



SLOVAK | BUSINESS | AGENCY

# REPORT ON THE STATE OF **SMALL AND MEDIUM ENTERPRISES** IN THE SLOVAK REPUBLIC IN 2014



# Report on the state of Small and Medium Enterprises in the Slovak Republic in 2014

Bratislava, August 2015

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## 1. Introduction

The goal of the submitted document is to map out the development and changes in the environment of small and medium enterprises (herein after referred to as “SMEs”) in Slovakia in 2014. Also this year saw several changes and processes in the business environment, which manifested themselves in the business conditions of SMEs. These changes in combination with the implemented support measures had an effect on the development and status of SMEs. Despite the important role held by the SMEs sector in some economic indicators like the creation of new jobs, support of local economy, leveling disparities of the regional development, also this year saw the deterioration of the role of SMEs in the area of foreign trade, profit generation and implementation of innovations in the economic practice. These system issues of SMEs can significantly affect future development of the Slovak economy, meeting national strategies and policies (like e.g. the RIS3 strategy) as well as efficiency of using the EU structural funds resources in the currently starting program period.

The report on the status of SMEs in 2014 (hereinafter referred to as the “Report”) is divided into several thematic blocks. The first part represents the results of the SMEs statistical indicators including demographics, creations and dissolutions, sectorial and regional structure, employment, role of SMEs in the economy and foreign trade. This section also includes the presentation of results of the Global Entrepreneurship Monitor (GEM) survey, which represents a global study on the dynamics of entrepreneurship, as well as some other surveys.

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

The next part of the report is made by an extensive graphic and map appendix, which supplements and expands/explains contextual information presented in the other parts. Additional tables and graphs are included throughout the text part. The data presented in the Report represents a selection from more detailed evaluations of individual aspects of SMEs, which are presented in the form of individual thematically analyses and studies issued by the SBA.

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

The Report on the status of small and medium enterprises in the SE in 2014 is available to the public through the SBA webpage.

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

## 2. Status and development of SMEs in 2014

Small and medium enterprises are the life force of the Slovak economy. The development of small and medium enterprises is related to the level of the business environment. Changes in the business environment are also reflected with a certain time delay in the quantitative characteristics of the small and medium enterprises sector, which in the corporate economy offers job opportunities to 72.7% of the active work force and participates with 53.3% on the creation of the added value.

In order to improve the business environment for the development of SMEs, it is necessary to consider its state and monitor the development. Deeper analysis of the state of the SMEs sector state in time relations allows to identify existing trends, anticipate future development and prepare measures to ensure optimum development. This chapter presents quantitative characteristics of the SMEs sector in 2014 in the context of its development over the past several years and comparison of the available data on the business sector in Slovakia and in the EU.

The classification of enterprises based on their size used in this chapter is in accordance with the recommendation of the European Commission No. 2003/361/EC, valid from 01.01.2005. The SMEs category consists of enterprises with less than 250 employees, the category of large enterprises consists of enterprises with more than 250 employees. Within the SMEs category there are micro enterprises (0 - 9 employees), small enterprises (10 - 49 employees) and medium enterprises (50 – 249 employees). In cases where the micro enterprises are not differentiated as a separate category, the small enterprises include all enterprises with less than 49 employees. Except for the number of employees, there are other criteria related to revenue, assets value and ownership structure, which are relevant for enterprise classification based on the listed directive. With the exception of the subchapter “Development of SMEs financial performance indicators“ (applied criteria are number of employees and revenue), the following subchapters take the number of employees as the only criterion for including an enterprise in the SMEs category.

### 2.1 Status and development of the number of SMEs

The basic quantitative indicator reflecting the overall quality of the conditions for enterprise is the number of small and medium enterprises. **Based on the data of the Statistical Office of the SR, in 2014 there was a slight year-on-year increase in the number of active small and medium enterprises** (by 0,3 %). In absolute numbers the number of SMEs increased to 565 241 especially due to the increase of small and medium enterprises – legal entities by 8%. The number of natural persons – entrepreneurs has decreased year-on-year by 3.3%. In terms of individual size categories of the enterprises, 2014 saw an increase of the number of micro enterprises (0-9) by 0.5% and the number of medium enterprises (50-249) by 0.3%. The number of small enterprises (10-49) decreased year-on-year by 5%.

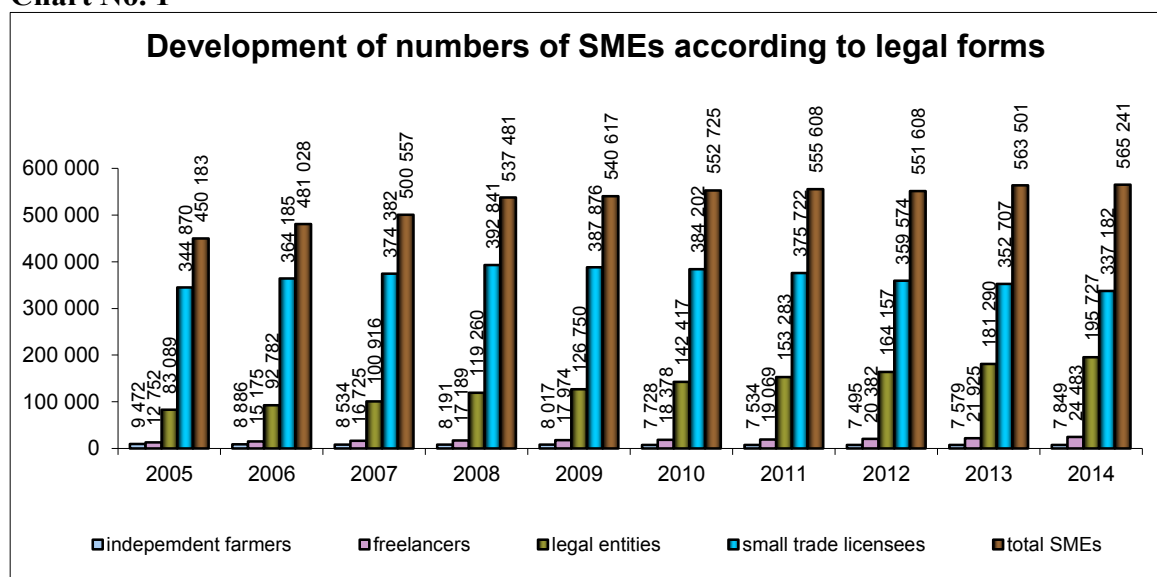
**At the end of 2014 of the total number of enterprises there were 96.9% micro enterprises, 2.5% small enterprises and 0.5% medium enterprises.** The share of large enterprises was 0.1%.

**Tab. no. 2.1: The size structure of the business sector by individual legal forms as of 31. December 2014**

Size category / legal forms	Businesses	Small trade licensees	Entrepreneurs - freelancers	IF	Total		Index 2014/2013
					abs.	in %	
Micro enterprises (0-9)	180 542	335 551	24 411	7 826	548 330	96,9%	100,5
Small enterprises (10-49)	12 499	1 565	71	23	14 158	2,5%	95,0
Medium enterprises (50-249)	2 686	66	1	0	2 753	0,5%	100,3
Large enterprises (250 and more)	628	0	0	0	628	0,1%	100,3
<b>Total SME (0-249)</b>	<b>195 727</b>	<b>337 182</b>	<b>24 483</b>	<b>7 849</b>	<b>565 241</b>	<b>99,9%</b>	<b>100,3</b>
Enterprises together	196 355	337 182	24 483	7 849	565 869	100,0%	100,3

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

From 2009, the total number of small and medium enterprises is characterized by different development tendencies, which are recorded within individual legal forms. While the number of small and medium enterprises – legal entities is growing annually, the number of natural persons – entrepreneurs has been declining for the past six years. The decrease in the number of natural persons – entrepreneurs is related especially to the reduction in the number of the small trade licensees.

**Chart No. 1**

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

The number of small enterprises (10-49) in 2014 reached only 48% of the number of small enterprises in the pre-crisis year of 2008.

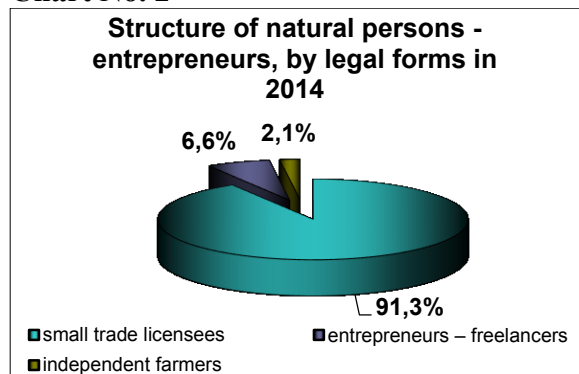
The development trend of the number of SMEs (including natural persons – entrepreneurs) is depicted in the appendix, in graph no. 39. The number of small enterprises (10-49) in 2014 reached only 48% of the number of small enterprises in the pre-crisis year of 2008.

## 2.1.1 Natural persons – entrepreneurs

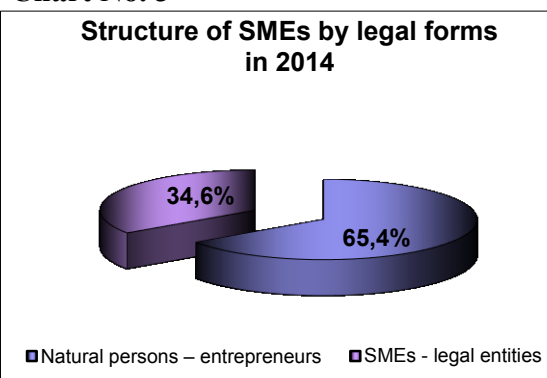
**In 2014 the natural persons – entrepreneurs represented almost two-thirds (65.4%) of the total number of active small and medium enterprises in Slovakia (565 241). Representation of SMEs – legal entities reached 34,6 %.**

In terms of natural persons – entrepreneurs, the dominant representation of small trade licensees (91.3%) is persisting. Entrepreneurs - freelancers represent 6.6% and independent farmers (IF) 2.1% of the total number of natural persons - entrepreneurs.

**Chart No. 2**



**Chart No. 3**



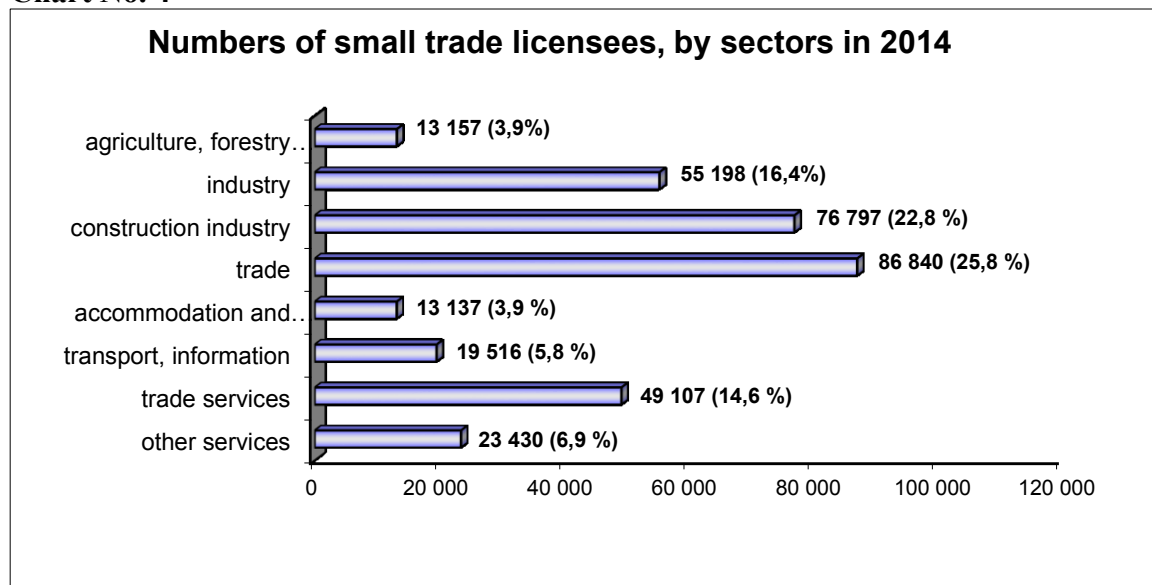
**Source:** Statistical Office of the Slovak Republic, processed by SBA

**In absolute numbers, at the end of 2014 there were a total of 369 514 active natural persons – entrepreneurs, while their number dropped year-on-year by 3.3%. Of the total number of natural persons – entrepreneurs, there were 337 182 small trade licensees, 24 483 entrepreneurs - freelancers and 7 849 independent farmers (appendix, graph no. 28 and no. 29).**

The year-on-year decrease of natural persons – entrepreneurs was recorded especially due to the decrease of the total number of small trade licensees by 15 525 (by 4.4%). The number of entrepreneurs - freelancers increased year-on-year by 2 558 (by 11.7%) and the number of independent farmers by 270 (by 3.6%). Of the total number of natural persons – entrepreneurs (369 514), there were 99.6% micro entrepreneurs (0-9, including entrepreneurs with undefined number of employees) and 0.4% small entrepreneurs (10-49).

### Sectorial structure of natural persons – entrepreneurs

In 2014 more than one quarter (25.8%; 86 840) of active small trade licensees carried out their main activity in trade. More than one fifth of the small trade licensees (22.8%; 76 797) worked in construction, 16.4% (55 198) of the small trade licensees worked in the industry and 14.6 % (49 107) in business services (section SK NACE K through N). In the transportation, information and communications activities sector (section SK NACE H, J) there were 5.8 % (19 516) small trade licensees, in other services (section SK NACE P through S) 6.9 % (23 430) small trade licensees, in accommodation and catering 3.9 % (13 137) small trade licensees and equally 3.9 % (13 157) in agriculture.

**Chart No. 4**

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

When compared to 2013, the number of the small trade licensees increased slightly only in the field of agriculture by 0.6% (by 76). The most significant year-on-year decrease of the small trade licensees was in the field of transportation, information and communications activities by 19.1% (by 4 613), followed by trade by 5.9% (by 5 445), construction by 3.9 % (by 3 094), business services by 2% (by 996), accommodation and catering by 1.9% (by 253), industry by 1.8 % (1 039) and other services by 0.7% (by 161). Relatively significant year-on-year decrease in the number of the small trade licensees in the field of transportation, information and communications activities was related to the decrease in the number of the small trade licensees in taxi services and road freight transportation (by 4 579). In addition to objective economic factors, this decrease was probably most affected by the adoption and implementation of a new framework for business in these fields (Act on Road Traffic), change of legislation requirements and related increase of the administrative as well as direct financial burdens. The development of the small trade licensees sectorial structure is depicted in appendix – graph no. 30.

Of the total number entrepreneurs - freelancers in 2014, more than one third of these persons (37%) was working in the field of assistant activities in insurance and pensions funding, 20.4% in the field of legal activities, 18.0% in ambulatory and dental medical activities, 5.7% in architectural and engineering activities and the same number in assistant activities in financial services other than insurance and pensions funding, 4% in veterinary activities, 3.2% in other ground passenger transportation and 6% in other fields.

#### **Structure of the small trade licensees based on the technological level of production and knowledge intensity of the services**

Except for other indicators, the development level of the knowledge economy is described also by the structure of the business entities, based on the technological level of the production sectors and knowledge intensity of the services as defined by the SK NACE classification. At the end of 2014, of the total number of active small trade licensees in the sector of industrial production (54 604), there was a combined total of 5.8% (in 2013 6.0%) of registered small trade licensees in the sector of medium-high and high technological level of production (economic activities with medium-high and high intensity of research and development), 57.4%

of the small trade licensees (year-on-year increase by 0.7 p.p.) in sectors with medium-low technological level and 36.7% of the small trade licensees (decrease by 0.6 p.p.) in sectors with low technological level (appendix, graph no. 63).

Of the total number of the small trade licensees in the field of services (192 030, section SK NACE G through S covering jointly trade and services), 28.3% (year-on-year growth by 1 p.p.) were working in knowledge-intensive services, which are based in a decisive way on using knowledge from a particular field of expertise and 71.7% (annual decrease by 1 p.p.) were working in not knowledge-intensive services (appendix, graph no. 66).<sup>1</sup> From long-term perspective there is an obvious positive trend of growth of the share of the small trade licensees in knowledge-intensive services and vice-versa decrease of share in not knowledge-intensive services.

The highest share of the small trade licensees in production sectors with a high technological level and medium-high technological level is in the Bratislava region (total of 8.6%) and in the Žilina region (6.9%). In services the representation of the small trade licensees in knowledge intensive services is the highest in the Bratislava region (35.2%) and the Banská Bystrica region (30.2%) and the lowest in the Nitra region (23.1%).

## Gender and age structure of natural persons - entrepreneurs

### *Gender structure of natural persons – entrepreneurs*

Women in Slovakia account for more than a half of the total population, however in business activities the dominant position of the men still persists. **In 2014 of the total number of active natural persons - entrepreneurs there were 70.9% men and 29.1% women. The share of women on the total number of natural persons - entrepreneurs has been increasing every year since 2011. In 2014 their share increase year-on-year by 0.4 p.p.**

In terms of individual legal forms the women - entrepreneurs achieved in 2014 greater representation in entrepreneurs - freelancers (54.2 %). Significantly smaller representation was in the small trade licensees (27.4 %) and independent farmers (24.2 %). In annual comparison the representation of women increased only in the small trade licensees (by 0.2 p.p.). On the other hand for individual farmers and entrepreneurs - freelancers it has dropped (by 0.1 p.p.)

**Tab. no. 2.2: Gender structure of natural persons – entrepreneurs by legal form**

Age/legal form	Small trade licensees	Independent farmers	Entrepreneurs - freelancers	Natural persons – entrepreneurs
man	72,6%	75,8%	45,8%	70,9%
woman	27,4%	24,2%	54,2%	29,1%

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

<sup>1</sup> Definition of sectors based on the technological level and knowledge intensity of services can be found at this link: [http://epp.eurostat.ec.europa.eu/cache/ITY\\_SDDS/Annexes/htec\\_esms\\_an3.pdf](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/Annexes/htec_esms_an3.pdf)

*Age structure of natural persons – entrepreneurs*

In 2014, based on the data processed from the Register of Organizations of the Statistical Office of the SR, **the natural persons - entrepreneurs had the highest representation in the age group of 40 - 49 year olds (26.9 %)**. The second most numerous group based on age were entrepreneurs in the age group of 30 - 39 year olds (26.2%) and in the 50 - 59 year olds age group (23.8%). In the younger than 30 years age group there were 12.7% of active entrepreneurs and in the older than 60 years age group there were 10.5% of entrepreneurs. The age structure of natural persons - entrepreneurs representing the picture on the age structure of entrepreneurs based on individual legal forms is listed in table no. 2.3. Graphic depiction of the age structure of natural persons - entrepreneurs is listed in appendix - graph no. 32.

