities of the Government and Organisation of the Central Public Administration, as amended, the central body of state administration for public procurement (PP). Within its activities it issues a public procurement Bulletin, which is available electronically on the OPP Web site.

The OPP regularly publishes on its Web page decisions it issues in the scope of controlling PP, its own methodological regulation, as well as the most frequent deficiencies in the process of PP from the side of public procurers, which **are evident in inappropriate financial requests** or inappropriate requests for expert qualification. Through this activity it reminds procurers of their obligation to avoid inappropriate financial requests and requests for expert qualification.

The OPP further encourages procurers, to the extent possible, to divide orders into several parts. In several of its decisions the Office **marked as inadmissible the joining in the scope of one order** e.g. goods which together are not really associated in any way or goods and building work which are not related. The OPP in its decisions recommended dividing an order into several parts or procuring them in separate orders.

Employees of the office participate in workshops focused on the area of public procurement which inform them about inappropriate requests of public procurers, **present examples of good practices** and support the participants so that they can mutually share their experiences. This activity has as a goal the support of constructive dialogue and mutual understanding between SMEs and large submitters.

Statistical evaluation of the process of public procurement for 2012¹⁵

In 2012 a total of 7,813 processes were completed on the basis of which contracts worth EUR 4,039.165 million were concluded. Above-limit procurements, with a total of 1,033 (13.2%) completed processes, represented contracts worth EUR 3,300.822 million (81.7%). Below-limit procurements numbering 1,908 (24.4%) completed processes had a contractual value of EUR 441.387 million (11.0%). Below-threshold procurements totalling 4,872 (62.4%) completed processes had a contractual value of EUR 296.956 million (7.3%). In addition, 939 published processes of public procurement were cancelled.

By **regional classification** of the Slovak Republic, 51.6% of the value of closed contracts for public procurement occurred in the Bratislava Region, 2.7% in the Trnava Region, 7.5% in the Trenčín Region, 7.0% in the Nitra Region, 7.7% in the Žilina Region, 5.5% in the Banská Bystrica Region, 4.8% in the Prešov Region and 13.2% in the Košice Region. In addition, 79.5% of the value of closed contracts occurred in Slovakia and 20.5% abroad.

By **type of ownership** and the value of contracts for public procurement 83.6% of the value went to the private sector, 2.4% to the public sector, 12.1% to businesses based abroad and 1.9% to companies of ownership thus far not determined. By legal form 90.9% of the

¹⁵Source: “Information on overall statistical evaluation of the process of public procurement for 2012“ available at: <https://www.uvo.gov.sk/statistika-2012>

value of contracts for public procurement went to legal entities, 7.2% to natural persons and 1.9% to organisations abroad and other undetermined subjects.

By **size of enterprise**, i.e. by the number of employees, 13.9% of the number of public procurements went to large enterprises (250 or more employees), 23.8% to medium-sized enterprises (50 to 249 employees), 59.7% to small enterprises (0 to 49 employees) and 2.6% went to business subjects based abroad and non-determined subjects. **Small and medium-sized enterprises** which succeeded in public procurements and concluded contracts with public procurers, procurers and other subjects received **50.4% of the value of contracts**, while 29.0% of the value of procurement contracts went to large enterprises and 20.6% to foreign organisations and other undetermined subjects.

❖ **Slovak Office of Standards, Metrology and Testing**

The Slovak Office of Standards, Metrology and Testing (SOSMT) is a central public administration authority in the field of technical standardisation, metrology, quality assurance, conformity assessment and accreditation of conformity assessment bodies. SOSMT elaborates the concept of the State policy, carries out methodological work and supervises the execution of the tasks in the field of standardisation, metrology, quality, conformity assessment and accreditation of conformity assessment bodies.

In 2012 the SOSMT in relation to SMEs focused on monitoring the application of the principle of mutual use of Slovak regulatory authorities and continually providing information on technical standards for products of the Slovak Republic in the individual EU member states. In 2012 **National Contact Point for Products**, established for the SOSMT, offered information on technical rules and requirements for production, including a requirement previously approved in 168 cases. Most (85%) of these applications came from business, a large majority of them SMEs.

In the field of standardisation SOSMT, in cooperation with the Slovak Standards Institute (SÚTN), focused on the following measures:

- **Reassessing the possibility of lowering fees** for access to standards through STN-online. The commercial model of STN-online was reassessed several times during the year, and fees are differentiated according to the individual requirements of users. Members of technical commissions have in the range of their work free access to proposed standards. The reassessment of fees for users will generally mean the need for a thorough change in the model of financing Basic Information about Standards, including their structure and division, and the abstract is provided free of charge on the Web page: www.sutn.sk.
- **Reassessment of the composition of national technical commissions (TC)** with SÚTN. The composition of TCs is governed by their statutes and standing order, bearing in mind the development of the legal framework for standardisation in the EU. In 2012 98 TCs were checked, 48 sub-commissions and 5 work groups with the appropriate representation of interested groups. In terms of the statute, membership is free-of-charge and open to each interested group. During 2012 membership was not refused to any representative from the ranks of SMEs and 41 new members of the TC came from SMEs. In the scope of international cooperation contributions for TC/SC meetings were provided in the amount of EUR 4,000 (18 experts).

- **Expanding the functionality of STN-online** by the possibility of obtaining information about changes and supplying standards through e-mail notification regarding already purchased standards and further free accessibility of STN abstracts. In the course of 2012 the database STN-online was updated by the possibility of obtaining information on changes and supplying standards through e-mail notification, which simplified for SMEs the monitoring of valid standards in the STN system.

In addition to the above-mentioned, an **independent section for SMEs**¹⁶ was created on the SÚTN Web page, where all current information in the field of standards serving the needs of SMEs are located, including links to the portal **CEN/CENELEC Helpdesk**¹⁷, which offers consulting and information for the support of SMEs in the area of technical standards. SOSMT and SÚTN also shared in the organisation of professional events (Standardisation Forum, World Day of Standardisation) and provided lectures for the professional public. The objective of these events was to increase awareness about national and European standards and to support the participation of enterprises in the standardisation process.

❖ **Government Office of the Slovak Republic**

The Government Office of the Slovak Republic, in addition to fulfilling of its role associated with expert, organisational and technical provision of activities of the government, is the central state administration authority for control of fulfilment of tasks associated with the performance of state administration and for control of resolution of petitions and complaints; it controls the fulfilment of tasks from government resolutions, coordinates fulfilment of tasks in the area of the informatisation of society and also coordinates the use of financial resources from European Union funds.

The Government Office of the Slovak Republic in 2012 **provided state aid** through State Aid Schemes for the support of small and medium-sized enterprises no. X 181/2009 **in the total amount of EUR 0.02 million**, from this EUR 0.01 million from the Financial Mechanism of the European Economic Area and EUR 0.01 million from the Norwegian Financial Mechanism. In comparison with 2011, state aid provided fell by EUR 0.17 million, i.e. by 89.47%, for reason of realising only one project within the above-mentioned schemes. State aid was directed to the Banská Bystrica Region and was provided to one entitled recipient falling under the category of SMEs.

The effectiveness of state aid provided in the scope of scheme no. X 181/2009 can be measured through the achieving of the planned value indicators in the framework of individual projects, and all of the planned value indicators achieved in completed projects, and therefore the aid was effective to the maximum possible measure.

5.6 Principle 6 - Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions

The following cooperated on putting SBA Principle 6 into practice with the help of different programmes and activities: MF SR - Slovak Guarantee and Development Bank, a. s.

¹⁶ <http://www.sutn.sk/category.aspx?page=bc9ca0b8-a481-4945-b250-e35b93ced13b>

¹⁷ <http://www.cen.eu/cen/Services/SMEhelpdesk/Pages/default.aspx>

The overall financial worth of aid for SBA Principle 6 in 2012 was: 186,798,000 EUR.

❖ Ministry of Finance of the Slovak Republic

The Ministry of Finance of the Slovak Republic (MoF SR) is the central public administration authority in the area of finance, taxes and levies, customs, financial control, internal audit and government audit. MoF SR is also the central government body for informatisation of society (development of ICT tools within public sector), aid coordination and for the field of prices and price control, with the exception of prices and price control of goods provided by special laws.

Slovak Guarantee and Development Bank, a.s.

The Slovak Guarantee and Development Bank, a.s. (Slovenská záručná a rozvojová banka, a.s. - SZRB) is a specialised bank providing support particularly for the development of small and medium-sized enterprises in Slovakia, support of municipalities and support of housing fund recovery. The owner and the sole shareholder of the Bank is the Slovak Republic represented by the Ministry of Finance of the Slovak Republic. To fulfil its mission, in addition to its loan products, the bank uses also its partnerships with commercial banks and other institutions supporting target segments.

In 2012, SZRB focused on supporting the development and stabilisation of the business, in particular:

- **By granting loans** – predominately to small and medium-sized businesses as well as municipalities and legal entities established under special regulations (e.g. associations of flat owners) and
- **By providing bank guarantees for loans** – primarily to those entrepreneurs who do not have sufficient security for loans or are risky for commercial banks, but the banks are interested to finance them under certain conditions. The basic principle of providing guarantees for loans consists in risk distribution between the SZRB, client and partner.

Direct loans

In 2012, the bank approved 584 direct loans totalling EUR 143.27 million, and the average loan amounted to EUR 245 thousand. The volume of provided (drawn) direct loans achieved EUR 136.64 million. At the end of 2012, the state of the direct loan portfolio (including assigned claims) without the impact of amortisation was EUR 353.1 million and, and the bank recorded more than 4% year-on-year growth in the portfolio. **In 2012 the volume of provided direct loans for SMEs was in the amount of EUR 106,829,000.**

Indicator	2012		2011		2010	
	Volume in thousand EUR	Number	Volume in thousand EUR	Number	Volume in thousand EUR	Number
Granted Portfolio	106 829 260 140	531 1 312	110 983 235 223	622 1 333	84 532 201 348	532 1 341
Approved	115 738	438	124 517	614	87 695	511

Tab. no. 5.11: Direct loans (data only for SMEs)

Portfolio of **loan programs** as at 31 December 2012:

- Direct loans
 - Support for financing investment and operational needs of small and medium-sized enterprises and financing development of regions, towns and municipalities.
- Loans to farmers
 - POĽNOúver – help for entrepreneurs who apply for direct payments to bridge temporary shortage of funds.
 - Úver PÓDA – represents a long-term loan for agricultural primary producers to purchase agricultural land, which they have mostly leased.
- Recovery of the housing fund
 - Funding for projects aimed at renovation of an apartment building, modernisation and reconstruction of common areas, equipment and accessories of apartment houses.
- Microloans
 - Promoting the development of small businesses, helping women – entrepreneurs in developing their business activities, facilitating access to credit resources for young entrepreneurs, providing initial capital to university students to develop their business while studying or after study completion.
- SZRB and EU funds
 - Participation in funding projects supported by the structural funds and the Cohesion Fund. An offer for financing of costs incurred by clients relating to the preparation and implementation of projects co-financed from the European Union funds.

Loan guarantee programmes

In 2012 the bank approved 870 loan guarantees totalling EUR 86.56 million, of which more than 86% were quick loan guarantees for commercial banks. The volume of guarantees provided amounted to EUR 85.67 million, and the average loan guarantee was EUR 98.70 thousand. As of 31 December 2012, the total amount of the portfolio of bank guarantees amounted to EUR 206.09 million. **In 2012 the volume of guarantees provided for SMEs was EUR 79,969,000.**

The portfolio of **guarantee products** as of 31 December 2012:

- Fast bank guarantees

SZRB will guarantee loans for businesses in a commercial bank for up to 55% of the loan principal as follows:

 - in the case of loan guarantees of up to EUR 340,000 the bank cooperates with the following commercial banks: Tatra banka, Slovenská sporiteľna, VÚB banka, CSOB, UniCredit Bank, VOLKSBANK, OTP banka, Poštová banka, Prima banka and Prvá stavebná sporiteľna,
 - in the case of loan guarantees of up to EUR 1 million the bank cooperates with the following commercial banks: Slovenská sporiteľna, Tatra banka, CSOB, VOLKSBANK, VÚB banka and UniCredit Bank.

➤ Bank guarantees for financial loans

- The bank also provides other types of guarantee products for loans to small and medium-sized businesses in commercial banks and special safeguards for flat and office space owners associations as well as flat and office space owners represented by the administrator of a residential building and for towns and villages in loans for the construction of municipal rental houses.

Tab. no. 5.12: Bank guarantees (data only for SMEs)

Period	2012		2011		2010	
	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number
Approved total	79,969	851	84,249	1,018	69,275	844
- of this						
<i>fast guarantees</i>	74,588	840	80,153	1,008	64,217	834
<i>State Housing Development Fund</i>	-	-	-	-	-	-
<i>Others</i>	5,382	11	4,097	10	5,058	10
Granted	79,969	851	84,263	1,018	69,680	848
Portfolio	135,758	1,353	135,028	1,379	123,068	1,181

5.7 Principles 7 and 10 - Help SMEs to benefit more from the opportunities offered by the Single Market and Principle 10 - Encourage and support SMEs to benefit from the growth of markets

The following cooperated on putting SBA Principles 7 and 10 into practice with the help of different programmes and activities: Ministry of Economy of the Slovak Republic, EXIMBANKA SR, Ministry of Foreign Affairs and European Affairs of the Slovak Republic, Slovak Office of Standards, Metrology and Testing and partners of the project EEN: BISS Slovakia - BIC Bratislava - project coordinator, National Agency for Development of Small and Medium Enterprises, Slovak Chamber of Commerce and Industry, RPIC Prešov, BIC Group and EurActiv.sk.

The overall financial worth of aid for SBA Principle 7 and 10 in 2012 was: 131,183,000 EUR.

❖ Ministry of Economy of the Slovak Republic

The official participation of the Slovak Republic in exhibitions and trade fairs abroad in the competence of the Ministry of Economy of the Slovak Republic / Support for programmes of department MoE SR - 07L04

The Ministry of Economy of the Slovak Republic in 2012 continued in **promotion of pro-export and marketing activities** for Slovak businesses through financing and implementation of common stands at exhibitions abroad. The Ministry of Economy of the Slovak Republic in the scope of **support for participation in exhibitions** reimbursed costs for the building of a common Slovak stand (rental of the space, exhibition stand and technical

connections), in which Slovak companies from the field of small and medium-sized enterprises can present themselves. Depending on the size of the stand at the given exhibition (from 30 to 100 m²) one stand can present from 6 to 15 companies. A participating company taking part in the common stand is reimbursed only costs associated with its representatives at the exhibition (accommodation, travel costs, meals), shipping costs for oversized exhibits, or costs connected with above-standard requirements for supplier services. The number of participations at exhibitions is unlimited, and one firm can take part in all approved exhibitions.

In 2012 small and medium-sized entrepreneurs could through the form of common exhibition stands take part in **18 exhibitions abroad**. The selected exhibitions were focused, in terms of commodities, on the areas of machining, metallurgy, energy, electrotechnology, the automobile industry, the chemical industry, construction and arms production. In 2012 a total of **EUR 362,000** was earmarked for participation in exhibitions.

The participation of Slovak manufacturers in fairs, exhibitions, trade missions was supported also by a call in the scope of OP C&EG (Sub-measure 1.1.3) – **Call KaHR-113DM-1201 “Support for Participation of Slovak Manufacturers in Fairs, Exhibitions, Trade Missions”** – Scheme promoting international cooperation (*De minimis*), with an indicated allocation of EUR 3,000,000.00. The call was published on 24 February 2012. By the deadline for the closing the call for submissions of applications for an NFC, which was 28 May 2012, 54 applications had been delivered to the address of the Slovak Innovation and Energy Agency (SIEA) with a total requested amount of EUR 4,278,650.45, and from this 25 applications for an NFC in the amount of EUR 828,768.54 were not approved. The process of selecting applicants for an NFC is not yet finished.

❖ Ministry of Finance of the Slovak Republic

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

The Export-Import Bank of the Slovak Republic (EXIMBANKA SR) is a specialised financial institution that was established to promote exports of Slovak producers and service providers in foreign markets, according to Act No. 80/1997 Coll. on the Export-Import Bank of the Slovak Republic, as amended. Its main objective is to promote the maximum volume of exports of sophisticated production especially in the countries of the European Union and the OECD as well as to developing countries, and ensure the return of funds by minimising the risks arising from insurance, credit, guarantee and financial operations. In accordance with the export policy of the Government of the Slovak Republic, EXIMBANKA SR focuses on the expansion of promoting export activities in small, medium-sized and large businesses to reduce the high level of dependence of export performance of the Slovak economy on a relatively small number of firms. Regarding imports, it is the import of technologies that ultimately allow the export of higher quality production with high added value.

Banking activities

The total volume of exports supported by banking activities from the period from 1 January 2012 to 31 December 2012 achieved a value of EUR 2,596,464 thous., which represents 116.89% of that achieved in 2011 with an increase by EUR 375,238 thous. The portion made up by large clients was EUR 2,465,643 thous. (94.96%) and the **segment of**

clients of small and medium-sized enterprises for the support of export shared a value of EUR 130,821,000 (5.04%).

Data on the support of exports in 2012 by the structure of the banking products, large clients (LC) and the segment of small and medium enterprises (SMEs) are presented in the following table, from which it is obvious that SME clients most used direct export and import loans and direct bill credits.

Tab. no. 5.13: Support of exports in 2012 by banking products for LC and SMEs

Bank products	SMEs (thou. EUR)	Share (%)	LC (thou. EUR)	Share (%)	TOTAL (thou. EUR)
Direct bill credits to clients	12,235	100.00%	0	-	12,235
Bill credits for receivables from export	9,949	12.41%	70,209	87.59%	80,158
Direct export and import loans to clients	90,103	25.13%	268,476	74.87%	358,579
Refinancing loans to banks	11,089	1.41%	776,216	98.59%	787,305
Bank guarantees	7,445	0.55%	1,350,742	99.45%	1,358,187
Support of export by bank products total	130,821	5.04%	2,465,643	94.96%	2,596,464

Tab. no. 5.14: Development of support of SMEs export through EXIMBANKA SR bank products for the years 2009 – 2012

Support of SMEs export through EXIMBANKA SR bank products	2009	2010	2011	2012
Support of SMEs (thous. EUR)	166,398	96,842	77,974	130,821
Share of support of SMEs in total support (%)	8.50%	4.72%	3.51%	5.04%

Insurance activities

Insurance activities of the EXIMBANKA SR are focused on supporting the exports of Slovak businesses by providing insurance protection to exporters against short, medium and long-term risks. The EXIMBANKA SR monitors support of the SME export only within the short-term risk insurance (companies with up to 250 employees). Through insurance activities, in 2012 the EXIMBANKA SR supported Slovak exports in the total amount of EUR 1,060,324 thous., which represents in comparison with the result of 2011 growth by 5.27%.

And in 2012, EXIMBANKA SR supported significantly the export activities of entrepreneurs from among small and medium-sized businesses, which accounted for 80.74% of the total number of clients using short-term insurance against the risk of default. In the following period their share in supporting exports increased moderately; exporters focused more on the supplies to riskier territories and provided customers with longer maturities, which was also expressed in the increased share in the support of export and the total insurance premium.

Tab. no. 5.15: Development of the share of the SME segment in supporting exports through insurance activities, the insurance premium and the number of clients for 2009-2012 in the area of short-term risk insurance

Share of SMEs	2009	2010	2011	2012
- in the support of export	21.60%	19.32%	21.80%	25.61%

- in the insurance premium	26.60%	27.59%	33.29%	36.55%
- in the number of clients	78.20%	77.70%	79.85%	80.74%

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

The Ministry of Foreign Affairs and European Affairs of the Slovak Republic (MFAaEA SR) is the central body of state administration for the area of foreign policy and the relations of the Slovak Republic to other states, international organisations and groups and European institutions. The Ministry, among other activities, also ensures coordination with the promotion of commercial-economic interests of the Slovak Republic abroad and a unified presentation of the Slovak Republic abroad.

An important step in the strengthening of a coordinated approach to support of exports was the **establishment of the Council of the Slovak Republic for Export and Investment Support (CSREIS)** in December 2012. CSREIS coordinates the cooperation of all actors in the area of economic diplomacy for the promotion of trade-economic interests and the presentation of the Slovak Republic abroad, with an emphasis on ensuring the needs of business subjects and territorial priorities.

The **Business Centre**, established for the MFAaEA SR from 1 January 2011, likewise contributes to the larger connectedness and effective synergies of actors of economic diplomacy, including intensifying the mutual cooperation between central bodies of state administration and businesses. It provides information to the business public necessary for promoting their business intentions and activities in the area of export of products and services, the creation of cooperative ties and the founding of businesses abroad. The Business Centre in 2012 co-organised regional roundtable meetings for Slovak entrepreneurs in the scope of the programme of meetings of leading representatives of offices, organised an economic day during the worldwide meeting of honorary consuls with Slovak entrepreneurs and co-organised a seminar on the joining of Slovak business to official development aid, to EU development programmes as well as the internationalisation of SMEs. In 2012 with the support of the MFAaEA SR the following **international Innovation Forums** were also held with the participation of SMEs:

- Switzerland (09/2012),
- Denmark (10/2012) and
- the Netherlands (11/2012).

On 4 October 2012 the MFAaEA SR adopted a **Concept for connecting Slovak businesses to the development aid of the Slovak Republic**. The aim of the project is to raise the awareness of entrepreneurs about development aid in priority countries of the Slovak Republic (especially Kenya, Afghanistan, Sudan, the south Balkans, the countries of the Eastern Partnership). The aim is also to strengthen the good name of Slovakia in these countries, to utilise the presence of Slovak non-governmental organisations for starting up entrepreneurial activities and to create such opportunities for increasing mutual trade cooperation.

❖ **Enterprise Europe Network**

With more than 600 contact points and nearly 4,000 experienced employees in 54 countries the Enterprise Europe Network (EEN) is the largest structure providing expertise and trade services not only in Europe but also globally. In Slovakia this network is

represented by the project **BISS Slovakia** (Business and Innovation Support Services in Slovakia) which was submitted in response to a call for proposals for CIP with a deadline in April 2007.

The Services of the Enterprise Europe Network are available to companies of all sizes, regardless of whether they operate in manufacturing or providing services, even though they are designated in particular for SMEs, research institutes, universities, technology and business centres, and innovation and development agencies. The network assists clients in finding business partners, especially in countries that they do not know, providing individual on-site visits to assess the needs of society and provide advice on a wide range of business issues. A reliable database enables different contact points to remain in constant communication and to pool offers and requests to establish a partnership.

The aim of Enterprise Europe Network is to help especially small and medium-sized enterprises to develop their innovative potential and to raise their awareness on the policies of the Commission. This initiative of the European Commission gives entrepreneurs the contact points (one-stop shop), where they can seek advice and a wide range of easily accessible services to support business.

The main objectives of the network are:

- to strengthen the synergies between the network partners through the provision of integrated services,
- to maintain and continually improve access, proximity, quality and professionalism of the integrated services provided by the network,
- to raise awareness, especially among SMEs, regarding policies of the Community and services offered by the network, including raising environmental awareness and energy efficiency of SMEs, as well as awareness of the cohesion policy and structural funds,
- to consult with businesses and to get their opinions on Community policies,
- to ensure compatibility between the network and other providers of services for SMEs, and
- to reduce the administrative burden for all parties.

For the period from the network's start of working (beginning of 2008 up through the end of 2012) Slovakia's representation has managed to achieve very interesting results. We present here the main indicators:

- 180 local events with more than 4,500 participants,
- more than 1000 meetings with new client networks and 600 deep consulting services and
- 87 partnership events and business missions with 1,500 participants, 120 international agreements on cooperation, which is two-times per capita in comparison with the EU average.

Slovakia is within the Enterprise Europe Network the first organisation which began to build a platform of cooperating organisations – of mainly actors in the area of support for business¹⁸, the goal of which is more effective provision of services for entrepreneurs, mutual support in promotion, the organisation of events and the creation of dialogue in the area of international cooperation, innovation, research and development. The platform functions on

¹⁸ A list of cooperating organisations is given on the Web page <http://www.enterprise-europe-network.sk/?about/1001>

the basis of an exchange of information and events which take place once each year – so-called networking meetings.

Comprehensive information on the activities of the Enterprise Europe Network in Slovakia is available on the website - www.enterprise-Europe-network.sk. Slovak enterprises had in 2012 the opportunity to obtain current information directly to their e-mail inboxes. Registered entrepreneurs were regularly informed through e-mail about news from the European business environment – current articles, tenders and calls for proposals for projects, upcoming events (courses, seminars, information and consultation days, training for entrepreneurs, international cooperation events and business mission), offers for partnerships in both member and non-EU countries, as well as new projects for businesses.

Activities carried out in 2012

Partners of the project BISS Slovakia - BIC Bratislava - project coordinator, National Agency for Development of Small and Medium Enterprises, Slovak Chamber of Commerce and Industry, RPIC Prešov, BIC Group and EurActiv.sk - offer the following services:

- Providing information, feedback and services to support internationalisation and business cooperation.

This area is aimed at disseminating information and raising awareness of the policies and legislation of the European Union, the European single market of goods and services, presentation of European initiatives for SMEs and survey of feedback from target groups, the increase of SME participation in the formulation of new EU policies, support of the development of cross-border activities to acquire new markets in the EU and third countries, trade cooperation between SMEs and finding adequate partners. It represents a continuation of the activities of the Euro Info Centre (EIC) network.

- Promoting innovation and technology and know-how transfer services.

More detailed information on these activities is in sub-chapter 5.8.

- Services to promote SME participation in the Seventh Framework Programme for research, development and demonstration activities (FP7).

More detailed information on these activities is in sub-chapter 5.8.

Number of SMEs (and other recipients) supported - Statistics on activities for 2012

In 2012, the Enterprise Europe Network supported more than 3,000 enterprises in Slovakia in the above-mentioned areas and activities. A total of 37 events organised by 6 partners were attended by 1,134 entrepreneurs, representatives of universities and public institutions. These were mainly seminars, trainings, information days, business meetings and missions. A total of 29 companies were involved in the mechanisms for providing feedback to the European legislation and 1,288 counselling services in the field of international cooperation, innovation, technology transfer and research were provided. In Slovakia, 67 entities were involved in international trade business and technology databases and 404 international contacts were exchanged among entrepreneurs. All these activities led to successful outcomes. The main indicator of the successful results is entering into 30

international agreements on cooperation between Slovak and foreign companies, universities and research and development institutions (a total of 16 in the area of trade cooperation, 10 in the area of in technological cooperation and 4 subjects were involved in research and development projects).

5.8 Principle 8 - Promote the upgrading of skills in SMEs and all forms of innovation

The following cooperated on putting SBA Principle 8 into practice with the help of different programmes and activities: Ministry of Education, Science, Research and Sport of the Slovak Republic, Agency of the Ministry of Education, Science, Research and Sport of the Slovak Republic for Structural Funds of the EU, Agency for the Support of Research and Development, Ministry of Economy of the Slovak Republic, Slovak Innovation and Energy Agency, Innovation Fund, n. f., Ministry of Agriculture and Rural Development of the Slovak Republic and partners of the project EEN: BISS Slovakia - BIC Bratislava - project coordinator, National Agency for Development of Small and Medium Enterprises, Slovak Chamber of Commerce and Industry, RPIC Prešov, BIC Group and EurActiv.sk.

The overall financial worth of aid for SBA Principle 8 in 2012 was: 71,564,555.31 EUR.

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

The Ministry of Education, Science, Research and Sport of the Slovak Republic (MESRS SR) is the central body of the State administration for kindergartens, primary schools, secondary schools and universities, school facilities, lifelong learning, science and technology, and the State care for youth and sport. It has established two agencies for the intermediation of financial support, namely the Agency of MESRS SR for the Structural Funds of the European Union (ASFEU) and the Slovak Research and Development Agency (SRDA).

In the programme period 2007-2013 the MESRS SR is performing the tasks of the Managing Authority for the **Operational Programme Research and Development (OP R&D)** of the National Strategic Reference Framework of the Slovak Republic (NSRF SR) and the role of a Payment Unit. The Intermediate Body under the Managing Authority for OP R&D is ASFEU. The Operational Programme Research and Development is co-financed from the European Regional Development Fund.

In the programme period 2007-2013 the MESRS SR is performing the tasks of the Managing Authority for the Operational **Programme Education (OP Ed)** and the role of a Payment Unit. The Intermediate Body under the Managing Authority (IBMA) for the OP Ed is the ASFEU and the Ministry of Health of the Slovak Republic. The Operational Programme Education is co-financed from the European Social Fund.

Support for SMEs from the state budget of the MESRS SR

Incentives for research and development

Incentives for research and development consist of grants from resources of the state budget for projects of basic research or applied research or experimental development or working up of feasibility studies for a project or protection of industrial ownership or temporary assigning of highly qualified research and development employees and income tax allowances according to a special provision. The provider of incentives for research and development is the MESRS SR, if a grant from the resources of the state budget is involved and the Ministry of Finance of the Slovak Republic through the objective and locally relevant tax administrator, if an income tax allowance is involved.

In 2012, MESRS SR continued the provision of incentives for research and development on the basis of a decision and approval for the provision of incentives and contracts on the provision of incentives in accordance with Act no. 185/2009 Coll. for 15 organisations, **14 of which are in the SME category**. As of the end 2012 the provision of incentives for a total of 5 organisations was ended and following from the positive results presented at the final opponent boards and completion of projects by the relevant research and development organisations. **In 2012 the volume of various financial aid and allowances for SMEs was in the amount of EUR 7,089,636.**

Tab. no. 5.16: The amount of the State budget resources and tax allowances obtained by individual organisations in Slovakia in 2012

Serial no.	Name of the organisation – R&D	The amount of funds from the State budget (in EUR)	The volume of tax relief (in EUR)	The amount of private co-financing (in EUR)
1.	DECOM, a.s., Trnava	383,396	3,762	115,000
2.	VÚPC, a.s. Bratislava	610,998	7,197	184,445
3.	IMUNA PHARM, a.s., Šarišské Michal'any (2009)	254,762	0	0
4.	CEIT, a.s., Žilina	1,000,000	40,000	500,000
5.	CEIT SK, s.r.o., Žilina	256,178	5,347	79,000
6.	PRVÁ ZVÁRAČSKÁ, a.s., Bratislava	597,292	14,092	204,000
7.	DB Biotech, s.r.o., Košice(1)	525,510	0	0
8.	DB Biotech, s.r.o., Košice(3)	228,657	0	0
9.	MicroStep, s.r.o., Bratislava*	502,875	110,640	519,650
10.	Medicproduct, a.s., Lipany	344,596	0	0
11.	IMUNA PHARM, a.s., Šarišské Michal'any (2010)	298,215	1,500	100,000
12.	CEIT- KE, s.r.o., Košice	478,212	0	0
13.	VIPO, a.s., Partizánske	581,817	7,000	205,940
14.	Slovanet, a.s., Bratislava	524,234	0	0
15.	ZŤS VVÚ Košice, a.s., Košice	919,333	7,538	322,679
	Total	7,506,075	197,076	2,230,714

* The enterprise MicroStep, s.r.o., Bratislava in 2012 did not satisfy the conditions for assignment to the SME category

Subsidies for scientific-technical services

Through support for scientific-technical services in line with § 8a par. 8 of Act no. 172/2005 Coll. the quality of cooperation of the research sphere with economic practice and

with institutions of the European Research Area in the field of applied research and development was increased. A subsidy was provided for the **support of scientific-technical services** with a focus on:

- Improving and managing of technological processes and manufacturing lines for industry through the use of the most modern controlling and information systems,
- information and communication technology focused on the creation of a communication platform between the IT industry, public administration and educational institutions in the region with an emphasis on innovative trends,
- service robots for industry, security systems, non-standard applications, intelligent drives for automated systems and robots, information systems for managing and diagnostics of technological systems and processes, automated manufacturing systems and processes,
- biodegradable plastics and their processing
- construction and mining machines and equipment for handling wood and biomass.

Tab. no. 5.17: List of subsidies provided for scientific-technical services

P. no.	Application no.	Applicant	Subsidy (EUR)
1.	2012- 17510/47694:1-11	Automotive cluster - west Slovakia	79,990.00
2.	2012- 17513/47691:1-11	Košice IT Valley z. p. o.	59,657.50
3.	2012- 17512/47692:1-11	Slovak plastics cluster	30,000.00
4.	2012- 17358/47482:1-11	Cluster AT+R z. p. o.	60,000.00
5.	2012- 17361/47454:1-11	1. Slovak engineering cluster	20,000.00
	Total		249 647.50

An applicant for a subsidy was a cluster with the relevant focus on scientific-technical services defined in the area of applied research and development in a region. Collaboration on the resolution of problems was carried out in cooperation with universities, or with workplaces of the Slovak Academy of Sciences, which are members of a cluster and with other members of a cluster from the entrepreneurial sphere.

Agency of the Ministry of Education, Science, Research and Sports of the Slovak Republic for the Structural Funds of the EU (ASFEU)

Operation Programme Education (OP Ed)

The ASFEU in 2012 continued in the implementation of projects in the scope of calls with the codes OPV-2009/2.1/01-SORO, OPV-2010/2.1/02-SORO and OPV-2009/4.2/02-SORO, where aid was provided in 2010 and declared a new call with the code OPV-2012/2.1/03-SORO. Aid in the scope of *de minimis* aid schemes, within the Operational Programme Education, is carried out in the form of a non-refundable financial contribution. The level of co-financing represents 95% from public resources, and the amount of co-financing from EU resources is 80.75% and from national public resources 14.25%, or 85% from EU resources and 10% from national public resources with subjects of public administration. **Recipients** within a *de minimis* aid scheme **can be micro, small and medium-sized enterprises** and large enterprises, which perform or plan to perform educational activities according to of Act no. 568/2009 Coll. on Lifelong Education and on amendments and supplements to certain acts.

➤ **The calls OPV-2009/2.1/01-SORO and OPV-2009/4.2/02-SORO**

ASFEU published the calls on 2 August 2009. Those two calls were aimed to promote education responding to the changing demands of employers on the quality of human resource and effectiveness of their management. Activities of the calls were also focused on the scope of activities for the lifelong development of competences and qualifications in accordance with Recommendation 2006/962/EC of the European Parliament and the Council of 18 December 2006 on Key Competences for Lifelong Learning – the European Reference Framework. The eligible activity was the creation and implementation of training programmes for those involved in the activities of further education and for teachers of further education, with a focus on deepening and **expanding qualifications**, proficiency and the development of core competencies for construction, textile, electronics, machinery and chemical sectors due to **new technologies, innovative processes** and their application in practice. In April and May 2010, within the calls with codes OPV-2009/2.1/01-SORO and OPV-2009/4.2/02-SORO, ASFEU concluded a total of 8 Contracts to Provide NFC. The total amount of the contracted NFC was EUR 3,286,665.23, while the volume of total eligible expenditure amounted to **EUR 3,459,647.61** and co-financing by the beneficiaries represented EUR 172,982.38.

➤ **The call OPV-2010/2.1/02-SORO**

The ASFEU published the call on 31 May 2010. Activities listed in the call were focused on the Promotion of continuing education **in the field of tourism**. The aim is to create conditions for launching the tourism and hotel industry with the goal of increasing the share of this economic sector in the gross domestic product of the Slovak Republic through economic incentives and financial instruments in order to improve the quality and comprehensiveness of services provided. The eligible activity within the above mentioned call for submission of requests for NFC was the creation and implementation of accredited training programs for those involved in the activities of further education with a focus on deepening and enhancing qualifications, proficiency and the **development of core competencies** for the sector of tourism services and services related to tourism due to new technology, innovative processes and their application in practice. In December 2010, 9 Contracts to Provide NFC were concluded. The total amount of the contracted NFC was EUR 3,504,155.20, while the volume of total eligible expenditure amounted to **EUR 3,688,584.42** and co-financing by the beneficiaries represented EUR 184,429.22.

Tab. no. 5.18: Total volume of assistance provided as of 31 December 2012 for OP Ed (EUR)

Call code	Year	EU funds	State budget funds	Private funds	NFC
OPV-2009/2.1/01-SORO	2012	2,145,718.57	378,656.21	132,861.83	2,524,374.78,
OPV-2009/4.2/02-SORO	2012	369,849.54	65,267.57	22,900.89	435,117.11
OPV-2010/2.1/02-SORO	2012	2,696,707.47	475,889.56	166,978.79	3,172,597.03
OPV-2012/2.1/03-SORO	2012	X	X	X	X
TOTAL FOR OP Ed:	2012	5,321,072.91	939,012.87	299,840.62	6,260,085.78

At present ASFEU is implementing in the scope of *de minimis* schemes a total of **15 projects** with overall authorised expenditure in the amount of EUR 6,454,830.43. Projects implemented within the *de minimis* schemes are co-financed from EU resources in the amount of 80.25%, which in 2012 represented a total of EUR 5,212,275.58 and from the state budget in the amount of 14.25%, which in 2012 represented a total of EUR 919,813.34. In the

monitored period assistance was in the frame of *de minimis* schemes paid to recipients working in the areas of **consulting services in the area of business** and management as well as in the area of business education. **In 2012 in terms of SMEs a total of EUR 1,515,646.01 was drawn.** The proportion of micro enterprises is 86.67% (13 recipients) and the portion of small enterprises 13.33% (2 recipients) from the total number of recipients.

Tab. no. 5.19: Volume of assistance provided in 2012 within OP Ed projects implemented by ASFEU within *de minimis* schemes (EUR)

<i>de minimis</i> Scheme	Source		Private funds	Total
	EU	State budget		
Funds drawn as of 31 December 2012	1,950,463.67	344,204.65	120,773.12	2,415,441.44
Funds drawn in 2012	1,288,296.09	227,349.92	79,771.47	1,595,417.48

Tab. no. 5.20: Assistance provided within OP Ed as of 31 December 2012 by regions (EUR)

Regions	Assistance provided (in EUR)	Source		Number of projects implemented
		EU (in EUR)	State budget (in EUR)	
Bratislava	458,018.00	369,849.54	65,267.57	1
Nitra	524,902.97	423,859.15	74,798.67	1
Banská Bystrica	447,775.24	359,156.01	63,380.47	1
Prešov	463,208.00	374,090.91	66,007.22	1
Žilina	835,062.74	674,313.16	118,996.44	2
Projects carried out in several regions (aside from BA)	3,728,862.92	3,011,056.81	531,362.97	9
Total	6,457,829.87	5,212,325.58	919,813.34	15

Operational Programme Research and Development

ASFEU implements the Operation Programme Research and Development, which is the main instrument for support for the scientific research process and the introduction of its results into commercial practice.

In 2012 ASFEU **did not publish any call** for the submission of applications on a non-refundable financial contribution orientated on the support of SMEs within the Operational Program Research and Development – according to “Schemes for the support of research and development” (state aid schemes). However, in 2012 ASFEU **concluded 30 contracts on the provision** of NFCs with successful applicants in the scope of calls OPVaV-2011/2.2/07-SORO and OPVaV-2011/4.2/07-SORO, which were published in 2011. Within the call OPVaV-2011/2.2/07-SORO 21 contracts were concluded on the provision of an NFC in the sum of EUR 34,407,701.12, and in 18 projects an SME was the recipient. Within call OPVaV-2011/4.2/07-SORO 9 contracts were concluded on the provision of an NFC in the sum of EUR 15,482,934.87, and in 7 projects an SME was the recipient and in 1 project a partner. **In 2012 47 SME were supported in 52 projects by a sum of EUR 7,283,852.44.**

Tab. no. 5.21: Volume of assistance provided for 2012 within OP R&D (EUR)

Type of enterprise	Sum drawn by SMEs in EUR for 2012			
	EU funds	State budget funds	NFC	Private funds
Small enterprises	3,506,856.87	618,861.74	4,125,718.61	1,406,925.37
Medium-sized enterprises	2,684,416.07	473,717.76	3,158,133.83	1,075,591.56
Total	6,191,272.94	1,092,579.50	7,283,852.44	2,482,516.93

Tab. 5.22: Overview of funds contracted and drawn by SMEs under the Operational Programme Research and Development (in EUR)

Type of enterprise	Contracted amount attributable to SMEs in EUR as of 31 December 2012			
	EU funds	State budget funds	NFC	Private funds
Small enterprises	43,622,981.31	7,698,236.37	51,326,217.68	14,333,889.10
Medium-sized enterprises	26,655,425.35	4,703,859.34	31,359,284.69	10,960,392.66
Total	70,278,406.66	12,402,095.71	82,685,502.37	25,294,281.76
Type of enterprise	Drawn amount attributable to SMEs in EUR as of 31 December 2012			
	EU funds	State budget funds	NFC	Private funds
Small enterprises	5,056,830.80	892,387.99	5,949,218.79	2,060,098.11
Medium-sized enterprises	5,369,636.91	947,559.55	6,317,196.46	2,451,961.71
Total	10,426,467.71	1,839,947.54	12,266,415.25	4,512,059.82

As at 31 December 2012 under the Operational Programme Research and Development according to the Research and Development Grant Scheme (State Aid Scheme) a **total of 101 projects** were implemented, which is 28 projects more than in 2011. In 2012 a total of 30 contracts on the provision of an NFC were concluded and 2 projects were terminated extraordinarily, which means that 2 recipients withdrew from a closed contract for different reasons. From this, in 81 projects in a total amount of NFC of EUR 198,071,571.31 a total of **75 small and medium-sized enterprises** acted as a beneficiary or as a partner and the sum of NFC in the contracts concluded with small and medium-sized enterprises totalled EUR **82,685,502.37**. Overall drawing increased year-on-year by 146.54%, and from this in small businesses the increase was by 228.64% and in medium-sized enterprises by 99.59%. The high percentage increases in the drawing of a non-refundable contribution reported as of 31 December 2012 is expressed in the more intensive implementation of activities of particular projects of small and medium-sized enterprises.

Agency for Support of Research and Development (ASRD)

The Agency for Support of Research and Development was established by Act No. 172/2005 Coll. for the purpose of promoting research and development and is included in the budget of the Slovak Republic through the MESRS SR chapter by providing funds to address research and development projects. The main objective of ASRD is to support cutting-edge basic and applied research and development in all fields of science and technology carried out by the public sector, the universities sector, the business sector and the non-profit sector within public calls announced by the agency. Support for research and development is carried out through research and development projects selected by ASRD bodies in open tenders announced by the ASRD. In the scope of support of research and development in the business sector ASRD has an approved a Support Scheme for research and development. On the basis of this scheme ASRD can provide state aid for the resolution of research and development projects, as well as for the processing of studies of technical feasibility of small and medium-sized enterprises.

ASRD in 2012 for the last time provided financial support for projects in the framework of a programme focused on the support of small and medium-sized enterprises operated under the name **Support of Research and Development in Small and Medium-Sized Enterprises – VMSP 2009 – II.**

The purposeful form of support for research and development under of Act no. 172/2005 Coll. is provided by ASRD in the interest of fulfilling selected intentions and goals in accordance with long-term intent of state and scientific policies. The ASRD programme is carried out in the form of 22 **projects in the overall amount of EUR 1,023,626.00** (data from 2012). The ASRD Council regularly evaluates once per year the implementation of projects through the form of concurrent and final reports or an opponent board. On their basis recommendations are accepted regarding their further financing. On the basis of evaluation of projects for 2011 the ASRD Council recommended the financing in 2012 of projects in the presented number and presented amount.

❖ Ministry of Economy of the Slovak Republic

Slovak Innovation and Energy Agency

The Slovak Innovation and Energy Agency (SIEA) is a contributory organisation in responsibility of the Ministry of Economy of the Slovak Republic with a focus on energy, rational use of energy resources and innovation. The SIEA at the same time acts as the Intermediate Body under the Managing Authority (MoE SR) in the implementation of the Operational Programme Competitiveness and Economic Growth. Since 26 October 2011, SIEA has been the only Intermediate Body in the Ministry of Economy of the Slovak Republic. **In the framework of measures 1.1 and 1.3 Operational Programme Competitiveness and Economic Growth SMEs drew resources in 2012 in the amount of EUR 45,457.156.**

Overview of selected calls within OP C&EG ¹⁹:

- The call KaHR-111SP-0801 (Sub-measure 1.1.1) “Support for Introducing Innovation and Technology transfers”

¹⁹ An overview of support drawn by SMEs within the lower-presented calls of measures 1.1 and 1.3 OP KaHR for 2012 are in Tab. no. 5.7

- The call KaHR-111SP-0902 (Sub-measure 1.1.1) “Support for Introducing Innovation and Technology transfers”
- The call KaHR-111SP-1001 (Sub-measure 1.1.1) “Support for Introducing Innovation and Technology transfers”
- The call KaHR-111DM-0801 (Sub-measure 1.1.1) “Support for Introducing Innovation and Technology transfers”
- The call KaHR-111DM-0901 (Sub-measure 1.1.1) “Support for Introducing Innovation and Technology transfers”
- The call KaHR-111SP/LSKxP-1101 (Sub-measure 1.1.1) “Support for Introducing Innovation and Technology transfers with relevance for local strategies for a comprehensive approach”
- The call DOP 2008–SIP 001 (Sub-measure 1.1.2) “Innovation and Technology Transfers” and “Support for the creation and maintaining of jobs through increasing adaptability of workers, enterprises and support for enterprises”
- The call KaHR-113DM-0801 (Sub-measure 1.1.3) “Support for Innovation and Technology Transfers”
- The call KaHR-113DM-0901 (Sub-measure 1.1.3) “Support for Introducing Innovation and Technology Transfers”
- The call KaHR-13SP-0801 (Measure 1.3) “Support for Innovative Activities in Businesses” – A State aid scheme for the support of innovation through projects of industrial research and experimental development
- The call KaHR-13DM-0901 (Measure 1.3) “Support for Innovative Activities in Businesses” – Scheme for the support of innovations, introducing systems of management quality, protection of industrial rights and introducing technical standards into manufacturing practice and services (a *de minimis* aid scheme)
- The call KaHR-13SP-1001 (Measure 1.3) “Support for Innovative Activities in Businesses” – A State aid scheme for the support of innovation through projects of industrial research and experimental development

Tab. no. 5.23: Monitored development of implementation as of 31 December 2012²⁰

Measure/Sub-measure	Number of calls	Allocated financial aid for call (NFC) in EUR		
		Total	from this	
			ŠF	ŠR
KaHR-111SP-0801	1	49,790,878.31	42,322,246.56	7,468,631.75
KaHR-111SP-0902	1	124,905,887.00	106,170,003.95	18,735,883.05
KaHR-111SP-1001	1	39,000,000.00	33,150,000.00	5,850,000.00
KaHR-111SP/LSKxP-1101	1	16,470,588.00	13,999,999.80	2,470,588.20
KaHR-111DM-0901	1	25,000,000.00	3,750,000.00	21,250,000.00
DOP 2008-SIP001 (1.1.2.)	1	*19,916,351,32.00	16,928,898.62	2,987,452.70
KaHR-111DM-0801	1	33,193,918.87	28,214,831.04	4,979,087.83
KaHR-113DM-0801	1	8,298,479.72	7,053,707.76	1,244,771.96
KaHR-113DM-0901	1	4,000,000.00	3,800,000.00	200,000.00
KaHR-13SP-0801	1	82,984,797.19	70,537,077.61	12,447,719.57
KaHR-13DM-0901	1	15,000,000.00	12,750,000.00	2,250,000.00
KaHR-13SP-1001 (1st and 2nd round)	1	51,226,064.00	43,542,154.40	7,683,909.60

*Allocated funds for entire call (i.e. OP C&EG + OP ZaSI).

²⁰ An overview of the implementation of selected calls within measures OP KaHR as of 31 December 2012 are presented in Table no.6 of this document

Innovation Fund, n. f.

The Innovation Fund, a non-investment fund, is an independent, non-profit and non-State legal entity operating in the territory of the Slovak Republic, which was established by the Ministry of Economy of the Slovak Republic under Act No. 147/1997 Coll. on Non-investment Funds. In accordance with its statute, the Innovation Fund provides **repayable financial assistance** with the aim of supporting the creation of appropriate conditions for using the results of research, development, innovation, patents, industrial designs and utility models in close contact with scientific, research and technical institutions. The purpose of providing repayable financial assistance is to support subjects addressing projects in the field of research, development and innovation, use and protection of patents, industrial designs and utility models, resulting in innovative products and services with high added value and the real hope of success in the domestic and European or the world market. Repayable financial assistance is provided to address projects that qualified for granting assistance and is to facilitate access to financing at favourable interest conditions.

Tab. no. 5.24: Support for the Innovation Fund, n. f., in 2012

Project subjects	Repayable financial assistance (in EUR)
EVPÚ a. s., Nová Dubnica	171,500.00
ZTS - Výskumno-vývojový ústav Košice, a. s.	31,000.00
BUKÓZA INVEST spol. s r. o.	150,000.00
VIPO, a. s.	246,750.00
Cestné a stavebné mechanizmy Tisovec, a. s.	100,000.00
Total	699,250.00

❖ Ministry of Agriculture and Rural Development of the Slovak Republic

Operation Programme Bratislava Region (OPBR)

The global objective of OP BR is to strengthen the competitiveness of the region through development of the economy and by building a region attractive for living. This global objective is in response to the need to increase support of innovate business and information companies as key factors in securing the long-term economic growth and competitiveness of the region. Authorised applicants for the contribution are the capital city of the Slovak Republic, city boroughs, municipalities of the region, and **small and medium-sized enterprises**.

SMEs are authorised applicants in priority axis 2. In 2012 in the scope of this axis one call was published (for measure 2.2 Informatisation of Society OP BR for group activities 2.2.3.) with implementation, however, beginning in 2013. In 2012, however, the following obligations (paid for) were implemented:

Tab. no. 5.25: Financial support of OP Bratislava Region in 2012 for SMEs

Measure	Number of SMEs supported (with payment of funds in 2012)					Total paid fund from OP BR SMEs in EUR (EU + SR source)
	total	micro enterpri ses	small enterprises	medium enterprises	other enterprises*	
Measure 2.1 Innovation and technol. transfers	53	26	22	5	0	7,497,517.49
Measure 2.2 Informatisation of society	15	5	8	2	0	836,482.37
Total	68	31	30	7	0	8,333,999.86

❖ Ministry of Transport, Construction and Regional Development of the Slovak Republic

Construction subsidy

In research and development projects solved by natural or legal persons being granted the State (minimal) aid in the form of subsidies, the recipients of the results are the solvers themselves, who improve the quality of their products and technologies used by carrying out research and development in the areas of their business.

In 2012 a total of 2 SMEs were recipients of aid in the form of a subsidy (minimum state aid) according to Decree no. MVRR-2005-8520 from 25 October 2005 on the provision of **subsidies for research and development** and according to § 11 par. 2 lett. c) of Act no. 172/2005 Coll. Providing support was aimed at increasing the competitiveness of businesses through the promotion of applied research and innovation activities of enterprises from public finances and private sector funds, i.e. through their co-financing. In 2012 a subsidy in the amount of EUR 66,435 was provided (co-financing from own resources of businesses - 50%, i.e. EUR 66,435).

In 2012 aid took the form of a subsidy from the state budget **for scientific–technical services** according to § 8a par. 8 of Act no. 172/2005 Coll. on subject SMEs. The support totalled EUR 94,954 (co-financed from own resources of the business EUR 8,046). The project is at present is in progress and therefore it cannot be evaluated.

❖ Industrial Property Office of the Slovak Republic

The Industrial Property Office of the Slovak Republic (IPO SR) is a central public administration authority in the field of industrial property. The IPO SR carries out the central public administration in the field of protection of inventions, utility models, designs, topography of semiconductor products, trademarks, designation of origin of products and geographical labelling of products. It also keeps the central fund of patent literature and provides exchange and accessing information in the field of industrial property rights.

The IPO SR has since 2007 provided free of charge for small and medium-sized enterprises a service with the name **Pre-diagnostics of Industrial Rights**. The aim of pre-diagnostics is to analyse the situation in the company, to acquaint it with the possibilities of industrial legal protection, highlight the possible effects of unfair competition and to provide free and objective recommendations. In 2012 IPO SR carried out **30 pre-diagnostics**, that is, 30 SME's were provided.

The IPO SR has since 2012 been implementing a pilot project "**Education in Intellectual Property**" in the scope of primary schools in the Bratislava Region. Education takes place in the form of lectures on the meaning of intellectual property at primary schools. In 2012 the IPO SR cooperated with 2 primary schools.

IPO SR within the project **Innoinfo** actively cooperated with 15 partners (Slovak Chamber of Commerce and Industry, BIC, Regional Advisory and Information Centres, Regional Development Agency, Incubators, universities), to whom it provided free participation in a four-module educational programme on **Intellectual Property**, which is accredited by the MESRS SR. The course is meant for the broad public, entrepreneurs, academic workers, etc. who want to increase their knowledge about intellectual property. IPO SR at the same time organised "made to measure" educational courses according to the needs of the target group, i.e., entrepreneur.

In addition to the above-mentioned, IPO SR through its own **Information centre** offers professional consultation activities for obtaining of information on the possibilities and the most suitable method for protection of your intellectual property. For the public there are searching services in resources of patent information (inventions, technical solutions, designs and for trademarked products and services and trademark origin). On the basis of a request the office prepares a research report which contains a list or more detailed data on the documents with relevant patent information. Searches are performed in accessible databases and information resources.

❖ **Enterprise Europe Network**

Activities conducted in 2012:

- Promoting innovation and technology and know-how transfer services.

This part focuses on the dissemination of information on the possibilities for innovation in the EU, the promotion of international technology-oriented cooperation, transfer of technology and know-how, analysis of the technological situation in enterprises, organisation of partnership events in selected technology sectors, the use of research and development results and increasing the innovative capacity of SMEs, including creating links to appropriate national and European funding schemes. It represents a continuation of the activities of the Innovation Relay Centre (IRC) network.

- Services to promote SME participation in the Seventh Framework Programme for research, development and demonstration activities (FP7).

This area is aimed at disseminating information and raising awareness about FP7, identifying research and development needs and finding adequate partners, increasing participation of Slovak companies (especially SMEs), universities and research institutes in

European research programmes, including the preparation of projects in FP7. It is connected to the cooperation with national contact points for FP7 (NCP).

More detailed information on the activities of the EEN is found in subchapter 5.7.

5.9 Principle 9 - Enable SMEs to turn environmental challenges into opportunities

The following cooperated on putting SBA Principle 9 into practice with the help of different programmes and activities: Ministry of Economy of the Slovak Republic and the Ministry of the Environment of the Slovak Republic.

The overall financial worth of aid for SBA Principle 9 in 2012 was: 26,035,430.40 EUR.

❖ Ministry of Economy of the Slovak Republic

Priority axis 2 OP C&EG, Measure 2.1 Increasing Energy Efficiency in Production and Consumption and Introducing Advanced Technologies in the Energy Sector.²¹ In the scope of this measure SMEs received in 2012 resources in the amount of EUR 18,518,929.

- **The call KaHR-21DM-0801 “Increasing Energy Efficiency in Production and Consumption and Introducing Advanced Technologies in the Energy Sector” – Scheme for the support of permanently sustainable development (*de minimis* aid scheme) with an indicative allocation of EUR 23,235,743.21.**

In 2008 11 applications for an NFC were approved, and contracts were concluded with 9 applicants in the final amount of NFC of EUR 955,109.26. According to the last supplements to contracts on NFC, as of 31 December 2012, 9 projects were contracted for NFCs in the amount of EUR 948,216.38. As of 31 December 2012, 7 projects had been concluded within this call. Two projects are in the process of being implemented. The total amount of NFC drawn was EUR 658,688.18.

- **The call KaHR-21SP-0801 “Increasing Energy Efficiency in Production and Consumption and Introducing Advanced Technologies in the Energy Sector” – Scheme of state aid for increasing energy efficiency in production and consumption and introducing advanced technologies in the energy sector with an indicative allocation of EUR 82,984,797.19.**

In 2009 a total of 32 applications on NFC were approved, and all of these applications were contracted in a total amount of NFC worth EUR 69,866,365.14. As of 31 December 2012, contracts were concluded for 26 projects (6 projects ended up withdrawing from the contract on NFC) and according to the last supplements to the contracts on NFCs a contractual sum of EUR 57,796,402.72 was achieved. As of 31 December 2012, a total of 22 projects had been concluded, and 4 projects were still being implemented. In 6 projects had

²¹ An overview of funding used for the support of SMEs within the lower-presented calls of measure 2.1 OP KaHR for year 2012 is in Tab. no. 5.7

ended with a withdrawal from the contract. The total amount of NFC drawn was EUR 47,392,390.62.

- **The call KaHR-21DM-0901 “Increasing Energy Efficiency in Production and Consumption and Introducing Advanced Technologies in the Energy Sector” – Scheme for the support of permanently sustainable development (*de minimis* aid scheme) with an indicative allocation of EUR 15 million.**

In 2010 a total of 19 applications on NFC were approved, and all of these applications were contracted in a total amount of NFC worth EUR 1,947,115.88. As of 31 December 2012, contracts were concluded for 19 projects and according to the last supplements to the contracts on NFC a contractual sum of EUR 1,944,909.74 was achieved. Within this call 12 projects had been completed as of 31 December 2012. Seven projects were still in the process of being implemented. The total amount of NFC drawn was EUR 1,125,157.37.

- **The call KaHR-21SP-0901 “Increasing Energy Efficiency in Production and Consumption and Introducing Advanced Technologies in the Energy Sector” – Scheme of state aid for increasing energy efficiency in production and consumption and introducing advanced technologies in the energy sector with an indicative allocation of EUR 57 million.**

In 2010 a total of 39 applications on the provision of an NFC were approved and 38 contracts for an NFC was signed in a total amount of NFC worth EUR 1,947,115.49. One applicant did not sign a contract.

As of 31 December 2012, contracts were concluded for 38 projects and according to the last supplements to the contracts on NFC a contractual sum of EUR 49,223,196.09 was achieved. Within this call, as of 31 December 2012, 14 projects were completed, and 24 were still in the process of being implemented. The total amount of NFC drawn was EUR 8,255,607.32.

Priority axis 2 OP C&EG, Measure 2.2 Building and modernisation of public lighting for towns and municipalities and the provision of energy consultant services.

- **The call KaHR-22NP-0901 “Support for public lighting and consulting for effective use of energy and the use of renewable energy sources, including awareness of the broader public” with an indicative allocation of EUR 10,900,000.00.**

The call was published on 1 July 2009 and completed on 14 August 2009. The amount of NFC was EUR 10,900,000.00. The presented financial indicators were approved and contracted in the given amount. At present project implementation is taking place. As of 31 December 2012, contracts were concluded for 38 projects and according to the last supplements to the contracts on NFC a contractual sum of EUR 7,346,196.09 was achieved. The total amount of NFC drawn was EUR 2,818,141.26.

❖ **Ministry of Environment of the Slovak Republic**

The Ministry of Environment of the Slovak Republic (ME SR) is the central public administration authority covering the development and protection of the environment, including nature and landscape protection, water management, protection of air, the ozone

layer and the Earth's climate system, ecological aspects of land use planning, waste management, assessment of impacts on environment, ensuring a unified information system on environment and area monitoring, geological research and exploration, protection and regulation of trade in endangered species of wild fauna and flora, and genetically modified organisms.

Operational Programme Environment

- *Priority axis 3 Air Protection and Minimisation of Adverse Impacts of Climate Change:*
 - Number of projects of direct investment support for SMEs - 6 (goal 20) and
 - Number of jobs created by direct investment support of SMEs - 2 (goal 15).
- *Priority axis 4 Waste Management:*
 - Number of projects of direct investment support for SMEs - 38 (goal 30) and
 - Number of jobs created by direct investment support of SMEs - 18 (goal 25).

Tab. no. 5.26: Financial support within OP Environment for 2012 (EUR)

PO 3	Number	Total support (EU+SB)	PO 4	Number	Total support (EU+SB)
micro enterprise	1	,182,561.25	micro enterprise	2	1,454,729.58
small enterprise	1	89,468.30	small enterprise	6	4,471,376.32
medium-sized enterprise	0	0	medium-sized enterprise	4	1,318,365.95
large enterprise	4	3,052,819.96	large enterprise	0	0
Total	6	3,324,849.51	Total	12	7,244,471.85
From this operational objective 3.1	3	2,956,243.30	From this operational objective 4.1	2	1,072,427.24
3.2	3	368,606.21	4.2	7	5,117,713.40
			4.3	3	1,054,331.21

The change of the total amount of state aid provided to the ME SR in 2012 in comparison with 2011 represents a decline **by 74.60%**, which represents a sum of **EUR 10.57 million**. The reason for the significant drop in provided state aid is the **ending of half of the total number of supported projects** financed according to state aid schemes. In 2012 a total of EUR 7,516,501.40 in aid for SMEs was provided within the OP Environment.

Assessment of aid provided

The ME SR, as the managing body for OP Environment, does not have any special programme or scheme for the support of enterprises prepared for the support of small and medium-sized enterprises in the Slovak Republic. The OP Environment is not focused primarily on the support of SMEs or growth of employment, but its main objective is improving the state of the environment and the rational use of resources through the building and improving of environmental infrastructure in the terms of provisions of both the EU and the Slovak Republic. Within the OP Environment SMEs are one of several types of authorised recipients in the case of Priority Axis 3 Air Protection and Minimisation of Adverse Impacts of Climate Change and Priority Axis 4 Waste Management, and aid is provided depending on whether and in what measure activities realised contribute to fulfilling the programme's objectives.

The largest measure of support for SMEs – in terms of volume of EU funds and in the number of supported projects – within the OP Environment is in **Priority Axis 4 Waste**

Management. In the Operational Objective 4.3 Environmentally Friendly Hazardous Waste Treatment, there is room for the support of businesses created especially within the 2nd group activities – Hazardous Waste Treatment including Construction and Reconstruction of Facilities with the Goal of Evaluating and Liquidating Hazardous Waste in an Environmentally Friendly Way.

In the case of **priority axis no. 3 Air Protection and Minimisation of Adverse Impacts of Climate Change** business subjects, including SMEs, are entitled to support within operational objective 3.1 Air protection, as well as operational objective 3.2 Minimisation of adverse impacts of climate change including support for renewable energy sources.

Tab. no. 5.27: Share of state aid provided to small enterprises in total state aid provided in 2012 (indicatively):

Enterprise	Volume in millions of EUR	%
Small enterprises and micro enterprises	6.20	58.66%
Medium-sized enterprises	1.32	12.49%
Large enterprises	3.05	28.86%
Total	10.57	100.00%

❖ **Programme of the European Bank for Reconstruction and Development to support sustainable energy in Slovakia – SLOVSEFF**

Since the end of 2007, through selected commercial banks, the European Bank for Reconstruction and Development (EBRD) has carried out the SLOVSEFF programme (Slovak Sustainable Energy Finance Facility) to promote energy efficiency projects in the residential sector, industrial sector and renewable energy sources projects in Slovakia. Private companies, including small and medium-sized enterprises as the only authorised applicants, can obtain investment loans in the amount of EUR 20 thousand to EUR 2.5 million from the credit line of the SLOVSEFF in one of five Slovak commercial banks (Slovenská sporiteľňa, a.s., VÚB, a.s., Tatra banka, a.s., ČSOB, a.s., UniCredit Bank Slovakia, a.s.) for the purpose of financing projects aimed at reducing energy consumption in industrial production or renewable energy sources. Total existing credit facilities in the SLOVSEFF programme in the amount of EUR 150 million were supplemented by a grant component from the Block V1 Bohunice Nuclear Power Plant International Decommissioning Support Fund (BIDSF – Bohunice International Decommissioning Fund), thus far totalling EUR 30 million. Upon the successful implementation of projects, entrepreneurs will be paid the non-refundable contribution of 7.5% of the amount drawn down for projects of energy efficiency in industrial production and from 5% to 15% of the amount drawn down for projects of renewable energy sources, depending on the type of renewable energy and expected annual production.

After the successful first phase of the programme (SLOVSEFF I – 2007-2010) with the provided volume of credit facilities totalling EUR 60 million, of which EUR 15 million were provided to the business sector, the second phase (SLOVSEFF II – 2010-2012) was provided with EUR 90 million, from which EUR 30 million went to the business sector. Versus the state on 30 April 2012 this represents growth by EUR 10 million. Projects for energy efficiency in industry accounted for EUR 20.2 million (38 projects) which represents growth by EUR 7.5 million and 10 projects versus the status as of 30 April 2012 and projects for renewable energy sources EUR 9.8 million (7 projects) which represents growth by EUR 2.5 million and 1 project versus the status as of 30 April 2012. The achieved average amount of

energy savings in the industrial sector achieved 22% versus the original status (improvement by 2 p.p. versus the status as of 30 April 2012), savings of heat by 207,510 GJ/year (improvement by 92,868 GJ/year versus the state as of 30 April 2012), reducing electricity consumption by 1,693 MWh/year (improvement by 1,082 MWh/year versus the status as of 30 April 2012), the share of the sector in the total amount of reduced CO2 emissions reached 36% (18,089 ton/year of the total 49,944 ton/year), which represents improvement by 10 p.p. versus the status as of 30 April 2012. Installed capacity for renewable energy projects reached 6.42 MW (an improvement by 0.99 MW versus the status as of 30 April 2012), production of energy 56,417 MWh/year (an improvement by 10,703 MWh/year versus the status as of 30 April 2012), the share of the sector in the total amount of reduced CO2 emissions reached 33% (status as of 30 April 2012 – 37%) (16,680 tons per year of the total 49,944 ton/year).

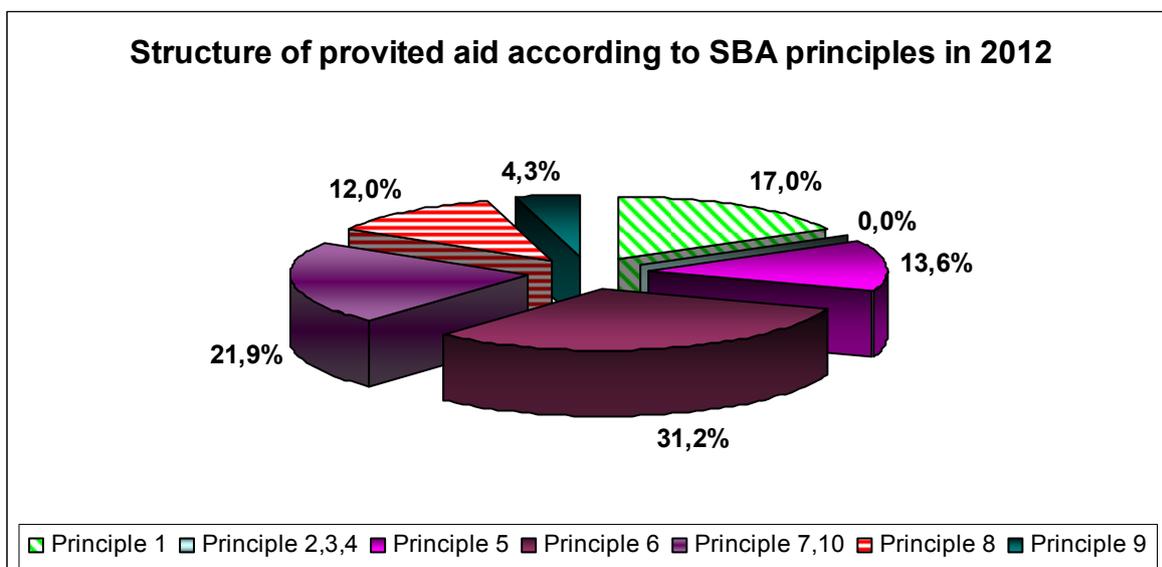
5.10 Financial expression of support for individual SBA principles in 2012

An overview of financial support for SMEs in 2012 as linked to the principles of the SBA is best documented by the table and chart below, which show the volume of funds focused on the support of the individual SBA principles. An overview of financial support for SMEs in 2012 in terms of forms of financing and sources of funds is in the Annex Chart no. 52 and Table no. 4 of this document.