**Tab. no. 2.3: 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	12,9%	3,9%	12,6%	12,7%
age 30-39	26,8%	10,3%	22,4%	26,2%
age 40-49	27,6%	16,9%	20,7%	26,9%
age 50-59	23,9%	23,3%	22,4%	23,8%
age 60-69	7,5%	20,8%	17,4%	8,5%
age 70-79	1,0%	11,7%	3,9%	1,5%
age 80 and more	0,2%	13,3%	0,6%	0,5%
	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>	<b>100,0%</b>

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

The most significant representation of higher age groups of entrepreneurs in terms of individual legal forms is evident for independent farmers (IF) and entrepreneurs - freelancers (50 and more year olds represented 69% of IF and 44.3% of entrepreneurs - freelancers). For the small trade licensees the share of this age group of entrepreneurs was 32.7%. On the other hand the representation of the younger than 30 year olds was most significant for the small trade licensees (12.9%). For IF they achieved a share of only 3.9% and for entrepreneurs - freelancers 12.6%. From a long-term perspective the age structure of natural persons - entrepreneurs is characterized by a declining representation of entrepreneurs in the age group of younger than 30 year olds and growing representation in the age group of 50 and more year olds.

**Comparison of gender and age structure of entrepreneurs in the SR and other EU countries**

Based on the data and methodology of Eurostat<sup>2</sup>, in 2014 in the **European Union the share of women** on the total number of the small trade licensees (entrepreneurs younger than 74 years) was **31.6 %**.

Based on the achieved share of women on the total number of entrepreneurs (28.3%, which is 3.3 p.p. less than in the EU overall), **Slovakia ranks long-term among countries with the lowest business activity of women** (appendix, graph no. 33). Only three EU countries rank themselves behind Slovakia, namely Sweden (28.1%), Ireland (20.2%) and Malta (19.3%). The top countries with the highest share of women on the total number of entrepreneurs were

<sup>2</sup> **Source:** Eurostat, the European Union Labor Force Survey. Methodology note: Collection of the relevant data occurs in Slovakia through the Selective work force survey.



countries like Lithuania (41.7%), Latvia (38.6%) and Portugal (36.4%). In terms of the V4 countries, the highest share of women on the total number of entrepreneurs in 2014 was recorded in Poland (32.5 %, which is 4.2 p.p. more than in the SR). In Hungary the share of women represented 31.9 % (which is 3.6 p.p. more than in the SR) and in the Czech Republic 30.6 % (which is 1.1 p.p. more than in the SR).

Based on the Eurostat data, in 2014 in Slovakia, of the total number of all residents engaged in business, there were 3.3 % (0.9 p.p. more than in the EU) in the age group 15 - 24 years, 37.4 % (10.5 p.p. more than in the EU) in the age group 25 - 39 years, 30.7 % (1.2 p.p. less than in the EU) in the age group 40 - 49 years, 23.6 % (3.0 p.p. less than in the EU) in the age group 50 - 59 years and 5.1 % (9.5 p.p. less than in the EU) in the age group 60 - 74 years (appendix, graph no. 34).

When comparing the age structure of the Slovak entrepreneurs with selected EU countries, **Slovakia is characterized by the highest representation of entrepreneurs in the age group 25 - 39 years** and the fifth highest representation of entrepreneurs in the age group 15 - 24 years. On the other hand **in the age group 50 years and more, Slovakia achieves the lowest representation of entrepreneurs among the compared countries**, which indicates a very low business activity of higher age groups of the Slovak population.

## 2.1.2 Legal entities – corporations

By the end of December 2014 there were 259 055 active legal entities registered in the Register of Organizations of the SO of the SR, 196 355 of these were corporations. Of the total number of corporations (196 355) the crucial part was represented by micro enterprises (0 - 9 employees, including enterprises with an unspecified number of employees). Their share represented 91.9% (180 542 in absolute numbers). Small enterprises (10 - 49 employees) represented 6.4% (12 499), medium enterprises (50 - 249 employees) 1.4% (2686) and large enterprises (250 and more employees) 0.3%.

**Small and medium enterprises represented a combined total 99.7% share (195 727 in absolute numbers) of the total number of enterprises – legal entities.**

When compared to 2013 the number of micro enterprises grew by 8.8% (by 14 646) and the number of medium enterprises by 1% (by 26). On the other hand the number of small enterprises decreased by 1.8% (by 235). **Collectively the number of small and medium enterprises - legal entities grew by 8% (by 14 437).**

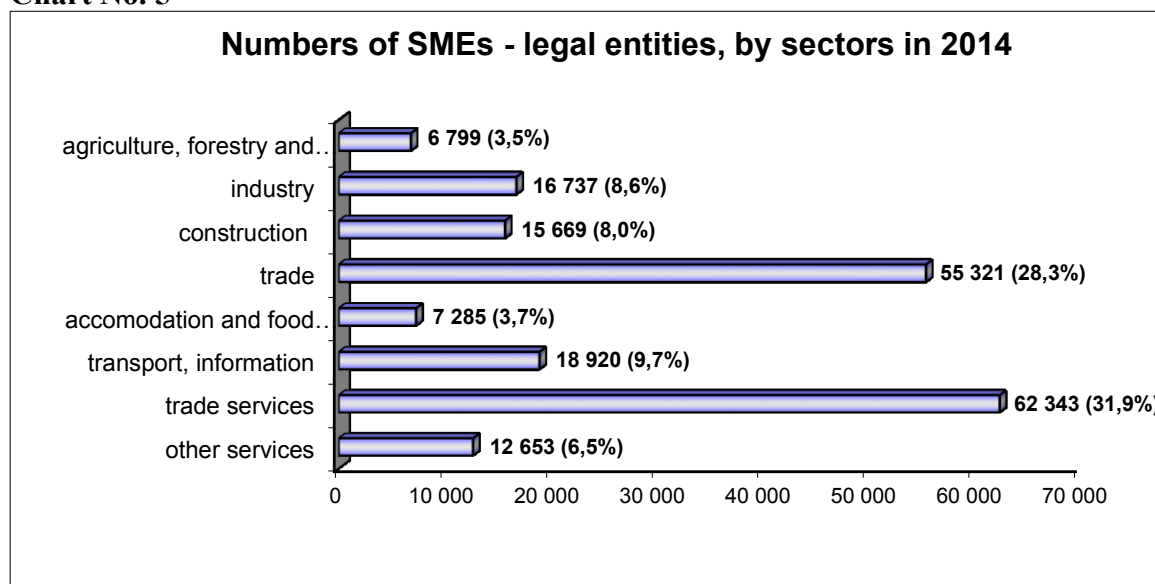
In 2014 the representation of micro enterprises grew slightly (increase by 0.8 p.p. to 91.9%). The share of small enterprises decreased year-on-year by 0.6 p.p. to 6.4%, the share of medium enterprises decreased by 0.1 p.p. to 1.4%. The representation of large enterprises remained unchanged (0.3%). The development of the number of small and medium enterprises is depicted in appendix - graph no. 35. Changes in individual size groups during 2004 - 2014 are listed in appendix - graph no. 36.

### Sectorial structure of small and medium enterprises – legal entities

**Small and medium enterprises operating in the field of business services have the largest representation** (section SK NACE K through N- 31.9 %; 62 343) and **trade** (28.3 %; 55 321). In transportation, information and communication activities the share was 9.7 % (18

920), in the field of industry there were 8.6 % SMEs (16 737), in construction 8.0 % (15 669), in other services (section SK NACE P through S) 6.5 % (12 653), in the field of accommodation and catering 3.7 % (7 285) and in agriculture there were 3,5 % SMEs (6 799).

**Chart No. 5**



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

**The year-on-year comparison shows increase of the number of small and medium enterprises across the spectrum of industries.** In relative terms their number increased the most in agriculture (by 18.4%; by 1 057), in the field of transportation, information and communication activities (by 14.5%; by 2 397), in accommodation and catering (by 9.8%; by 649), in business services (by 8.4%; by 4 827) and in other services (by 8%; by 940). In construction the number of small and medium enterprises grew similarly by 8% (by 1 161), in the industry by 5.5% (by 872) and in the trade by 4.8% (by 2 534). Year-on-year changes in the number of SMEs-LE by individual sectors are listed in appendix - graph no. 38. In long-term the sectorial structure of small and medium enterprises is characterized by a declining representation of small and medium enterprises active in the field of trade, industry and at the same time growing representation in services. In 2014 the representation of small and medium enterprises increased also in agriculture. The representation of construction is relatively constant without significant changes (appendix, graph no. 37).

#### **The structure of small and medium enterprises - legal entities based on the technological level**

Based on the technological level of the production sectors, in 2014, of the total number of SMEs-LE registered in the industrial production sector (15 180), **3.1% were in production sectors with a high technological level** (economic activities with a high intensity of research and development), **13.9% were in sectors with a medium-high technological level**, **40.2% in sectors with low technological level** and **42.8% in sectors with low technological level** (appendix, graph no. 67). In long-term this structure is relatively stable, without major changes.

Of the total number of SMEs-LE in the services sector (156 522, section SK NACE G through S collectively encompassing trade and services) there were 35.1% SMEs-LE in knowledge intensive services, which are based in a crucial way on using knowledge and 64.9% SMEs-LE in services, which are not knowledge demanding (appendix, graph no. 68).

The structure of SMEs-LE based on the technological level of production in regions of the SR is characterized by an above the average representation of production sectors with a high technological level and medium-high technological level in the Trenčín region (20.3%), Bratislava region (collectively 20%) and in Žilina region (18.5%). Representation of SMEs-LE in knowledge intensive services was equally the highest in the Bratislava region (42.6%). In other regions it was stratified in the interval of 27.2% in the Žilina region through 33.5% in the Banská Bystrica region.

### The structure of small and medium enterprises – legal entities based on the legal forms and forms of ownership

In terms of legal forms of SMEs-LE in 2014, the **limited liability companies (90.3%) and joint stock companies (2.9%)** had the greatest representation.

**80.3% of small and medium enterprises – legal entities** in 2014 were in **private domestic ownership**, 14.5% in foreign ownership, 3.9% in international private ownership and 0.8% in cooperative ownership.

### Comparison of the size structure and number of business entities in the SR and in the EU

The size structure of the business sector in the SR is similar to a large extent to the size structure of enterprises in other EU member states. However the characteristic aspect of Slovakia is the higher representation of micro enterprises.

The table listed below presents a comparison of the size structure of the business structure in the Slovak Republic and in the EU-28 countries. The data indicates certain methodology differences, which have to be considered in mutual comparison. The EU-28 data is compiled based on the Eurostat methodology for *Structural business statistics* and covers sectors of the non-financial enterprise economy. This data indicates that of the total number of 22 million business entities in the non-financial enterprise economy **in the EU-28, SMEs represented 99.8%**. Representation of micro enterprises was 93.3%, small enterprises was 5.5% and medium enterprises was 1%.

The number of business entities in the SR represents the whole economy of the SR and the source of this data is the Register of Organizations of the SO of the SR. Based on this data the SMEs in the SR represent a **99.9% share** of the total number of the business entities, **while the representation of micro enterprises is 96.9%, which is 3.6 p.p. more than in the EU countries.**

**Tab. no. 2.4: 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+)		
EÚ - 28 (2012)	Number of businesses in non-financial business economy, (in thous.)	20 718	1 232	217	35	22 167	22 202
	Share in the number of businesses	93,3%	5,5%	1,0%	0,2%	99,8%	100,0%
Slovakia (2014)	Number of businesses	548 330	14 158	2 753	628	565 241	565 869
	Share in the number of businesses	96,9%	2,5%	0,5%	0,1%	99,9%	100,0%

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

EU-27 data: Eurostat, Structural business statistics, sectors covering sections SK NACE B through N and division 95, at the time of processing this report available for 2012

As the graph no. 40 listed in the appendix shows, in 2012 Slovakia is one of the countries with the highest share of micro enterprises on the total number of business entities in the sector of non-financial enterprise economy.

### Fast-growing companies in the SR

Based on the methodology and data of OECD and Eurostat, in 2012 there were 1 933 (or 13.1%) fast-growing enterprises in Slovakia based on the criterion of annual increase of employment and 3 062 (or 20.7%) fast-growing enterprises based on the criterion of annual increase of revenue (from the total number of enterprises with 10 or more employees).

In the category of business entities with 5 and more employees there were 2 051 (or 7.1%) fast-growing enterprises based on the criterion of annual growth of employment and 5 164 (or 17.9%) fast-growing enterprises based on the criterion of annual growth of revenue.

When comparing to other selected EU countries, for which data has been published (a total of 12 countries), Slovakia with its share of fast-growing enterprises in the category of entities with 5 and more employees (7.1%) ranks highest (based on the increase of employment). Countries following Slovakia are the United Kingdom (5.3%), Bulgaria and Latvia (equally 4.9%). Last places are Romania (0.8%), Italy and Portugal (equally 2.6%).

**Tab. no. 2.5: Fast-growing businesses in the Slovak Republic in 2012**

Criteria	Absolut number	Share %	Cover
Increase in employment	1 933	13,1	Businesses with 10 or more employees
Increase in turnover	3 062	20,7	Businesses with 10 or more employees
Increase in employment	2 051	7,1	Businesses with 5 or more employees
Increase in turnover	5 164	17,9	Businesses with 5 or more employees

**Source:** OECD, Eurostat, processed by SBA. Fast-growing companies are defined as companies with more than 20% YoY increase in the number of employees or turnover over a period of three years.

The number of fast-growing start-ups in 2012 in Slovakia was 434 (2.9%), based on the criterion of annual increase of employment and 253 (1.7%) based on the criterion of annual increase of revenue (from the total number of enterprises with 10 and more employees). In the category of business entities with 5 and more employees there were 450 entities registered (1.5%) or 378 (1.3%) based on the criterion of annual increase of revenue. In comparison with other selected EU countries (11 in total), Slovakia with its share of fast-growing start-ups in the category of entities with 5 and more employees (1.5%) ranks second behind Bulgaria (1.6%).

**Tab. no. 2.6: Young high growth enterprises (gazelles) in the Slovak Republic in 2012**

Criteria	Absolut number	Share v %	Cover
Increase in employment	434	2,9	Businesses with 10 or more employees
Increase in turnover	253	1,7	Businesses with 10 or more employees
Increase in employment	450	1,5	Businesses with 5 or more employees
Increase in turnover	378	1,3	Businesses with 5 or more employees

**Source:** OECD, Eurostat, processed by SBA. Young high growth enterprises (gazelles) are defined as companies with more than 20% YoY increase in the number of employees or turnover over a period of three years, with no more than 5 years from their establishment.

## 2.1.3 Development dynamics of business entities

### 2.1.3.1 Creation and cessation of legal entities and natural persons - entrepreneurs based on the methodology for the Demographics of enterprises

Based on the joint methodology of OECD and Eurostat for the Demographics of enterprises the **newly formed entities** are defined as legal entities and natural persons - entrepreneurs, which had revenue and employees in given year or did not have revenue or employees in the two previous years. **Abolished entities** are defined as legal entities and natural persons - entrepreneurs, who were active in given year or did not have revenue or employees in the two previous years. Except for corporations, legal entities include data also for non-profit institutions. Non-profit institutions represent a 3.6% share in the total number of active legal entities and natural persons - entrepreneurs.

#### Creation of legal entities and natural persons – entrepreneurs

The most recent data on the newly formed entities based on the methodology for the Demographics of the enterprises are published for 2012. **Based on said methodology, the SO of the SR registered in 2012 a total of 46 389 of newly formed entities** (legal entities and natural persons - entrepreneurs, which had revenue or employees in given year and did not have revenue or employees in two previous years).

**In the year-on-year comparison the total number of newly formed entities has decreased based on stated methodology by 20 031.** Of the total number of newly formed entities, 98.3% of the entities were in the 0 - 4 employees size category. In terms of sectorial structure (based on the Statistical classification of economic activities - SK NACE), most entities in 2012 have been formed in business services (10 945), trade (10 422) and in construction (9 557).

Based on the published Eurostat data the **share of newly formed entities** on the total number of active entities in the SR reached in 2012 in selected sectors (sections SK NACE B through S) **10.4%**. When compared with 2011 the share of the newly formed entities dropped by 3.9 p.p.

**Tab. no. 2.7: Newly created legal entities and natural persons – entrepreneurs in the Slovak Republic by size category according to the number of employees and economic activities**

Size category	2009	2010	2011	2012
0 – 4	62 663	52 231	65 522	45 623
5 – 9	656	435	592	469
10 and more	424	411	306	297
<b>Total number</b>	<b>63 743</b>	<b>53 077</b>	<b>66 420</b>	<b>46 389</b>
<b>Economic activity (SK NACE)</b>				
B-E Industry	8 433	6 022	7 807	6 285
F Construction	12 073	9 736	12 538	9 557
G Trade	18 040	14 553	15 365	10 422
H Transport and storage	4 615	4 139	5 326	3 874
I Accommodation and food services	2 389	2 079	2 262	1 710
K-N Trade services	13 740	12 825	17 405	10 945
P-S Other services	4 453	3 723	5 717	3 596
<b>Selected sectors total</b>	<b>63 743</b>	<b>53 077</b>	<b>66 420</b>	<b>46 389</b>

Source: SO SR, processed by SBA

### Cessation of legal entities and natural persons - entrepreneurs

The most recent data on ceased entities is published for 2011; it represents preliminary data, which will be subsequently refined by the SO of the SR (usually downwards). **Based on preliminary data and stated methodology, during 2010 a total of 71 184** entities have ceased (legal entities and natural persons - entrepreneurs), which is 42 919 entities less than in 2010 (definite data). Said annual increase of ceased entities was related also to the administrative refinement of data in the Register of Organization of the SO of SR in 2011. New administrative sources have been used to update the data in given year, which caused increase of new, ceased and active entities based on the methodology for the Demographics of enterprises.

Of the total number of ceased entities, 99.1% of the entities were in the 0-4 employees category. In terms of sectorial structure (based on the Statistical classification of economic activities - SK NACE), most of the entities in 2011 ceased in trade (21 699), business services (15 381) and in construction (13 426).

Based on preliminary Eurostat data in 2011 the **share of ceased entities** in the total number of active entities in the SR was **15.5%**, based on the methodology for the Demographics of enterprises in selected sectors (sections SK NACE B through N). **Based on the definite data** for 2010, said share reached **7.0%**.