Tab. no.28: Volume of financial resources drawn through SMEs in 2012 by individual principles in EUR

Principle	Volume of financial resources (EUR)	Share in total volume
Principle 1 (enterprise)	101,925,759.0	17.0%
Principle 2 (second chance), 3 (think small first) and 4 (responsive administration)	0.0	0.0%
Principle 5 (state aid & public procurement)	81,564,520.7	13.6%
Principle 6 (access to finance)	186,798,000.0	31.2%
Principle 7 (Unified market) and 10 (internationalisation)	131,183,000.0	21.9%
Principle 8 (skills and innovation)	71,564,555.3	12.0%
Principle 9 (environment)	26,035,430.4	4.3%
Total	599,664,780.4	100%

Chart no.10



6. Evaluation of support programmes implemented by NADSME

The National Agency for Development of Small and Medium Enterprises as a specialised institution for the support of small and medium-sized enterprises in Slovakia has long-term carried out complete support programmes and projects. The goals of support programmes and projects are:

- stimulation of growth of the SME sector,
- increasing of its competitiveness,
- internationalisation – penetration into new markets and
- easing the access of SMEs to sources of capital.

6.1 Programmes for the support of SMEs

Tab. no. 6.1: Programmes for the support of SMEs carried out in 2012

Program	SBA principles
Education, training and counselling programme for selected groups of those interested in business	Principles 1, 5, 6 and 8
Support scheme of counselling and training of SMEs	Principles 1, 7, 8 and 10
Microloan programme	Principle 6
Venture capital funds	Principle 6
National Web site for small and medium-sized enterprises	Principle 7 and 8

- **Education, training and counselling programme for selected groups of those interested in business**

The programme contributes to the direct fulfilment of the objective of SBA **Principle 1** (To create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded) and to indirect fulfilment of the objective of SBA - **Principle 5** (To adapt public policy tools to the needs of SMEs), **Principle 6** - to facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions), and **Principle 8** (To promote the upgrading of skills in SMEs and all forms of innovation).

NADSME supported future entrepreneurs in 2012 through the provision of subsidised informational, counselling and educational services through cooperation of a regional network of Regional Advisory and Information Centres (RAIC), four First Contact Centres (FCC) and two Business and Technology Incubators (BTI).

The goal of the state programme was support for the founding of new SMEs and preparation of those interested in business for starting up, successfully functioning and managing their own new business, particularly micro and small businesses, including small trade licensees. The programme's clients were predominately unemployed persons who resolved their lack of work opportunities on the regional and local labour market themselves by becoming future business owners. The largest target group was young people aged 18 to 35 years old, including graduates, but also women and mothers on and after maternity leave and the generation of 50+ years old who are endangered on the labour market.

Tab. no. 6.2: Subsidised consultancy and training services for those interested in doing business in 2012 and funded from the State budget provided in

Centre	Information consultation		Expert consultation		Business plans	Training	
	number	hours	number	hours	number	number	number of participants
BIC TI Prievidza	56	28	57	279	57	1	87
FCC Brezno	10	10	19	35	0	0	0
FCC Medzilaborce	14	14	29	127	10	0	0
FCC Poltár	2	2	0	0	0	0	0
FCC Veľký Krtíš	72	66	118	411	67	0	0
BI Spišská Nová Ves	35	24.5	65	84.5	15	6	90
RAIC Dunajská Streda	35	35	76	189.5	40	0	0
RAIC Komárno	39	38.5	49	179.5	38	12	176
RAIC Košice	37	33	11	14.5	1	6	121
RAIC Lučenec	4	4	15	47	2	0	0
RAIC Nitra	21	21	74	109	6	7	115
RAIC Poprad	28	26.5	23	51.5	15	11	173
RAIC Považská Bystrica	81	81	113	205.5	79	5	82
RAIC Prešov	3	3	2	2	0	6	87
RAIC Trebišov	1	1	2	13	1	4	79
RAIC Trenčín	158	153	221	412	143	10	167
Total	596	540.5	874	2,160	474	68	1,177

In 2012 a total of 1,470 informational and professional consultations were provided in a total volume of 2,700.5 hours. Consultations, as well as educational courses, were focused

on thematic areas and administrative obligations associated with the establishing of an enterprise, including mapping the conditions in the given location and region, and the start-up and running of business activities. For the purposes of establishing enterprises and obtaining funds for independent earning activities regional advisors prepared 474 business plans for clients. Future entrepreneurs took part in 68 three- to five-day training sessions in different towns of Slovakia. A total of 1,177 participants completed the training. Services were financed from resources from the state budgets (SB 2011 and SB 2012, Ministry of Economy) in a volume of EUR 140,912. The total number of recipients of aid was 1,797 and half of them were young people to age 35 years old.

▪ **Support scheme of counselling and training for SMEs (*De minimis* Aid Scheme)**

The programme contributes to the direct fulfilment of the objective of SBA **Principle 1** (To create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded) and **Principle 8** (To promote the upgrading of skills in SMEs and all forms of innovation), likewise the programme contributes to the indirect fulfilment of the objective SBA **Principle 7** (To help SMEs to benefit more from the opportunities offered by the Single Market) and the objective of **Principle 10** (To encourage and support SMEs to benefit from the growth of markets).

Counselling services

Tab. no. 6.3: Subsidised consultancy services for entrepreneurs within the Support scheme of counselling and training of SMEs (*De minimis* Aid Scheme) realised in 2012 and financed from the state budget

Year 2012	Information consultation		Expert consultations		Business plans and projects
	Number	hours	Number	hours	Number
BIaTC Banská Bystrica	16	26	120	479	0
BIC TI Prievidza	5	6	26	143	3
FCC Brezno	19	30	25	56	0
FCC Medzilaborce	10	13	45	325	4
FCC Michalovce	16	17	20	86	1
FCC Poltár	9	11	0	0	0
FCC Veľký Krtíš	6	7	5	34	5
RAIC Dunajská Streda	52	67	21	66	14
RAIC Košice	1	2	0	0	0
RAIC Komárno	4	5	6	17	2
RAIC Lučenec	4	7	10	33	1
RAIC Nitra	67	101	8	34	7
RAIC Prešov	13	19	50	260	0
RAIC Poprad	38	39	0	0	0
RAIC Trebišov	2	1.5	8	54	1
RAIC Trenčín	39	48	23	70	3
UTI STU Bratislava	6	8	30	110	0
Scientific and Technological Park (STP) Žilina	42	57.5	399	1,605	0
YEAS Bratislava	12	15.5	122	429	0
Total	361	480.5	918	3,801	41

NADSME provided expert aid to entrepreneurs also by implementing the state programme “Support scheme of counselling and training for SMEs (*de minimis* aid scheme)”. The objective of the support was to increase the competitiveness of SMEs and their survival rate and to sustain employment or support the creation of new jobs in the regions of Slovakia. For this purpose subsidies were provided for information and counselling services, which should help entrepreneurs overcome certain difficulties in doing business and the impacts of the financial and economic crisis on their entrepreneurship, help search for the development potential of the enterprise, as well as suitable solutions and challenges for successful functioning and development.

Regional accessibility of entrepreneurs to counselling was provided by means of expert counsellors cooperating with regional organisations RAIC (9), FCC (5), BTI (4) and Young Entrepreneurs Association of Slovakia (YEAS). Services were partially subsidised from state budget funds (SB 2011 and SB 2012, Slovak Ministry of Economy). In 2012 1,279 information and expert consultations were provided from the scheme in a volume of 4,281.5 hours. For the purpose of obtaining funds business plans were prepared or help was provided in preparing business plans and projects for 41 clients. Help in a volume of EUR 74,741 in the course of seven months in 2012 was obtained by 355 SMEs.

Training

Due to the limited budget for the state scheme no training activities were carried out, so that no call for submitting of applications for a financial contribution for training of entrepreneurs and their employees was published in 2012.

▪ **Microloan programme**

The programme contributes to the direct fulfilment of the objective of SBA **Principles 6** - to facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payments in commercial transactions.

The programme, implemented since 1997, is intended for small businesses employing up to 50 people. A microloan can be used for procuring movable and non-movable investment property, reconstruction of operating spaces as well as the purchase of necessary stocks, raw material or goods and other investment projects. The minimum amount of a micro loan is EUR 2,500 and the maximum amount is EUR 50,000. Credit is provided with an interest rate on the level of the reference rate in the meaning of Communication from the Commission on the revision of the method of setting the reference and discount Rates (2008/C 14/02). The amount of the reference rate is set as the basic ECB rate raised by a margin whose amount depends on the rating of the relevant applicant and on the level of the relevant provision, and the method of “credit margins in base points” is applied. The period for repayment is set from 6 months to 4 years; it is possible to provide a deferment of an instalment maximally for a period of 6 months.

During 2012 preparation continued of a programme according to new conditions approved by Government Resolution No. 64/2010. A Microloan Programme Manual was finalised and prepared for submission and approval of the Administrative Council of NADSME.

NADSME, with the goal of improving the quality of management processes as well as in the interest of ensuring that the Microloan Programme responded to current trends in the area of provision of micro credits, linked it to the EU JASMINE initiative at the start of 2012. The

mission of the JASMINE initiative is to increase through aid from technical assistance the capacity of providers of micro credits in the area of institutional management, information systems, administration of credit risk and strategic planning. At the same time the initiative is an instrument through which the EU attempts to help providers of micro credits in terms of their permanent sustainability of development and ability to survive on the micro credits market. Technical assistance provided within the JASMINE initiative is designed such that it facilitates access for its recipients in the future to financing from existing and future EU programmes.

NADSME had, as a recipient of aid in the scope of the call of the JASMINE initiative, the opportunity to carry out the following:

- **Process of evaluating processes** (assessment) through the renowned rating agency Planet Rating, which was focused on the assessment of management within NADSME. Within this process an assessment of the entire NADSME, as well as an assessment of the Microloan programme was performed. The assessment by Planet Rating ran at NADSME from 31 May to 6 June 2012. The GIRAFE methodology was used, and NADSME obtained 3 out of five points (giraffes). The qualitative side and form of processing the Microloan Programme Manual was positively evaluated and
- **Training of a team of NADSME employees and employees of cooperating institutions**, covering microloans from the Microfinance centre with a seat in Warsaw. Training took place in the spaces of NADSME and ran in the months of August – September 2012.

A change of individual conditions and processes for carrying out the Microloans Programme in the sense of a new edition of the Microloans Programme Manual strengthens the analytical, legal and controlling activities of the Slovak Ministry of Economy as the provider and NADSME as the executor of the Microloans Programme, namely with the following goals:

- Ensuring the proper financial management and handling with revolving resources,
- prevention of abuse during the handling and use of revolving resources and
- increasing the efficiency of administration and recovery of provided revolving resources.

The new edition of the Microloans Programme Manual at the same time sets the basic rules and work processes for cooperating institutions and employees of NADSME who will share in the provision, ratification, control and administration of credits within the Microloans Programme.

In the course of 2012 no resources for microloans were provided given the fact that the programme has been stopped. Overall from the beginning of the Microloans Programme 1,827 microloans were provided in the amount of EUR 31,195,825.

▪ **Venture capital funds**

The programme contributes to the direct fulfilment of the objective of SBA **Principle 6** - to facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions.

NADSME implements support for growth-oriented business projects by providing venture capital (contribution to the registered capital of companies) through a specialised subsidiary company – the Fund of Funds s.r.o. The long-term mission of the Fund of Funds s.r.o. is the directing of activities of the individual funds in order to stimulate the development of the SME sector in the whole territory of the Slovak Republic, to increase the amount of financial resources of individual funds, and to use profits made to implement the long-term goal of supporting small and medium-sized enterprises.

In 2012 the company Fund of Funds s.r.o. directly managed 3 venture capital funds without legal independence (Seed Capital Fund, Regional Seed Capital Fund, and the SISME Fund) and was involved as co-founder and institutional investor in 3 independent venture capital funds: Fond Seed Capital, k.s. (FSC), Slovenský Rozvojový Fond, a.s. (Slovak Development Fund) (SRF) and Slovenský rastový kapitálový fond, a.s. (Slovak Growth Capital Fund) (SRKF). The establishment of independent venture capital funds created conditions for the entry of private investors and thus increase the amount of funds available for SMEs. Those funds managed by professional managers (management companies) which cover a wider spectrum of requirements on investment support for the target SMEs.

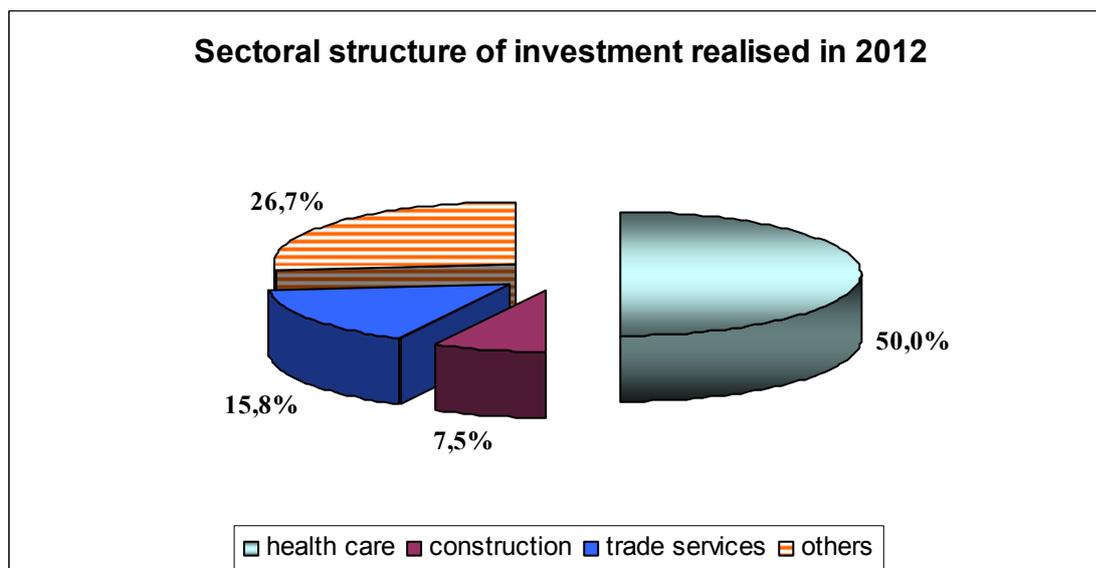
According to preliminary data, in 2012, within all venture capital funds in the portfolio of NADSME/Fund of Funds s.r.o., 14 investments were realised totalling EUR 6,978,337.

Tab. no. 6.4: Number and volume of approved investment proposals (by individual funds) in 2012

Fund name	Number of approved proposals	Volume of approved proposals (in EUR)
Seed Capital Fund	0.0	0
Regional Seed Capital Fund	0.0	0
SISME Fund	0.0	0
Fund Seed Capital, k.s.	0.0	0
Slovenský Rozvojový Fond, a.s. (Slovak Development Fund)	8	8,558,215
Slovenský rastový kapitálový fond, a.s. (Slovak Growth Capital Fund)	6	9,989,964
Funds total	14	18,548,179

Tab. no. 6.5: Number and volume of realised investment proposals (by individual funds) in 2012

Fund name	Number of realised proposals	Volume of realised proposals (in EUR)
Start-up Capital Fund	0	0
Regional Fund for Start-up Capital	0	0
SISME Fund	0	0
Fund Seed Capital, k.s.	6	1,183,805
Slovenský Rozvojový Fond, a.s. (Slovak Development Fund)	4	1,304,608
Slovenský rastový kapitálový fond, a.s. (Slovak Growth Capital Fund)	4	4,489,924
Funds total	14	6,978,337

Chart no. 11

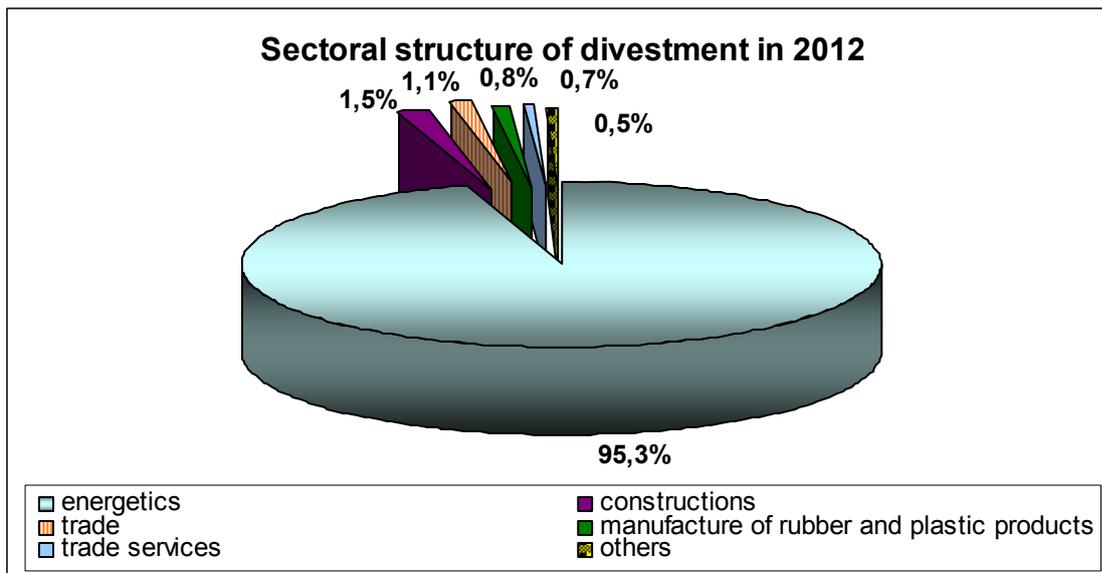
In 2012 the largest investments went to the area of health care. The volume of realised financial resources of the fund for this segment achieved EUR 3,489,924. The segment of trade services also recorded a high volume, in the amount of EUR 1,102,948. Further investment proposals were focused on construction, in the amount of EUR 520,000 and on other sectors in the amount of EUR 1,865,465.

The volume of divestments in 2012 achieved EUR 3,891,142.01. The highest divestment activities were recorded in Slovenský rastový kapitálový fond, a. s. (Slovak Growth Capital Fund) in the amount of EUR 3,707,248, which belonged to the energetic segments. The energy segment had the highest share in total divestments in 2012, at 95.32%. Regionálny fond štartovacieho kapitálu (The Regional Fund for Start-up Capital) recorded divestment activities in the amount of EUR 46,302.15 and Fond štartovacieho kapitálu (the Start-up Capital Fund) in the amount of EUR 137,591.89.

Tab. no. 6.6: Distribution of divestments by funds in 2012

Fund	Volume of divestments (in EUR)	State of divestments
Fond štartovacieho kapitálu (Start-up Capital Fund)	137,591.86	13 partial
Regionálny fond štartovacieho kapitálu (Regional Fund for Start-up Capital)	46,302.15	8 partial
Slovenský rastový kapitálový fond, a. s. (Slovak Growth Capital Fund)	3,707,248.00	6 complete
Total	3,891,142.01	21 partial and 6 complete

Chart no. 12



In the present period of a dampening economic crisis the offer of venture capital helps to finance potential projects of companies which due to the difficult access to finance could not be carried out.

▪ **National Web site for small and medium-sized enterprises: www.msponline.sk**

The programme contributes to the direct fulfilment of the objective of SBA **Principle 7** - to help SMEs to benefit more from the opportunities offered by the Single Market and **Principle 8** - to promote the upgrading of skills in SMEs and all forms of innovation.

The Web portal for small and medium-sized enterprises - msponline.sk concentrated in 2012 primarily on the provision of digested and current information needed for entrepreneurs.

One of the main roles of the portal was not only to digest a great deal of information which is offered daily to entrepreneurs but also to provide advice in the case of discrepancies and problems that entrepreneurs come across in their work.

The online advisory service within the National Website home page programme (msponline.sk) is much sought after by entrepreneurs. It represents a creditable and effective instrument through which entrepreneurs get answers free of charge or ways of resolving problems that arise. In 2012 256 entrepreneurs turned to us. The most frequent problem which entrepreneurs resolved were from the field of obtaining finance/subsidies for doing business, managing a company, legal matters on the subject of so-called spam, starting/cancelling a trade license, doing business abroad, sales from home/yard and others.

In 2012 both design and editorial changes were made on the portal. The portal underwent not only a visual change but also a change in the provision and classification of information. The portal became better organised and user friendly. The alteration of the portal took place in the first quarter of 2013.

- **Overview of number of visits on the Web portal for 2012 :**

- Number of visits: 197,365 and
- Page views: 288,107.

- **Programme budget:**

- funds provided from state budget in 2012: EUR 30,000.00 and
- funds drawn 31 March 2013: EUR 29,993.82

Within the chapter MoE SR a sum of EUR 30,000.00 was approved for this programme for a common transfer. The resources were used for payment of services associated with operation of a Web portal for SMEs – www.msponline.sk – working up expert articles forming the content of the Web portal, costs associated with preparing answers in the scope of online advisory service, payment for an Internet campaign, processing and technical turnover of the Web page contents to a new chartically and user friendly form as well as payment for additional activities associated with the programme. Funds for the programme were used in accordance with the contract concluded between the MoE SR and NADSME and in accordance with the wording of the ratified programme.

In feedback from SMEs we recorded positive responses to the services provided within the programme msponline.sk.

6.2 Projects to support entrepreneurship

Alongside its programmes, NADSME has for a long time shared in the continued implementation of national and international projects in the area of support for SME entrepreneurship. During 2012 the implementation took place of projects in the environmental field, in the area of involvement of Slovak entrepreneurs in European policy-making, promotion of female entrepreneurship in Slovakia, and support of innovative activities. The following projects were involved:

Tab. no. 6.7: Projects implemented for supporting SMEs in 2012

Project	Linked SBA principle
Enterprise Europe Network	Principles 1, 6, 7, 8 and 10
EKOprofit	Principle 9
GO ECO! Environmental services for SMEs	Principle 9
Guardian angels for beginning entrepreneurs	Principle 1
Clustrat	Principles 7, 8 and 10
Support for innovation in Slovak SMEs	Principle 8
Partnership - events for the tourism industry	Principle 1
Participation of Slovak SMEs in the creation of European policies	Principle 1
TwinEntrepreneurs	Principle 1
Effective requisition of cross-border liabilities	Principle 6
InnoFun	Principle 1
Responsible small and medium-sized enterprises in	Principle 1

▪ **Enterprise Europe Network (Project “Business and innovation support services in Slovakia” - BISS)**

Through the project BISS Slovakia NADSME, as one member of a consortium, connected to an international network for the support of businesses, the Enterprise Europe Network, which exists in 53 countries of the world.

Objective:²²

The goal of the project and the EEN network is to help small and medium-sized enterprises penetrate into foreign markets, to help with development of their innovative potential and to increase knowledge of the EU market and Commission policies. This initiative of the European Commission offers entrepreneurs a contact point – a “**one-stop shop**” – where they can obtain information and counselling and can use a wide range of easily accessible services focused on the support of entrepreneurship.

The project contributes to the fulfilment of SBA **Principle 1** (Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded), **Principle 6** (Facilitate SMEs’ access to finance and develop a legal and business environment supportive to timely payments in commercial transactions), **Principle 7** (Help SMEs to benefit more from the opportunities offered by the Single Market), **Principle 8** (Promote the upgrading of skills in SMEs and all forms of innovation) and **Principle 10** Encourage and support SMEs to benefit from the growth of markets.

Activities/services of NADSME carried out in the project BISS Slovakia 2011-2012 for 2012

	Services provided for SMEs and their indicators	Number
1	Propagation of the network Enterprise Europe Network (radio and TV spots, information flyers, brochures, presentation of the network Enterprise Europe Network, the Web page www.een.sk, information letters, country profiles “How to do business abroad” etc.)	
	The number of SMEs, or individuals from target groups, affected by promotional activities of the EEN network	5,000
2	Organisation of local and/or regional events (seminars, workshops, informational and consultation days, training for SMEs on different subjects)	20
	Number of participants at local and regional events	463
3	Obtaining feedback from SMEs for the EC (expressing of opinions, comments, proposals of entrepreneurs on preparation or already existing legislation through feedback instruments – online consultations, panels for SMEs, SME feedback database, EBTP, Solvit)	
	Number of participants connected to SME feedback activities	8
4	Corresponding questions from SMEs, partner networks, stakeholders	
	Number of corresponding questions	437
5	Analysis of needs of new clients	

²² A description of the main objectives in Chapter 5 (Principle 7) in the part Enterprise Europe Network

	(first visits of clients/companies with a goal of obtaining basic information about companies and on their basis to offer certain types of services of the Enterprise Europe Network)	
	Number of analysis of needs of new clients	22
6	Provision of services in the area of internationalisation and for the support of innovation (IPR counselling, technological audits and/or trade reviews, financial consultancy, others)	
	Number of counselling services provided	28
7	Organisational cooperation of events and business missions	6
	Number of SMEs participating in cooperation events and business missions	38
	Number linked contacts/meetings for cooperation events and missions	124
8	Provision of made-to-order services in the form of calls, tenders and the like	
	Number of registered clients	98
9	Creation of proposals for cooperation (Business Cooperation Database profiles, profiles of Bulletin Board Services, FP7 profiles)	
	Provided contacts for Slovak companies for foreign companies	24
	Provided contacts for Slovak companies to foreign companies	23
	Profiles of Slovak companies registered to databases	14
10	Participation in EEN activities and consortia (active contributions to EEN network activities and activities of consortia)	
	Participation and active participation in activities of networks and consortia	3

Evaluation/Impact of the provided services for SMEs in Slovakia:

All of the above-mentioned services, whether about support and aid for Slovak SMEs with seeking out production, commercial and project cooperation partners, organising participation of Slovak entrepreneurs at international cooperation events or business missions, surveying of innovative potential of a company, information and consultation, or others, all services are oriented on one goal: to increase the competitiveness of our small and medium-sized enterprises, to support their innovation potential and to support international cooperation. On the basis of the services provided by us five contracts on international cooperation were concluded in 2012 between Slovak and foreign companies (Czech Republic, Hungary, the United Kingdom, Austria), which as a result increased the turnover of companies and in some cases also strengthened job creation.

▪ Project “EKOprofit”

EKOprofit Bratislava is a project initiative between the cities of Vienna and Bratislava, the primary goal of which is to help small and medium-sized enterprises improve relations to the environment and at the same time reduce their operating costs. Project partners are the company Denkstatt, Magistrat der Stadt Wien/MA22, Magistrát hlavného mesta SR Bratislavy - City Council of the Capital City of the Slovak Republic Bratislava, Bratislavská regionálna komora SOPK - the Bratislava Regional Chamber of the SCCI and Národná agentúra pre rozvoj malého a stredného podnikania - National Agency for Development of Small and Medium Enterprises.

Project goal:

The main goal of the project is launching of the programme of cleaner production in the broader surroundings of Bratislava (including the Trnava Region), according to the model “Ökobusinessplan Wien” for the support of permanently sustainable development of the Austria-Slovakia border region.

The project contributes to the application of SBA **Principle 9** (Enable SMEs to turn environmental challenges into opportunities).

Project goals:

- Support for economic growth in the CENTROPE Region through implementation of the model “ÖKOPROFIT” in the Bratislava/Trnava Regions,
- transfer of Know-how in the area of Managing Resources and Administration of the Programme from Vienna to Bratislava,
- the building of awareness (“sustainable business = profitable business”), for persons with a decisive authority in the fields of industry, trade and public administration,
- deepening of existing partnerships as well as the creation of new networks of contacts on the management and operation levels,
- Development of cross-border market consultation in the field of the environment and management of resources (through training of local ecological advisors) and
- Support for eco-innovations in the SME environment.

Project activities for 2012:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Building and launching of the Web page: www.ekoprofitbratislava.eu/sk	1
2	1. Training programme (18 – 21 December 2012 - Trainee Program: 3 days of basic training and minimally 5 days of practice directly in selected EKOpfit-companies (Bratislava/Trnava Regions) in the position of assistant consultant).	1
	Number of participants/trainees	10
3	Press conference (at the City Council of Bratislava, 18 December 2012 - organised by the Bratislava City Council for participants of project partners, media and participants in training)	1
4	Seminar for leaders and project partners at the City Council in Vienna, 3 October 2012	1
	Number of participants (30 representatives of seven project partnerships. Representatives of partnerships utilised the opportunity to take new steps relating to successful implementation of projects, publicity projects and control of expenditures with representatives of regional cities and STS.)	30

Evaluation/Impact:

The project EKOpfit began to be implemented at the end of 2012, and therefore it is not yet possible to measure its impact. It is expected, however, that through the activities and services offered to SMEs within the project the relations to the environment will gradually improve and at the same time operating costs will be reduced.

- **Project “GO ECO! Environmental services for SMEs”**

NADSME in 2012 also actively shared in the implementation of an international project focused on assistance for SMEs in problems of the environment in the food industry, surface alteration and working with metals and the waste management sectors. This involved complete advisory services and facilitating orientation in the problems of legislation and standards as well as practical implementation of audits and diagnostics of energy waste in individual SMEs.

Project goals:

- To provide instruments for small and medium-sized enterprises so that they accept new methods change their method of functioning,
- to arrange partnerships with relevant providers of services from the field of ESP (Environmental Services Providers) and
- to hand over further examples of good practices.

The project contributes to the application of SBA **Principle 9** (Enable SMEs to turn environmental challenges into opportunities).

Project activities including overall results:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	The creation and launching of the Web page: www.go-eco.sk (interactive support tool for SMEs working in the food industry, processing and surface modification of metals, waste management sectors, processing of information packages from the field of enviro legislation and standardisation)	1
2	Information and consulting	
	Interactive consultation focused on online support of SMEs in questions of “green business” carried out through the portal www.go-eco.sk	
3	Supported environmental services	1
	Initial environmental audits	15
	Thermal diagnostics of distribution networks and technologies of buildings	15
4	Regional informational seminars for different enviro subjects (REACH, waste management, financing of SMEs from the OP Environment, new ecological compliant in technologies in selected sectors)	10
	Number of participants	190
5	Training of workers for the EEN network for local (REACH problems) and the European level of decentralised training: How to assist SMEs with the environmental issue.	2
	Number of participants	20
6	Good practices from all three sectors (the result of carrying out thermal and environmental diagnostics in cooperation with ESPs, as well as advisory services of NADSME, focused on possibilities of development of “green” business and image of companies)	
	Number of examples of good practice	4

Evaluation/Impact:

Through project activities we raised the awareness of Slovak SMEs regarding environmental legislation. Project outputs likewise form feedback for planning and implementation of environmental strategies of the European Union and on the other hand the

services realised enable SMEs to implement European standards in key areas of environmental requirements and programmes carried out in the regions of Slovakia.

The project was successfully concluded in 2012. The acquired experiences and know-how are implemented in the framework of other running eco-projects.

▪ **Project “Guardian Angels for Female Entrepreneurs“ (GUARD4FEMENT)**

Support for women entrepreneurs in Slovakia has been a subject of interest for NADSME for several years. Ambassadors for women entrepreneurs in Slovakia had an interest in starting women entrepreneurs in doing business, to inspire potential women entrepreneurs through the stories of their own businesses or practical advice in order to help them on the road to successful entrepreneurship. Those who set out on this road, however, need the helping hand of a guardian angel, a mentor (male or female), whose role is to lead the beginning entrepreneur during the times of her early beginnings in business. The project “Guardian Angels for Female Entrepreneurs” offers such a beginning for female entrepreneurs.

Project goals:

- To support the entrepreneurship of women in Slovakia,
- to recognise and support beginning women entrepreneurs in particular and
- to ensure that women entrepreneurs survive in particular the first, most demanding year of their doing business.

The project contributes to the fulfilment of SBA **Principle 1** (Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded).

Project activities for 2012:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Web page www.ambasadorka.sk/www.podporapodnikania.sk	1
	Articles, press releases	50
	Facebook http://www.facebook.com/ambasadorka	1
	TV/radio spots	4
	Flyer	1
2	Information and consulting	
	online advisory service www.ambasadorka.sk/ / www.podporapodnikania.sk	1
3	Call and selection of mentors and mentees	
	Number of candidates 1st round of the call for mentors (45 candidates, selected 16 => active 14)	45
	1st round of call for mentees (53 candidates, selected 35 => active 33)	53
	2nd round of call for mentors (11 candidates, selected 11)	11
4	Training for mentors and mentees	3
	Introductory training – 26 -2 7 January 2012, Banská Štiavnica	43

	(introducing the project, what mentoring is and its basic principles, mentor/mentee, function, concept, phases, methods, organisation of mentoring, conceptual framework, interview, trust in relationships)	
	Training – 6 June 2012, Bojnice (Presentational skills, Non-verbal body language)	38
	Training – 15 February 2012, Prešov (SMART, feedback, techniques and instruments of mentoring, listening in mentoring)	18
	Training – 22 February 2013, Donovaly (Soft skills - with a focus on on-line marketing by using Google instruments and social networks)	43
5	Conferences	
	Introductory conference – 23 February 2012, Hotel Dukla, Prešov	75
	Final conference – 28 May 2013, MoE SR Bratislava	
6	Seminars for the public on the subject of Mentoring	3
	Number of participants at seminars for west Slovakia (7 June 2012, Bojnice)	17
	Number of participants at seminars for east Slovakia (22 November 2012, Prešov)	35
	Number of participants at seminars for central Slovakia (13 March 2013, Banská Bystrica)	23
	Individual meeting of mentors and mentees on a monthly basis – March 2012 – April 2013	
	Number of meetings	184
	Inauguration networks of mentors	
	Warsaw, 15 November 2011 - Ms. Hanková , owner of the company Novel spol. s.r.o., received from the hands of Joanny Drake , director of the EU for the Support of Competitiveness of SMEs and Grażyna Henclewska, representative of the Ministry of Economy of Poland, an official certificate on behalf of the entire Slovak network of mentors for beginning female entrepreneurs.	
	European network of mentors (number of countries):	
	(Albania, Belgium, Cyprus, Former Yugoslav Republic of Macedonia, Greece, Hungary, Ireland, Montenegro, the Netherlands, Romania, Serbia, Slovenia, Slovakia, Spain, Turkey and England)	17
	Number of mentors	170

Evaluation/Impact:

The project Guardian Angels for Female Entrepreneurs also contributes to the support women entrepreneurs in Slovakia. Through it, beginning female entrepreneurs are offered the helping hand of 14 experienced entrepreneurs – mentors – who add their long years of experience to this exceptional project and are happy free of charge to help these women at their earliest beginnings. Their role is more demanding in that they are helping in general areas like marketing, time management, communication with employees or the external environment as well as with specific problems, which only women entrepreneurs run across – harmonising the tasks of being a mother and a working life, support from the family or self-confidence. We can say that after a year of intensive mentoring meetings – every mentor has an obligation to meet with his or her mentee at least once a month on a personal basis – not one mentored entrepreneur could be found who would be sorry for her decision to take part in the project. Exactly the opposite – despite the fact that the 14 mentors took up to 33 mentored

female entrepreneurs under their wings – they handled their tasks and obligations in a truly exemplary fashion and tried to help their mentees as conscientiously and as best they were able.

The subject of mentoring is not generally well-known in Slovakia, and therefore the public could also learn about this issue, its advantage and uses at an introductory conference in Prešov on 23 February 2012 and likewise at three seminars which we prepared for those interested in mentoring. On the basis of this great interest in help from the side of mentors we decided to open a new call for mentors – 11 of them offered their services and help and are available.

More information about the project can be found on the Web site www.ambasadorka.sk.

▪ **Project “Boosting innovation through new cluster concepts in support of emerging issues and cross-sectoral themes” (CluStrat)**

CluStrat is a project of support of innovation through new concepts of clusters with the goal of supporting newly established branches and cross-sectoral subjects. It has been implemented since 2011 within the Operational Programme Central Europe.

Goal:

We became one of the 18 professional and expert organisations from Central Europe, the goal of which is to support the development of competitiveness of SMEs through clusters and their innovative conceptions. Because clusters are one of the basic supporting instruments for the development of SMEs and their goal is to support cooperation between individual SMEs in a certain sector, we decided to get involved in this form of support for SMEs.

The project contributes to the fulfilment of SBA **Principle 8** (Promote the upgrading of skills in SMEs and all forms of innovation), **Principle 7** (Help SMEs to benefit more from the opportunities offered by the Single Market) and **Principle 10** (Encourage and support SMEs to benefit from the growth of markets).

Project activities for 2012:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Building and launching of the Web page: www.clustrat.eu	1
2	The most important area within newly originating sectors in the Bratislava Region	
	• automobile industry	
	• machining industry	
	• research and development	
	• financial sector	
3	The most important area within newly originating sectors in the Trenčín Region	
	• machining industry	
	• research and development	
	• education	

	• industrial and research activities	
4	Number of interviews conducted	6
5	Number of regional dialogues held	2
6	Number of national dialogues held	1
7	Number of recommendations	3

Evaluation/Impact:

During 2012 we managed to map out all newly established target sectors, as well as cross-sectional subjects, including Slovak regional specifics, and arrange national and regional dialogues; NADSME has in its competence the Bratislava and the Trenčín Regions.

▪ Project “Boosting the Innovation of Small and Medium Enterprises in Slovakia“ (BISMES)

The project “Boosting the Innovation of Small and Medium Enterprises” was carried out within a specific call for members of the Enterprise Europe Network, in cooperation with the partner I-Europa s.r.o., with the goal of increasing awareness about innovations and their possibilities between SMEs in Slovakia.

Goals:

- To raise awareness of the importance of innovations in SMEs through the organisation of seminars and information days,
- the preparing of analysis of all available programmes for the support of innovation in SMEs, opinions and experiences of specific SMEs and
- the creation of an “information office” whose employees will be able to inform an entrepreneur in one place about where and how he/she can obtain financing for innovation in their enterprise.

The project contributes to the fulfilment of SBA **Principle 8** (Promote the upgrading of skills in SMEs and all forms of innovation).

Project activities including overall results:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Building and launching of Web page: www.podporainovacii.eu	1
	Brochures on financing of innovations	2
2	Seminars	
	Number of organised seminars	16
	Number of participants	480
3	Innovation days	
	Number of innovation information days	2
	Number of participants of innovation information days	166
4	Functional information office	
	Number	1

Impact:

According to available statistics only 25.1% of all enterprises is active in the field of innovation, whether in technology, processes or in the field of services. More than half of this number is made up of large firms with more than 250 employees. The situation in small and medium-sized enterprises is worse still:

- Small enterprises (to 50 employees): only 19.2% is active in the field of innovation and
- medium-sized enterprises (up to 250 employees): number of active enterprises in innovation is a bit higher at 34.4%.

We believe that our projects will spark an interest in innovation in Slovak SMEs. And not only this, but likewise stimulate their investment potential. At organised events and info days we tried to create room for an exchange of opinions and experiences of specific SMEs with the state and public sector from the field of innovation. Value added was also the creation of “Information Offices”, which even after the end of the project offered entrepreneurs information about innovation and mediated professional consultations.

The project was successfully completed during 2012.

▪ **Project „Partnerstvo - akcia pre cestovný ruch“ (Partnership Action for Tourism - PA4T)**

Partnership Action for the Tourism is an international project with a focus on the development of the tourism industry through development of services in the field of mentoring. It is intended for entrepreneurs and people working in the tourism sector. The project is implemented through the Programme of Lifelong Learning and its sub-programme Leonardo da Vinci - Partnerships together with partners from Cyprus, Czech Republic and the United Kingdom.

Goals:

- To introduce mentoring as a tool of development and training for competent mentors – managers in the tourism sector,
- to create international standards in the field of mentoring in the tourism industry together with recommendations for participating countries
- to increase the impact and value of mentoring in partnership states.

The project contributes to the fulfilment of SBA **Principle 1** (Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded).

Project activities for 2012:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Brochure	1
2	Meetings of project partners – Mobility	
	Numbers of meetings	3
	• 2nd partners meeting_ 2-5_ 5_ 2012 - Bratislava, SK	
	• 3rd partners meeting_ 22-24_ 7_ 2012 - Ostrava, CR	
	• 4th partners meeting_ 12-13_ 11_ 2012 - Larnaca, Cyprus	
3	Specialised reports	
	The number of specialised reports and recommendations focused on	8

	mentoring in the field of the tourism industry, its foundations, forms, innovative instruments and possibilities of realisation	
4	International standards in the field of mentoring in the tourism industry together with recommendations for participating countries	

Impact:

The tourism industry is a subject of interest to the European Commission. No unified standards and instruments exist, however, in this field. The project presents a new tool – mentoring – as one possibility through which standards of quality in the tourism industry might perhaps be achieved. It is a resource for education, development and training of competent managers working in the tourism industry.

▪ **Project “Participation of Slovak SMEs in European policy-making”**

The project Participation of Slovak SMEs in European policy-making has as a role not only presenting panels for small and medium-sized enterprises as an efficient instrument for feedback, but our goal was in particular to improve communication channels between small and medium-sized enterprises, partners of the Enterprise Europe Network and the European Commission. Through active participation in seminars, by telephone or by e-mail, in order to connect Slovak small and medium-sized enterprises to active participation in the process of preparing and creating European legislation. By expressing their opinions, inspirational ideas, or feedback on upcoming EU legislation we helped Slovak small and medium-sized enterprises effectively contribute to the creation of the business environment in the EU.

Goals:

- To strengthen the connection of small and medium-sized enterprises to the creation of European legislation with the goal of creating a favourable business environment and
- to present panels for small and medium-sized enterprises as an effective feedback tool.

The project contributes to the application of SBA **Principle 1** (Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded).

Project activities including overall results:

	Activities/Provided services for SMEs and their indicators	Number
1	Project promotion	
	Flyer	1
2	Seminars	
	Number of seminars	4
	Number of participants	100
3	Panel discussions	
	Number of panel discussions (Conformity of 10 guidelines for harmonisation of products, Alternative resolution of disputes, Valorisation of intellectual property, Electronic signature)	4
	Number of questionnaires filled out	77
	Final report	

Impact:

The European Commission has long been trying to strengthen the participation of small and medium-sized enterprises in shaping European legislation with the goal of creating a favourable business environment. Indeed, who should create this environment if not the entrepreneurs themselves? The comments of Slovak small and medium-sized enterprises were included into the overall evaluation together with comments from small and medium-sized enterprises from tens of other EU member states and were considered in the creation of EU policies and guidelines. In 2012 we successfully finished the project; however, Slovak small and medium-sized enterprises can also further send us comments regarding coming or existing European legislation. We believe that through this project we have contributed to improving communication channels between SMEs and the European Commission.

▪ Project “TwinEntrepreneurs”

The project “TwinEntrepreneurs” is an initiative of NADSME, the Vienna Business Agency and the Association of Small Business of Slovakia for the support of beginning entrepreneurs and small companies in the Vienna-Bratislava region.

Goals:

- To join those interested in supporting start-ups in Vienna and Bratislava, so that they can share through discussions experiences and information about events in these cities,
- to obtain feedback for the support of activities for Slovak and Austria start-ups planned for the years 2013 through 2014 and
- to increase competitiveness, particularly of entrepreneurs and SMEs, is the goal of operational programmes 2007-2013 (ERDF) of the Vienna and Bratislava regions.

The project contributes to the application of SBA **Principle 1** (Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded).

Project activities for 2012:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Preparation of the Web site http://www.twinentrepreneurs.eu/	1
2	Kick off conference – 4 December, Hotel Aston, Bratislava	
	Number of participants	44

Impact:

We anticipate that through the mentioned activities, discussion, networking and mutual cooperation we are contributing to regional development and improving the situation for beginning entrepreneurs in both cities.

▪ Project „Efficient Enforcement of Claims“ (EFFEC)

The National Agency for Development of Small and Medium Enterprises (NADSME) in 2012 implemented the half-year project “Efficient Enforcement of Claims – EFFEC”.

Goal:

The goal of the project was to raise awareness regarding the problem of recovering cross-border claims. The target group was small and medium-sized enterprises that have already had experience doing business abroad and likewise those who are still only considering to start to do such business and need information about this issue associated with recovering claims from abroad.

The project contributes to the application of SBA **Principle 6** (Facilitate SMEs' access to finance and develop a legal and business environment supportive to timely payments in commercial transactions).

Project activities for 2012:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	Web pages, radio spot, adverts in regional and national media, direct mailing, facebook, streaming seminars http://www.nadsme.sk/sk/content/effec	1
2	Professional seminars with a focus on credit management	
	Number of seminars (seminars were held in all regions of Slovakia)	6
	<ul style="list-style-type: none"> • I. Economic part: Management of claims and effective recovery of cross-border claims within the EU <ul style="list-style-type: none"> ○ 29 May 2012, Bratislava (32 participants) ○ 6 September 2012, Vyhne (34 participants) ○ 11 September 2012, Poprad (16 participants) 	
	<ul style="list-style-type: none"> • II. Legal part: Legal proposals for recovering unpaid claims <ul style="list-style-type: none"> ○ 12 June 2012, Bratislava (37 participants) ○ 14 June 2012, Prešov (18 participants) ○ 7 September 2012, Vyhne (30 participants) 	
	Number of participants	167

Impact:

Familiarising entrepreneurs with the issue of recovering claims from abroad.

▪ **Project “InnoFun”**

The national agency in 2012 connected to the project InnoFun, the main idea of which is the creation of space in which innovators, the expert public and investors can communicate among themselves. It thus facilitates access to information and speeds up the financing of innovative ideas. Investors will be able in a simple to select a business intention and innovators in a simple way will get access to financial resources.

Goal:

The goal of the project is to improve regional policies in the area of financing of innovation as well as simplifying the transfer of commercial uses through specialised instruments, which will be a project outcome as well as pilot action plans.

The project contributes to the application of SBA **Principle 1** (Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded).

Project results for 2012:

	Activities/Services provided for SMEs and their indicators	Number
1	Project promotion	
	<ul style="list-style-type: none"> • building of a Web page • marketing (rollup) • dissemination of the project 	1
2	Phase 1: Screening and exchange of established processes in the scope of the partnership	
	<ul style="list-style-type: none"> • mapping of the situation with project partners (existing ways how public funds can accept decision-making processes of private funds and thus improve the system of selection of innovative ideas suitable for financing. 	1
3	Phase 2: Discussion of examples of good practice in a series of meetings with regional and national key players	
	<ul style="list-style-type: none"> • Regional and national key players from the field of the academic community and the private sector will be invited for technical workshops with the goal of sharing their proposals and observations with the project team, relating to prepared improvements for policies and methodologies. 	
	Number of meetings with regional and national key players	5
	Working summit – evaluation of outputs from Phase 2	1

Impact:

Improving of regional policies for financing innovative or methodologies for how to bring innovations to the market, to people and to finance.

▪ **Project “Responsible Small and Medium Enterprises in Slovakia” (ReSMEs)**

Last year saw the completion of the project Responsible Small and Medium Enterprises (ReSMEs). Along with the lead partner – the Pontis Foundation (a NADSME partner) and the foreign partner CSR Europe, the Slovak Chamber of Commerce, University of Economics in Bratislava and the Ministry of Economy of the Slovak Republic also cooperated on the project.

The ReSMEs project has three main objectives:

- To raise awareness of corporate responsibility (hereinafter referred to as “CR”) among Slovak SMEs by disseminating information on corporate responsibility and experience in Europe,
- to increase the competitiveness and sustainability of SMEs by implementing corporate responsibility strategy and enforcement responsibilities in supplier relations and
- to build capacity in the area of corporate responsibility strategy for key stakeholders involved in the development of SMEs in Slovakia.

The target groups of the project are mainly Slovak SMEs, key regional and national organisations focused on the development of SMEs, large enterprises and multinational companies as well as university students and academic institutions.

The project contributes to the fulfilment of SBA **Principle 1** (Create an environment in which entrepreneurs and family businesses can thrive and entrepreneurship is rewarded).

NADSME implemented three activities in 2010 – 2012: a representative survey among SMEs about the perception of corporate responsibility (in 2010), the training of 36 expert advisors, consultants, and lecturers for organisations supporting the development of SMEs in different regions of Slovakia (April – May 2011), and the holding of 18 informational seminars throughout Slovakia intended especially for small and medium-sized entrepreneurs, owners and their employees. Educating and informing of entrepreneurs on this topic and introducing this concept into strategies and processes of small and medium-sized enterprises continued in 2012 with the last six seminars. Among 126 participants in seminars “How to be successful? Carry out business responsibly!” alongside entrepreneurs were also several representatives of non-profit organisations, local authorities and pedagogues. Participants obtained information and basic explanations about what responsible business is, how it can help companies to better and more effectively do business, how to have satisfied employees, to be a positively perceived company and also how to accommodate and at the same to protect the environment.

In connection to these events, in the spring of 2012 a survey in the form of a questionnaire was conducted, in which more than half of all participants took part (278 respondents). The objective of the survey was, among others, the mapping of the attitudes of participants on the subject of corporate responsibility after completion of 21 events. According to the processed results, 87% of respondents planned in the coming period to improve or introduce in the company some practices of responsible business. More than 80% of participants considered allowances from the state as helpful with introducing practices of corporate responsibility, and more than three-quarters (75.2%) of respondents would be helped by the acknowledgement of the surroundings and partners; nearly 70% would be helped requests from customers, the public and the media.

A component of the final phase of the project was the proposal of a semester-long course at the Faculty of Business Management, University of Economics in Bratislava, which after accreditation was to be organised from the start of 2013 among the subjects for students of the faculty. University students were connected to the preparation of the 10 EFQM analyses on CR of selected SMEs and subsequently in cooperation with them they together worked-up 10 CR strategies for these companies, 9 of which were successfully implemented.

The annual conference on CR together with a marketplace takes place in May. The marketplace offered the best Slovak examples from the field of corporate responsibility, represented interesting supplier examples among SMEs and the ten best stories of corporate responsibility from the previous year’s competition Via Bona Slovakia. Examples of responsible cooperation between a large company and its suppliers from the ranks of SMEs were described in the publication Summary of Company Solutions.

The project Responsible Small and Medium Enterprises in Slovakia was concluded with access to an e-learning course on corporate responsibility in June 2012. Even after completion of the project, the owners of Slovak small and medium-sized enterprises can through the Internet learn to manage their business better and more effectively. The course like the case studies and details to seminars is accessible on the Web page www.zodpovednepodnikanie.sk, in the section for SMEs.

7. Conclusion

The submitted report on the state of small and medium-sized enterprise in the Slovak Republic presents a thorough overview of the state and development of the business environment in the sector of small and medium-sized enterprise and forms of support for it during the year 2012, including the highlighting of existing problems along with possible solutions for them as well as developing tendencies and other matters.

In 2012 the number of small and medium-sized enterprises (including natural persons-entrepreneurs), as a basic quantitative indicator reflecting the overall quality of the conditions for doing business for the first time, fell year-on-year by 4,000 enterprises (by 0.7%). The decline in the number of small trade licensees, which year-on-year fell by 16,148 (by 4.3%) in particular had an impact on the fall in the number of small and medium-sized enterprises. In contrast, growth continued in the category of legal entities, and the largest growth of enterprises was recorded in the area of trade services (10.1%). In terms of size categories of enterprises, 97.0% of the total number of active businesses at the end of 2012 was micro enterprises, 2.4% small enterprises and 0.5% medium-sized enterprises.

The results of selected financial indicators²³ point to the marked impact of fluctuations in Slovak economy on the sector of small and medium-sized enterprises. In 2011 only 56.1% of small and medium-sized enterprises (accounting in double-entry bookkeeping) achieved a positive economic result, which is 4.4 p.p. less than in 2008. SMEs were unable to achieve pre-crisis values even in economic efficiency and on the level of assessment of assets. The recorded mean values of return on revenues (2.0%) and return on assets (0.03%) of SMEs in 2011 were lower compared with 2010, as well as with 2008.

In the scope of comparing basic quantitative indicators with other EU countries, the Slovak business sector and SME sector are marked by several characteristic features. Slovakia, along with the other V4 countries, is ranked among those countries with the highest share of micro enterprises in the total number of enterprises and with an above-average share of SMEs in employment. Slovakia at the same time ranks among the countries with the highest share of established and defunct businesses and among the countries with the lowest survival rate of newly established entities. From the long-term point of view the low involvement of women and higher age categories of citizens in entrepreneurship persists in Slovakia. The share of SMEs in total exports to EU countries is in Slovakia, as in other V4 countries, one of the lowest within the EU. In the share of SMEs on the overall export to countries outside the EU market Slovakia reached the last place among the EU countries.

The business environment in the Slovak Republic is affected by frequent changes of primary legislation and the related legal conditions that have often negative implications to obligations and liabilities of the SME sector. In 2012 changes occurred particularly in legislation relating to the area of the tax system, in the area of the Labour Code and in the system of social and health insurance. Certain measures that were undertaken with the aim of speeding up and simplifying of the process of registration of new business entities could be evaluated as a positive change.

²³Processing of indicators took place on the basis of data from available anonymised financial statements of businesses accounting in double-entry bookkeeping.

Support of SMEs in the past year took place primarily from resources of European Union Structural Funds and the state budget, partially also from other sources. As in preceding years non-refundable help in the form of grants predominated, while no new innovative financial resources were introduced during this year. Other instruments, such as measures of active labour market policies, venture capital and investment incentives, were focused on the support of the SME sector. Within the Operational Programme Competitiveness and Economic Growth, which is the most significant support instrument for SMEs, a total volume of EUR 102,030,016 was paid out in 2012 through relevant state aid schemes and *de minimis* aid non-refundable contributions. In 2012 no investment aid for SMEs was approved by the Slovak government. In the scope of incentives for research and development the Ministry of Education, Science, Research and Sport of the Slovak Republic in 2012 supported 14 SMEs through financial aid and tax relief in a total volume of EUR 7,089,636.

In the field of creation of an environment suitable for entrepreneurship in the past year several activities took place focused on newly established enterprises (Young Creators, Slovak Start-up Development Programme,...); beginning entrepreneurs were also supported by contributions for independent earning activities in an agreed volume of nearly EUR 30 million, through which the creation and sustaining of 8,690 jobs were supported. An important factor for the development of SMEs was also the creation of Business Centre of the Ministry of Foreign Affairs and European Affairs of the Slovak Republic and approval of the Conception of connecting Slovak businesses to development aid.

NADSME in 2012 also shared in fulfilment of advisory and educational programmes which were targeted for SMEs and those interested in entrepreneurship. Within the support programmes of the “Education, training and counselling programme for selected groups of those interested in business” 957 informational consultations and 1,792 expert consultations were provided in a total volume of 6,982 hours, while 515 business plans were worked up and assessed and 68 training sessions were organised. The total number of supported enterprises and those interested in entrepreneurship was 2,152. At the same time NADSME carried out activities in EEN networks focused on internationalisation, development of innovation potential and increasing knowledge of SMEs regarding the EU common market and European Commission policies.

In regard to systematic, complete and permanently sustainable support of the business environment as a whole, but especially for the SME sector, a coordinated approach of all interested authorities is necessary, however. Such support must reflect the current needs and problems of SMEs (e.g. the worse access to finance, the frequent changes in legislation, lengthy court proceedings, ...) and at the same time it must be the result of expert discussion on the national as well as on the European level. An appropriate tool in this direction is the SBA initiative, which represents complex support of SMEs in accordance with the objectives of the strategy Europe 2020 and to which the Government of the Slovak Republic is committed to apply in its programme declared for the years 2012-2016.

The submitted report also contains set of proposals and recommendations for further improvement of the business environment for the SME sector, the primary goal of which is to stop the negative trends and to contribute to the jump-starting of growth of the SME sector in Slovakia, to the growth of its dynamics and especially the increasing of its competitiveness. The implementation of these recommendations will help to ensure the application of individual SBA principles in the Slovak business environment.

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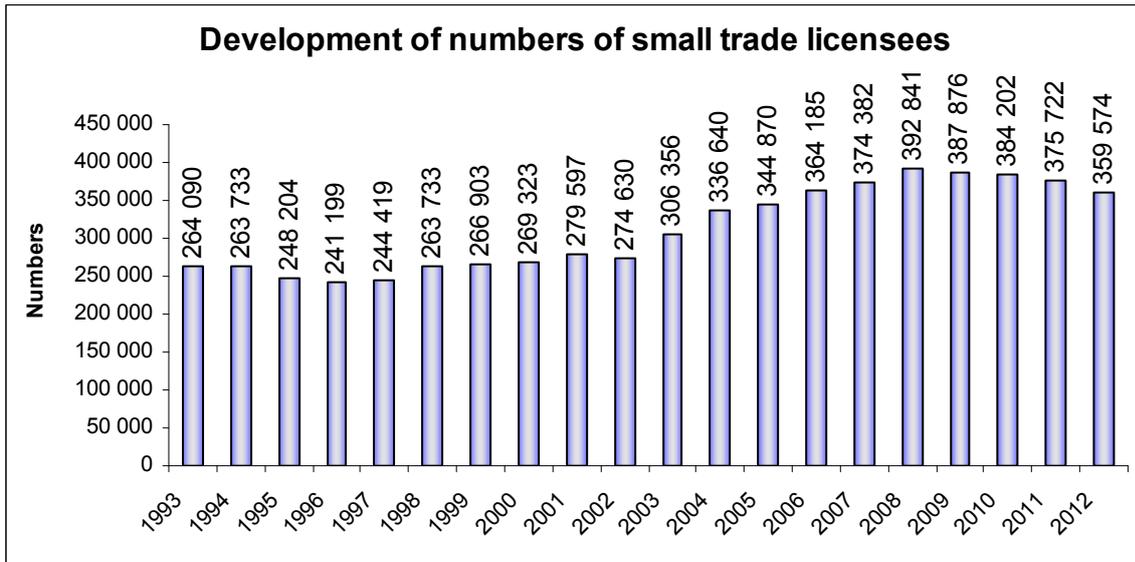


Chart No.1

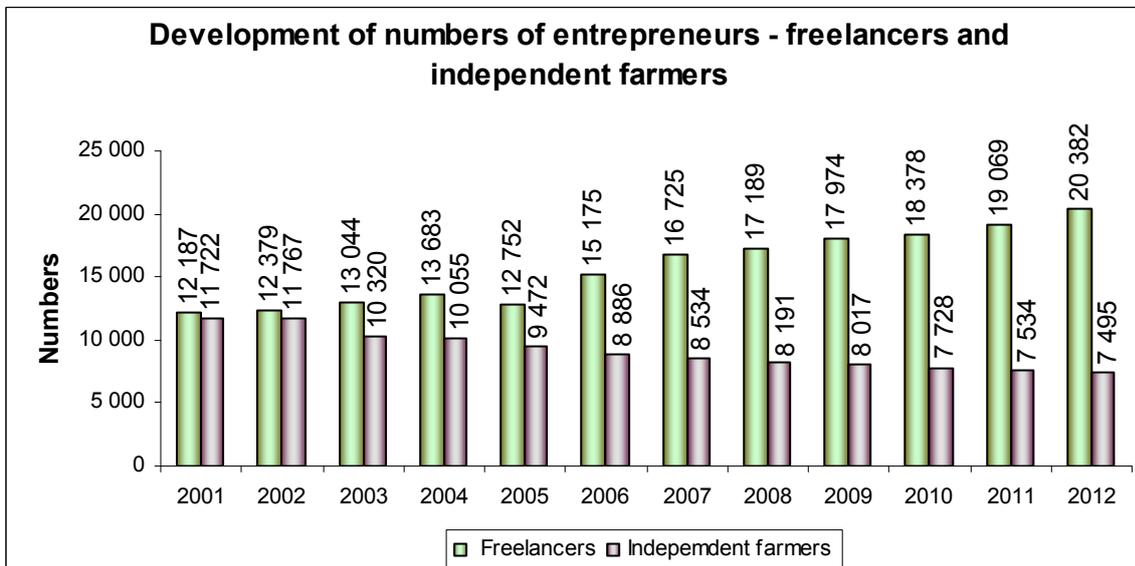


Chart No.2

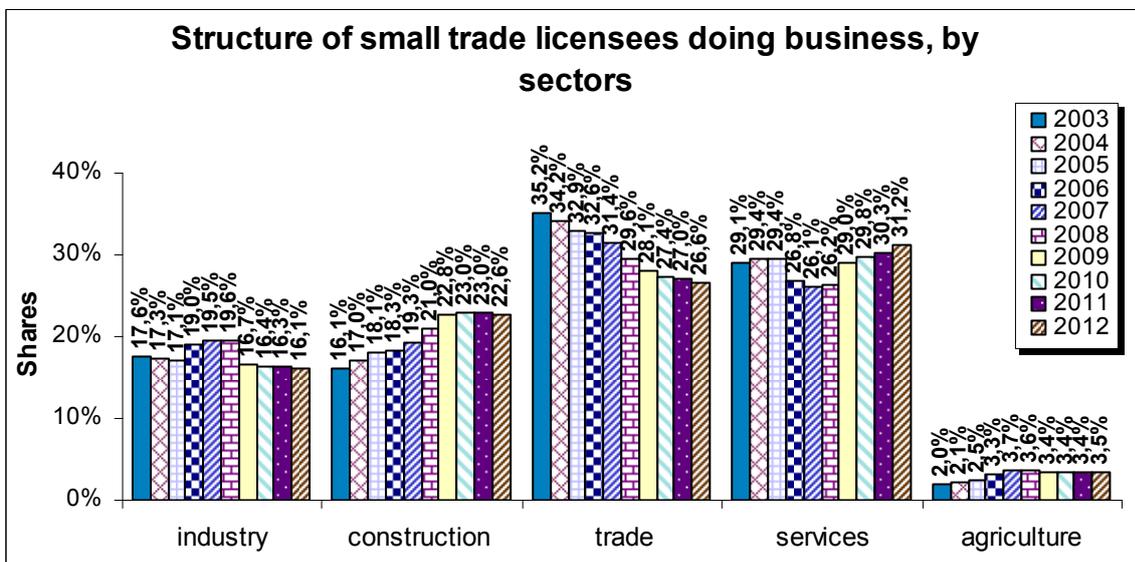


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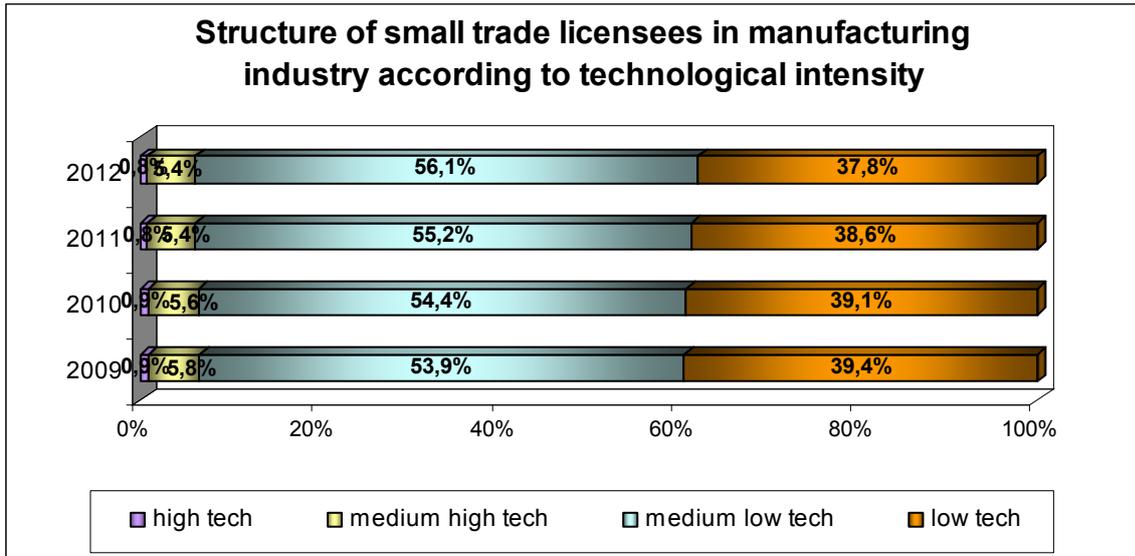