**Tab. no. 2.8: Dissolutions of legal entities and natural persons – entrepreneurs in Slovakia by size category according to the number of employees and economic activity**

Size category	2008	2009	2010	2011 *
0 – 4	41 325	39 992	28 345	71 184
5 – 9	768	621	270	414
10 and more	832	540	292	228
<b>Total number</b>	<b>42 925</b>	<b>41 153</b>	<b>28 907</b>	<b>71 826</b>
<b>Economic activity (SK NACE)</b>				
B-E Industry	7 896	6 935	3 606	9 090
F Construction	8 500	9 195	4 567	13 426

G Trade	12 006	11 855	9 528	21 699
H, J Transport and storage, information and communication	2 502	2 605	2 061	4 803
I Accommodation and food services	1 492	1 638	1 290	2 835
K-N Trade services	6 962	6 123	5 830	15 381
P-S Other services	3 567	2 802	2 025	4 592
<b>Selected sectors total</b>	<b>42 925</b>	<b>41 153</b>	<b>28 907</b>	<b>71 826</b>

**Source:** SO SR, processed by SBA. \*Data are preliminary.

Based on the Eurostat data of the total number of newly formed entities in Slovakia (in selected sectors), 78.8% of them were active within their first year (share of entities, which were formed in 2011 (t-1) and were active until 2012 (t), to the total number of newly formed entities in 2011 (t-1)). Five years after their formation there were 34% of entities active in Slovakia (share of entities, which were formed in 2007 and were active until 2012, to the total number of newly formed entities in 2007).

**Tab. no. 2.9: The share of active entities in individual years since their establishment (the so-called survival rate) in selected sectors in Slovakia in 2012**

Sectors (by SK NACE Rev 2)	1st year	2nd year	3rd year	4th year	5th year
Industry (SK NACE, Sections B to E)	83,1	69,1	54,1	47,2	37,6
Construction (SK NACE, Section F)	80,3	68,1	49,8	42,5	35,4
Services (SK NACE, Sections G to N)	77,4	63,1	51,2	49,7	33,7
<b>Selected sectors total</b> (SK NACE, Sections B to S)	<b>78,8</b>	<b>65,0</b>	<b>51,6</b>	<b>47,6</b>	<b>34,0</b>

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

### Comparison of share of newly formed and ceased entities in the SR with selected EU countries

Based on data presented in graphs no. 41 through no. 43, which are listed in the appendix, Slovakia ranks among countries with above the average share of newly formed entities in the total number of active entities (10.4%; 8<sup>th</sup> place of 23 countries in 2012).

The share of ceased entities dropped year-on-year in 2010 to 7% (16<sup>th</sup> place of 23 countries), but the preliminary results for 2011 suggest repeated increase of this value.

The survival rate of newly formed entities two years after their formation dropped slightly when compared to the last year's assessment (from 67.2% to 65%; 14<sup>th</sup> place of 24 countries in 2012).

#### 2.1.3.2 Creation of SMEs based on the data processed from the Register of Organizations of the SO of the SR

Based on the data processed from the Register of Organizations of the SO of the SR (based on the date of creation) in 2014 a total of 50 323 small and medium enterprises have been created. Based on individual legal forms there were 14 739 enterprises, 33 029 small trade licensees, 2 142 entrepreneurs - freelancers and 412 IF. When compared to 2013 the total number of newly formed small and medium enterprises dropped by 20 607 entities (by 29.1%). The number of SMEs - legal entities decreased year-on-year almost by half (47%), mainly due to introducing tax licenses, which worsened the conditions for starting an enterprise.

**Tab. no. 2.10: 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 as of 31.12.** (Drawn up on the basis of date of establishment of the entity. Data are processed by total active and inactive entrepreneur entities, data are not comparable with data, that are mentioned in 2013 Status Report on Small and Medium Enterprises in Slovakia – tab. no.3.9)

Legal form of SME	2010	2011	2012	2013	2014
SME – LE (legal entities)	18 690	19 861	20 912	27 826	14 739
Small trade licensees	39 509	41 662	36 984	40 606	33 029
Independent farmers	211	237	234	309	412
Entrepreneurs – freelancers	1 169	1 536	1 716	2 189	2 142
<b>Total SMEs</b>	<b>59 579</b>	<b>63 296</b>	<b>59 846</b>	<b>70 930</b>	<b>50 323</b>

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

As in the case of creations, in 2013 the number of ceased small and medium enterprises increased year-on-year. When compared to 2012 their number grew by 10 089 (by 18.5%) to 64 498 entities. The individual legal forms of ceased SMEs were 5 069 corporations, 58 364 small trade licensees, 715 entrepreneurs - freelancers and 350 IF. Based on preliminary data in 2014 there were a total of 41 885 ceased small and medium- enterprises (listed data will be refined downwards).

**Tab. no. 2.11: Development in the number of SMEs by legal forms on the basis of data from the Register of Organisations of the SO SR as of 31.12.**

Legal form of SME	2010	2011	2012	2013	2014 *
SME – LE (legal entities)	3 453	4 370	4 952	5 069	5 076
Small trade licensees	43 040	49 131	48 393	58 364	35 850
Independent farmers	491	515	408	350	295
Entrepreneurs – freelancers	759	729	656	715	664
<b>Total SMEs</b>	<b>47 743</b>	<b>54 745</b>	<b>54 409</b>	<b>64 498</b>	<b>41 885</b>

Source: Register of Organisations of SO SR, processed by SBA. \*Data are preliminary.

## 2.2 Regional perspective

Each fifth (22.0%) active small and medium enterprise (including NP – entrepreneurs) is active in the territory of the Bratislava region. Other regions participate in the total number of SMEs in the interval from 9.7% (Trenčín region) to 13.4% (Žilina region).

**Tab. no. 2.12: Number of businesses in the individual regions of the Slovak Republic in 2014**

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	50 690	5 294	494	66 869	763	204	124 110	124 314
Trnava Region	35 883	2 126	916	17 458	261	59	56 644	56 703
Trenčín Region	36 921	2 208	281	15 115	276	78	54 801	54 879
Nitra Region	42 332	3 017	1 430	20 994	331	55	68 104	68 159
Žilina Region	52 884	2 528	1 063	18 738	321	66	75 534	75 600
Banská Bystrica Region	35 916	2 972	1 426	16 869	226	52	57 409	57 461
Prešov Region	48 960	2 964	1 157	17 521	269	57	70 871	70 928
Košice Region	33 596	3 374	1 082	19 477	239	57	57 768	57 825
<b>Total for SR</b>	<b>337 182</b>	<b>24 483</b>	<b>7 849</b>	<b>193 041</b>	<b>2 686</b>	<b>628</b>	<b>565 241</b>	<b>565 869</b>



Source: SO SR, processed by SBA

## Legal entities - corporations

Of the total number of SMEs – legal entities, more than one third (34.6%) was registered in the Bratislava region (67 632). In the Nitra region there were 10.9% active SMEs-LE, in the Košice region 10%, in the Žilina region 9.6%, in the Trnava region 9.1%, in the Prešov region 9%, in the Banská Bystrica region 8.6% and in the Trenčín region 7.9% of SMEs-LE.

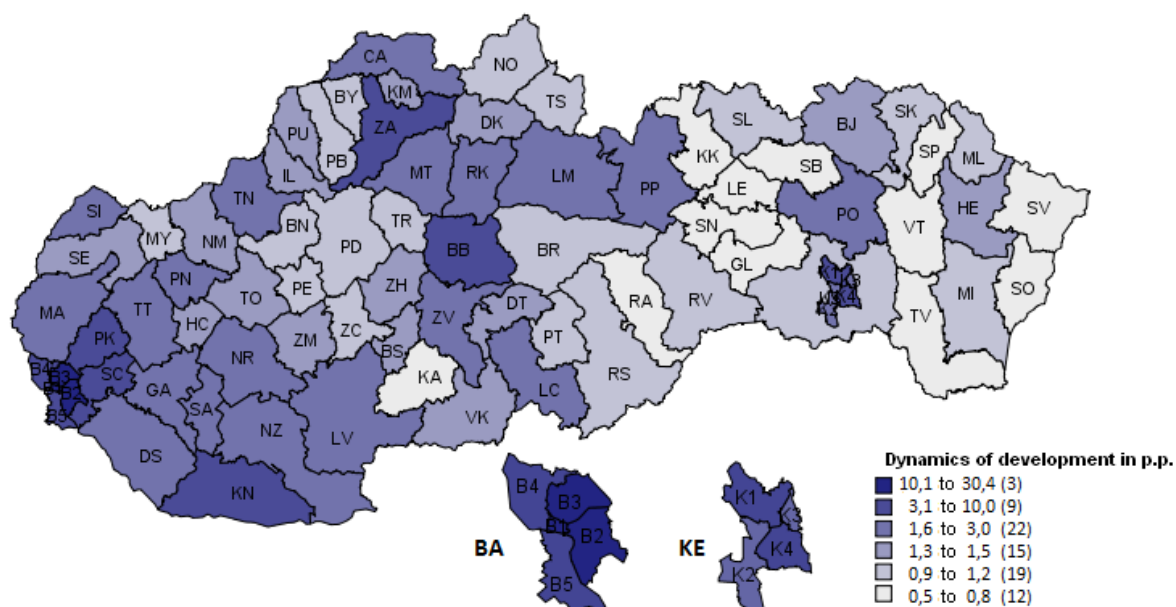
Annually the number of SMEs-LE increased in all regions, most significantly in the Prešov region (9.5%) and in the Banská Bystrica and in the Žilina region (equally by 9.3%).

The rate of the business activity of the SMEs-LE<sup>3</sup> in 2014, processed at the level of counties is depicted in the appendix, in map no. 3. The highest rate of business activity within SMEs-LE in 2014 was recorded in the counties within the Bratislava and Košice towns. Specifically in the counties Bratislava I (77.7%), Bratislava II (31.7%), Bratislava III (31.3%), Košice I (15.3%) and Košice IV (13.7%). On the other hand the lowest activity was recorded in the counties of Gelnica (1.8%), Revúca (2.1%) and Sobrance (2.2%).

The highest growth rate dynamic of the SMEs-LE's business activity during the years 2009 - 2014 was recorded in the counties Bratislava I (30.4 p.p.), Bratislava II a Bratislava III (equally 11.6 p.p.). There is a relatively high-recorded dynamic in the county of Komárno (5.0 p.p.). The lowest growth rate dynamic of the business activity was recorded in the counties of Gelnica (0.5 p.p.), Sabinov (0.6 p.p.) and Kežmarok (0.7 p.p.).

### Map no. 1:

Dynamics of development of rate of entrepreneurial activity of SMEs - legal entities in Slovak districts in period from 2009 to 2014



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 SBA.

<sup>3</sup> The rate of business activity is calculated as the ratio of the number of SMEs-legal entities and economically active population in %.

## Natural persons - entrepreneurs

The greatest number of **natural persons - entrepreneurs** active in 2014 was in the Bratislava region (56 478) and in the Žilina region (56 475), the smallest number in the Košice region (38 052). The annual comparison saw a decrease in the number of natural persons - entrepreneurs in all regions of the SR. The relatively highest number of decrease of natural persons - entrepreneurs was in the Trenčín region (by 4.7%).

**Of the total number of the small trade licensees in 2014, most of them were active in the Žilina (15.7%) and in the Bratislava region (15.0%).** In the Prešov region there were 14.5% of the small trade licensees, in the Nitra region there were 12.6% of the small trade licensees, in the Trenčín region there were 10.9% of the small trade licensees, in the Banská Bystrica region there were 10.7% of the small trade licensees, in the Trnava region there were 10.6% of the small trade licensees and in the Košice region there were 10.0% of the small trade licensees. The greatest annual decrease of the number of the small trade licensees was recorded in the Košice region (by 5.7%) and in the Bratislava region (by 5.6%).

Of the total number of independent farmers 18.2% were registered in the Nitra region and in the Banská Bystrica region, 14.7% in the Prešov region, 13.8% in the Košice region, 13.5% in the Žilina region, 11.4% in the Trnava region, 6.3% in the Bratislava region and 3.6% in the Trenčín region.

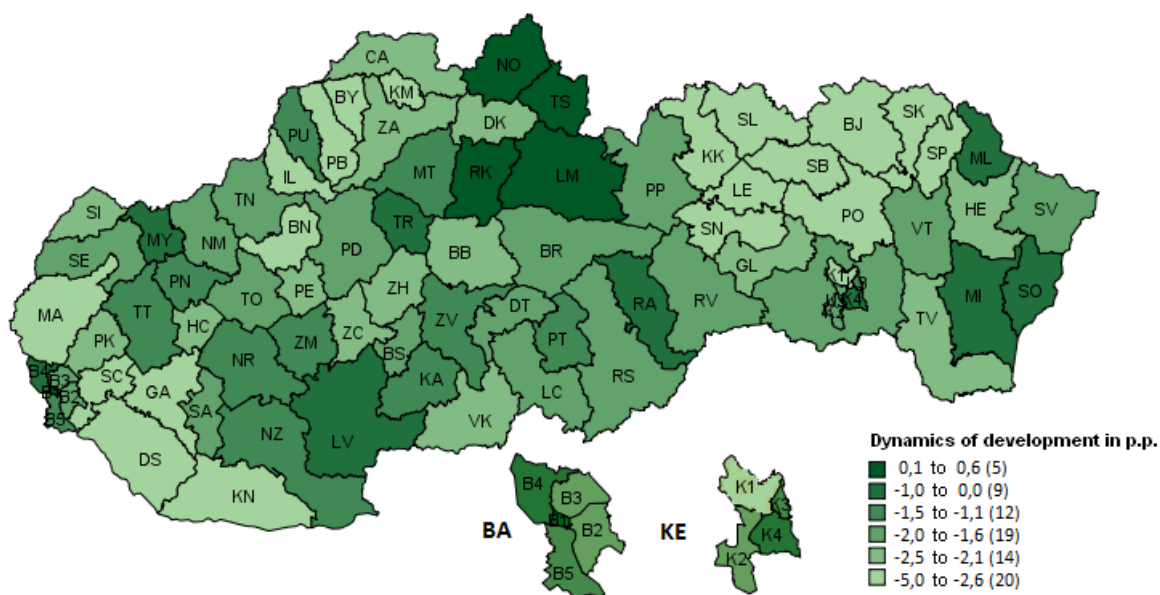
More than a fifth (21.6%) of entrepreneurs - freelancers were registered in the Bratislava region, 13.8% in the Košice region, 12.3% in the Nitra region, 12.1% in the Prešov and in the Banská Bystrica region, 10.3% in the Žilina region, 9.0% in the Trenčín region and 8.7% in the Trnava region.

The rate of the business activity of the NP - entrepreneurs in 2014 processed at the level of counties is depicted in the appendix, map no. 4. The highest rate of business activity within NP - entrepreneurs in 2014 was recorded in the counties Námestovo (27.4%), Bratislava I (25.4%), Stará Ľubovňa (21.9%) and Tvrdošín (20.6%).

Increase in the rate of the business activity in relation to the economic population during 2009 - 2014 was recorded only in the counties Liptovský Mikuláš (0.6 p.p.), Bratislava I (0.4 p.p.), Ružomberok (0.4 p.p.), Tvrdošín (0.3 p.p.) and Námestovo (0.3 p.p.). In other counties the business activity of the NP - entrepreneurs decreased, most significantly in the counties Kežmarok (by 5.1 p.p.), Senec (by 4.8 p.p.) and Stará Ľubovňa (by 4.5 p.p.).

**Map no. 2:**

**Dynamics of development of rate of entrepreneurial activity of natural persons - entrepreneurs in Slovak districts in period from 2009 to 2014**



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 SBA.

## 2.3 Employment characteristic of SMEs

**In 2014 the average number of people employed in the national economy of the SR grew by 1.3% to 2 204.6 thousand** (according to the quarterly enterprise reporting of the SO of the SR).

Of the total number of people employed in the national economy of the SR (2 204.6 thousand), 1 807.2 thousand were employed in profit driven enterprise sector.

In terms of individual size categories and legal forms, the total employment in the enterprise sector in 2014 consisted 35.5% of NP - entrepreneurs (NP - entrepreneurs and people employed by them), 10.6% of micro enterprises, 12.1% of small enterprises, 14.5% of medium enterprises and 27.3% large enterprises.

**In 2014 the small and medium enterprises had a 72.7% share in employment in the enterprise economy and 59.6% share in the total employment of the SR economy** (based on the quarterly enterprise reporting of the SO of the SR). Compared to 2013 the share of small and medium enterprises in employment in the enterprise economy grew by 0.9 p.p.

In year-on-year comparison employment in the profit driven enterprise sector has increased by 0.4% (by 6.3 thousand). **In the small and medium enterprises category, including NP - entrepreneurs, after two years of decrease employment grew year-on-year by 1.6%.**

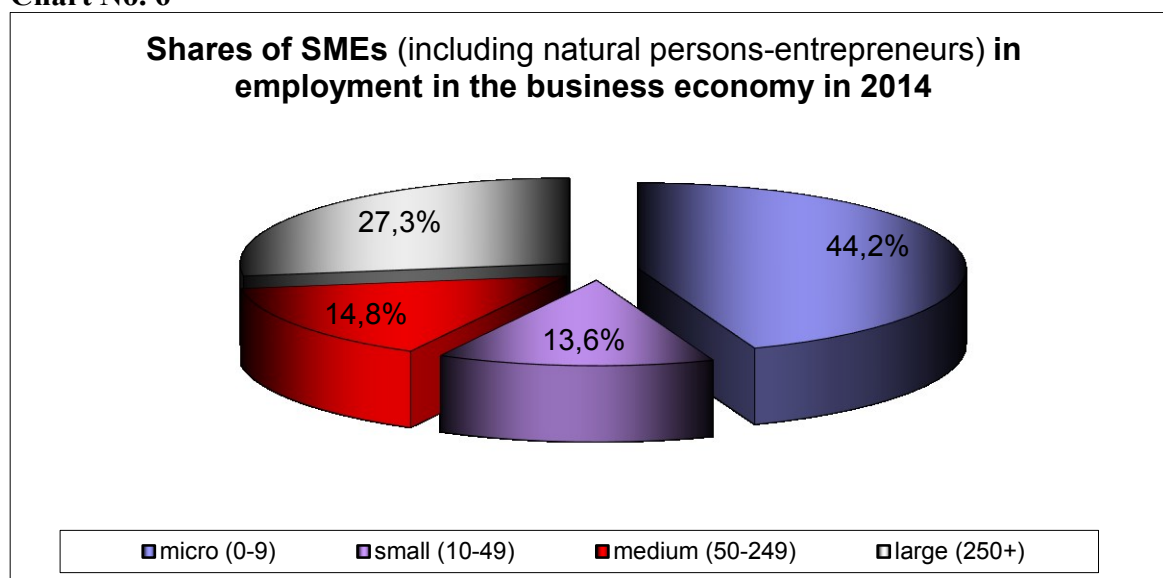
Year-on-year decrease of employment was again recorded in the category NP - entrepreneurs (by 1%). Within micro enterprises employment grew year-on-year by 14.1% and 5.3% for medium enterprises. Employment decreased by 4.3% in the category of small enterprises. For comparison, the average number of people employed in large enterprises decreased year-on-year by 2.8%.