Chart No.4

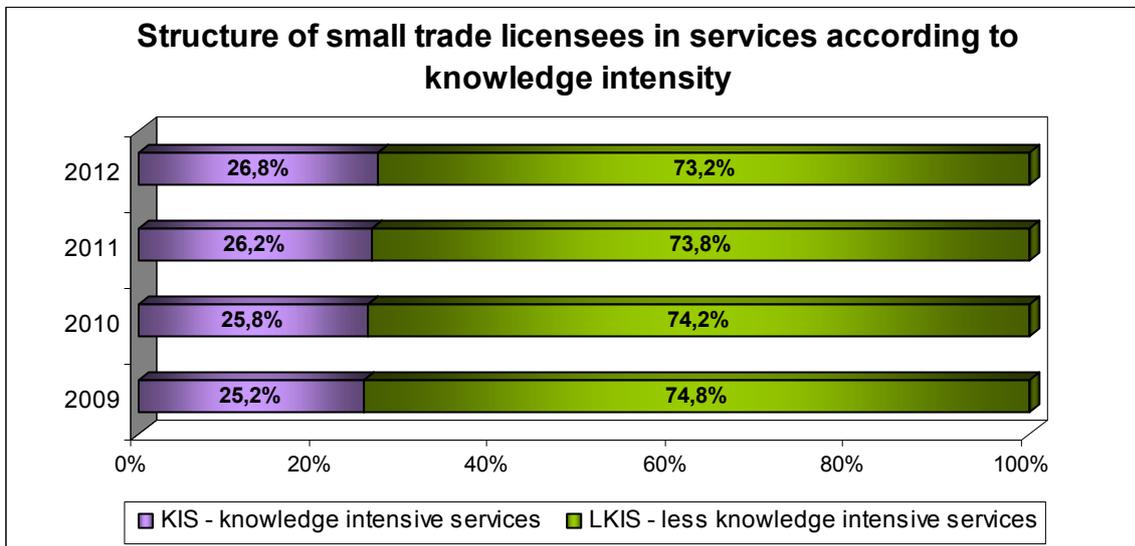


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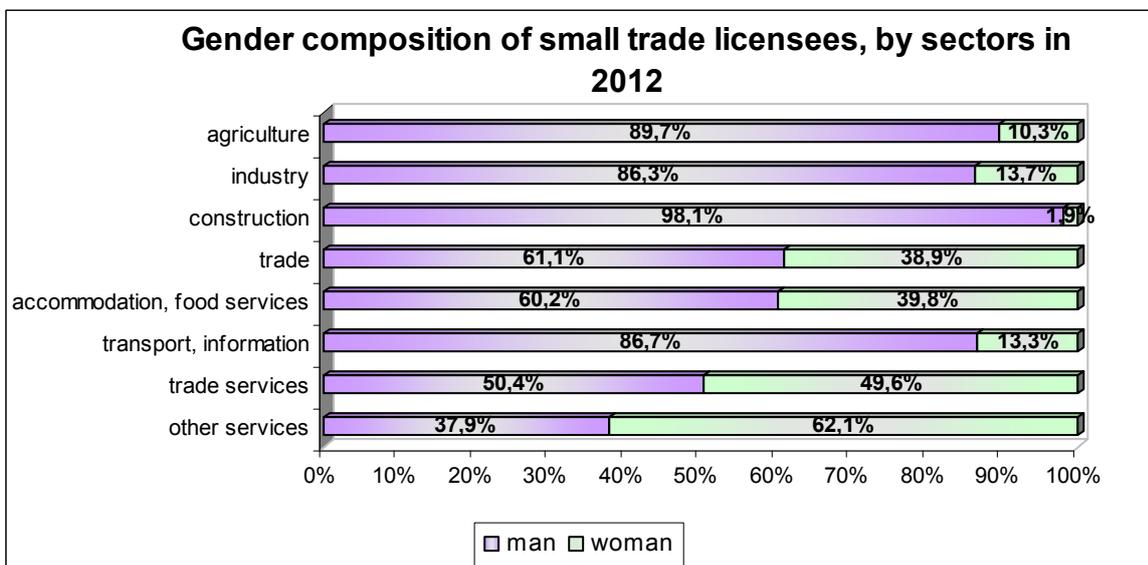


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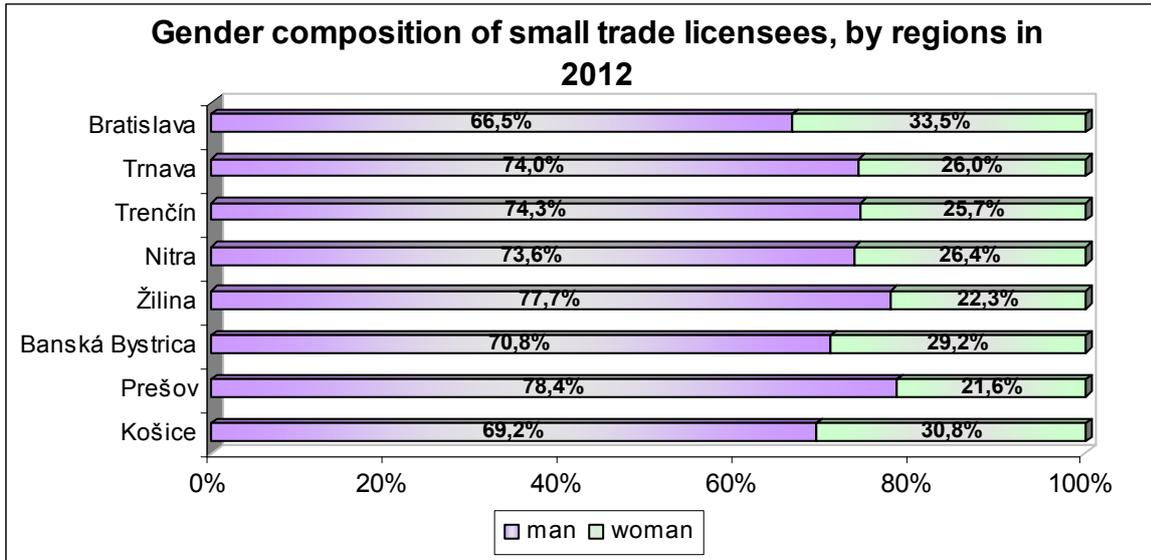


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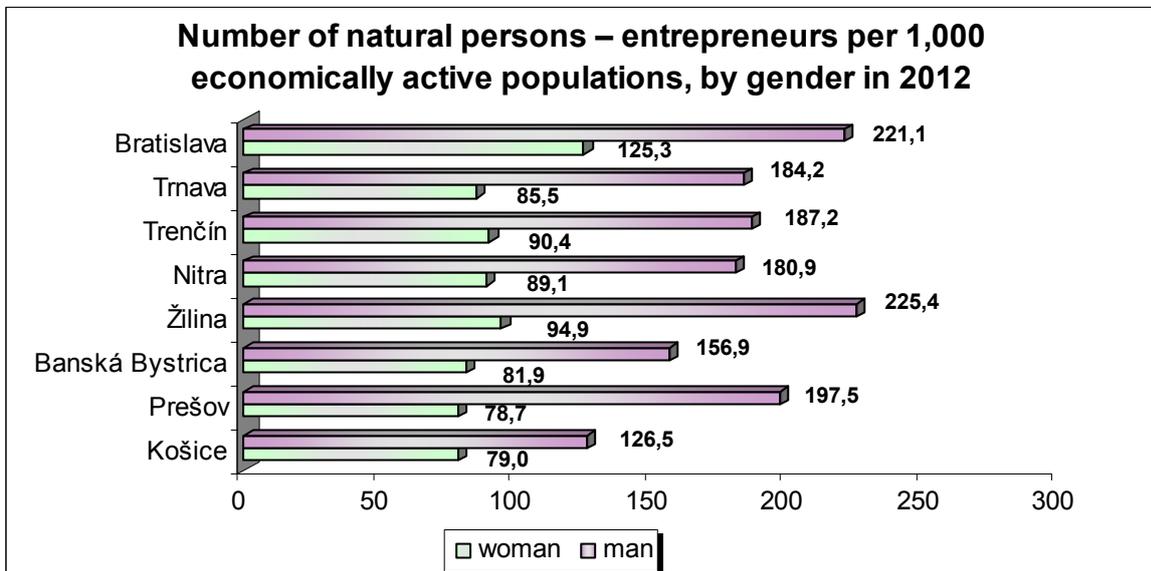


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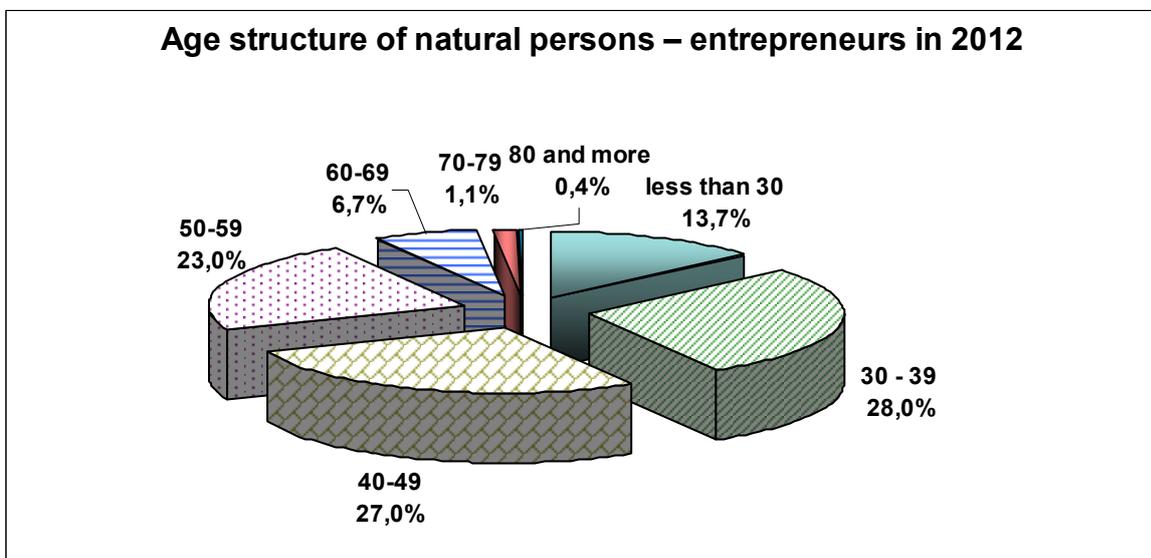


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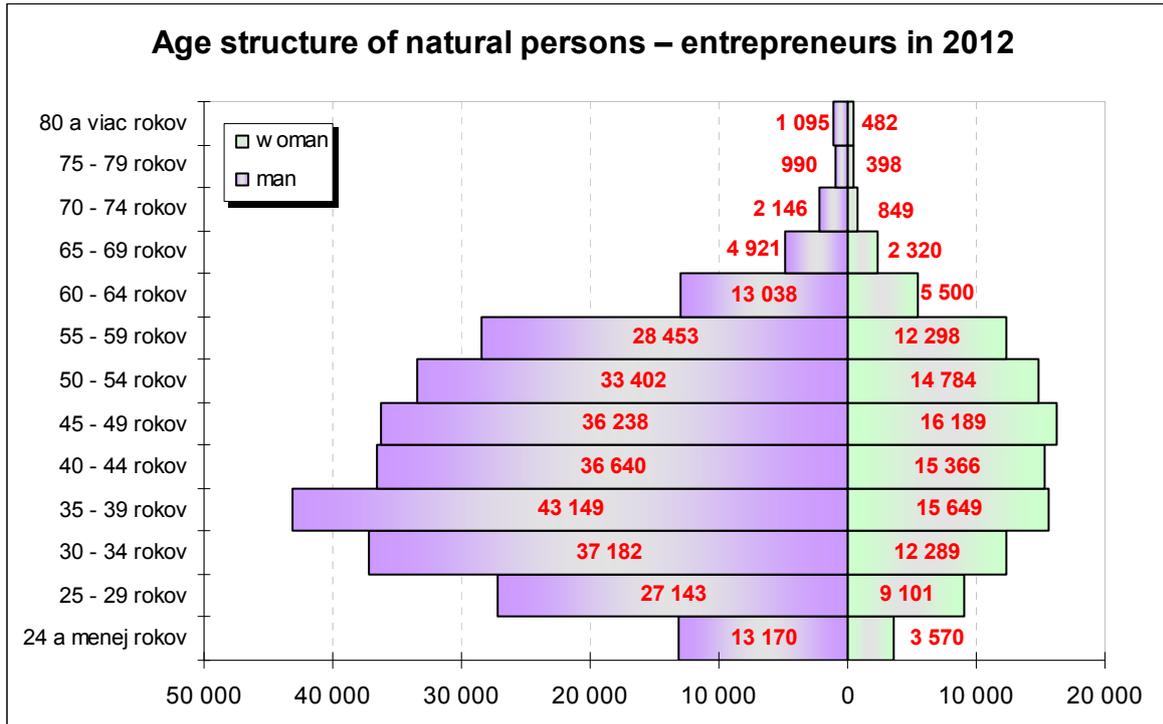


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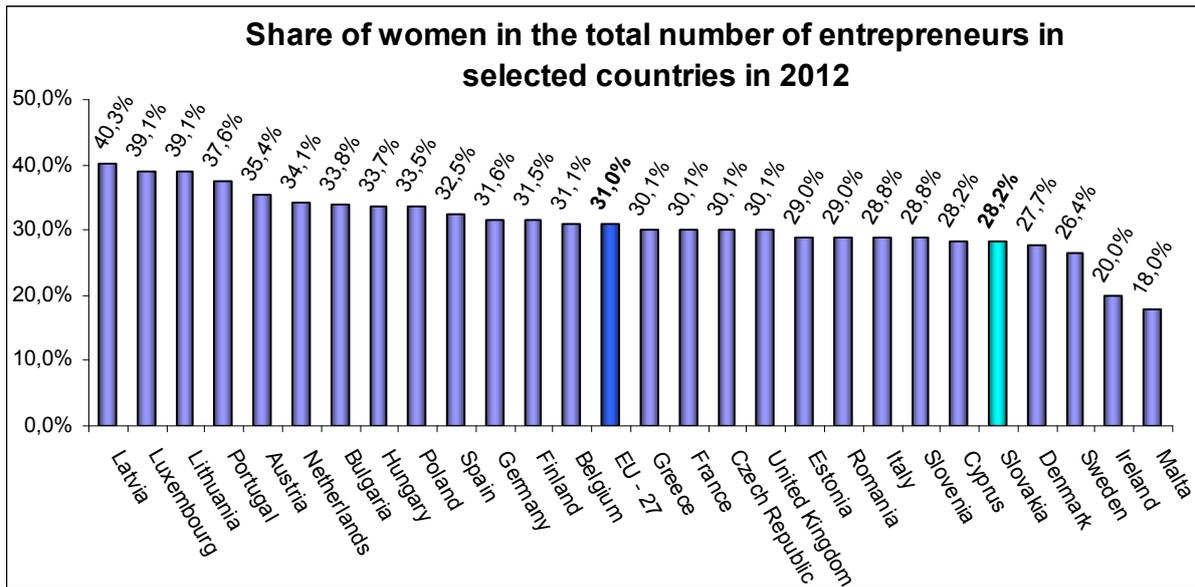


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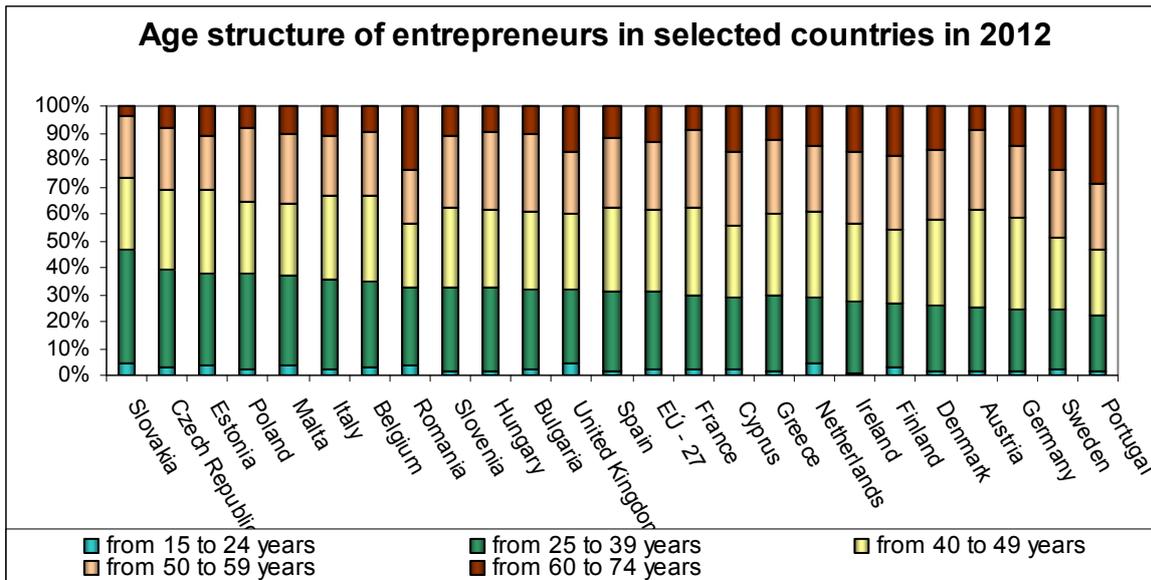


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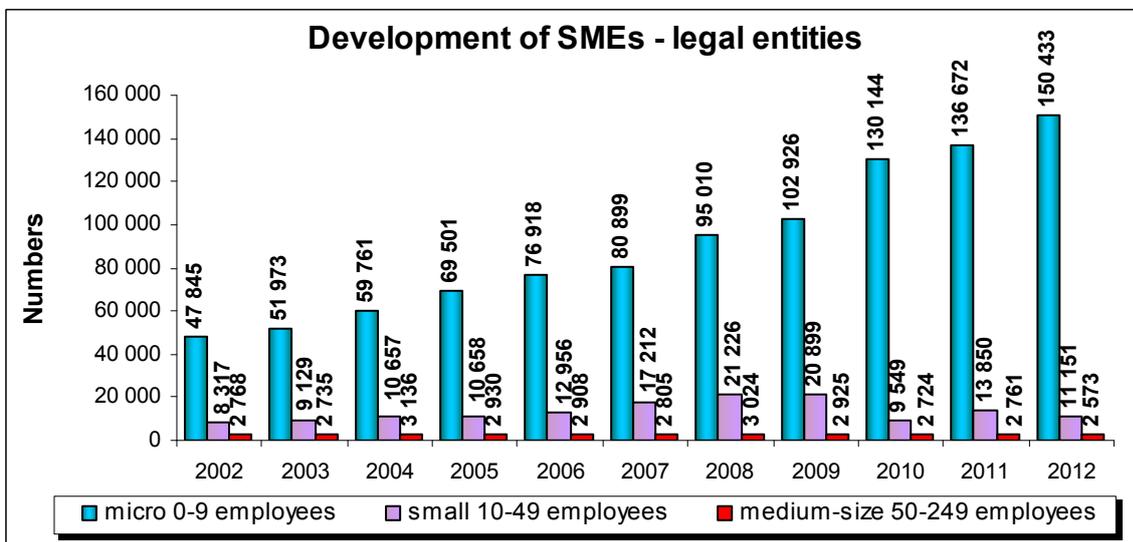


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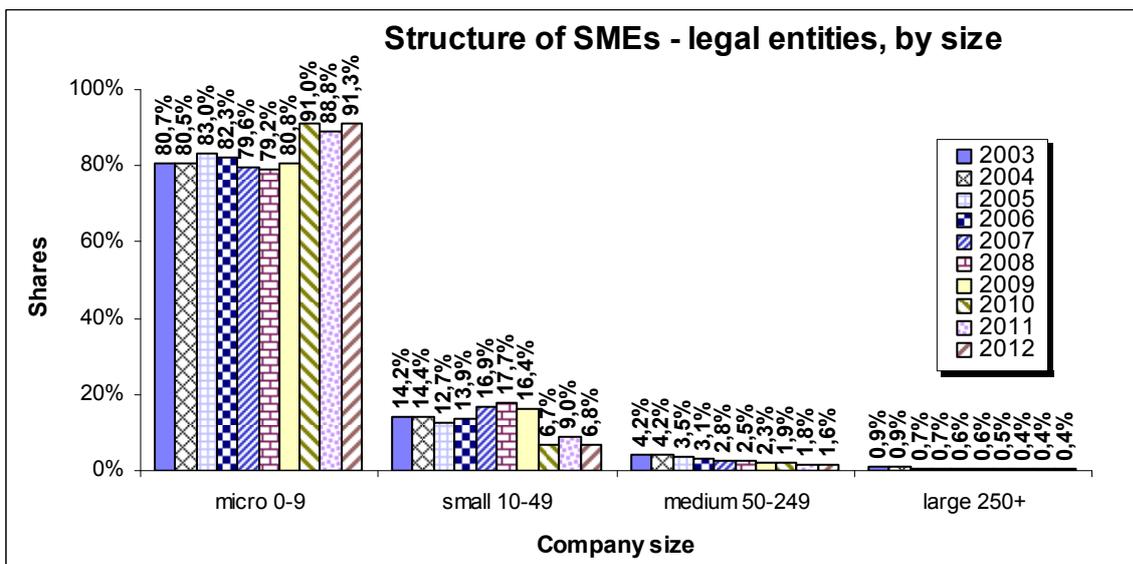


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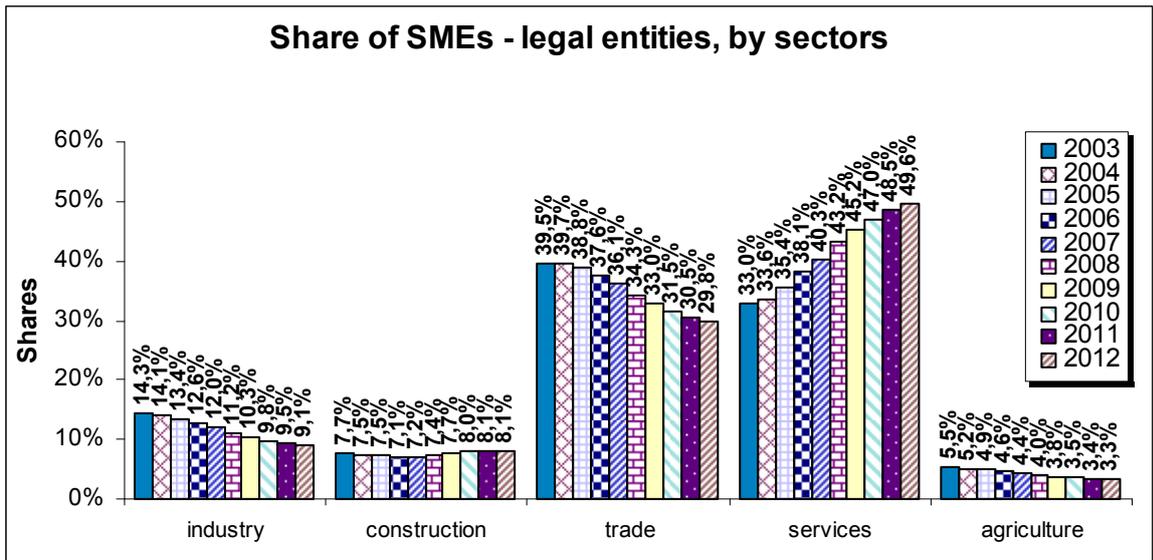


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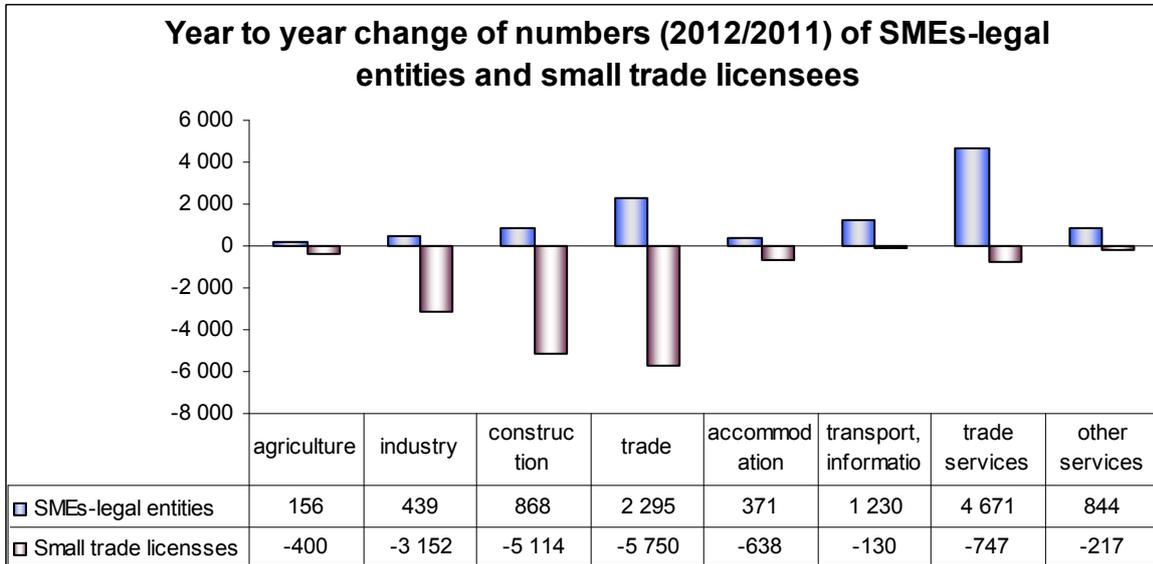


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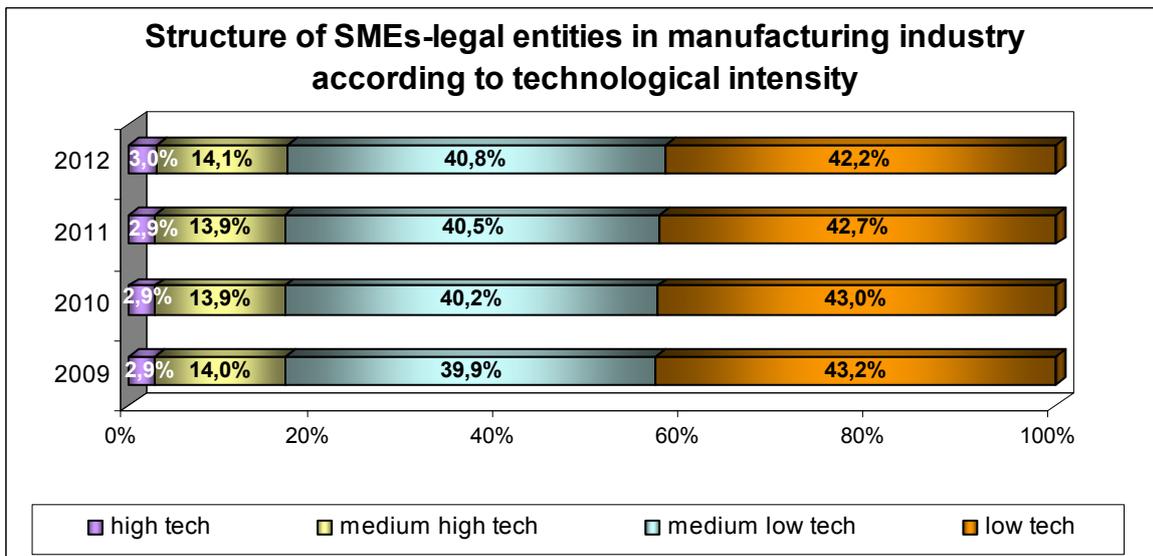


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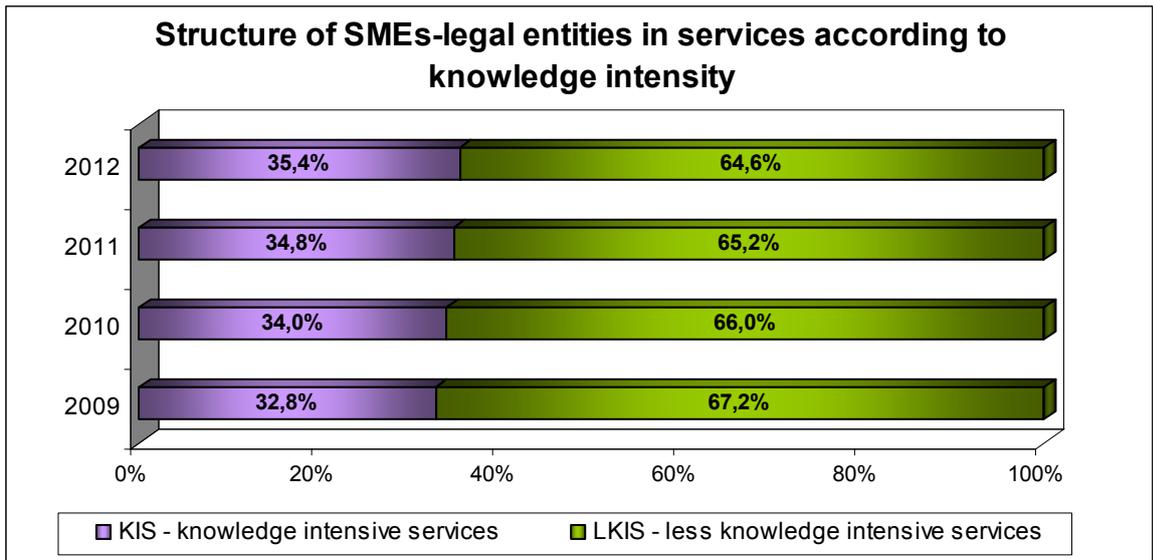


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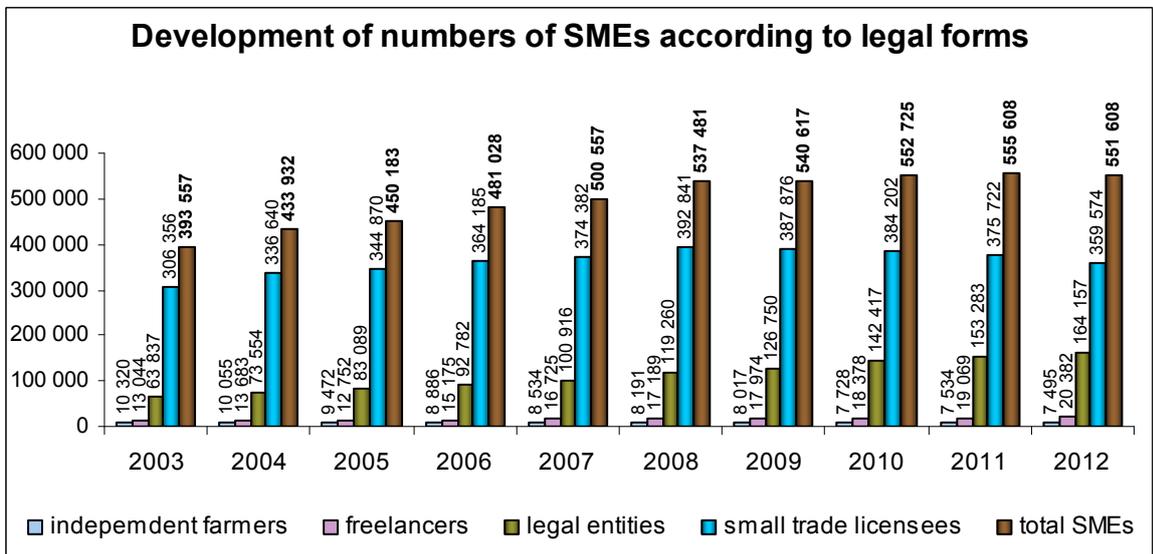


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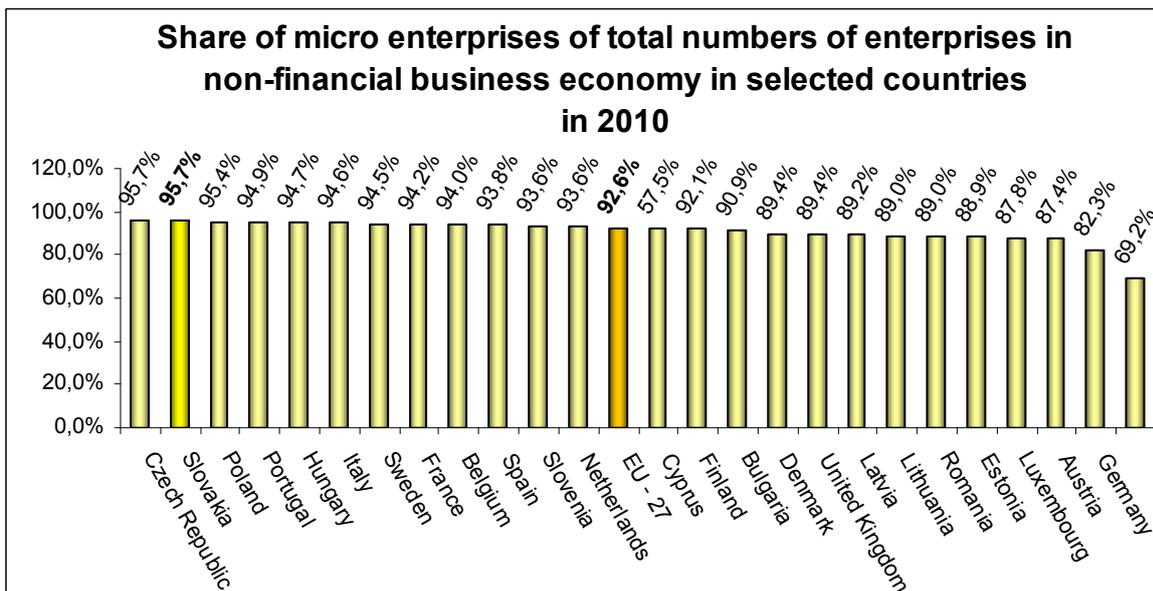


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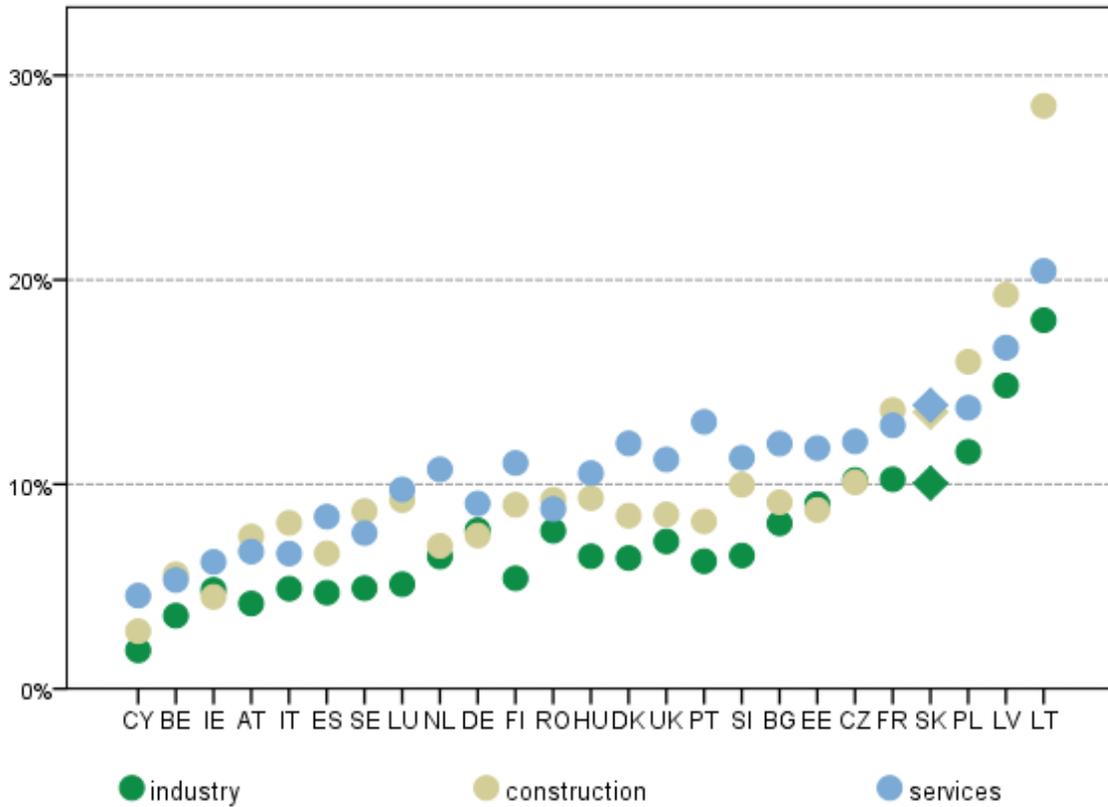


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Share of legal entities and natural persons – entrepreneurs being active two years after their establishment in selected sectors and countries in 2010

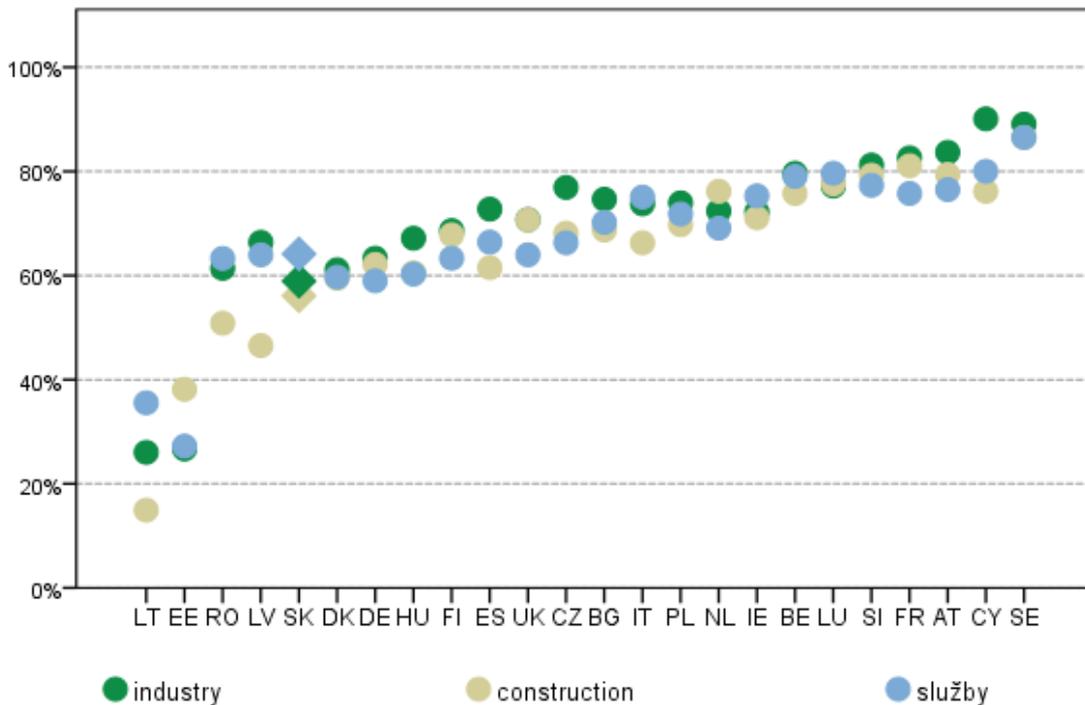


Chart No.22

Share of defunct legal entities and natural persons – entrepreneurs in selected sectors and countries in 2008

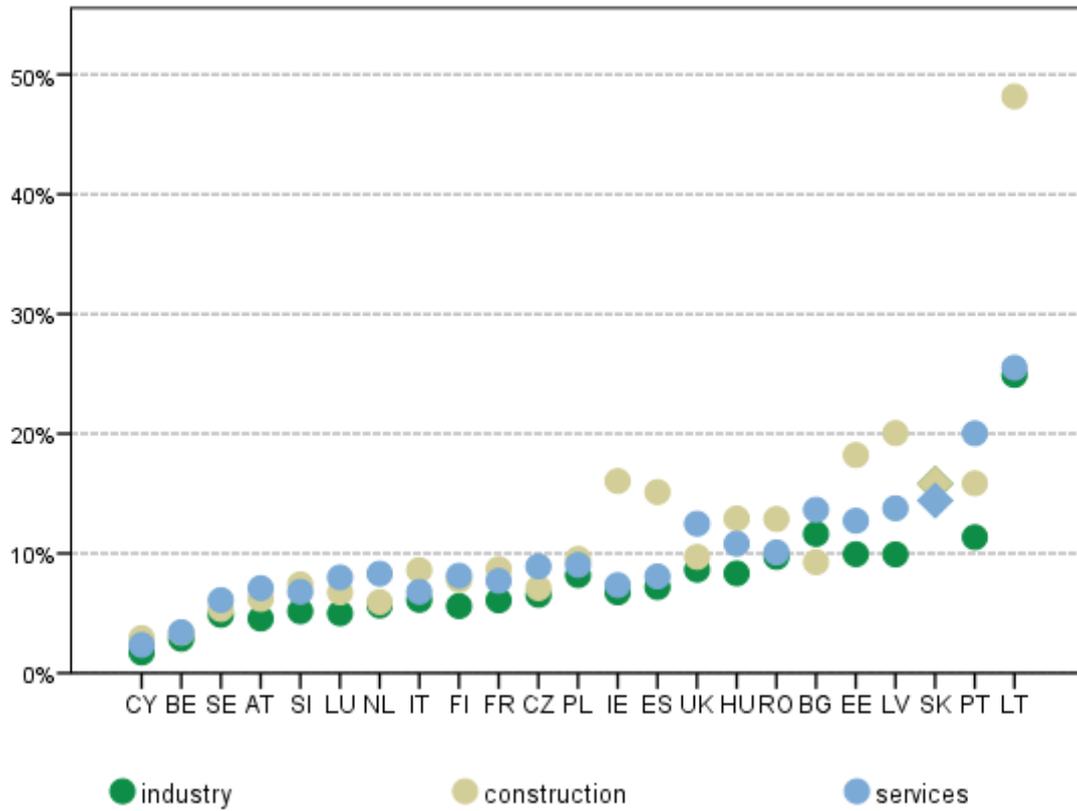


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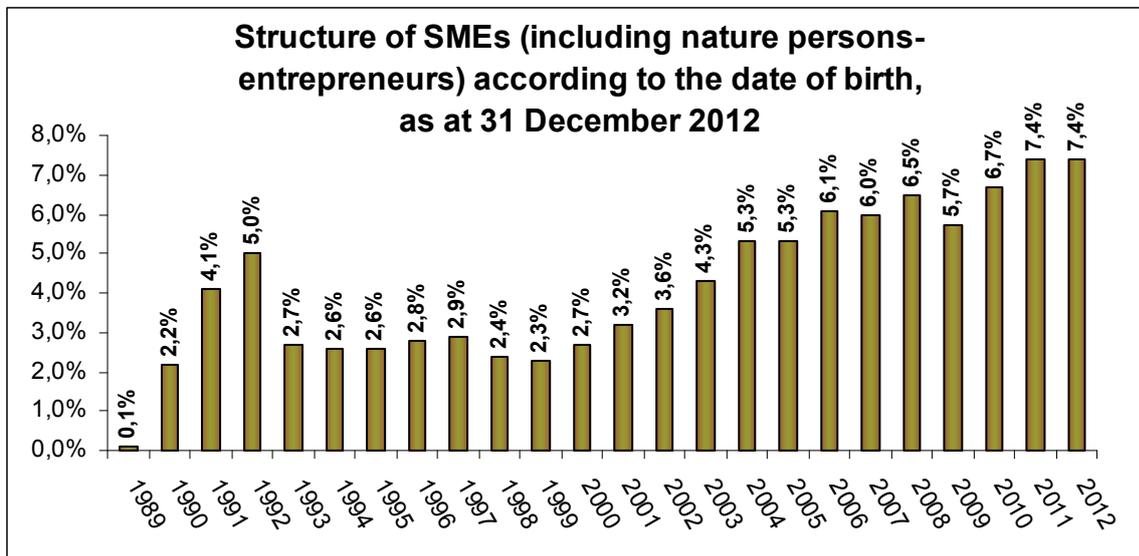


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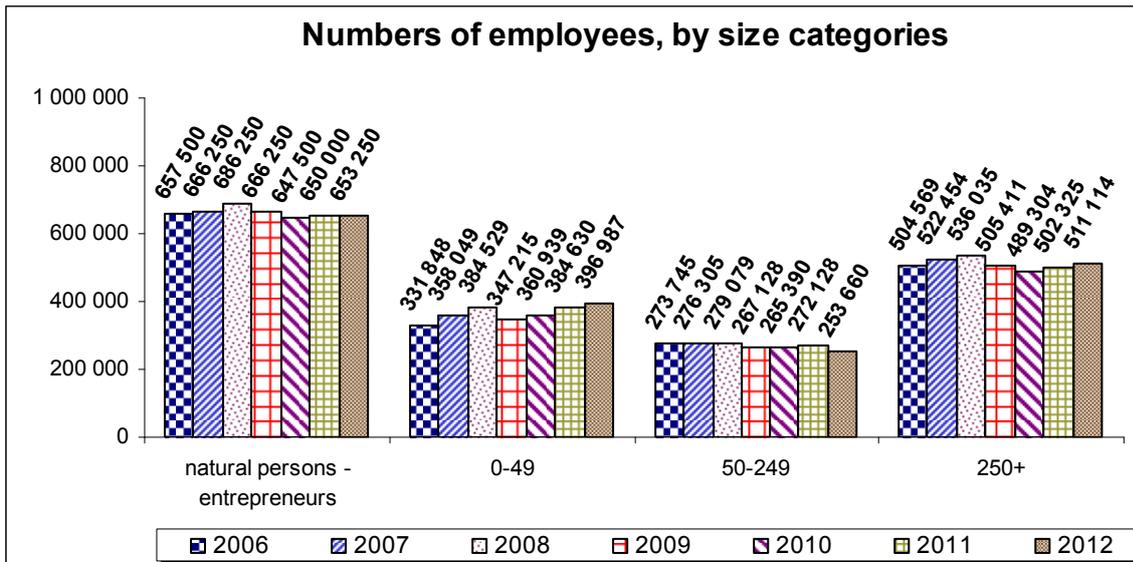


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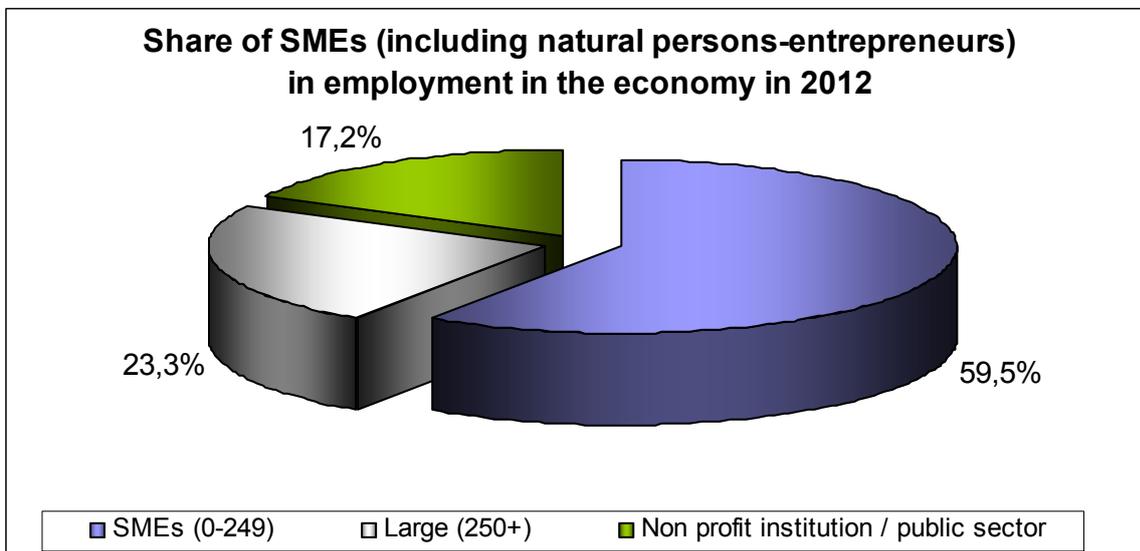


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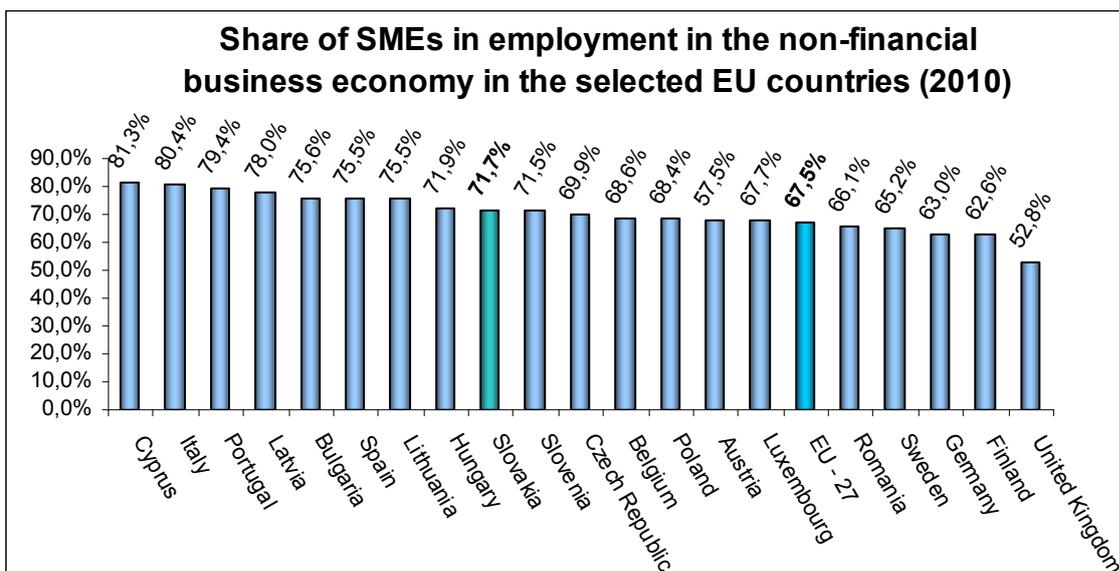


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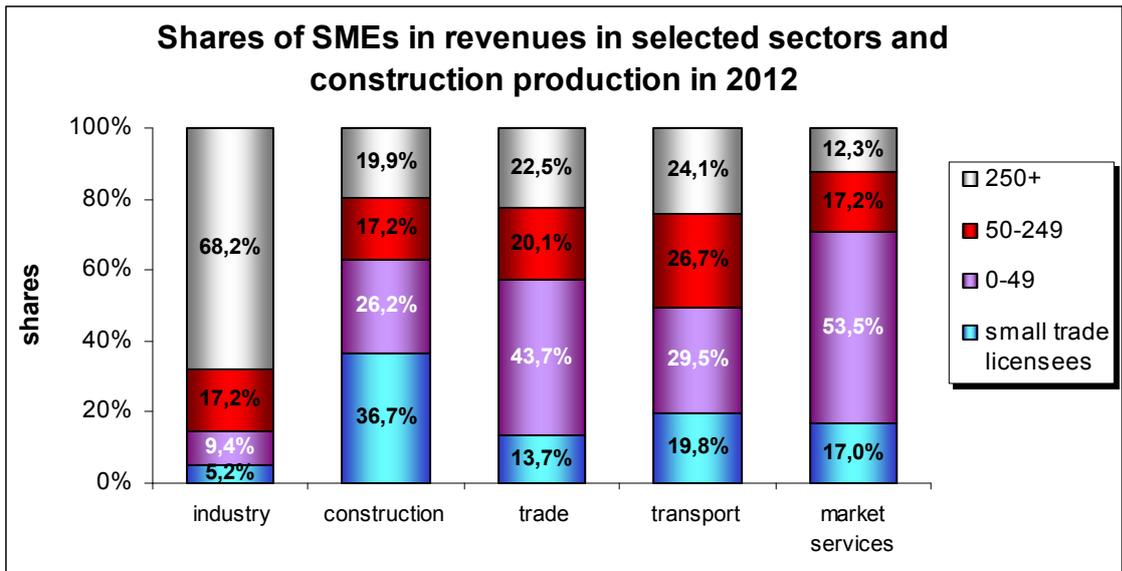


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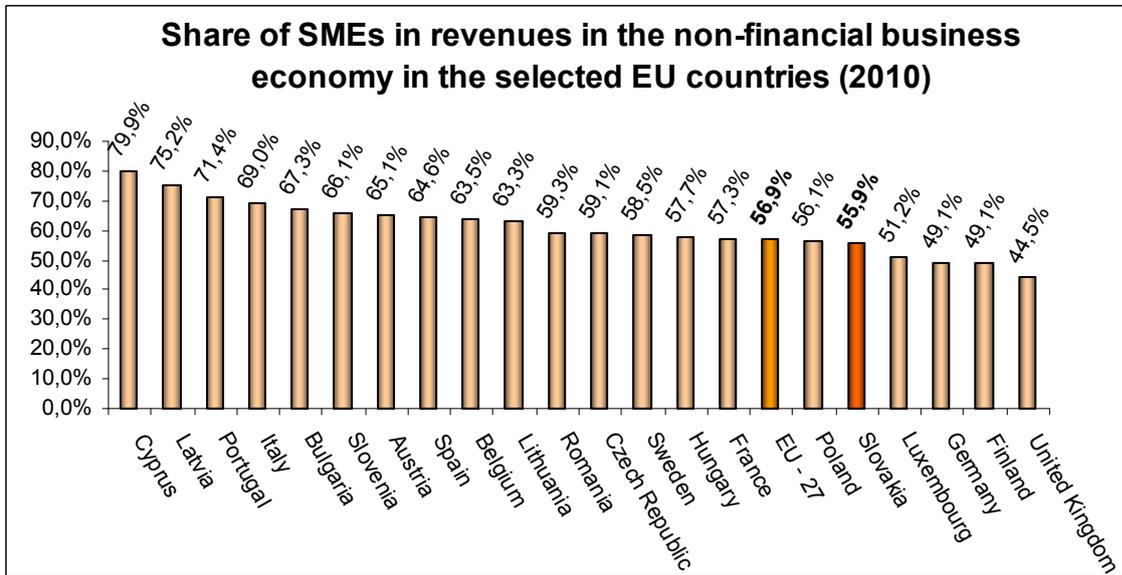


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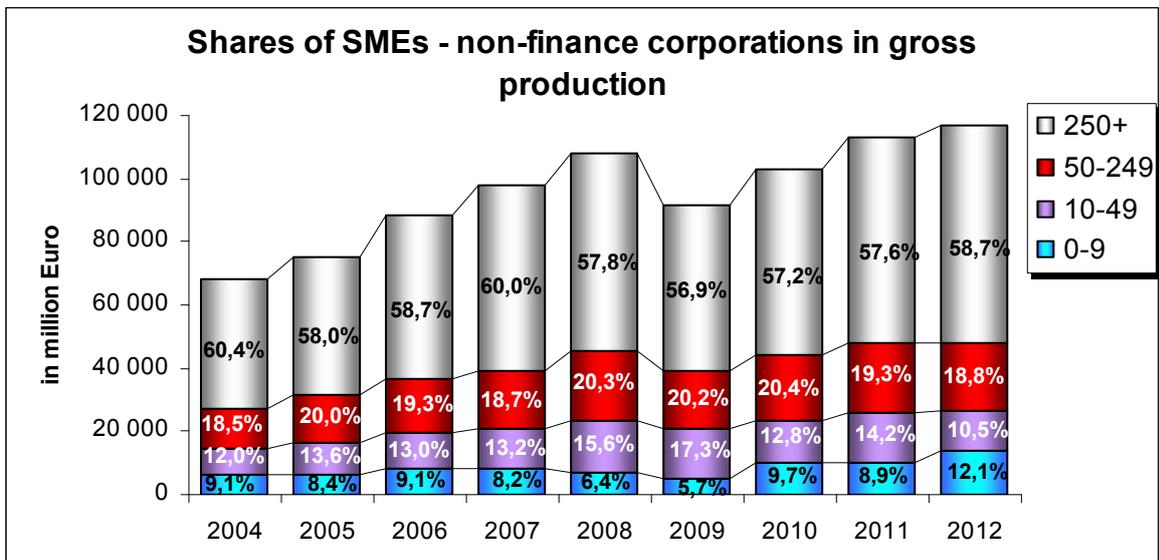


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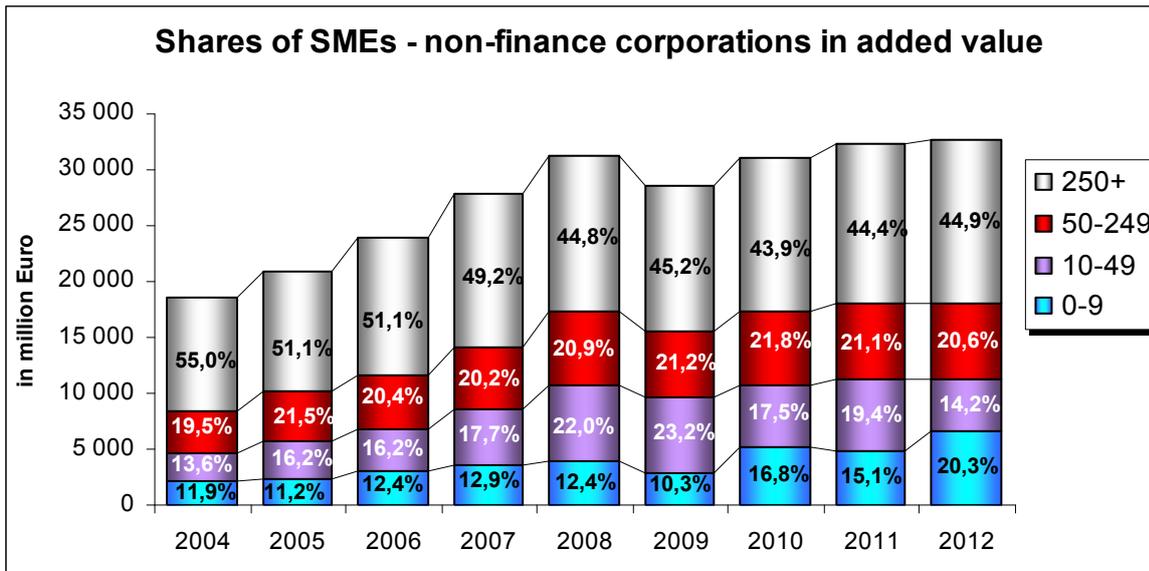


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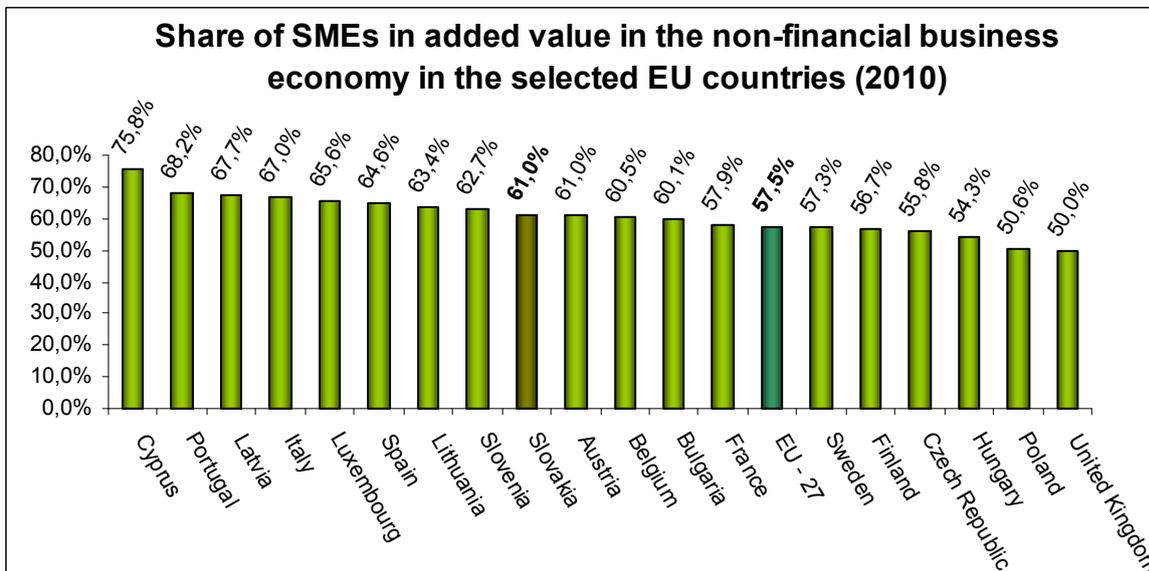


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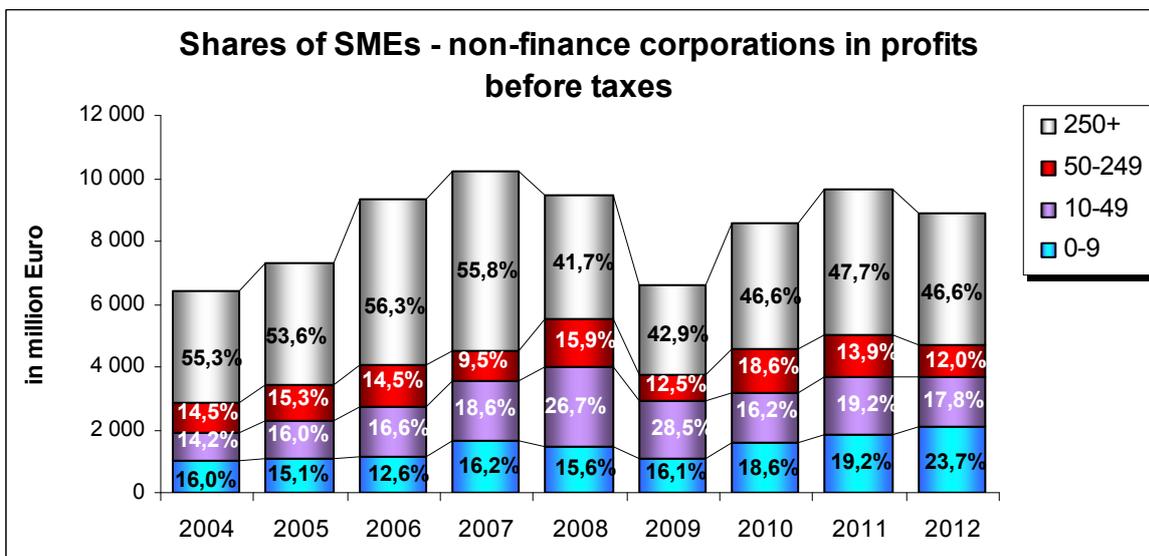


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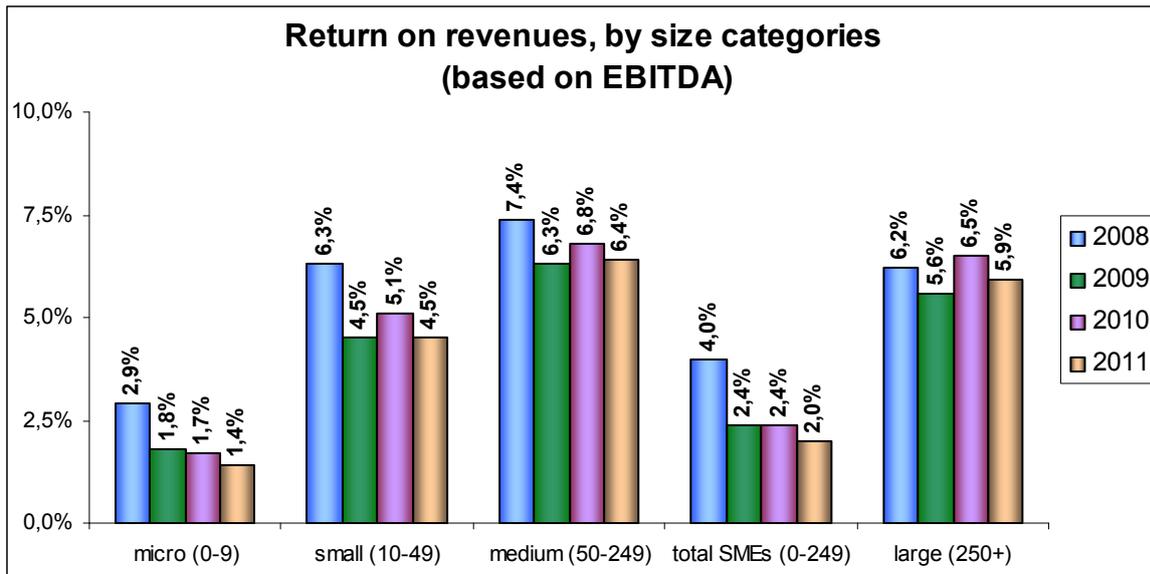


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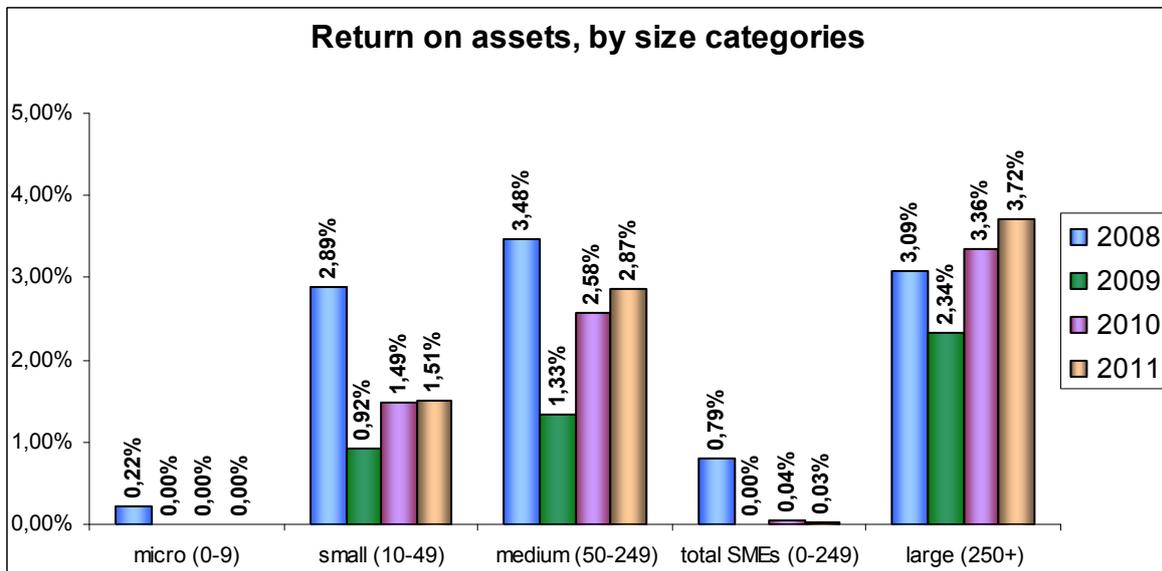


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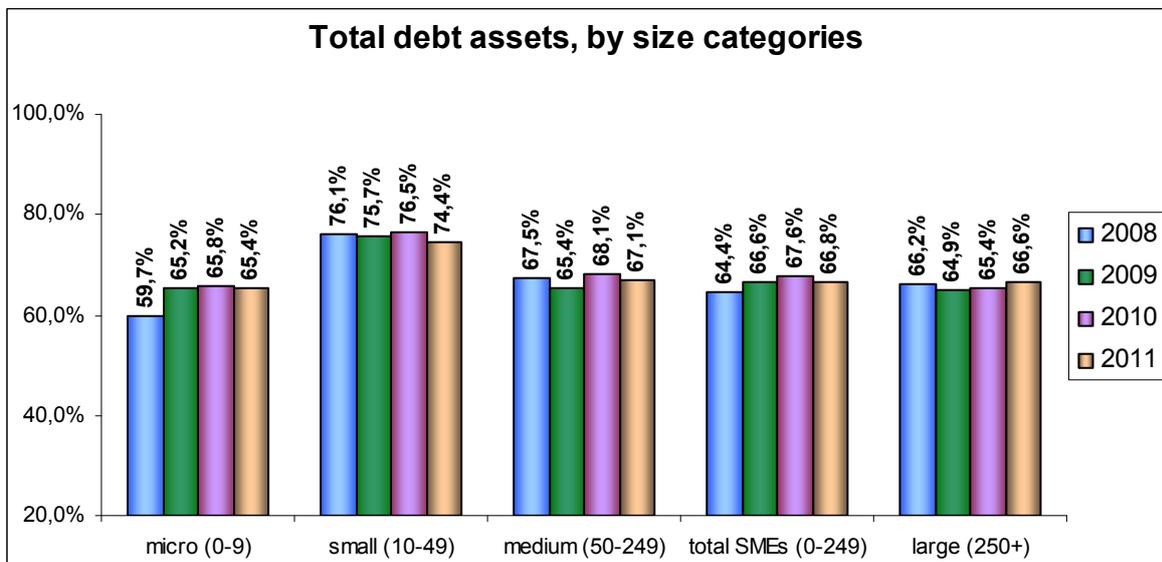