The share of small and medium enterprises on employment in the enterprise economy grew from 2006 (from 2006 the SBA has exact data available on employment in SMEs) to 2014 by 1.2 p.p. to 72.7%.

**In 2014 the average number of people employed in small and medium enterprises when compared to pre-crisis year of 2008 was lower by almost 37 thousand people.**

Graph no. 6 depicts the overall structure of employment in the enterprise economy in 2014 based on the size categories of enterprises (including NP - entrepreneurs), which was processed based on the data of the SO of the SR and SBA calculations. Micro enterprises had a 44.2% share on employment, small enterprises 13.6% share, medium enterprises 14.8% share and large enterprises 27.3% share on employment in the enterprise economy.

**Chart No. 6**



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

The position of small and medium enterprises on the total employment in national economy of the SR based on quarterly enterprise reporting of the SO of the SR is presented in the appendix, graph no. 46. This graph indicates that the share of small and medium enterprises on the total employment of the SR economy is 59.9%, while the share of large enterprises is 22.4% and non-profit institutions (public sector) is 18%.

### **Comparison of SMEs employment in the SR and in the EU countries**

In 2011 of the total number of employed persons in the sectors of non-financial enterprise economy within the EU-28 countries (134.5 mil.) the small and medium enterprises represented 67.2%, while the share of the micro enterprises represented 29.5%, small enterprises 20.5% and medium enterprises 17.1%.

**The current share of small and medium enterprises on employment in the enterprise economy in Slovakia in 2014 was 5.5 p.p. higher than in the EU-28 countries.** Within individual size categories the micro enterprises have a more dominant position in Slovakia when compared to the EU-28 countries (14.7 p.p. higher share).

**Tab. no. 2.13: 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 - 28 (2011)	Number of persons employed in non-financial business economy, 2011 (in thousands)	39 725	27 607	23 032	44 165	903 636	134 529
	share in employment	29,5%	20,5%	17,1%	32,8%	67,2%	100,0%
Slovakia (2014)	Number of persons employed in the business economy (in thousands)	799,6	245,8	267,6	494,1	1 313,1	1 807,2
	share in employment	44,2%	13,6%	14.8 %	27.3%	72,7%	100.0%

**Source:** data from Slovak Republic: SO SR, processed by SBA

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 2011 was available

## 2.4 Position of SMEs in the economy of the SR

### 2.4.1 Position of SMEs in the most significant sectors

**Based on preliminary data of the SO of the SR in 2014 the gross domestic product created in common prices a total of 75 214.9 mil. Euros.** It realistically increased 2.4% in year-on-year comparison.

In year-on-year comparison the gross production increased by 1.7% to 170 259.4 mil. Euros, added value by 2.2% to 68 471.4 mil. Euros. Intermediate consumption has increased by 1.3% to 101 788 mil. Euros. Net product taxes have increased by 4.8% to 6 743.51 mil. Euros.

The industry sector participated with 22.5% on the total production of gross domestic product in common prices. Wholesale and retail, repair of motorized vehicles and bikes; transportation and storage, accommodation and catering services made up more than one fifth (20.4%), public administration, defense, compulsory social insurance, education, healthcare and social assistance represented 13.2%, construction 7.5%, professional, scientific and technical activities, administrative services 6.7%, activities in real-estate 6.5%. Other sectors represented a share smaller than 4.2%.

The following part of the sub-chapter presents processed indicators documenting the position of small and medium enterprises in selected most significant sectors of the non-financial enterprise economy. Revenues from own performances and goods (in case of construction the construction production) are presented based on the SK NACE classification in the industry (sections B, C, D, E), construction (section F), trade (division 46, 47), ground transportation (other passenger ground transportation, freight transportation and moving services) and in selected business services. Selected business services include activities in the field of real-estate, professional and technical activities (legal and accounting activities, management consulting, architectural and engineering activities, advertisement and other professional activities), administrative and support services (rental and leasing, employment

services, activities of travel agencies and offices, security and investigation services, administrative support activities), other education and education support activities, activities in the field of art, entertainment and recreation, computer and appliances repair and personal services (divisions 68 - 71, 73, 74, 77 - 82, 92 - 93, 95, 96 and groups 85.5-6). Listed sectors cover approx. 85% of active SMEs registered in the Register of Organizations of the SO of the SR.

## Industry

Based on the data of the SO of the SR industrial production in 2014 recorded an annual increase of 3.7%. This growth of the industrial production was the slowest since the 2009 crisis year. The revenues from own performances and goods in the industry grew annually in stable prices by 2%.

In 2014 more than two thirds (66.3%) of the total volume of revenues in the industry sector were generated by large corporations. **Small and medium corporations including the small trade licensees represented a 33.7% share of revenues in the industry**, which was 0.9 p.p. more than in 2013.

**Tab. no. 2.14: Development of revenues for own performances and goods in industry by size category and legal form (in million EUR)**

Category of business	2011	2012	2013	2014	Share in 2014 in %	Index 2014/2013 in current prices
Small trade licensees	4 242,9	4 289,7	4 414,0	5 128,6	6,2%	116,2
Small enterprises (0-49)	6 410,7	7 695,4	8 068,0	8 496,8	10,3%	105,3
Medium-sized enterprises (50-249)	13 939,2	14 181,2	14 496,6	14 097,7	17,1%	97,2
Large enterprises (250 or more)	51 990,8	56 084,7	55 268,8	54 513,1	66,3%	98,6
<b>SMEs</b>	<b>24 592,8</b>	<b>26 166,3</b>	<b>26 978,6</b>	<b>27 723,2</b>	<b>33,7%</b>	<b>102,8</b>
Total	76 583,6	82 251,0	82 247,5	82 236,2	100,0%	100,0

Source: SO SR, processed by SBA

Of the total revenue (82 236.2 mil. Euros) the revenues of the small trade licensees were 6.2%, small enterprises (0-49) 10.3% and medium enterprises (50-249) 17.1%. Revenues in 2014 grew annually for the small trade licensees by 16.2% and for small enterprises (0-49) by 5.3%. A 2.8% decrease was recorded in the category of medium enterprises (50-249). **Collectively the revenues of small and medium enterprises (including the small trade licensees) grew in common prices by 2.8%.** The revenue of large enterprises decreased slightly annually by (1.4%).

## Construction

In 2014 the total construction production decreased annually by 4.2%. Revenues from own performances and goods in construction decreased annually in stable prices by 2.5 %.

**Tab. no. 2.15: 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	2011	2012	2013	2014	Share in 2014 in %	Index 2014/2013 in current prices
Small trade licensees	1 875,4	1 766,9	1 668,9	1 587,2	35,6%	95,1
Small enterprises (0-49)	1 565,6	1 263,5	1 308,1	1 311,6	29,4%	100,3
Medium-sized enterprises (50-249)	923,6	827,2	696,7	760,7	17,1%	109,2
Large enterprises (250 or more)	1 098,5	956,8	922,8	801,7	18,0%	86,9
<b>SMEs</b>	<b>4 364,6</b>	<b>3 857,6</b>	<b>3 673,7</b>	<b>3 659,5</b>	<b>82,0%</b>	<b>99,6</b>
Total	5 463,1	4 814,4	4 596,5	4 461,3	100,0%	97,1

Source: SO SR, processed by SBA

In 2014 the small trade licensees participated with more than one third (35.6%) on the total construction production (not counting the estimate for construction factories of non-construction corporations), small enterprises (0-49) represented more than one quarter (29.4%), medium enterprises (50-249) 17.1% and large enterprises (250 and more) 18%. **Small and medium enterprises (including the small trade licensees) collectively represented more than four fifths (82%) of the total construction production in 2014.**

In year-on-year comparison the **construction production of small and medium enterprises (including the small trade licensees) decreased in common prices by 0.4%**. The construction production has increased slightly in the categories of small enterprises (0-49) by 0.3% and significantly in the category of medium enterprises by 9.2%. On the other hand the construction production decreased for the small trade licensees by 4.9%. In case of large corporations (250 and more) the construction production decreased by 13.1%.

## Trade

In 2014 revenues in wholesale increased annually in stable prices by 7% and in retail by 3.6%.

**Tab. no. 2.16: 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	2011	2012	2013	2014	Share in 2014 in %	Index 2014/2013 in current prices
Small trade licensees	5 900,7	5 731,5	5 198,7	4 968,9	11,0%	95,6
Small enterprises (0-49)	16 512,4	18 309,5	19 727,8	21 044,2	46,7%	106,7
Medium-sized enterprises (50-249)	8 666,9	8 397,8	8 266,5	8 988,5	19,9%	108,7
Large enterprises (250 or more)	9 563,5	9 414,9	9 569,6	10 091,4	22,4%	105,5
<b>SMEs</b>	<b>31 080,0</b>	<b>32 438,8</b>	<b>33 193,0</b>	<b>35 001,6</b>	<b>77,6%</b>	<b>105,4</b>
Total	40 643,5	41 853,7	42 762,6	45 093,0	100,0%	105,4

Source: SO SR, processed by SBA

In 2014 the wholesale and retail sectors saw 45 093 mil. Euros revenues from own performances. Of the total revenues from own performances and goods, the small trade licensees represented 11%, small enterprises (0-49) 46.7% and medium enterprises (50-249) 19.9%. **Small and medium enterprises (including NT – entrepreneurs) collectively represented more than three quarters (77.6%) of the total revenue in wholesale and retail.** The share of large enterprises was 22.4%.

In the year-on-year comparison the revenues in common prices decreased only for the small trade licensees (by 4.4%). Revenues grew for small enterprises (0-49) annually by 6.7% and for medium enterprises by 8.7%. **Overall the revenues of small and medium enterprises (including NT – entrepreneurs) grew in wholesale and retail annually by 5.4%.** The revenues of large enterprises were annually 5.5% higher.

## Transportation

In the field of transportation and storage (including the postal services and courier services) in 2014 the revenues from own performances and goods were 7 930.4 mil. Euros with annual growth of common prices by 8.9%.

**Tab. no. 2.17: 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	2011	2012	2013	2014	Share in 2014 in %	Index 2014/2013 in current prices
Small trade licensees	426,8	442,9	653,3	473,7	16,4%	72,5
Small enterprises (0-49)	544,0	660,2	857,1	1 113,1	38,5%	129,9
Medium-sized enterprises (50-249)	652,0	597,7	725,0	766,9	26,5%	105,8
Large enterprises (250 or more)	473,5	539,3	527,2	539,0	18,6%	102,2
<b>SMEs</b>	<b>1 622,8</b>	<b>1 700,8</b>	<b>2 235,4</b>	<b>2 353,7</b>	<b>81,4%</b>	<b>105,3</b>
Total	2 096,3	2 240,1	2 762,6	2 892,7	100,0%	104,7

Source: SO SR, processed by SBA

In 2014 16.4% of the total revenue in ground transportation was generated by the small trade licensees. The share of small enterprises (0-49) was 38.5% and medium enterprises (50-249) 26.5%. **Collectively the revenues of SMEs (including the small trade licensees) represented a 81.4% share on the revenues of ground transportation in 2014.**

Revenues from own performances and goods in ground transportation increased annually (in common prices) in all categories of SMEs, except for the small trade licensees. The revenues of small enterprises (0-49) grew annually by 29.9% and revenues of medium enterprises (50-249) by 5.8%. In the year-on-year comparison the revenues of the small trade licensees decreased by 27.5%. This decrease of the small trade licensees revenue is related also to the decrease in the number of the small trade licensees in the ground transportation sector (the taxi services and freight ground transportation saw an annual decrease of 4 579 entities). **Overall the revenues of small and medium enterprises in the field of ground transportation increased annually in common prices by 5.3%.**



## Selected market services

In selected market services the revenues from own performances and goods were 14 144.4 mil. Euros, with an annual growth in stable prices of 1.1%.

**Tab. no. 2.18: 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	2011	2012	2013	2014	Share in 2014 in %	Index 2014/2013 in current prices
Small trade licensees	1 267,1	2 035,0	2 103,4	2 649,0	18,7%	125,9
Small enterprises (0-49)	5 346,2	6 404,6	7 637,1	7 487,4	52,9%	98,0
Medium-sized enterprises (50-249)	1 970,3	2 054,6	2 416,1	2 312,7	16,4%	95,7
Large enterprises (250 or more)	1 473,7	1 470,7	1 681,6	1 695,3	12,0%	100,8
<b>SMEs</b>	<b>8 583,6</b>	<b>10 494,2</b>	<b>12 156,6</b>	<b>12 449,1</b>	<b>88,0%</b>	<b>102,4</b>
Total	10 057,3	11 964,9	13 838,2	14 144,4	100,0%	102,2

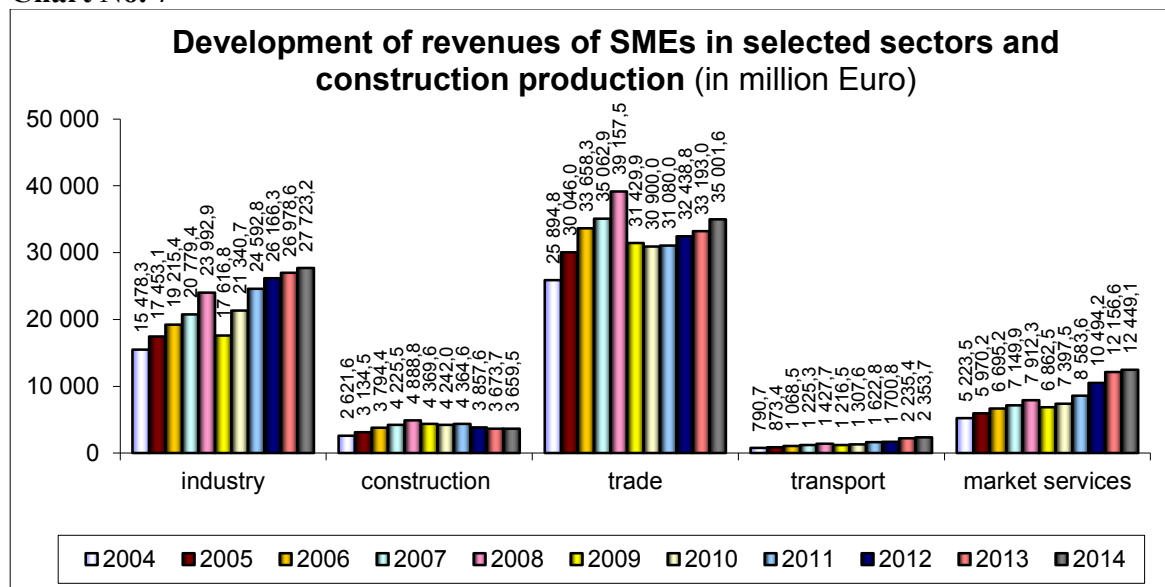
Source: SO SR, processed by SBA

Of the total revenue in selected market services 18.7% were the result of the activity of the small trade licensees, 52.9% of small enterprises (0-49), 16.4% of medium enterprises (10-49) and 12% of large enterprises. **In 2014 small and medium enterprises represented an 88% share of revenue in the sector of selected market services.**

The revenues of SMEs increased annually only in the category of the small trade licensees (by 25.9%). Small enterprises (0-49) saw a decrease under stable prices of 2% and medium enterprises (50-249) of 4.3%. **In 2014 the SMEs collectively** (including the small trade licensees) **had revenue 2.4% higher than in the previous year.** The revenues of large enterprises grew year-on-year by 2.2%.

Small and medium enterprises in Slovakia have significant share on the total volume of revenues from own performances and goods in individual sectors and in construction production. **The share of small and medium enterprises on the total volume of revenues in 2014 was from 33.7% in the industry to 88% in selected market services.** The share of small and medium enterprises on the construction production reached 82%. In the trade sector the share of small and medium enterprises on revenues was 77.6% and in the transportation sector (other ground passenger transportation, freight ground transportation and moving services) it was 81.4% (appendix, graph no. 48).

Chart No. 7



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

**In considered sectors small and medium enterprises (including NP – entrepreneurs) recorded an annual growth of revenue (in common prices). However construction production of small and medium enterprises decreased again (by 0.4%).** The most significant increase of revenue of small and medium enterprises was in the trade sector (by 5.4%).

Revenues of small and medium enterprises in trade and in construction production in 2014 still did not reach the pre-crisis 2008 levels, which points to the fact that the small and medium enterprises are very slow to cope with the consequences of the economic crisis in these sectors.

### Comparison of the share of SMEs on revenues in non-financial enterprise economy in the SR and in the EU countries

Based on the data and methodology of Eurostat in 2012 Slovak small and medium enterprises (including NP – entrepreneurs) had a 54.7% in revenues from own performances and goods in non-financial enterprise economy (appendix, graph no. 49). The achieved share of SMEs on revenues ranks Slovakia among countries with below the average amount of stated share. In comparison with neighboring countries, Slovakia ranks behind the Czech Republic (56.8%) and Poland (55.5%).

#### 2.4.2 Development of selected SMEs economic indicators

The 2.4% growth of the Slovak economy in 2014 was the highest for the past three years. In comparison with 2013 the growth of GDP was 1 p.p. Higher GDP growth dynamic was related especially to the growth of domestic demand by 3%. Growth of foreign demand of 4.6% also had a positive effect on the growth of the economy. All components of the domestic demand had positive development. Gross capital growth was 3.8%, (while the production of gross fixed capital grew by 5.7%), final consumptions of the households grew by 2.2%, consumption of non-profit institution serving the households by 1.7% and final consumption of public administration by 4.4%.

Based on preliminary data of the SO of the SR, in 2014 the share of small and medium enterprises (legal entities – non-financial corporations) on produced gross production grew year-on-year. On the other hand the share on revenue before taxation and created added value decreased year-on-year.

### Gross SMEs productions

**In 2014 the share of SMEs – legal entities on gross production in the non-financial enterprise market was 42.9%** (0.8 p.p. more than in 2013) In terms of individual size categories of enterprises the share of micro enterprises (0-9) was 10.9% (increase by 1.1 p.p.), share of small enterprises (10-49) was 12.9% (decrease by 0.6 p.p.) and share of medium enterprises (50-249) was 19.1% (increase by 0.4 p.p.) Share of large enterprises – legal entities on gross production was 57.1%, while it decreased year-on-year by 8.8 p.p. (appendix, graph no. 48).

**Gross production of SMEs - legal entities in the non-financial sector has increased 1.6% in common prices.** It reached 50 455.9 mil. Euros in absolute numbers. Gross production of micro enterprises increased by 9.6% to 12 819.3 mil. Euros. Gross production of small enterprises decreased by 4.7% to 15 191.5 mil. Euros and gross production of medium enterprises increased by 1.8% to 22 445.0 mil. Euros<sup>4</sup>.

### Added value of SMEs

**The share of SMEs - legal entities on the creation of added value in the non-financial enterprise sector in 2014 was 53.3%.** The share of SMEs on added value decreased again annually (by 1.2 p.p.). The share of micro enterprises (0-9) on added value was 16.8% (increase by 1.5 p.p.). The share of small enterprises (10 – 49) was 15.9% (decrease by 2.8 p.p.) and the share of medium enterprises (50-249) was 20.5%; it did not change year-on-year. For comparison the share of large enterprises was 46.7%, with annual increase of 1.2 p.p. (appendix, graph no. 49).

**Created added value of SMEs - legal entities in the non-financial enterprise sector increased year-on-year by 1.9%.** In absolute numbers it was 18 341.9 mil. Euros. In the year-on-year comparison the added value decreased only in the category of small enterprises, while the decrease was 11.1% to 5 480.5 mil. Euros. Added value of micro enterprises increased annually by 14.5% to 5 795.3 mil. Euros and for medium enterprises by 4.2% to 7 066.2 mil. Euros. Added value of large enterprises also increased annually (by 7.0%) to 16 055.8 mil. Euros.

### Sectorial structure of added value of SMEs

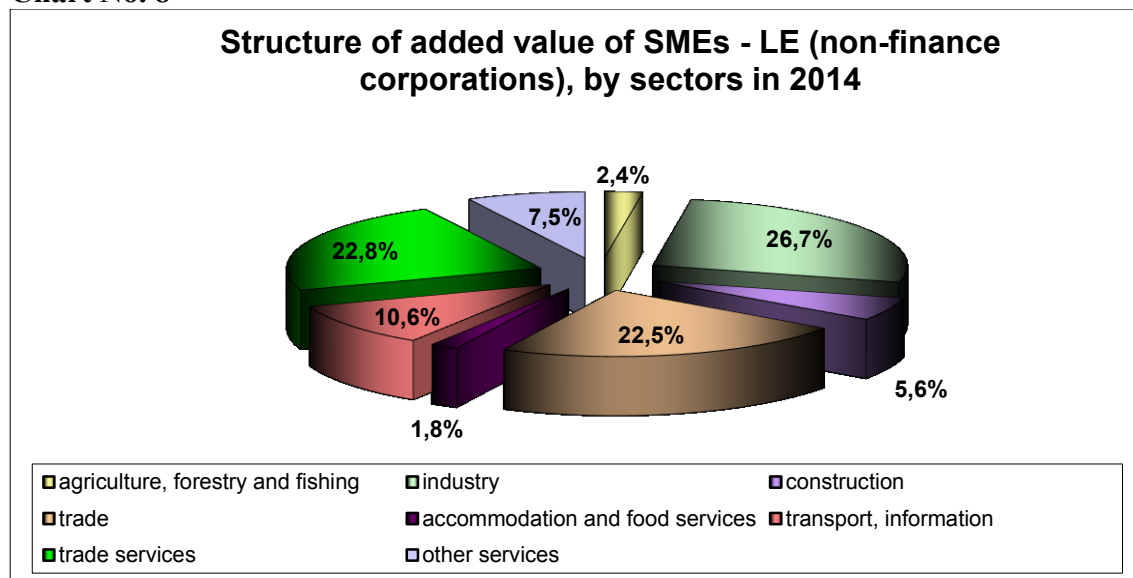
More than one quarter of the total added value of SMEs - legal entities were SMEs in the industry sector (26.7%). The share of the business services sector (section SK NACE K through N) was 22.8%. The share of trade on the total created value of SMEs was 22.5%, the share of transportation, information and communication activities was 10.6%, other services 7.5% (section SK NACE P through S), construction 5.6%, agriculture 2.4% and the accommodation and catering sector 1.8% (graph no. 8). In year-on-year comparison the share of agriculture (by

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<sup>4</sup> According to the methodology of the SO of the SR, non-financial corporations are considered profit oriented business entities registered in the Commercial Register in all fields of activities except for financial activities. These include assisted organization, which cover more than 50% of their expenses with revenues.

0.1 p.p.), construction (by 0.3 p.p.) and trade (by 3.3 p.p.) decreased. On the other hand increase of share was recorded in the industry (by 1.1 p.p.), transportation, information and communication activities (by 0.7 p.p.) and business services (by 1.9) and other services by 0.1 p.p.

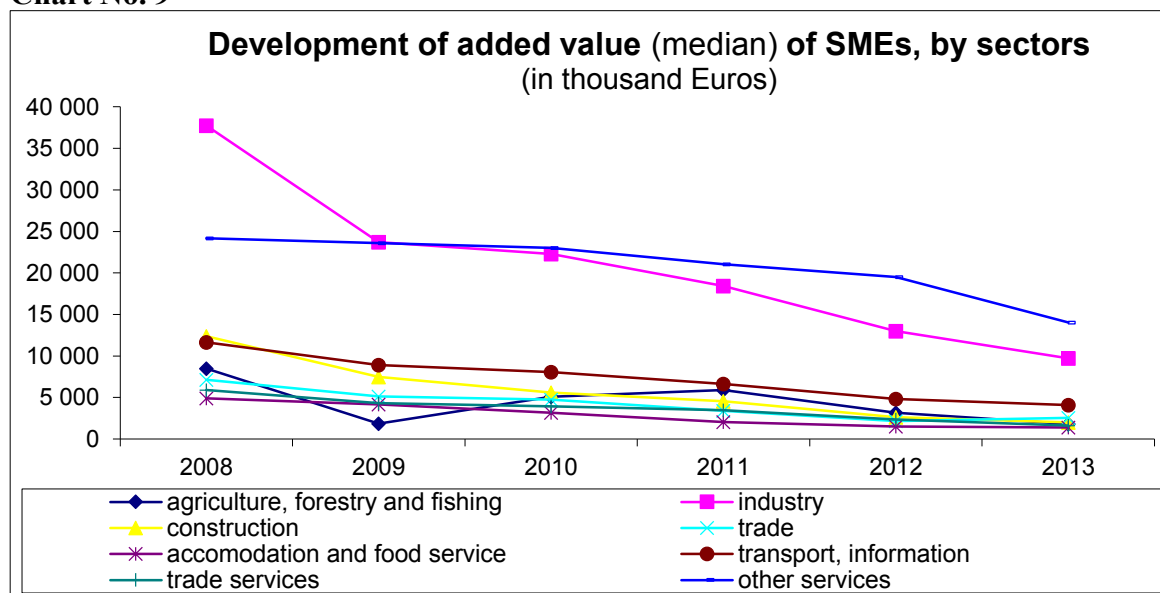
**Chart No. 8**



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

In 2014 small and medium enterprises - legal entities had the highest share on the created added value in the accommodation and catering sector (90.7%), business services (87.0%; section SK NACE K through N), agriculture (82.6%), construction (82.3%) and trade (76.1%). On the other hand the dominance of large enterprises is evident in the field of industry (share of SMEs was 34.4%), transportation, information and communication activities (share of SMEs was 41.3%) and other services (share of SMEs was 45.5%; appendix, graph no. 52).

**Chart No. 9**



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

Based on the data processed from the available financial statements of the business entities, in recent years there is an apparent trend of decrease of added value median of SMEs on the overall spectrum of sectors (graph no. 9). In 2013 the median of added value of SMEs decreased in all sectors except trade, where it grew by 18.5% to 2 545 Euros. In agriculture it decreased by 43.1% to 1 807 Euros, in industry by 25.1% to 9 732 Euros, in construction by 23.7% to 2 003 Euros, in the accommodation and catering sector to 7.0% to 1 400 Euros, in transportation, information and communication activities by 14.8% to 4 092 Euros, in business services (section SK NACE K through N) by 31.3% to 1 620 Euros and in other services (section SK NACE P through S) by 28.0% to 14 042 Euros.

### **Comparison of share of SMEs on added value in non-financial enterprise economy in the SR and in the EU countries**

In 2012 Slovak small and medium enterprises (including NP - entrepreneurs) had a 60.5% share on created added value in the non-financial enterprise economy (based on the data and methodology of Eurostat), which represents a slight below the average value. However the share of Slovak small and medium enterprises on added value was higher than the share of SMEs in the Czech Republic (56%) and Poland (50.1%) (appendix, graph no. 51).

### **Profit of SMEs before taxation**

**The share of SMEs – legal entities on profit before taxation in the non-financial sector was 48.7%.** When compared to previous year it decreased by 8.8 p.p. The share of micro enterprises (0-9) was 15.6% (decrease by 1.3 p.p.), share of small enterprises (10-49) was 17.3% (decrease by 4.7 p.p.) and the share of medium enterprises (50-249) was 15.8% (decrease by 2.9 p.p.). The share of large enterprises on the achieved profit before taxation was 51.3%, with annual increase of 8.8% (appendix, graph no. 54).

**In year-on-year comparison the profit of SMEs - legal entities in the non-financial enterprise sector decreased by 15.8%,** which was 4 136.6 mil. Euros. The profit of micro enterprises before taxation decreased year-on-year by 8.1% to 1 322.4 mil. Euros, profit of small enterprises before taxation decreased year-on-year by 21.5% to 1 472.1 mil. Euros and the profit of medium enterprises before taxation decreased by 16% to 1 342.0 mil. Euros. For comparison the profit of large enterprises before taxation grew year-on-year by 20.1% to 4 352.2 mil. Euros.

### **2.4.3 Development of SMEs financial performance indicators**

The analysis of the financial performance indicators of small and medium enterprise allows to evaluating results of management and financial situation of small and medium enterprises in terms of individual size categories of SMEs, sectors and regions.

Based on processed data from available financial statements in 2013 **the share<sup>5</sup> of SMEs with positive financial results was 57.4%.** In year-on-year comparison it grew by 1.3 p.p.

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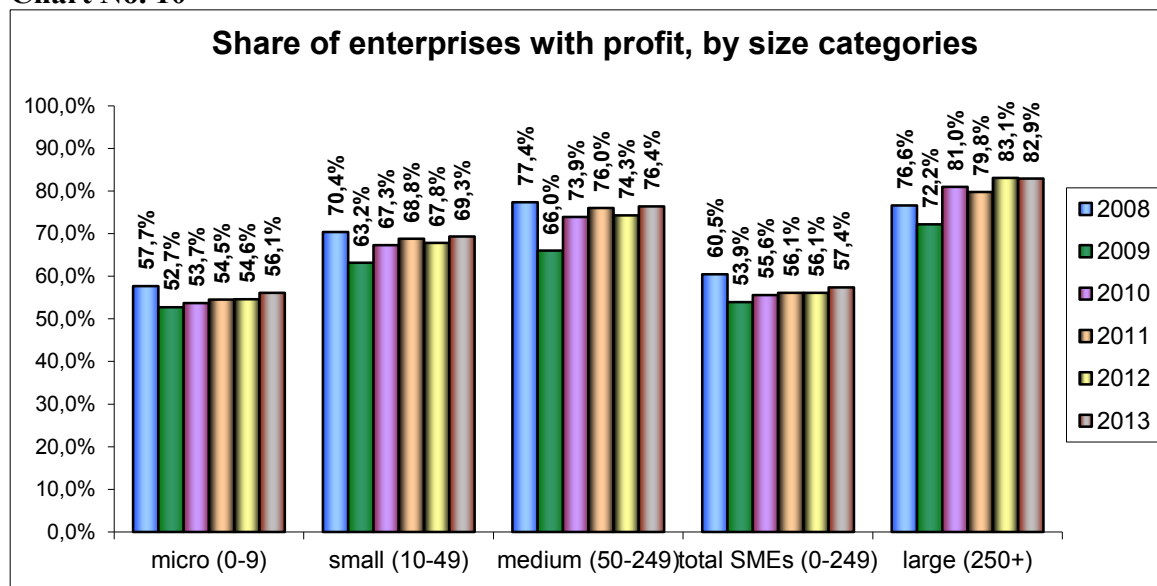
<sup>5</sup> Processing was done based on the data from available anonym financial statements of business entities keeping accounts in double-entry bookkeeping. The calculation of indicators for 2013 was done using a total of 160 122 business entities, which is an 88% share of the total number of active enterprises (legal entities) registered in the Register of Organizations of the Statistical Office of the SR as of 31.12.2013.

When compared to 2012 the share of entities with positive financial results grew in all categories of SMEs. Positive financial result has been achieved by more than a half of micro enterprises (56.1%), more than two thirds of small enterprises (69.3%) and almost three quarters of medium enterprises (76.4%).

In terms of sectorial division of SMEs, agriculture remains the sector with the highest share of SMEs with positive financial results (63%), despite the fact that there was a year-on-year decrease of 4.1 p.p. In the year-on-year comparison other sectors saw an increase of the share of SMEs with positive financial results. The least amount of profitable SMEs is in the construction sector (55.4%).

There was an increase of the share of SMEs with positive financial results in all regions with the exception of the two, where it dropped slightly (in the Trnava region by 0.1 p.p. and in the Prešov region by 0.2 p.p.) Despite a slight decrease the Prešov region has the highest share of SMEs with positive financial result (60.1%). The lowest share of SMEs with positive financial results is in the Bratislava region, 55.1%.

**Chart No. 10**



Source: Available financial statements, prepared by SBA

**Based on the processed data in 2013 the median value of sales profitability of SMEs has increased to 1.34%.** The lowest median value of sales profitability is still in the micro enterprises category (0.8%), however it grew in year-on-year comparison by 0.11 p.p. Small enterprises had the sales profitability median of 4.25%, with year-on-year increase of 0.29 p.p. and medium enterprises of 5.38%, with year-on-year decrease by 0.02 p.p. The sales profitability of SMEs has increased annually in the sector of services (growth by 0.16 p.p.) and trade (growth by 0.44 p.p.), it decreased in agriculture (by 3.88 p.p.) and industry (by 0.14 p.p.). The sales profitability median of SMEs still has the lowest value in the sectors of construction (0.47 p.p.) and trade (0.6 p.p.). The SMEs have the highest level of sales profitability in agriculture (9.83%). The lowest level of sales profitability of SMEs is in the Košice region (0.84%), Prešov region (1.09%) and Bratislava region (1.11%). On the other hand the highest is in the Trenčín region (1.85%) and the Trnava region (1.74%).

**In comparison to 2012 the median value of return on assets has increased** in the category of small enterprises (by 0.23 p.p. to 1.36%) and in the category of medium enterprises

(by 0.26 p.p. to 2.52%). The micro enterprises as well as SMEs record zero values of return on assets. The return on assets median of SMEs in 2013 maintained positive values in cases of agriculture (0.41%), industry (0.16%) and services (0.01%). In other sectors it reached zero value. In the agricultural sector as the only one, the return on assets decreased (by 0.43 p.p.). The return on assets of SMEs grew in year-on-year comparison in the Trenčín region (by 0.03 p.p.), Nitra region (by 0.04 p.p.) and Žilina region (by 0.04 p.p.). The return on assets of SMEs records decrease in the Trnava region (by 0.09 p.p.) and in the Prešov region (by 0.05 p.p.).

**In 2013 the Median of total assets debt of SMEs was 60.5%** (decrease by 5.2 p.p.). This decrease of assets debt of SMEs was related especially to the decrease in the category of micro enterprises (by 6.0 p.p. to 57.7%). Decrease was also recorded in other categories. The median value of the total assets debt of small enterprises decreased by 0.7 p.p. and 1.8 p.p. for medium enterprises. The decrease of debt of SMEs is recorded almost in all sectors; the biggest decrease was in the services sector (by 5.5 p.p. to 54.9%). SMEs in the sectors of trade (71.8%), construction (68.7%) and industry (65.3%) have the highest level of assets debt.

In 2013 the **median share of interest expenses on paid bank loans** in individual enterprise size categories ranged from 3.8% (big enterprises) to 6.6% (micro enterprises). **It reached 6.4% collectively for SMEs.** The highest values of share of interest expenses on paid bank loans in the category of micro enterprises are caused by higher rates of interest expenses, which is largely related to the higher risk level of their business. Year-on-year comparison shows an evident decrease of the median share of interest expenses on paid bank loans in all enterprise size categories (decrease is in the range of 0.2 p.p. for medium enterprises to 0.9 p.p. for large enterprises). The highest decrease in 2013 when compared to 2012 within SMEs has been recorded in the category of medium businesses (decrease by 0.7 p.p.).

The ability to pay short-term liabilities using emergency funds has improved year-on-year in all size categories except for medium enterprises, where it dropped slightly (by 0.01 p.p.). The highest value of the liquidity of the 2<sup>nd</sup> level median is maintained by micro enterprises (1.3). On the other hand the liquidity of the 2<sup>nd</sup> level median reaches values below the recommended level for small enterprises (0.87) and medium enterprises (0.91). **Overall SMEs reached the liquidity of the 2<sup>nd</sup> level median of 1.21, which is increase by 0.14 p.p. in comparison with previous year.** The overall distribution of SMEs based on the threshold of the liquidity of the 2<sup>nd</sup> level shows that 43.8% of SMEs has value of liquidity of the 2<sup>nd</sup> level below the recommended value of 1, indicating problems with paying short-term liabilities.

The median of **assets turnover as a financial indicator, which evaluates the efficiency of assets utilization decreased year-on-year in the SMEs sector to 0.8 (by 0.08 p.p.)**. This decrease was related especially to the negative development in the category of micro enterprises (decrease by 0.06 p.p.). In year-on-year comparison the median of assets turnover did not change except for medium enterprises (1.7 p.p.). All other size categories saw a decrease.