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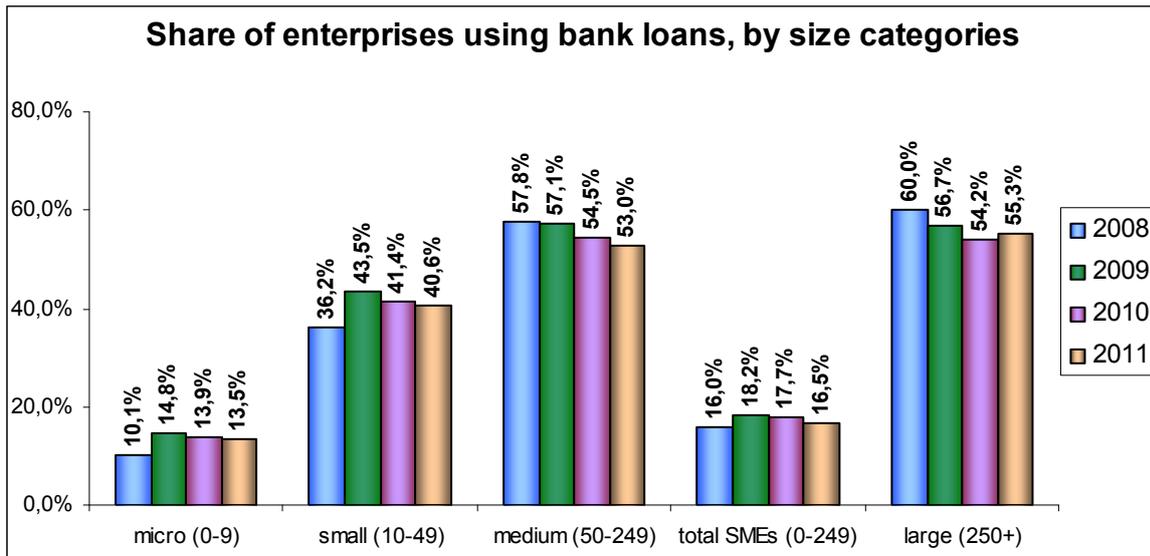


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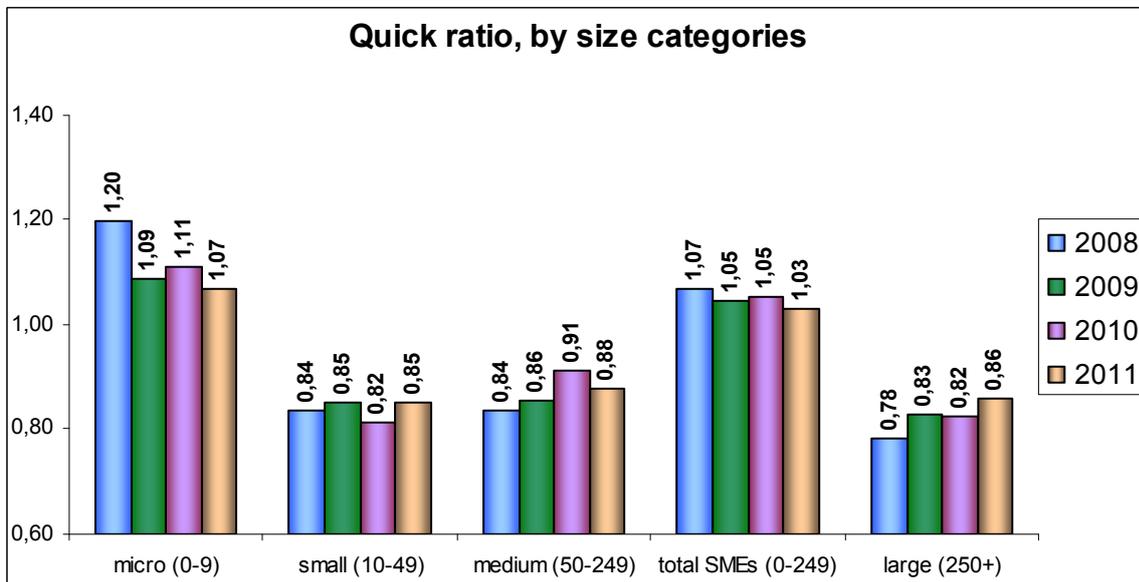


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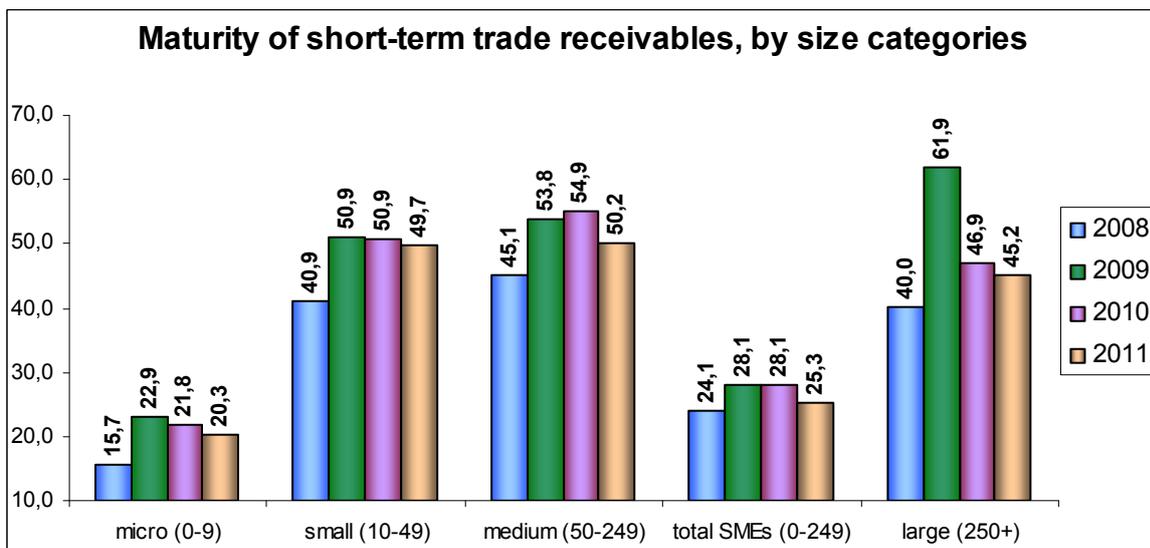


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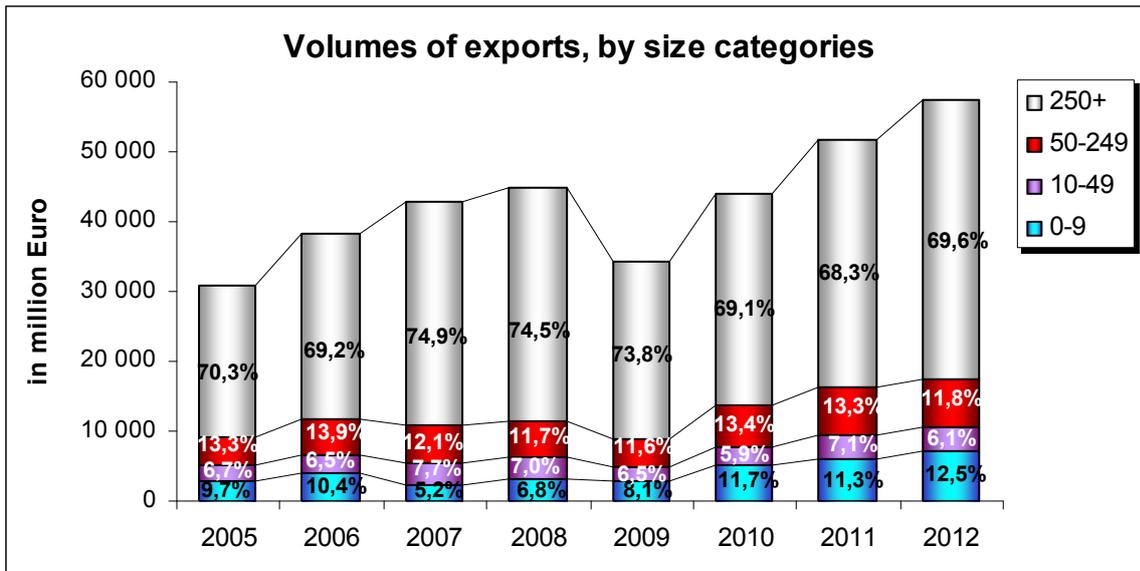


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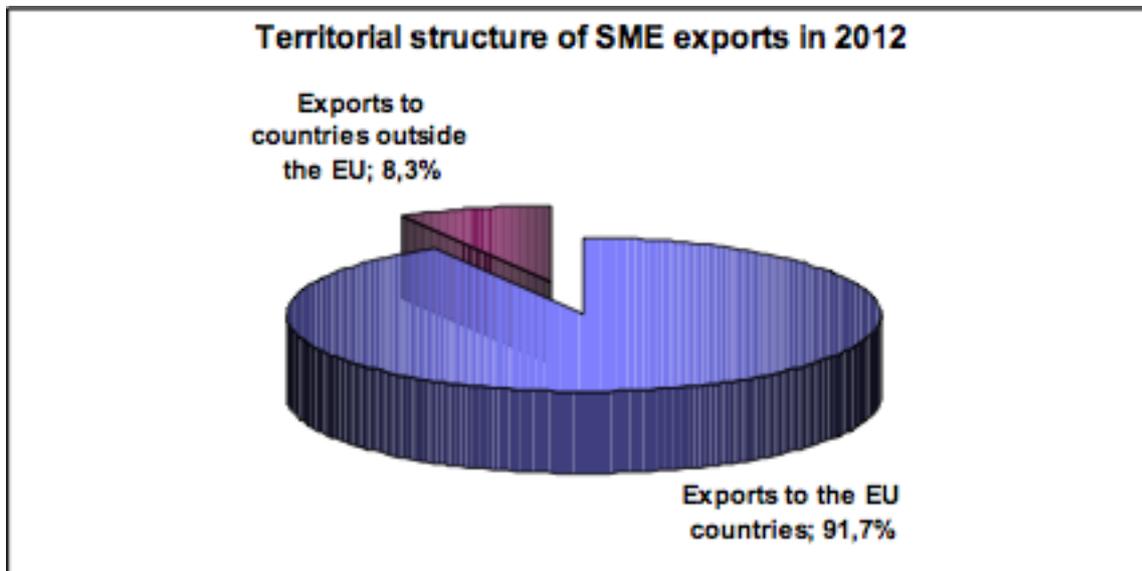


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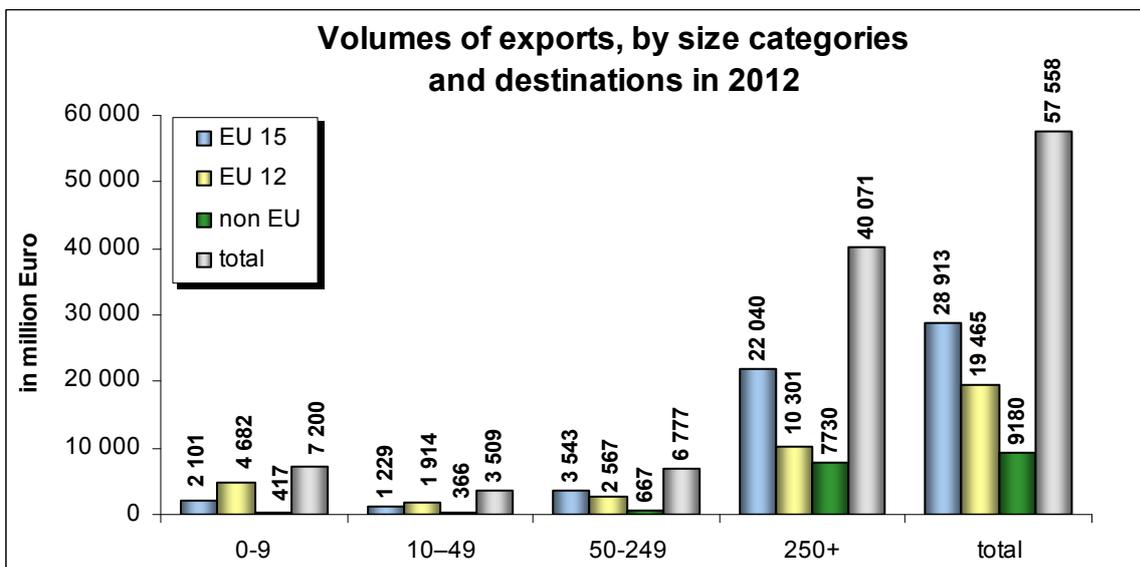


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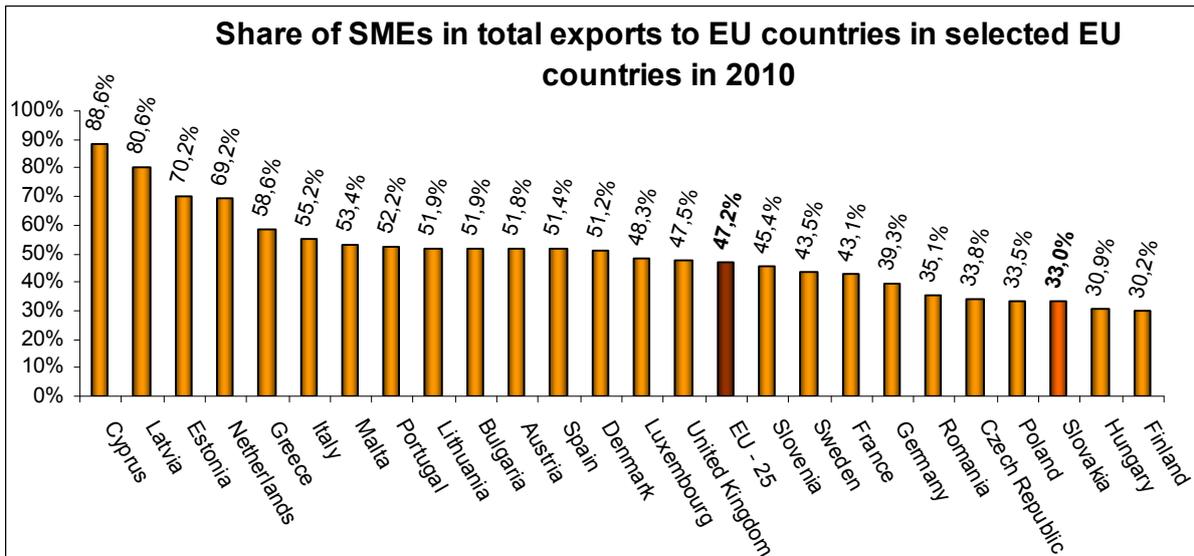


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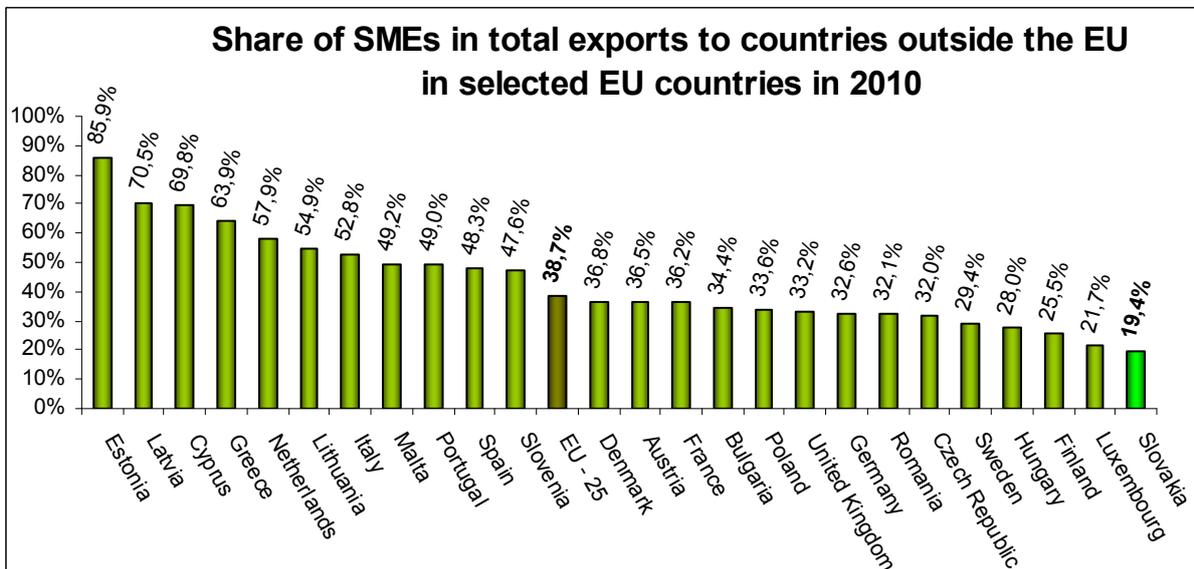


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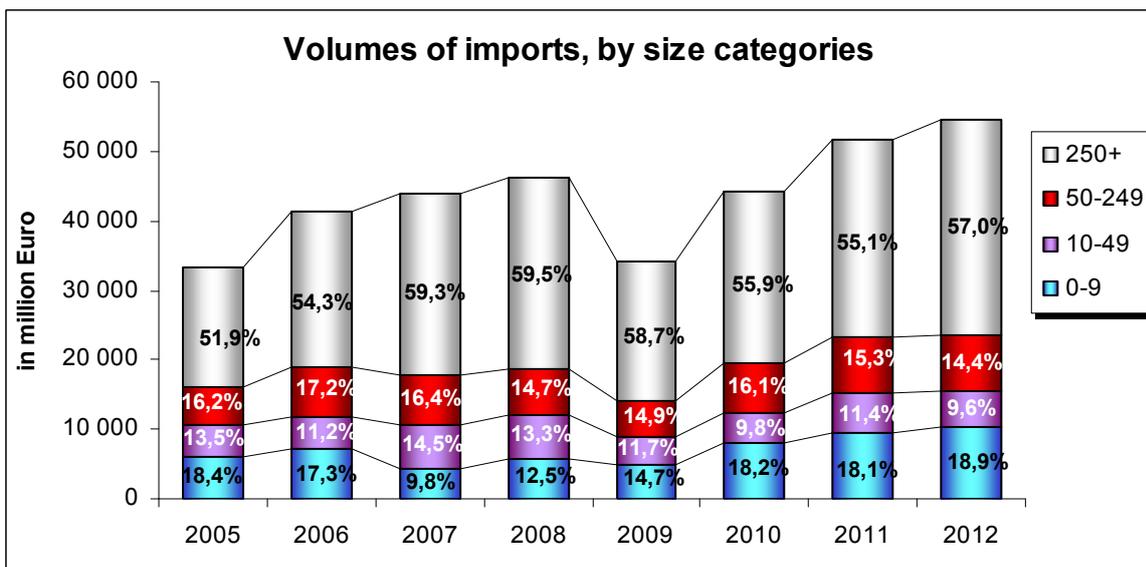


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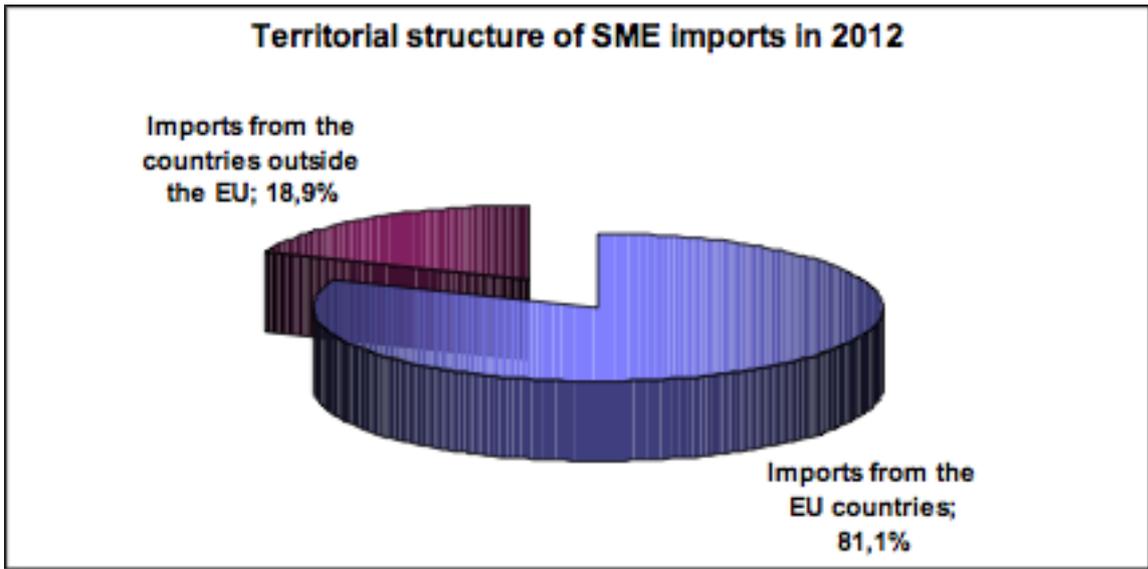


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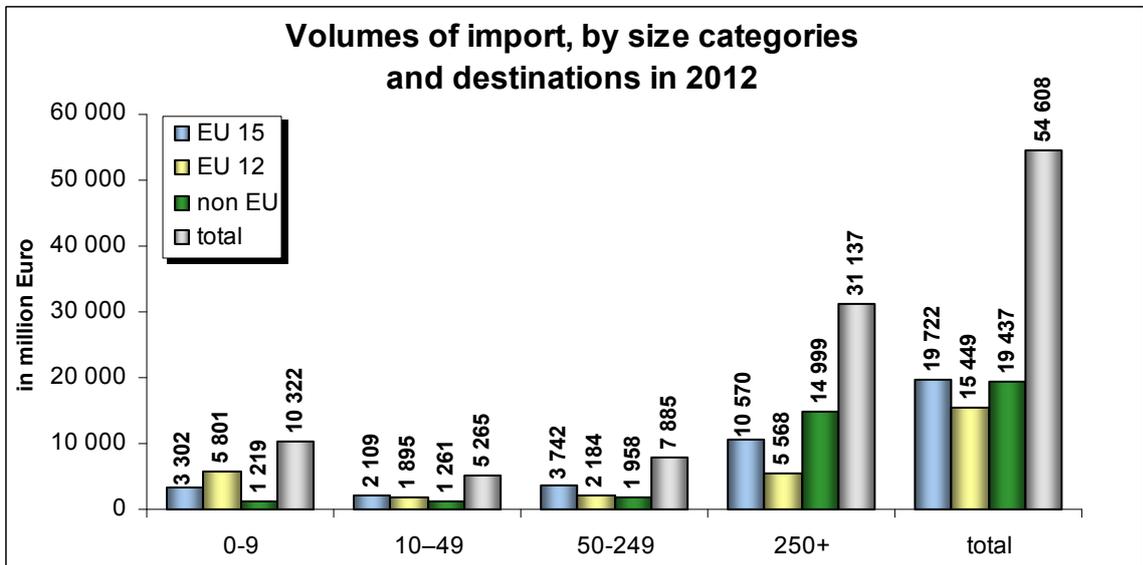


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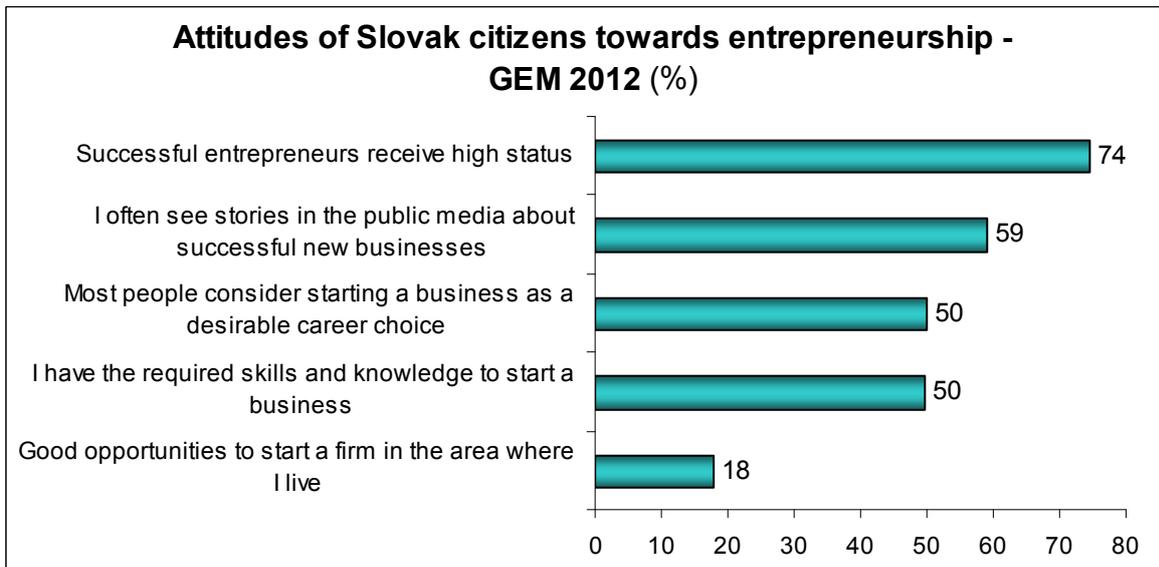


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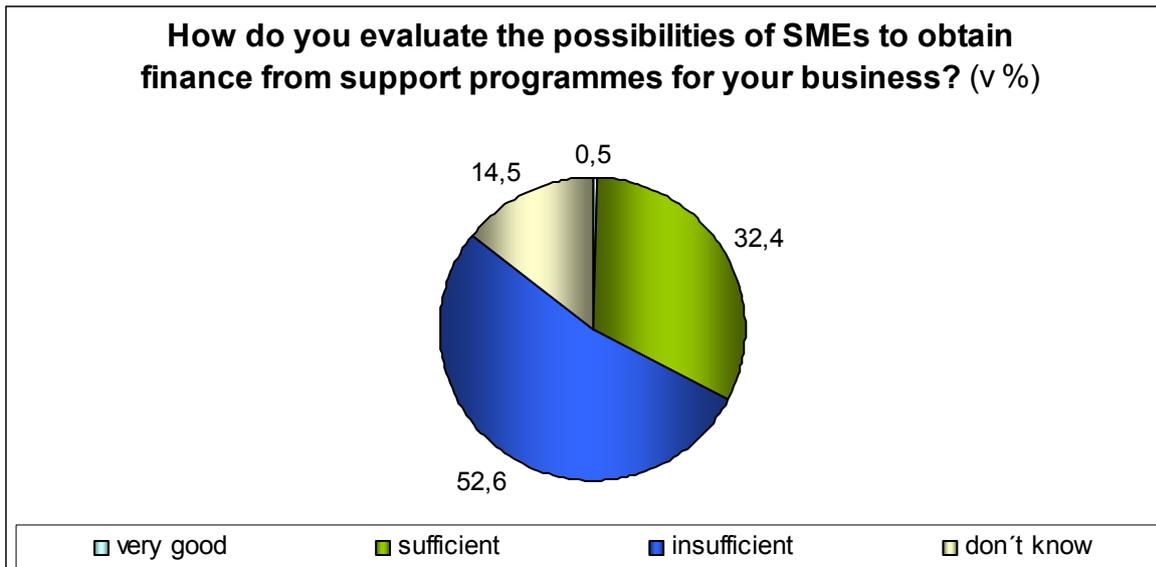


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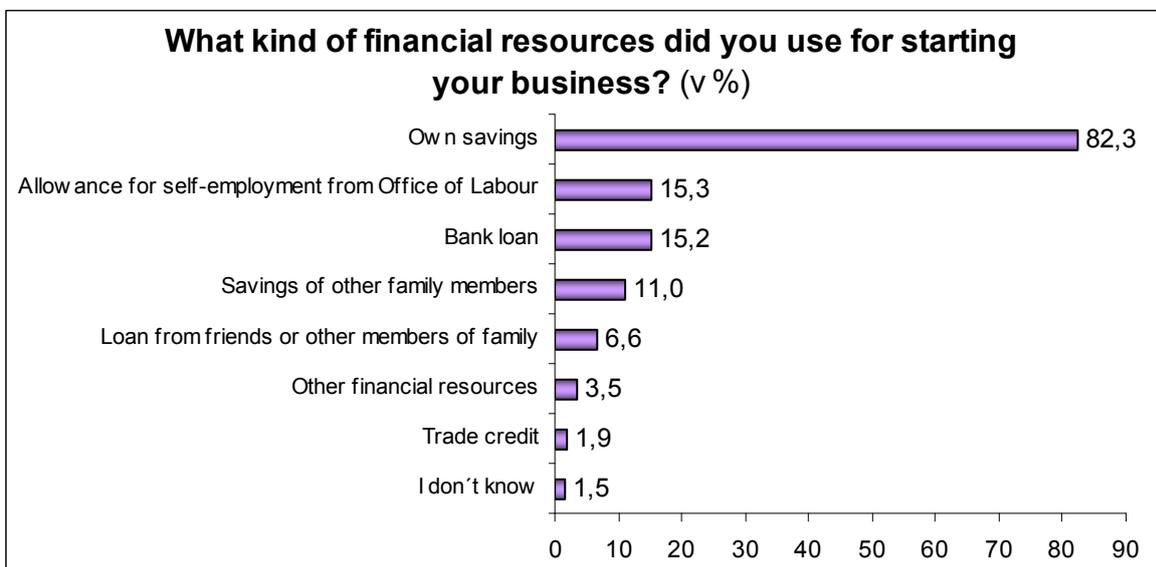


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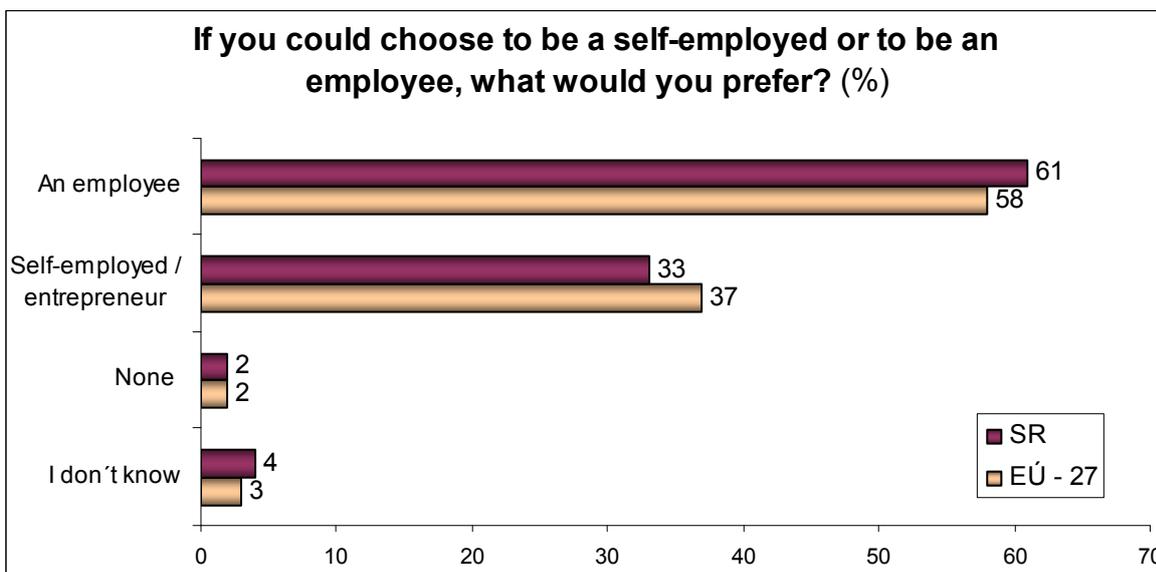
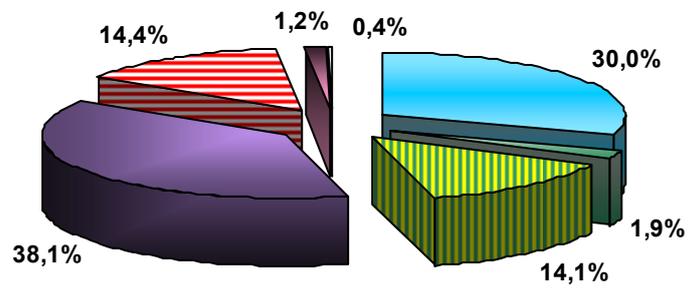


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Structure of SMEs financing in 2012



■ EU ■ State budget ■ Active labour market measures ■ Loans ■ Guarantees ■ Venture capital ■ Investment aid

Chart No.52

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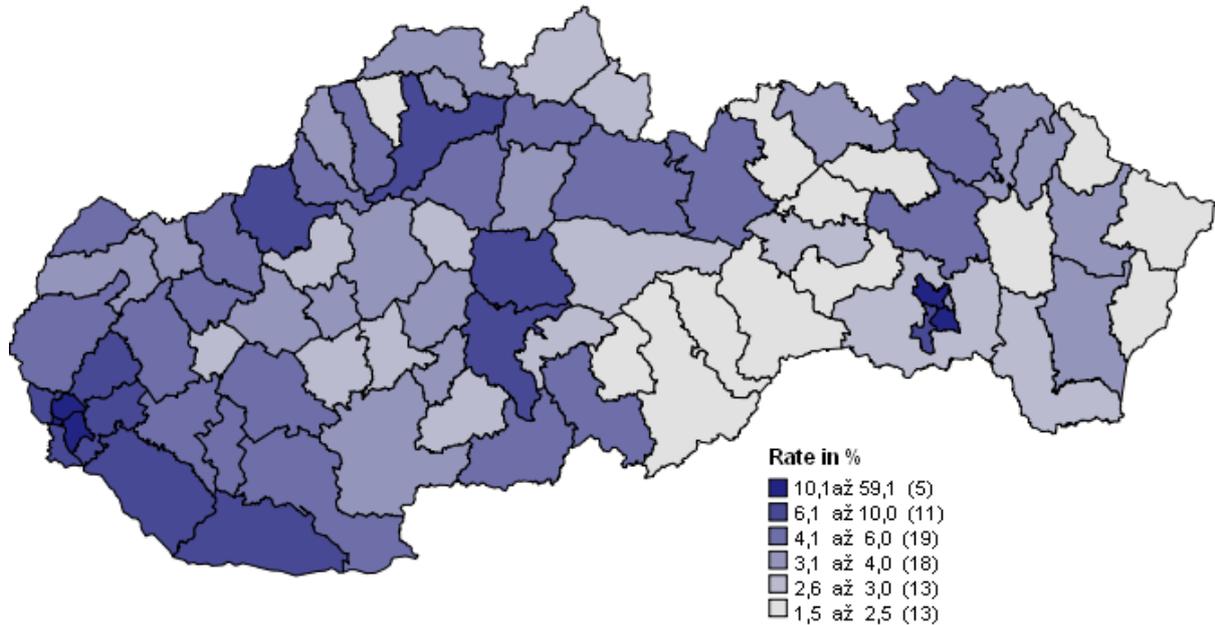
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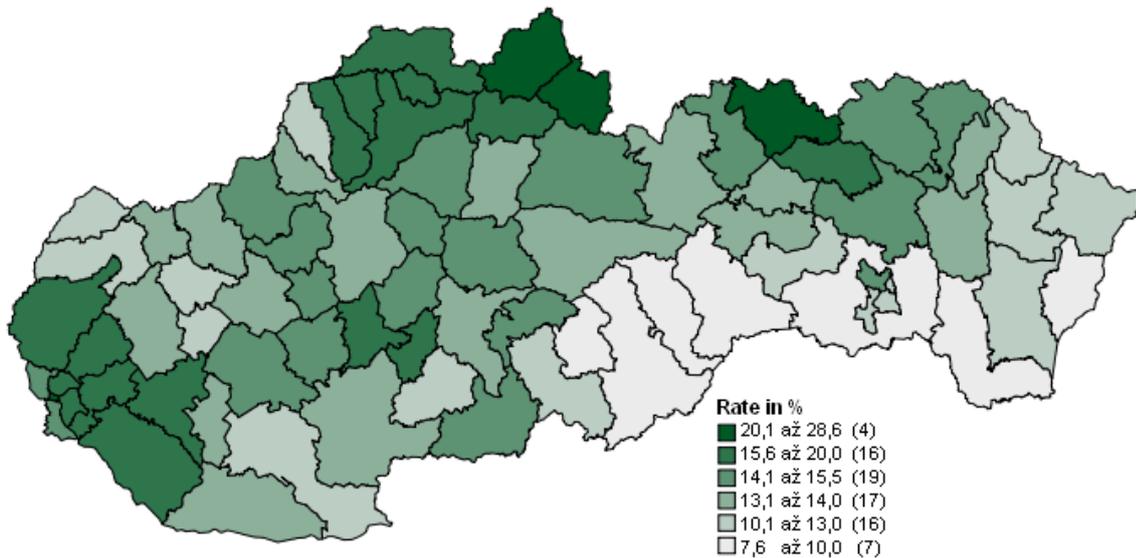
Rate of entrepreneurial activity of SMEs legal entities in Slovak districts in 2012



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic and Office of Labour, Social Affairs and Family, processed by NADSME. Rate of entrepreneurial activity is calculated as a proportion of the number of SME-LE and economically active population in %.