**In 2013 the maturity of overall liabilities as well as short-term liabilities in business relationships of SMEs dropped.** The shorter pay ability times of overall liabilities in business relationships of SMEs (by 9.5 days) was also related to the Amendment of the Commercial Code (Act No. 513/1991 S.), published in the Collection of Laws under the number 9/2013, valid from 1. February 2013, which introduced several major changes, including an adjustment of maturity of financial liabilities in business relationships in the form of maximum due date. Micro enterprises still have the lowest medium value of paying short-term liabilities (13.6 days) and small enterprises have the highest (41.5 days).

The drop of maturity of short-term liabilities in business relationships is recorded for almost all enterprise size categories with the exception of small enterprises, which saw an annual increase (by 1.1 day). The best payment discipline of buyers is among micro enterprises (median value of 17.9 days) and the worst is among small businesses (median value of 49.7 days). Collectively the median value of SMEs is 22.7 days.

**In 2013 the median of financial productivity of work** in terms of enterprise size categories ranged from 1.1 Euros (micro enterprises) to 1.4 Euros (large enterprises). **The value of financial productivity of work of SMEs (1.14 Euros)** means that 1 Euro of personal costs produced 1.13 Euro of added value, which means a slight increase by 0.01 Euro in comparison with previous year. In terms of year-on-year changes there is an apparent decrease in the category of medium enterprises (by 0.03 Euros) and in the category of large enterprises (by 0.01 Euros). Increase is recorded in the category of micro enterprises (by 0.02 Euros) and small enterprises (by 0.02 Euros).

**Altman financial health index** is a comprehensive index of evaluation of companies, through which it is possible to differentiate companies going bankrupt from those, which have minimum probability of bankruptcy. When compared to 2012, 2013 showed identical development trend of share of all enterprise size categories in the zones of the Altman model. This means that all size categories saw decrease of share of enterprises in bad financial situation and their transition to the grey zone, or good financial situation. The most significant decrease of share of enterprises in bad financial situation was in the category of micro enterprises (decrease by 3.1 p.p.). The share of enterprises in good financial situation in 2013 when compared to 2012 decreased in almost all size categories, except for micro enterprises, where we recorded an annual increase by 1.2 p.p. The most notable annual decrease of the share of SMEs in good financial situation was in the category of small enterprises (decrease by 3.3 p.p.). However we have recorded even more significant decrease in the category of large enterprises (decrease by 5.2 p.p.). The grey zone saw an annual increase of share of all enterprise size categories.

#### 2.4.4 Development of SMEs funding

Based on processed available financial statements of business entities in 2013 the value of granted business loans for SMEs (as of 31. 12. 2013) was 10 734 million Euros (out of which almost 42.2% were short-term business loans, i.e. to be paid within one year). In year-on-year comparison the value of granted business loans for SMEs decreased by 2.8%.

The utilization rate of bank loans by SMEs (share of SMEs-LE with bank loans) increased slightly year-on-year (by 0.1 p.p. to 16.4%). The share of business entities, which utilize bank loans has increased annually in all SMEs size categories. Long-term highest share of business entities with bank loans is in the category of medium enterprises (52.4%, increase by 1 p.p.). 40.9% of the entities utilizing bank loans are in the category of small enterprises (increase by 0.7 p.p.) and 13.8% in the category of micro enterprises (increase by 0.4 p.p.).

State guaranteed loans are provided by the Slovak Guarantee and Development Bank especially to those SMEs, which do not have sufficient collateral for a loan, or are more risky for commercial banks. The basic principle of providing guarantees for loans is in distribution of the risk between the SGDB, the client and a partner subject. In 2014 the total value of bank guarantees portfolio of SMEs was 113 mil. Euros (annual decrease by 28.2%). State provided guarantees for SMEs have also decreased annually (by 29.6%) to 26 mil. Euros.



Based on the data of NBS, the average interest rate of bank loans granted to SMEs in 2014 increased by 0.2 p.p. to 3.8%.

**Tab. no. 2.19: Development of SME financing 2008 – 2014**

Indicator	Year						
	2008	2009	2010	2011	2012	2013	2014
Business loans granted to SMEs in mil. Eur	12 092	12 032	12 046	10 600	11 038	10 734	
Together provided business loans in mil. Eur	15 679	15 156	15 174	16 117	15 523	15 102	14 837
Provided short-term loans for SMEs in mil. Eur	4 797	4 981	4 987	4 188	4 481	4 532	
Provided long-term loans for SMEs in mil. Eur	7 295	7 051	7 059	6 412	6 557	6 202	
The share of SMEs-LE with bank loans	16,0%	18,2%	17,7%	16,5%	16,3%	16,4%	
State guarantees given to SMEs in mil. Eur	99	81	70	84	87	38	26
State-guaranteed loans for SMEs in mil. Eur	157	143	139	167	136	157	113
Interest rate SMEs %	4,6	3	3,2	3,2	3,8	3,6	3,8

**Source:** The financial statements of businesses (DataCentrum), NBS, SZRB, Eximbanka, processed by SBA

## 2.5 Position of SMEs in foreign trade of the SR

### Development of foreign trade of the SR

Based on preliminary data of the SO of the SR and NBS in 2014 **goods and services worth a total of 69 145.7 mil. Euros** have been exported from Slovakia, with an annual increase of 1.1%. **Import of goods and services** increased annually by 1.4% and **reached 66 004.3 mil. Euros**.

Export of goods from Slovakia increased annually by 1% to 64 800.9 mil. Euros. Import of goods increased annually by 0.4% and reached 60 152.2 mil. Euros. **Export performance** of the economy expressing the ratio of export of goods and services to GDP **reached 92.2%**. **Import difficulty** expressing the ratio of import of goods and services to GDP **represented 90.2%**.

### Export of small and medium enterprise

**Based on preliminary data of the SO of the SR in 2014 there was a slight growth of overall export of small and medium enterprises by 0.7%** (111.8 mil. Euros in absolute numbers) **to 17 292.4 mil. Euros<sup>6</sup>** (the data did not include operations performed by foreign entities).

**In year-on-year comparison the share of SMEs on overall export has increased by 0.3 p.p. to 29.4%** (with eventual calculation of operations of foreign entities the share of SMEs on overall export would be 26.7%). The share of micro enterprises (0-9) on overall export in 2014

<sup>6</sup> Year-on-year comparison is processed based on definitive results of the foreign trade statistics for 2013 and preliminary results for 2014.

was 11.1%, which is 6 536.4 mil. Euros (this category also includes enterprises with undetermined number of employees with export value of 1 868.8 mil. Euros). Small enterprises (10-49) had a 5.8% share on overall export, 3 388.6 mil. Euros in absolute numbers and medium enterprises (50-249) had a 12.5%, 7 367.3 mil. Euros in absolute numbers. The share of large enterprises was 70.6%. When compared to 2013 the export of micro enterprises decreased by 0.2% (12.8 mil. Euros in absolute numbers) and the export of small enterprises decreased annually by 6.9% (by 249.7 mil. Euros). On the other hand the export of medium enterprises increased by 5.4% (or 374.2 mil. Euros). For comparison the export of large enterprises decreased by 0.7% (285.4 mil. Euros).

### Number of exporting SMEs

In 2014 of the total number of small and medium enterprises (including natural persons – entrepreneurs - 565 241) registered in the Register of Organizations of the SO of the SR 5.2% of SMEs performed export of goods.

### Territorial structure of export of SMEs

The territorial structure of export of small and medium enterprises is characterized by a significant dominance of the EU markets. **Of the overall export of small and medium enterprises** (17 292.4 mil. Euros) in 2014, **export to the EU-28 countries represented a 89.1% share** (15 412.2 mil. Euros), while 43.6% of the export to the old EU-15 member countries had a 43.6% share and to the new EU-13 member countries a 45.5% share.

### Comparison of the position of SMEs on export in the SR and in the EU countries

When compared to the other EU member countries, Slovakia ranks second from the end in share of SMEs on export to the EU countries in 2012 (32.5%). Smaller share than Slovakia was achieved only by Germany (27.8%), which dropped to the last place. The highest share on export to the EU countries have small and medium enterprises in Cyprus (88.7%), Latvia (81.4%), Estonia (68.1%), Holland (66.1%) and Ireland (65.8%) (appendix, graph no. 60).

Slovakia ranks at a similar (next to last) place also in the share of small and medium enterprises on the overall export to countries outside of the EU (19.5%). Highest levels of share on export of SMEs to countries outside of the EU have Estonia (78.8%), Cyprus, (72.5%) and Latvia (71.9%) (appendix, graph no. 61).

### Import of small and medium enterprises

Based on preliminary results of the SO of the SR **in 2014 the import of SMEs was 23 689.6 mil. Euros in absolute numbers**, with annual increase by 4.4% (or 1 000.6 mil. Euros). **The share of small and medium enterprises on overall import in 2014 was 42.9%. The share increased by 1.9% in year-on-year comparison.**

In 2014 the share of micro enterprises (0-9 employees) on overall import was 16.7%, 9 234.67 mil. Euros in absolute numbers. Small enterprises (10-49) had a 10.6% share on overall import, 5 844.7 mil. Euros in absolute numbers and medium enterprises (50-249) had a 15.6% share, 8 610,3 mil. Euros in absolute numbers. Large enterprises had the largest share on overall import (57.1%), which is 31 539.4 mil. Euros. In year-on-year comparison import of micro enterprises grew by 2%, 179.8 mil. Euros in absolute numbers, small enterprises

by 2.5%, 144% mil. Euros in absolute numbers and medium enterprises by 8.5%, 677,1 mil. Euros in absolute numbers. Overall import in the category of large enterprises decreased by 3.3%, 1 075.2 mil. Euros in absolute numbers.

### Territorial structure of import of SMEs

Of the total import of SMEs (**23 689.6 mil. Euros**) in 2014 import from the EU-28 countries was **76.4%**, while import from the old EU-15 member countries was 39.6% and import from the new EU-13 member countries was 37.1%<sup>7</sup>.

## 2.6 Results of analyses and surveys

### 2.6.1 Attitudes of citizens towards entrepreneurship - Global entrepreneurship monitor (GEM)

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

Key findings of the Adult Population Survey are as follows (appendix, graph no. 69):

- Self confidence:
  - in 2014 Slovakia experienced halting of the downward trend of perceiving **suitable opportunities for business**. In the year-on-year comparison representation of people who perceive opportunities for entrepreneurship has increased from 16.1% to 23.5%.
  - **perceived ability to start a business remains relatively high in Slovakia**. It increased from 2013 (51%) to 54.4% and
  - **fear of failure of the enterprise after previous annual decrease again increased from 33% to 36.9%**.
- Social attitudes to entrepreneurship:
  - **the decrease in the perception of entrepreneurship as a suitable career choice continued also in 2014**. When compared to 2013 the representation of people, who perceive entrepreneurship as a suitable career choice decreased from 49.2% to 45.4%,
  - **perception of successful entrepreneurs** and their social status did not change in the year-on-year comparison in 2014 (decrease from 58.5% to 58.1%),
  - **on the other hand media attention paid to new business increased slightly annually** from 51.7% to 52.6%.

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<sup>7</sup> Position of SMEs on foreign trade of the SR in 2013 is published at:  
[http://www.sbAgency.sk/sites/default/files/postavenie\\_msp\\_v\\_zo\\_2013.pdf](http://www.sbAgency.sk/sites/default/files/postavenie_msp_v_zo_2013.pdf)

- Evaluating individual stages of entrepreneurship:
  - **the intention to start a business in the next 3 years decreased slightly annually from 16.4% to 15.1%,**
  - **the downward trend in initial entrepreneurship activity stopped in 2014.** In the year-on-year comparison the initial entrepreneurship activity increased from 9.5% to 10.9%,
  - the percentage of newly forming entrepreneurs did not change annually (increase from 7.3% to 7.4%),
  - the percentage of new entrepreneurs increased slightly annually from 3.6% to 4.4%,
  - **the share of established entrepreneurs increased annually from 5.4% to 7.8%,**
  - **the growing trend of the number of people who started a business because they had no other way how to ensure an income in 2014 has stopped,** in the year-on-year comparison the share of said people has decreased from 40.2% to 29%.

## 2.6.2 Innovation activity of the enterprises

Based on the results of the “**Community Innovation Survey (CIS) 2012**“ survey conducted by Eurostat in cooperation with the national statistical offices of the EU member countries, Slovakia like the rest of the EU-28 member countries saw decrease of the innovation activity of SMEs.

Graph no. 71 (in appendix) indicates that in Slovakia in the industry sector innovation activity has been carried out by 25.9% of small enterprises (10-49) and 39.3% of medium enterprises (50-249). Overall for the SMEs category (10-249) the share of entities with innovation activity reached 29.9% (on the total number of SMEs). Comparison to previous result of the survey (2010) indicates a decrease of share of SMEs with innovation activity in the industry by 3.2 p.p. Large enterprises had the highest share on entities with innovation activity (63.8%).

The lowest level of innovation activity of individual enterprise size categories was recorded in construction, specifically in 14.7% of small enterprises (10-49) and 20.3% of medium enterprises (50-249). Collectively the share of SMEs (10-249) with innovation activity was 15.7%. When compared to 2010 innovation activity of SMEs decreased in construction by 1.6 p.p. The highest share of entities with innovation activity has been recorded for large enterprises (44.4%).

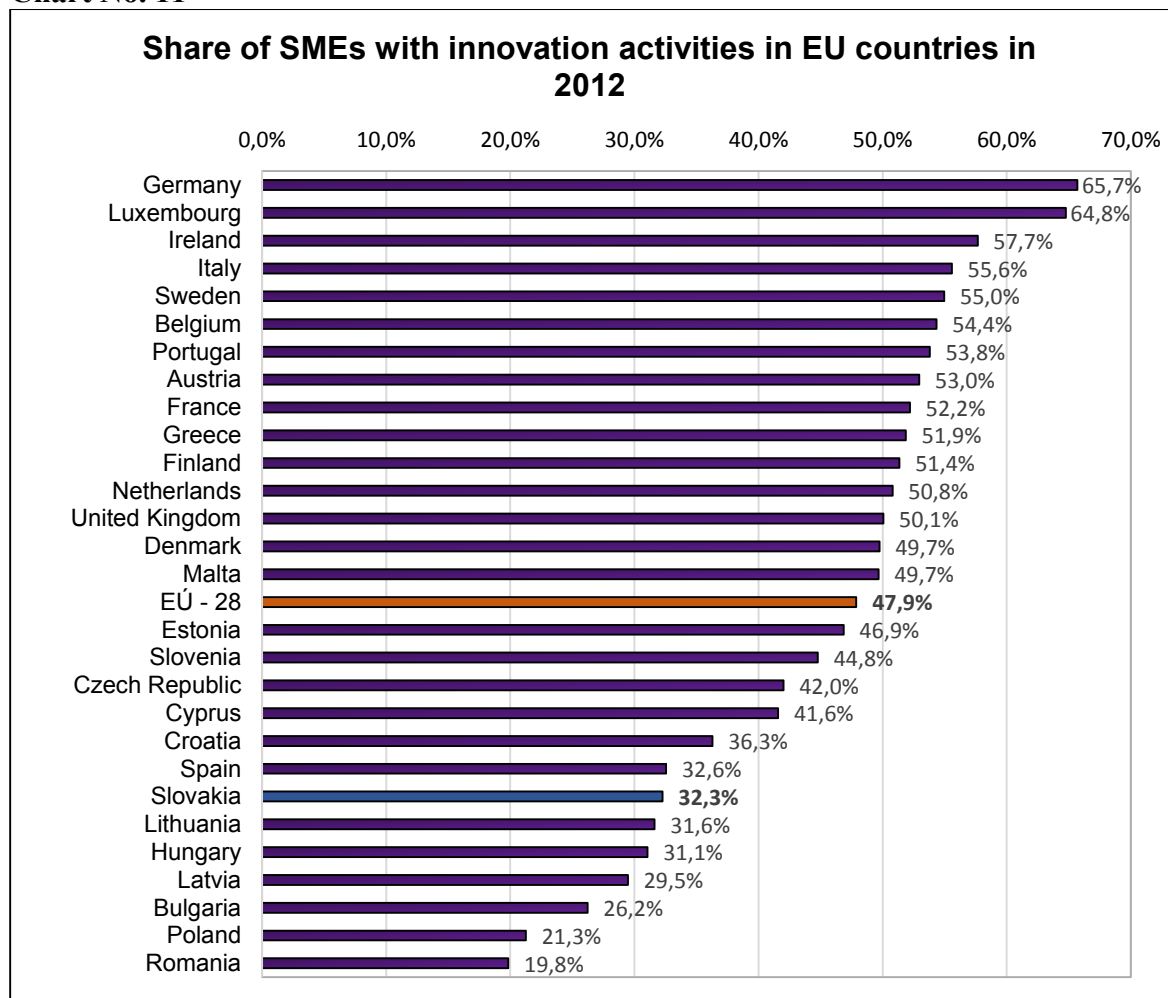
In the services sector there were 27.2% of small businesses (10-49) and 37.7% of medium businesses (50-249) with innovation activity. Collectively the share of SMEs (10-49) with innovation activity was 29.7%. For comparison the share large enterprise entities conducting innovation activity was 61.4%.

Said data shows that the highest levels of innovation activities have SMEs (10-249) operating in the industry sector (29.9%), services sector (29.7%) and the lowest innovation activity is demonstrated by SMEs in construction (15.7%).

Innovation activity of Slovak SMEs does not show any signs of improvement, not even in comparison with the other EU countries. Slovakia is still among the countries with below the average innovation activity of SMEs. Based on the Eurostat data in 2012 almost every third small and medium enterprise in Slovakia has been innovative (32.3%). However within the

EU-28 countries almost every second SME (47.9%) is demonstrating innovation activities. In said comparison Slovak SMEs were followed by SMEs from Lithuania, Hungary, Latvia, Bulgaria, Poland and Romania. On the other hand more innovative SMEs are in Germany and Luxembourg.

**Chart No. 11**



**Source:** Eurostat, prepared by SBA

### 2.6.3 Use of ICT in enterprises

The use of information and communication technologies in Slovak enterprises is evaluated annually by the Statistical Office of the SR by the means of the “Survey on use of information and communication technologies in enterprises”.

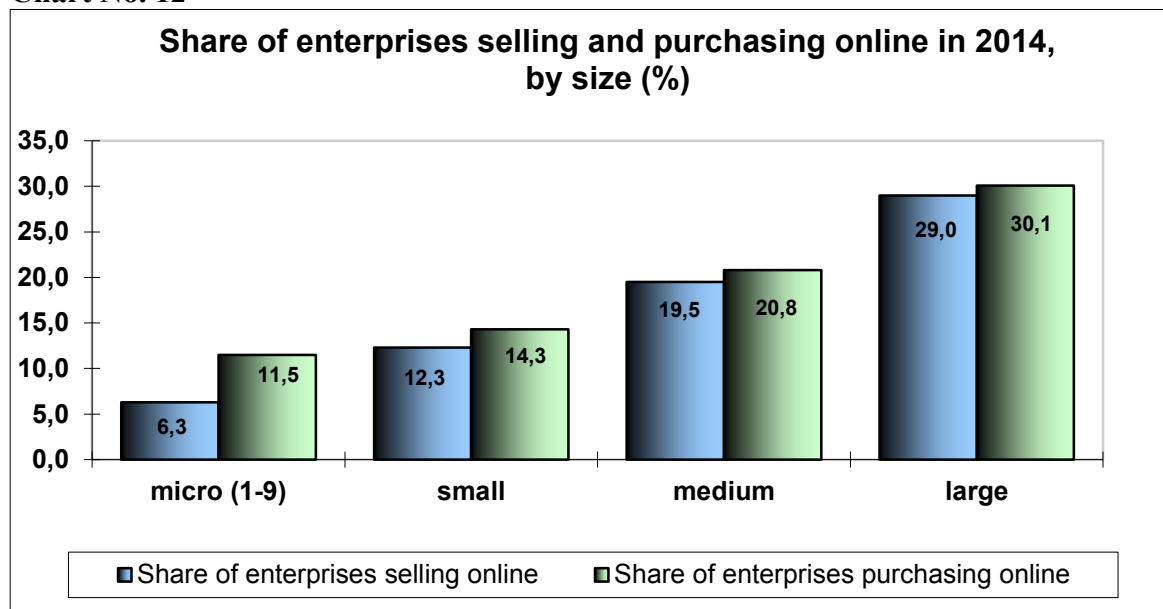
Based on the results of said survey in 2014 the Internet has been used for business by 80% of micro enterprises (1-9). Other size categories have a higher share of Internet use. The share of small enterprises using the Internet was 97% and for medium enterprises it was 100%.

Graph no. 26 depicts the share of enterprises selling and buying online based on enterprise size categories in 2014. The values show direct correlation between the use of electronic commerce (buying and selling) and individual enterprise size categories. The higher the size category, the higher the use of electronic commerce. In 2014 only 6.3% of all micro enterprises

sold the results of their business activity online, however 11.5% of all micro enterprises were buying online.

In 2014 small enterprises had these indicators at higher levels (12.3% of small enterprises selling online, 14.3% of small enterprises buying online). In 2014 medium enterprises had the highest values of using electronic commerce among SMEs (19.5% medium enterprises selling online, 20.8% enterprises buying online).

**Chart No. 12**



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

#### **2.6.4 Conditions for entrepreneurship and employment of foreign state members in Slovakia**

Migration as a social phenomenon increasingly affects the economic and demographic situation of Slovakia. Efficient inclusion of foreigners into the economic practice of our country depends on adopting measures, which lead to improvement of conditions for employment and entrepreneurship of foreigners, specifically third-country nationals. Because of this reason the SBA implemented a project for Improvement of the Labor Market Conditions and Entrepreneurship of Third-Country Nationals, which is financed by the Solidarity and Migration Flows Management Program.

The SBA implemented within the project quantitative and qualitative surveys, the goal of which was to explore the conditions for entrepreneurship and employment of third-country nationals in Slovakia<sup>8</sup>.

##### *Entrepreneurship of third-country nationals*

<sup>8</sup> Surveys results are published at:

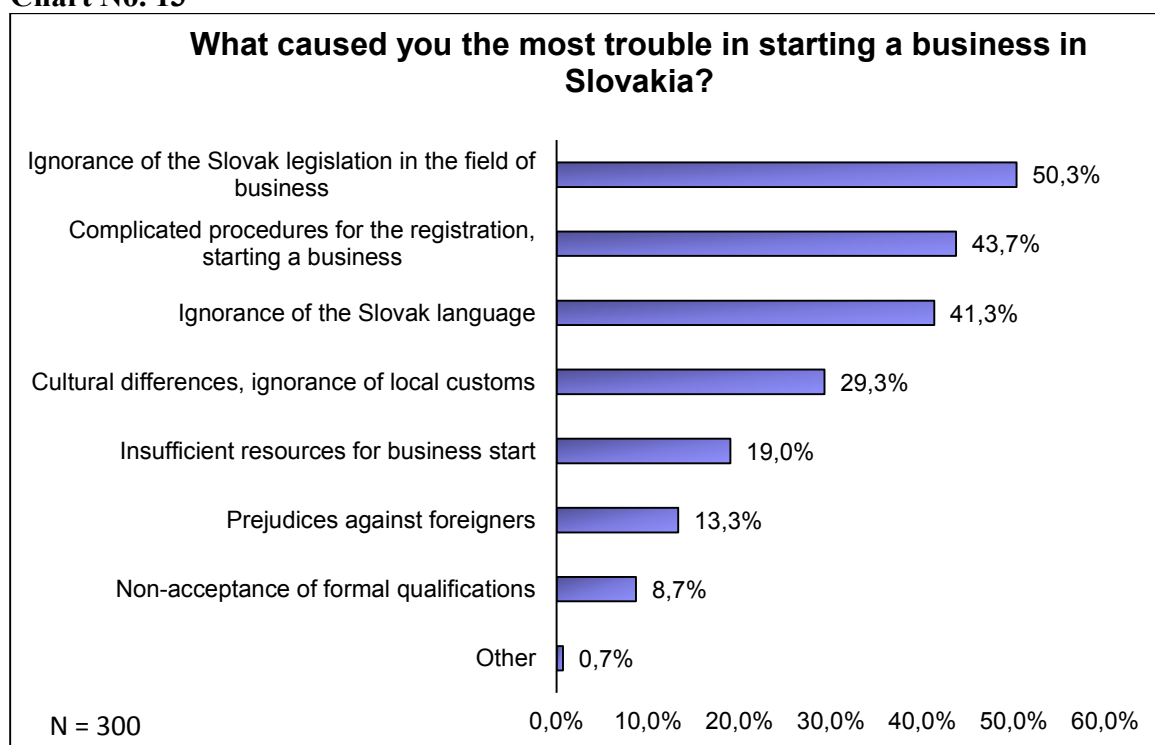
<http://www.sbAgency.sk/zlepsenie-podmienok-na-trhu-prace-a-podnikania-statnych-prislusnikov-tretich-krajin>

Based on the results of the quantitative and qualitative survey the main reasons of third-country nationals for leaving their home country are unfavorable economic and life conditions, lack of job opportunities, or inappropriate business conditions. Except for these reasons the respondents also stated reasons like I want to live in the EU, travel possibilities or social motives (departure to reunite the family).

More than two thirds (71.4%) of entrepreneurs - third-country nationals were doing business also in their home country, while a little under half (46.7%) was doing business in a different subject than in Slovakia. 28.7% of entrepreneurs did not do any business in their home country before coming to Slovakia.

When evaluating current business conditions for third-country nationals in Slovakia, the dominating opinion is that the conditions are rather good (56.3%). About a third of the respondents (32.7%) consider the conditions to be rather bad.

**Chart No. 13**



**Source:** SBA

The survey indicates that entrepreneurs - third-country nationals had the greatest problems at the beginning with orientation in the Slovak legislation in the field of entrepreneurship (50.3%) and to navigate the complex procedures for registration/starting a business (43.7%). Currently entrepreneurs - third-country nationals have the greatest problems with the ever-changing business environment, high taxation level and high costs of employees. The process for establishing a company takes too long according to the respondents and in comparison to other countries is twice to four times as expensive.

One of the issues of third-country nationals is their lack of knowledge of the Slovak language (41.3%). More than two thirds (68.7%) of entrepreneurs know only the basics of the Slovak language and almost a fifth (14%) doesn't speak Slovak at all.

In the beginning of their business activities entrepreneurs - third-country nationals had problems with non-recognition of documents on formal qualification; this was declared by almost 9% of the respondents. Documents on formal qualification were not recognized in their home country for almost half (47.8%) of entrepreneurs - third-country nationals.

Entrepreneurs - third-country nationals perceive as troublesome meeting the criteria to achieve a specified level of tax income/profit in order to renew their temporary residence for the purpose of entrepreneurship (58.7%).

Based on the results of the quantitative survey the most requested form of help for entrepreneurship from the perspective of third-country nationals is a transparent webpage with complex information on entrepreneurship of foreigners, which was declared by 27.7% of the correspondents, publications on business conditions in Slovakia in foreign language editions would be welcomed by 19.3% and subsidized Slovak language courses would be appreciated by 19% of the respondents.

Asked entrepreneurs considered the most helpful information at the beginning of their business activity especially information on payroll tax issues, accounting, etc. (40.7%), contacts for support institutions (33.3%) and information on basic steps to establish a business/trade.

#### *Employment of third-country nationals*

Based on the results of the quantitative survey, six in ten (60%) small and medium enterprises in Slovakia assess the issue of lack of skilled work force as significant. Only 1.4% of the small and medium enterprise representatives plan to occupy vacant jobs by third-country nationals in the near future. 5.5% of the small and medium enterprise representatives consider hiring third-country nationals. On the other hand almost nine in ten (87.5%) of the small and medium enterprise representatives don't even consider securing work force by hiring third-country nationals.

More than one fifth (21.3%) of small and medium enterprises participating on the quantitative survey stated that the reason they would hire a third-country national for the job is difficulty in hiring a skilled worker in the domestic labor market. 19.4% of respondents would hire a third-country national due to lower financial costs, 14.3% to facilitate international cooperation and 13.8% because of higher work motivation.

More than one third (37.6%) of small and medium entrepreneurs declared in the survey that the positive of hiring third-country nationals for the Slovak labor market is the fact that the third-country nationals fill the gaps in the domestic labor market.

More than one third (36.1%) of small and medium entrepreneurs considers communication problems occurring due to cultural differences as the most common issue related to hiring third-country nationals. 12% of the respondents identified the most common issue as lack of acceptance on part of other employees.

Shortening the time needed to issue the necessary documents for the migrants has been marked in the quantitative survey by most respondents (28.7%) as a measure they would recommend implementing in the field of improving economic integration of third-country nationals in the Slovak labor market. 22.4% of the small and medium enterprise representatives would recommend to expand the range of professions, which would not require the granting of



work permits for third-country nationals. One fifth (20.1%) of the respondents would recommend to implement a long-term information campaign about the positive effects of the migration processes. Shortening the time needed to issue the necessary documents would be recommended by almost two thirds (62%) of the entrepreneurs employing third-country nationals.

The respondents have stated that the most common reason of reluctance of entrepreneurs to hire third-country nationals is that the third-country nationals shown no interest in working at their company thus far. This answer was given by 58% of the respondents of the survey. Third-country nationals don't have the necessary language skills and the employment of third-country nationals is a complex process has been states as the reason of reluctance to hire them by one fifth (21.5%; 21.1%) of the respondents.

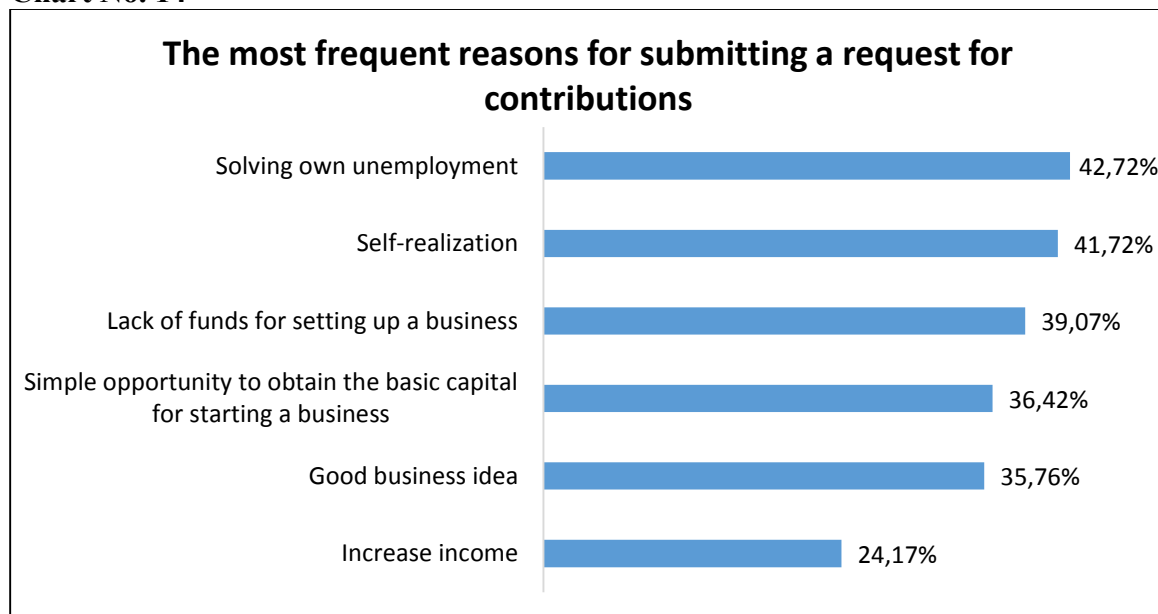
### **2.6.5 The effect of selected measures of active labor market policy on the results of business activity in Slovakia**

The goal of this survey, which took place in 2014 was to map out the effects of contributions as part of active measures in the labor market on the results of entrepreneurship activity.

Majority of the questioned entrepreneurs did not have an employee and enterprises in construction or trade and business services. Two thirds of the questioned entrepreneurs are men younger than 50 years. Most of them have secondary or higher education.

Entrepreneurs have assessed the process of obtaining the contribution positively, the most positive contribution was the level of completed preparation to start an enterprise, quality of information given by the labor office and willingness of the clerks to communicate and help when preparing the application for contribution. Administrative difficulty when preparing the application for contribution and business plan, the amount of provided contribution and administrative difficulty of managing and operating an enterprise and use of the provided contribution has been marked negatively.

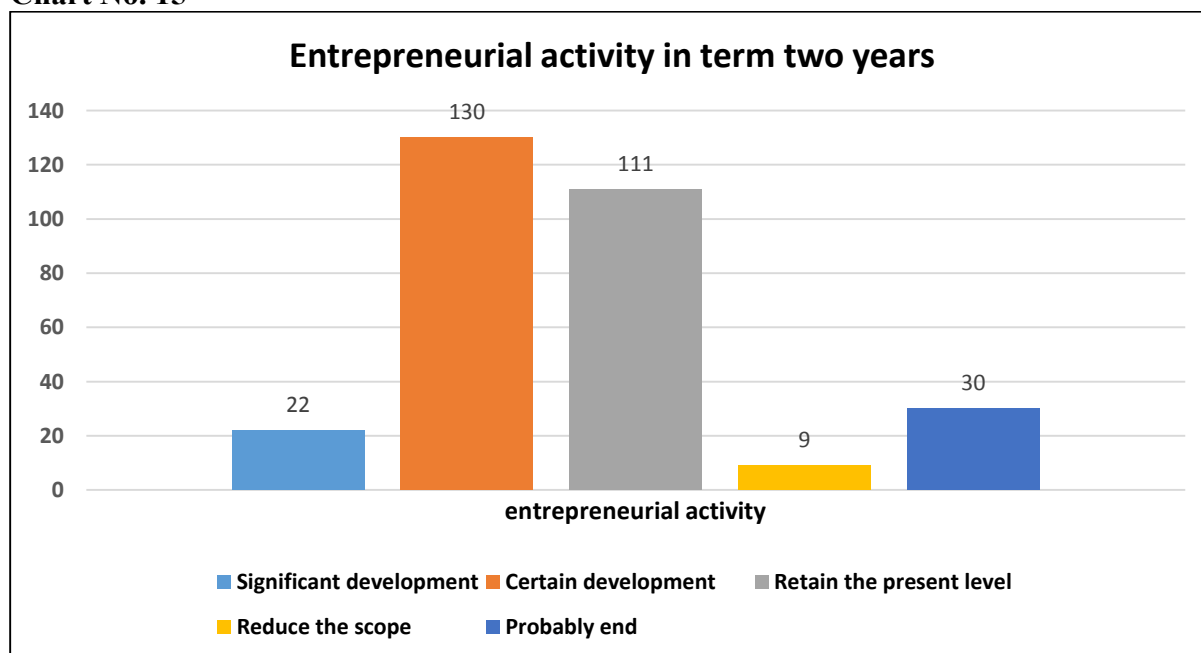
More than two thirds of the respondents stated that they would have implemented their business plan even without the contribution. Majority of these entrepreneurs were asking for contribution due to solving their own unemployment and the possibility of self-realization. Subsequently they used the contribution to pay the contributions to social and health insurance, purchase of fixed assets and procuring services.

**Chart No. 14**

Source: SBA

More than two thirds of questioned entrepreneurs who got the contribution for small trade license from the labor office were profitable in the last financial period. The ones who were not profitable stated as the main reason bad situation in the marked, lack of customers, strong competition and high contributions and labor costs.

The survey confirmed that entrepreneurs consider their occupation as successful and have a tendency to expand their entrepreneurship activity in the next two years, or they are interested in keeping current entrepreneurship activities.

**Chart No. 15**

Source: SBA

### 3. Evaluation of the SBA implementation

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

##### ❖ Situation of family enterprises in Slovakia

The goal of the qualitative survey, which was conducted from May to June 2014, was to map out the business conditions of family enterprises in Slovakia with the goal to identify specific features and trends manifesting in this category of enterprises.

Almost three quarters of respondents (which identified the time they established their enterprise) started their enterprise in the first half of the 90's. Within this group of respondents the **main motive for starting an enterprise was the possibility to start an enterprise and relatively easy beginning of entrepreneurship at the beginning of the 90's**. This period was also characterized by uncertainty of job and income security; therefore the decision to start an enterprise was influenced more by necessity and met with the support and help also from family members.

Family enterprises have marked access to finances as the dominant problem at the beginning of their enterprise. This statement is confirmed also by high level of use of own finances when starting an enterprise, which in view of the family entrepreneurs are more quickly available and do not require bureaucracy. Other issues at the beginning of the enterprise are disproportionate administrative burden and insufficiently skilled work force. However these issues can be considered common issues of the small and medium enterprise sector. Specific problem of family enterprises, as suggested by some of the respondents, is rather the **blending of the family and working life**, the consequence of which is the transfer of business problems into the family life and vice-versa.

The survey confirmed that entrepreneurs have the tendency to include their family members into their enterprise (a very common form of enterprise is a **spouse business** or combination of one of the parents and a child). When engaging family members the trend is to **prefer family members in leadership positions**. An exception of this trend can be seen in larger family enterprises, where except for family members the leadership also contains external managers. Smaller family enterprises declare that they can handle business matters on their own.