Map No. 2

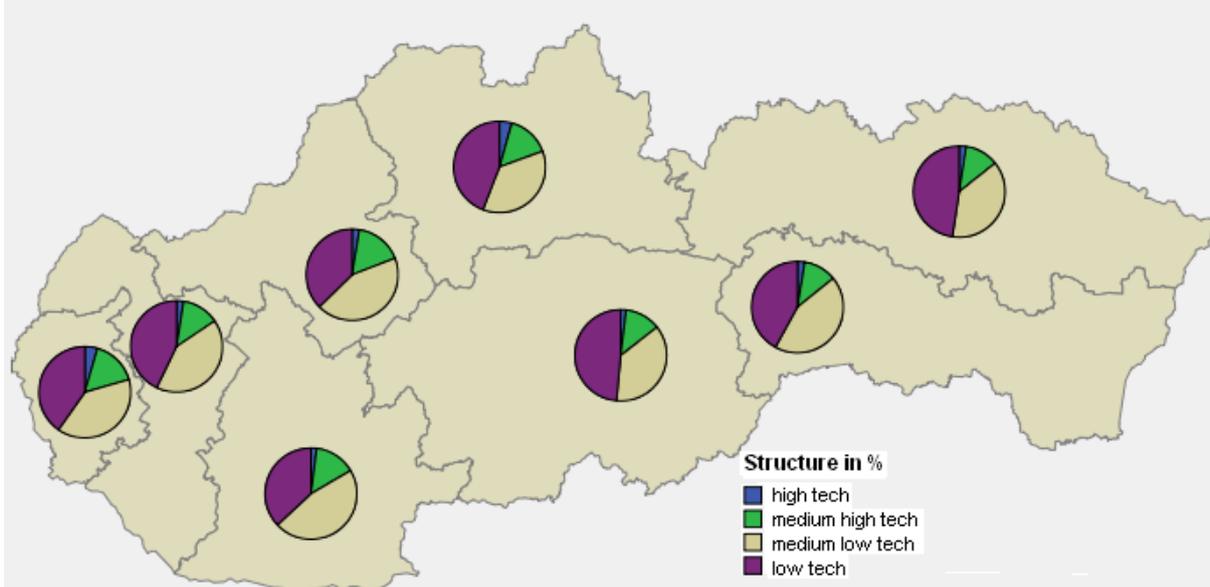
Rate of entrepreneurial activity of natural persons-entrepreneurs in Slovak districts in 2012



Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic and Office of Labour, Social Affairs and Family, processed by NADSME. Rate of entrepreneurial activity is calculated as a proportion of the number of SME-LE and economically active population in %.

Map No. 3

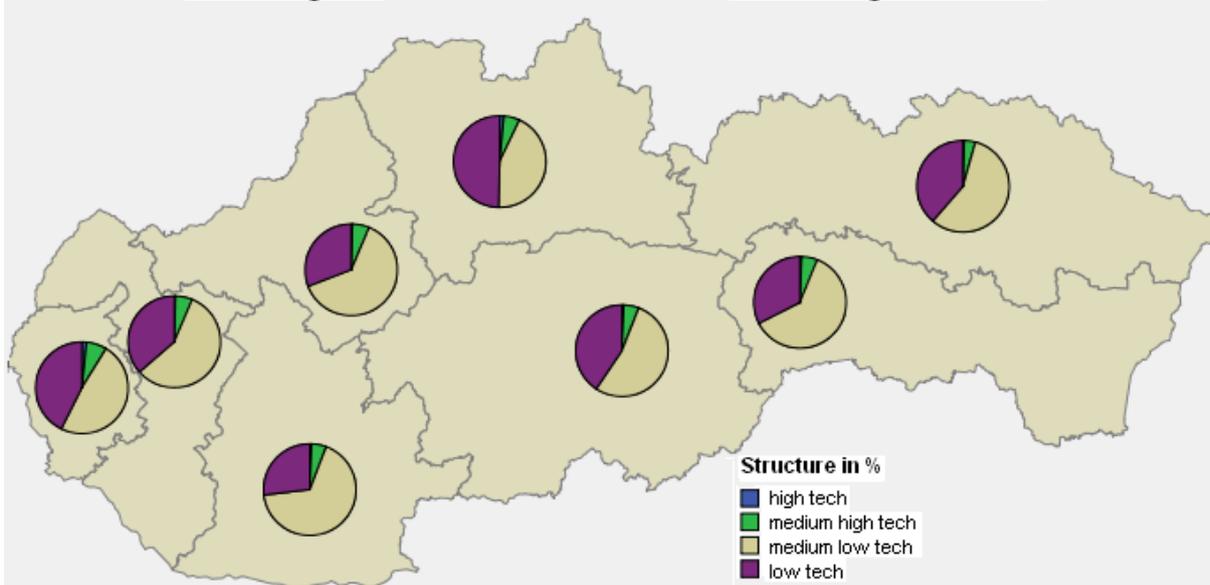
Structure of SMEs legal entities in manufacturing industry according to technological intensity of production in Slovak regions in 2012



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

Map No.4

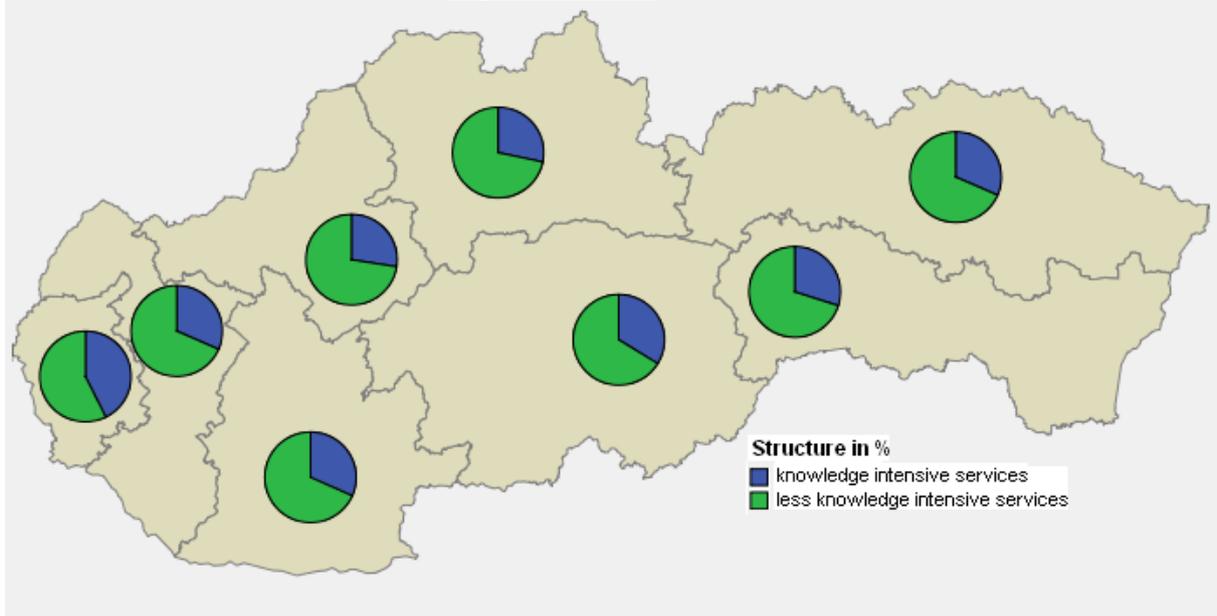
Structure of small trade licensees in manufacturing industry according to technological intensity of production in Slovak regions in 2012



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

Map No.5

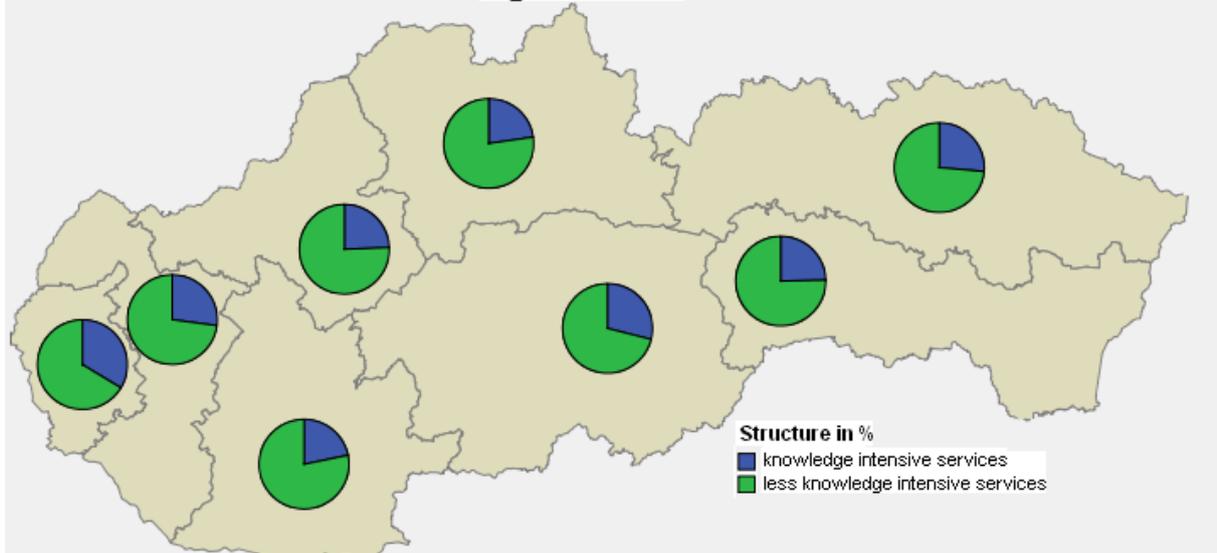
Structure of SMEs legal entities in services according to knowledge intensity in Slovak regions in 2012



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

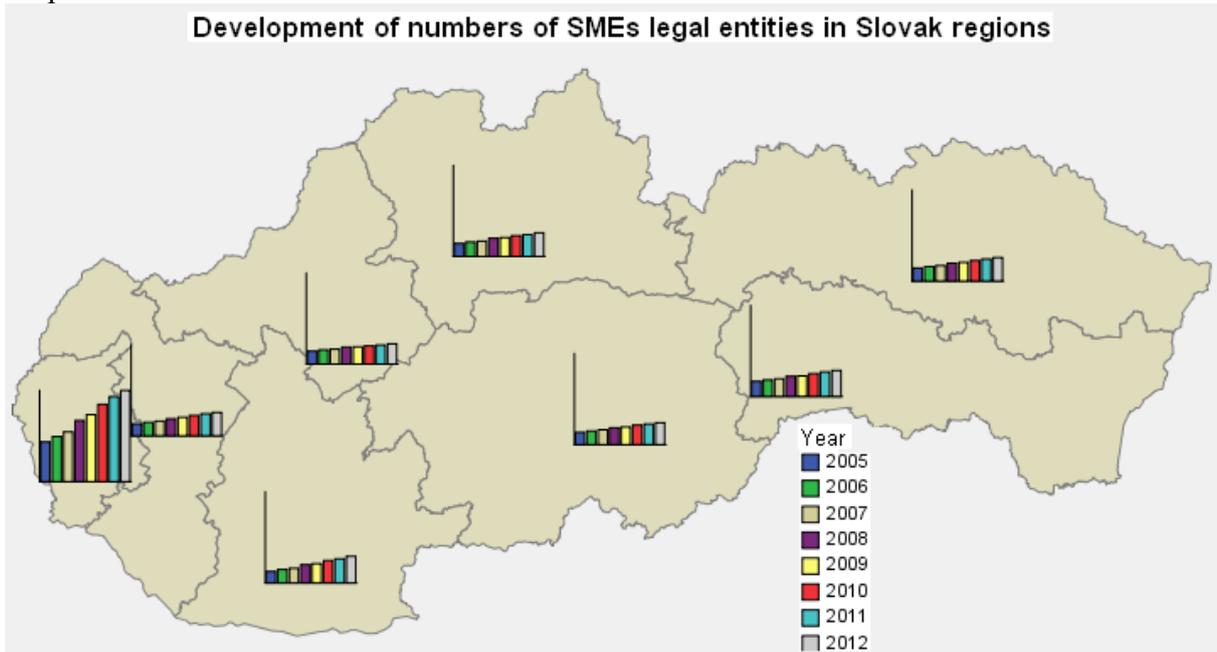
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Structure of small trade licensees in services according to knowledge intensity in Slovak regions in 2012



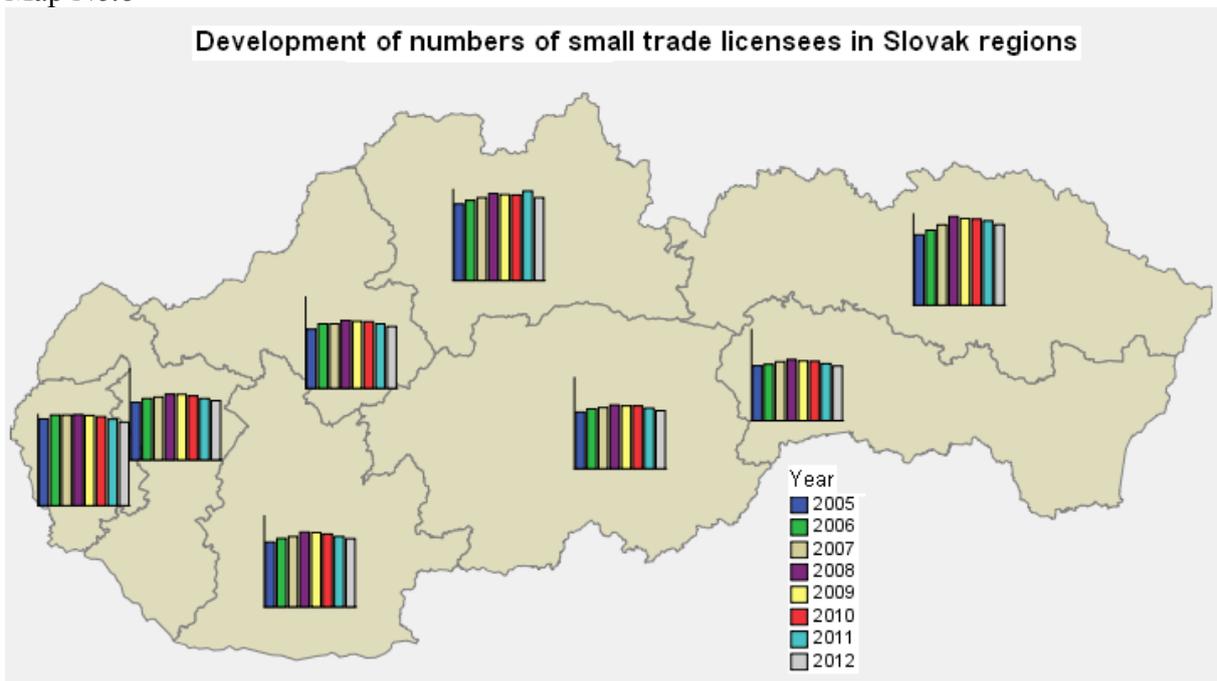
Base map © Geodesy, Cartocharty and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic, processed by NADSME.

Map No.7



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

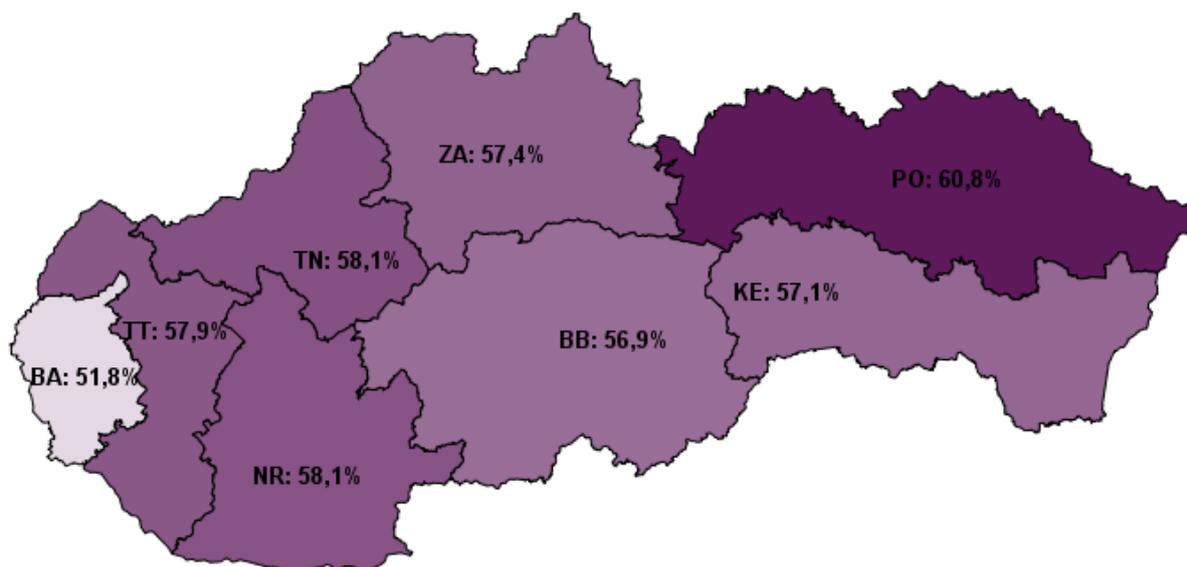
Map No.8



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

Map No.9

Share of SMEs legal entities with profit in 2011



Base map © Geodesy, Cartography and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, data from available financial statements of SMEs, DataCentrum, processed by NADSME.

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Table No. 1: The number of SMEs legal entities by sectors and regions in Slovakia

SK NACE sectors	Bratislava	Trnava	Trenčín	Nitra	Žilina	Banská Bystrica	Prešov	Košice
agriculture, forestry and fishing	332	504	563	679	663	858	1 081	678
industry	2 859	1 714	1 860	1 917	1 739	1 515	1 864	1 530
construction	3 381	1 455	1 063	1 316	1 616	1 293	1 820	1 404
trade	14 235	4 031	4 720	5 492	5 687	4 093	4 462	6 277
accommodation and food service	1 693	648	436	532	576	593	703	634
transport, information	5 457	1 540	864	1 941	1 002	1 090	898	1 185
trade services	27 368	3 998	2 720	3 928	2 889	3 601	2 991	3 791
other services	2 902	1 010	810	1 183	1 053	1 024	1 191	1 266

Source: Register of organisation of the Statistical office of the Slovak Republic, processed by NADSME

Table No. 2: The number of small trade licensees by sectors and regions in Slovakia

SK NACE sectors	Bratislava	Trnava	Trenčín	Nitra	Žilina	Banská Bystrica	Prešov	Košice
agriculture, forestry and fishing	570	668	1 257	978	1 506	2 903	3 065	1 565
industry	4 967	5 266	7 886	8 107	10 919	4 945	10 299	5 435
construction	6 696	10 745	9 304	9 364	16 947	7 198	14 755	5 985
trade	17 074	8 244	10 866	14 125	12 891	9 885	10 678	11 837
accommodation and food service	1 909	1 956	1 467	1 494	1 985	1 836	2 115	1 068
transport, information	6 689	2 930	2 159	2 911	2 438	2 657	2 818	2 150
trade services	12 436	5 914	4 664	5 004	5 084	5 709	5 905	5 108
other services	4 301	3 068	2 674	2 678	2 358	2 796	2 998	2 542

Source: Register of organisation of the Statistical office of the Slovak Republic, processed by NADSME

Table No. 3: Comparison of the sectoral structure of starting SMEs and SMEs in total according to the forms in 2012

SK NACE sectors	SME-LE			Small trade licensees (STL)		
	SME-LE total	Starting SME-LE in 2012	Diff. in p. p.	STLs total	Starting STLs in 2012	Diff. in p. p.
agriculture, forestry and fishing	3,3%	2,0%	-1,3	3,5%	4,2%	0,8
industry	9,1%	6,2%	-2,9	16,1%	15,7%	-0,4
construction	8,1%	9,2%	1,0	22,6%	25,7%	3,1
trade	29,8%	26,9%	-2,9	26,6%	20,4%	-6,2
accommodation and food service	3,5%	3,9%	0,4	3,9%	3,3%	-0,5
transport, information	8,5%	9,4%	0,9	6,9%	8,1%	1,2
trade services	31,2%	35,3%	4,1	13,9%	15,4%	1,5
other services	6,4%	7,1%	0,7	6,5%	7,1%	0,6
Total	100,0%	100,0%	0,0	100,0%	100,0%	0,0

Table No. 4: The volume of drawn amounts funds by SMEs in 2012, according to their source in Eur

Source	Volume of funds	Expressed in percentage
EU	181 850 477,90	30,0 %
State budget	11 226 778,50	1,9 %
Measures of active labor market policy	85 295 758,90	14,1 %
Loans	230 904 250,00	38,1 %
Guarantees	87 414 000,00	14,4 %
Venture capital	6 978 337,00	1,2 %
Investment incentives	2 380 000,00	0,4 %
Total	606 643 117,30	100,0 %

Table No. 5: Overview of the launched calls, signed contracts and drawing from the beginning of OP C&EG as at 31. 12. 2012

Measure	The call	Date of the call	Deadline of the call	Allocation to the call (SF + SR)	Received the projects		Approved projects		Contracts concluded		Projects in execution	Projects completed	Amount of drawing (SF + SR SŽoP)
					Number	Amount of applied contribution (SF + SR)	Number	Amount of approved contribution SF + SR)	Number	Amount of concluded contribution (SF + SR)			
1.1	KaHR-11JER-1101	24.6.2011	29.6.2011	31 764 706,00	1	31 764 706,00	1	31 764 706,00	1	31 764 706,00	1	0	175 538 147,75
	KaHR-111SP-0801	31.3.2008	4.7.2008	49 790 878,31	308	250 045 362,66	32	47 092 632,80	28	42 429 432,19	7	21	
	KaHR-111SP-0902	3.8.2009	2.12.2009	124 905 887,00	169	204 934 234,39	77	101 979 354,86	73	97 054 903,26	17	56	
	KaHR-111SP-1001	25.1.2010	11.5.2010	39 000 000,00	157	130 604 612,91	40	29 975 264,41	40	29 913 287,29	26	13	
	KaHR-111DM-0801	14.7.2008	17.10.2008	33 193 918,87	205	26 995 367,42	87	11 886 992,71	65	8 598 606,11	0	65	
	KaHR-111DM-0901	15.6.2009	14.9.2009	25 000 000,00	165	46 161 431,80	74	24 623 852,14	70	23 049 825,04	4	66	
	KaHR-111SP/LSKxP-1101	30.9.2011	29.2.2012	18 500 000,00	105	53 955 355,17	41	18 405 188,51	0	0,00	0	0	
	KaHR-111SP-1101	16.12.2011	19.3.2012	44 000 000,00	349	251 708 383,59	0	0,00	0	0,00	0	0	
	KaHR-111SP-1201	21.12.2012	26.4.2013	110 000 000,00	0	0,00	0	0,00	0	0,00	0	0	
	DOP2008-SIP001	28.8.2008	28.11.2008	9 958 175,66	220	16 515 079,25	108	9 921 776,32	83	7 445 476,09	3	80	
1.1	KaHR-113DM-0801	12.3.2008	13.6.2008	8 298 479,72	41	3 749 556,80	28	2 213 401,20	18	1 496 710,34	1	17	2 647 499,96
	KaHR-113DM-0901	25.5.2009	24.8.2009	4 000 000,00	52	4 755 070,70	30	2 511 504,23	25	1 590 046,24	4	22	
	KaHR-113DM-1201	24.2.2012	28.5.2012	3 000 000,00	54	1 911 593,87	0	0,00	0	0,00	0	0	
1.3	KaHR-13SP-0801	19.12.2008	17.4.2009	82 984 797,19	46	42 556 437,56	21	18 155 301,02	14	10 710 323,42	12	2	38 303 779,48
	KaHR-13DM-0901	3.9.2009	27.1.2010	15 000 000,00	17	3 645 204,77	4	1 106 481,00	4	1 064 746,75	4	0	
	KaHR-13SP-1001	26.4.2010	26.10.2011	51 226 064,00	150	124 573 658,81	41	28 737 151,97	23	22 923 502,21	13	0	
	KaHR-13SP-1201	31.8.2012	31.1.2013	34 000 000,00	0	0,00	0	0,00	0	0,00	0	0	
	KaHR-13JER-0902	21.10.2009	26.10.2009	35 294 118,00	1	35 294 118,00	1	35 294 118,00	1	35 294 118,00	1	0	
2.1	KaHR-21SP-0801	11.8.2008	16.1.2009	82 984 797,19	87	147 650 025,60	32	69 866 365,14	27	58 520 226,38	5	21	65 107 912,83
	KaHR-21DM-0801	12.3.2008	13.6.2008	23 235 743,21	36	4 389 873,16	11	1 365 796,03	9	948 216,38	2	7	
	KaHR-21DM-0901	4.5.2009	3.8.2009	15 000 000,00	45	4 702 340,38	19	1 947 115,49	19	1 944 909,74	6	12	
	KaHR-21SP-0901	26.10.2009	22.3.2010	57 000 000,00	89	114 311 352,05	39	50 624 304,83	38	49 223 196,09	27	12	
3.1	KaHR-31SP-0801	14.4.2008	18.7.2008	82 984 797,19	156	373 913 132,84	23	82 975 539,16	19	68 141 609,58	4	15	100 860 252,30
	KaHR-31DM-0801	9.6.2008	12.9.2008	16 596 959,44	62	9 858 677,51	25	4 526 762,71	16	2 815 996,32	0	16	
	KaHR-31SP-0802	16.9.2008	13.2.2009	40 219 472,87	158	362 651 759,56	10	38 363 847,53	6	19 208 574,76	3	3	
	KaHR-31DM-0902	20.7.2009	19.10.2009	29 988 706,00	204	75 442 373,84	46	18 465 521,95	42	16 802 353,38	11	30	
	KaHR-31SP-1101	16.12.2011	23.7.2012	36 000 000,00	288	162 109 735,97	0	0,00	0	0,00	0	0	
	KaHR-31SP-1201	21.12.2012	26.4.2013	50 000 000,00	0	0,00	0	0,00	0	0,00	0	0	
Total				1 153 927 500,65	3 165	2 484 199 444,61	790	631 802 978,01	621	530 940 765,57	151	458	389 725 563,29

Table No. 6: Monitoring the implementation of selected calls in the OP C&EG as at 31. 12. 2012

The call	Received AfNRG	Rejected AfNRG	Approved AfNRG	Contracts concluded	Projects in realization	Withdrawal from contract	Finished projects	Contribution requested (NRG in Eur)	Amount of unapproved contribution requested (NRG in Eur)	Amount of approved contribution requested (NRG in Eur)	Amount of contracted funds (NRG in Eur)	Amount of returned funds (NRG in Eur)	Drawing of funds (NRG in Eur)
KaHR-111SP-0801	308	276	32	30	7	2	21	250 045 362,66	202 952 729,86	47 092 632,80	42 429 432,19	0,00	32 389 724,59
KaHR-111SP-0902	169	92	77	75	16	4	57	204 934 234,39	102 954 879,53	101 979 354,86	96 872 403,68	0,00	66 715 236,56
KaHR-111SP-1001	157	117	40	40	36	0	4	130 604 612,91	100 629 348,50	29 975 264,41	29 914 044,29	0,00	6 589 884,32
KaHR-111SP/LSKxP-1101	105	64	41	*****	*****	*****	*****	54 469 714,17	36 064 525,66	18 405 188,51	was not contracted	was not contracted	was not contracted
KaHR-111DM-0901	165**	90	74	71	5	3	66	26 995 367,42	15 096 894,82	11 886 992,71	23 549 480,46	0,00	21 463 254,12
DOP 2008-SIP001 (1.1.2.)	220	91*	129	106	3	23	80	16 515 079,25	5 463 049,40	11 052 029,85	7 445 476,09	0,00	7 095 139,69
KaHR-111DM-0801	205	118*	87	71	0	6	65	46 161 431,80	21 045 579,66	24 623 852,14	8 598 606,11	0,00	8 566 124,44
KaHR-113DM-0801	44	17	27	19	2	7	17	3 817 964,13	1 373 278,73	2 444 685,40	1 497 028,41	0,00	1 296 825,70
KaHR-113DM-0901	52	22	30	26	4	4	22	4 756 070,96	2 039 968,01	2 716 102,95	1 827 725,67	0,00	1 124 397,52
KaHR-13SP-0801	46	25	21	15	13	6	2	42 556 437,56	24 401 136,54	18 155 301,02	10 872 523,42	0,00	2 368 652,27
KaHR-13DM-0901	17	13	4	4	4	0	0	3 645 204,77	2 538 723,77	1 106 481,00	1 064 746,75	0,00	82 039,05
KaHR-13SP-1001 ****	150	16****	15	15	12	3	0	124 573 658,80	18 624 979,31	10 842 286,26	8 945 862,19	0,00	150 000,00
KaHR-13SP-1001 *****	116	92	24	13	13	0	0	92 629 061,46	77 181 839,35	15 447 222,11	11 570 161,73	0,00	0,00
Total	1754	1033	601	491	115	58	334	1 001 704 200,28	610 366 933,14	295 727 394,02	244 587 490,99	0,00	147 841 278,62

* Number of rejected applications also includes the applications for non-repayable funds (ŽoNFP), which were sent the decision of not to approve the grant

** From this one request was withdrawn by the applicant before checking formal correctness of the Application for non-repayable funds,

*** It is not completed the approval process of the Application for non-repayable funds,

**** The call is ongoing, data are for 1 round

***** The call is ongoing, data are for second round