Greater inclusion of family members is the consequence of the **influence of mutual family relationships**. From the perspective of the entrepreneurs, trust in family members is stronger than in external managers, where they are afraid of loss of know-how and their short term in the company. The results of the company matter more to the family members, they are more involved in the enterprise and have higher motivation. However the disadvantage is a difficult building of respect within the working relationships and also the mentioned transfer of problems from business to family and vice-versa.

An important element of the family enterprise is the issue of succession or the preparation of transfer of enterprise management to the younger generation. This is intensifying with the higher age of the founders. Despite creating conditions of intergenerational transfer, the older

generation is experiencing a fear of succession based on possible damage of family relationships and the alternative that **there will be no one to take over the enterprise**. Older generation considers the hand-over of the enterprise as the most important moment of family business, which is the same opinion as that of the young generation.

**Securing the transfer of the enterprise** has been identified as a problem in the survey with respect to the specific nature of family enterprises. Entrepreneurs consider it important to ensure continuity and simplify the transformation in intergenerational transfer, which would result in fluency of succession. This problem is perceived not only by the older generation, but by the younger generation as well.

Another part of the survey was focused on identifying the specifics of the family enterprise. Administrative burden, unstable legislative environment, problem with loss of know-how or problem of securing same conditions for everyone were dominating the problems of family enterprises, so as already mentioned, rather common problems of the small and medium enterprises sector.

### 3.1.1 Development of the legislation environment

The following measures and legislative changes have been adopted in 2014 with the goal to support the growth of SMEs through stimulation of entrepreneurship ambitions and business skills, support of successful enterprises, products, ideas and initiatives supporting the development of entrepreneurial thinking:

#### **Amendment to the Act on Tax Advisors and Slovak Chamber of Tax Advisors (Act No. 78/1992)**

**Act No. 354/2013 S. effective from 1. January 2014** introduced the definition of tax consulting, which was missing in the act and also established education and experience as one of the conditions for performing tax consulting. The Amendment also abolished the condition that tax consulting would be provided exclusively by limited partnerships and public companies. Thus **tax consulting** can be provided also using e.g. **limited liability companies**.

#### **Amendment to the Act on conditions of sale of products and providing services in market places (Act No. 178/1998 S.)**

The goal of adopting the Amendment to the Act published as **No. 101/2014 S.**, was to improve the efficiency of the activity of inspection bodies and reflect the development of the SR economy also in the field of sale at market places, with emphasis on consumer protection, **ambulant sale conditions**, groceries sale, control, cooperation and coordination of involved authorities in checking the safety and hygiene of the sale. The Amendment defined **community** as the founder of the market place, which is the only authority that can issue permits to establish a market place. The Amendment specified sale conditions of some commodities (e.g. sale of mushrooms, groceries, forest fruits and some toys) and also adjusted the scale of ambulant sale as well as condition of using a cash register. The changes entered force on **1. July 2014**.

The Amendment also **restricted ambulant sale of goods** in communities, where a facility with the sale of groceries for the final consumer has been established. Pursuant to the Amendment ambulence could have sold only foods and drinks for immediate on site

consumption, packed ice cream and fruit and vegetables. **However this restriction has been abolished by Act No. 199/2014 S.**, which entered force on 17. July 2014.

**Act on consumer protection in sale of goods or providing services based on contract concluded at a distance or contract concluded outside the business premises of the seller (Act No. 102/2014 S.)**

**Act No. 102/2014 S.** replaced previously established legislation - **Act No. 108/2000 S.** on Consumer protection in house sale and sale at a distance as amended. The goal of this new Act was to ensure high level of protection of the consumers in sale of goods and providing services based on contract concluded at a distance or concluded outside the business premises of the seller. The Act entered force on **1. May 2014**.

The Act establishes detailed requirements of **information obligations** of the sellers, which should improve legal certainty of both the consumers as well as the sellers. Except for other the Act expanded the formal requirements for said contracts and adjusted the process for executing the right of the consumer to withdraw from the contract in more detail. The Act **extends the period to withdraw from the contract from 7 business days to 14 calendar days**. At the same time it introduced a **model form for contract withdrawal**, which simplifies the procedures for consumers when executing the right of contract withdrawal.

New legal adjustment also regulates some other requirements. In particular it is the **adjustment of so called sales events**, which are currently misused to the disadvantage of the consumers; in particular it adjusts the obligations of the sellers and sales events organizers to prevent the misuse of aggressive and other unfair business practices on part of the sellers at sales events, where trust and objective weakness of individually vulnerable group of consumers, especially the seniors is frequently misused.

**Civil Code Amendment (Act No. 40/1964 S.)**

**Effective from 13. June 2014 the Act No. 102/2014 S.** strengthened the **protection of consumers' rights** also in the Civil Code. For example the Amendment introduced in the Code two additional types of unacceptable contractual conditions, specifically providing many times greater security on part of the consumer than the actual commitment and requiring the consumer to pay for a service, which is provided by the supplier, and is not largely in the interest of the consumer. The Amendment also expanded the prohibition of securing the fulfillment of the consumer's obligation based on consumer contract using the rights to real-estate and specified in more detail the provisions of the Code related to the delivery date to the buyer from the seller.

**Effective from 1. June 2014 Act No. 106/2014 S.** introduced to the Slovak legal system **the institute of civil-legal usury** and set the highest allowed remuneration for lending financial means to the consumer. Under the current definition of the maximum remuneration the civil-legal usury allows to qualify also a gross disproportion in fulfillment, which created space for stabilization of adequate remuneration in the field of loans and advances provided to the consumers. The Act also expanded the list of unacceptable contractual obligation, introduced another ground for invalidity of the consumer contract and also adjusted the requirements for fonts in the consumer contracts and related documents.

**Act on short-term rental of an apartment (Act No. 98/2014 S.)**

The purpose of the **Act No. 98/2014 S.** on Short-term rental of an apartment, **effective from 1. May 2014**, is to develop and solve the question of private market rental housing in the SR. The Act assumes a positive effect on the mobility of the work force (i.e. increase of jobs could occur in individual regions) and also counts on **the development of business opportunities** in the field of construction of rental apartments for the purpose of their commercial use.

**Act on acquiring the ownership of an agricultural land as amended (Act No. 140/2014 S.)**

The purpose of adopting this Act was to create a legal environment, which would allow for agricultural land, which should be further used for this purpose, to be acquired primarily by persons, which meet the professional qualification for farming on the land, and which will farm under the terms of the good agricultural and environmental practice. In the interest of protecting and using this natural resource, those natural persons and legal entities should be preferred in acquisition of the agricultural land, which perform agricultural **production as business (own profession)** and also meet other related conditions. At the same time the Act adjusted the process, through which these entitled persons can execute their **preferential right to acquire the ownership of the agricultural land**. However the Act does not apply to all agricultural land. The Act entered force on **1. June 2014**.

**Amendment of the Act on land arrangements, organization of land ownership, land offices, land fund and on land communities (Act of the SNA No. 330/1991 S.)**

The goal of adopting the Act No. 363/2014 S. was the effort to solve the issues of development of the special crop production as well as livestock production and at the same time **the effort to create more favorable business conditions in agriculture for young farmers**. The Act should also contribute to solving the generation exchange in agriculture and support employment in agriculture in the Slovak countryside. The Act **entered force on 1. January 2015**.

The goal of the Act is to create conditions for young farmers and farmers enterprising in small or micro enterprises to get agricultural lands, currently rented by large farmers and large enterprises. Part of the Act is a contractual obligation to use these agricultural lands for special crop and livestock production, thus positively stimulating employment. Small farmers and farmers enterprising in small or micro enterprises will be able to get land by leasing from the **Slovak Land Fund**, buying agricultural land not used thus far from its owners or leasing from large enterprises

**Slovak Land Fund will preferentially lease to a young farmer**, small enterprise or micro enterprise land for special crop or livestock production, no larger than 28 hectares. Based on the Amendment the young farmer cannot sublease the acquired land. At the same time the Land Fund publishes a list of young farmers or farmers meeting the conditions of a small enterprise or micro enterprise at its webpage, who demonstrated interest in leasing a land.

**Amendment of the Government Regulation of the SR No. 238/2010 S.** follows the Act, which establishes details on the conditions of leasing, selling, exchange and acquisition of real estate by the Slovak Land Fund (published as No. 416/2014 S.). Effective from 1. January 2015 the Amendment of the Government Regulation introduced **conditions for the Slovak Land Fund, under which it can lease to a young farmer**.

**The Amendment to the Act on conditions of transfer of state property to other persons as amended (Act of the SNA No. 92/1991 S.)**

The Amendment to the so called Act on Privatization, published as **No. 197/2014 S.**, effective from **1. August 2014** created legal conditions for sale of shares (securities) of the state or of the National Property Fund of the SR in the form of a public offering of shares at the capital market, the so called “**Initial Public Offering** - offering shares to institutional investors and general public by the means of the so called initial public offering.

**The Amendment to the Act on land adjustments, land ownership, land offices, land fund and land communities as amended (Act of the SNA No. 330/1991 S.)**

Adopting the Amendment of the Act (**Act No. 115/2014 S.**) addressed especially the adjustment of part of the Act related to simple land adjustments. Except for processes for simple land adjustments for agricultural and forestry use of land and for adjustments, which are done due to reasons other than farming the land (e.g. for individual housing construction), it deals especially with simple land adjustments **in cases of investment construction**, which by its intervention in current land arrangements causes a restriction of farming the land in question after the construction. The Amendment introduces an **obligation for the investor** to remove negative aspects of the construction, which cause splitting the original lands, which worsens their farming and removes access to them. Pursuant to the Amendment, which entered force on **1. May 2014** the investor has the obligation to put the lands into a state, which would not prohibit manipulation with them.

**The Amendment of the Act on Territorial Planning and Building Code (the Building Act) as amended (Act No. 50/1976 S.)**

The Amendment of the Building Act - **regulation No. 293/2014 S.**, effective from 2. January 2015 tightened the legal regulation of outdoor advertising. The Amendment also adjusted the related legal regulations, specifically the Road Act (**Act No. 135/2961 S.**), which tightens the conditions for placing advertisement structures outside communities and towns next to highways, motorized vehicle roads and 1. class roads, which are international roads in an area of 100 m.

**The Amendment to the Act on Bonds (Act No. 530/1990 S.)**

The goal of adopting the Amendment published as **No. 206/2014 S.**, is to support new small enterprises in promising sectors (**so called start ups**), supporting competitiveness of the Slovak economy and removing barriers for entrepreneurship in issuing bonds at the capital market. Pursuant to the Amendment, based on experience, effective from **1. September 2014**, the administrative burden for issuing new bonds has been made easier by removing some redundant information obligations and the emission conditions have been made more flexible as well. In the interest of strengthening the rights of the bondholders, established ways of joint enforcement of bondholders' rights have been introduced in the Act, through the institute of bondholders' meetings and a common representative of the bondholders.

**Act on consumer disputes proceedings and on amendments of certain acts (Act No. 335/2014 S.)**

The purpose of this Act was to create an individual type of out of court dispute resolution similar to arbitration proceedings, which would allow solving consumer disputes while guaranteeing protection of consumer rights at the same time. Pursuant to the Act a consumer dispute is a **dispute between the supplier and the consumer** based on the consumer contract or related to the consumer contract. In order to use the procedure pursuant to the Act it is necessary for a consumer arbitration contract to be concluded between the supplier and the consumer. The Act entered force on **1. January 2015**.

Conditions and terms for performing professional proficiency tests of arbitrators and other education of arbitrators and on re-testing arbitrators by the Ministry are established by the **Regulation of the MoJ of the SR No. 380/2014 S.**, which entered force on **1. January 2015**.

### **The Amendment to the Act on Arbitration Proceedings (Act No. 244/2002 S.)**

On **1. January 2015** the Amendment to the Act on Arbitration Proceedings entered force, published as **No. 336/2014 S.**, which has the potential to affect conflict solution between entrepreneurs. By **increasing legal certainty**, the Amendment is expected to have a broad positive effect on entrepreneurs, since the goal of the Amendment is to simplify and speed up the solution of commercial disputes between entrepreneurs, which agree on an arbitration clause.

The first part of changes to the Act include provisions of the newly defined arbitrability, while it introduces a **single criterion**, specifically if it is a legal relationship, based on which the parties can conclude a settlement agreement. A significant change when compared to the original version of the Act is that based on the new rules the **founder of the permanent arbitration court** can only be a business or professional chamber, an interest group of legal persons or a civil association. A significant change is the provision, which states that preliminary measure issued in the arbitration proceedings is the **execution title** based on the Execution Order, if the other party had a chance to become familiar with the proposal for its issue in advance.

Restriction or the inability to decide **consumer disputes** based on this Act is also a significant aspect of the Amendment. These disputes should proceed pursuant to the newly adopted **Act No. 335/2014 S.** on Consumer Arbitration Proceedings.

### **Basis of the strategy for creative industry development in the Slovak Republic**

On 14. May 2014 the SR Government approved the document, based on which the support of the creative industry with a high added value is one of the essential strategic priorities in the field of culture and in the field of agriculture. In this context the **term creative industry** refers to those parts of the economy, which create economic value based on individual creative input or artistic talent. It is a sector built on appreciation of the intellectual property, which can include creative activities like architecture, design, movies, music as well as creating computer games or advertisement, etc.

The document maps in general terms the culture and creative sectors like the field of traditional arts and theater art, movies, audio-vision, television and radio broadcasting, computer games, music or publishing activity, as well as design, architecture, advertisement and related fields (e.g. software development) in terms of their economic potential. At the same time it identifies selected problematic relations and offers basic starting points for supporting



initiatives and activities for simulating the creative industry, which are means for creating a social-economic environment, which can be described as creative economy. **The basic output of the document** is defining the task of creating an interdepartmental working group (under the auspices of the Ministry of Culture of the SR in cooperation with the Ministry of Economy of the SR, Ministry of Transportation, Construction and Regional Development of the SR, Ministry of Education, Science, Research and Sport of the SR, Ministry of Interior of the SR, Ministry of Agriculture and Rural Development of the SR, Ministry of Foreign Affairs and European Matters of the SR and the Ministry of Finances of the SR, as well as the SO of the SR), the task of which will be to **draft a Strategy for the development of the creative industry in the Slovak Republic.**

### **Concept for the support of small, young and family farmers**

On 26. November 2014 the SR Government adopted the Concept for the support of small, young and family farmers, the goal of which is to **create more favorable conditions for entrepreneurship in agriculture** for young, small and family farmers. At the same time it wants to address the generation exchange in agriculture and support employment in the Slovak countryside, where agriculture is one of the decisive sectors for creating job opportunities.

**The main goal of the concept** is to support the diversity of the structure of agricultural holdings, improve the vitality of small, young and family farms and improve and support their integration into the food vertical. In this relation the concept identifies the necessary steps for establishing an optimum state of using basic production factors by the target group of agricultural subjects and it also identifies sets of direct as well as indirect support mechanisms for the target groups of agricultural entrepreneurs.

### **Action plan of the SR agriculture development for 2014 – 2020**

The action plan of SR agriculture development approved by the SR Government on 22. January 2014 is based on the Conception of the SR agriculture development for 2013 - 2020. The action plan specifies an efficient set of tools and measures focused except for other on:

- **Increasing competitiveness of the Slovak agriculture** especially in breeding pigs, poultry and cattle livestock and in growing fruits and vegetables;
- optimization of the land market operation;
- **more effective distribution of financial resources** within the subsidy titles;
- increasing the rate of the work force reproduction and implementation of the necessary change of generations;
- increasing employment in the agriculture sector to the average EU level;
- increasing productivity of work in agriculture to about 70-80% of the EU level.

The basic tool to fulfill the above stated goals is using the possibility of flexibility between the common agricultural policy pillars. The key moment in this aspect is creating sufficient resources for creating favorable conditions for a suitable business environment.

## **3.1.2 Support programs, measures and initiatives**

### **❖ Slovak Business Agency**

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

- **The “EU Tourism Mentoring“ project**

Slovak Business Agency acts as the leading partner in the new EU Tourism Mentoring project, which was approved as part of the Leonardo da Vinci life-long education program - innovation transfer sub-program. Together with partners from Great Britain, Romania and Lithuania, the SBA wants to build on the results of successfully implemented actions of the completed PA4T project - Partnership for Tourism, and develop rules and standards for mentoring in the tourism sector. Tourism is one of the most important sectors of the economy in all of the above stated countries. Despite a high potential of tourism in Slovakia, Romania and Lithuania, these countries lag behind in the quality of provided services as well as any structure whatsoever and professional development possibilities.

The ambition of the project is to create standards for the development of mentors in the tourism sector based on the developed and a tested product used in the Great Britain.

Main goals of the project:

- transfer of methodology for mentors created in the Great Britain
- improve the offer of courses for mentors in close cooperation with employers and expert practitioners
- train 4 mentors per country in the tourism sector (Slovakia, Romania, Lithuania) and initiate a mentoring pilot
- draft final methodology for mentors in the tourism sector adapted to national conditions of individual countries

Activities of the project:

- preparing and drafting a contextual analysis and tested procedures, preparing a survey of labor market needs, existing offer of courses and public policies
- preparing 3 free workshops for tourism workers about mentoring techniques, which will be lead by professional mentors from Great Britain, training 4 mentors for Slovakia, who will receive an international certificate
- training 12 mentees for Slovakia in the tourism sector, whom the mentors will transfer their skills and experience
- drafting a methodology for the development of mentors in tourism

Create a handbook and methodology about mentoring techniques with emphasis on the development of tourism mentors, as well as other economic sectors, specifically designed for the conditions and needs of Slovakia. The project focuses on the tourism sector and its contribution is implementing a cost-effective way to develop employees. Thus the whole sector can get an innovative and efficient education methodology.

30 subjects have been supported through mentoring as part of the project activities in **2014**.

- **SMEELEARN project**

The SME e-learning project, ([www.sme-elearning.net](http://www.sme-elearning.net)) funded by the EU funds, the ERASMUS + project, was created to test, transfer and increase awareness and access of small and medium enterprises (hereinafter referred to as “SMEs“) to e-learning methods, which are

common in the field of formal education. 8 partners from 5 European countries have been participating on the two-year project (September 2014 – August 2016), including representatives of education institutions, trainers and SMEs representatives, which closely cooperate with the employees and managers of SMEs and providers of professional education and preparation.

E-learning can be a suitable choice for securing professional skills needed for the development and maintaining growth of SMEs in Europe. Research showed that SMEs have restricted resources for training their employees and what they really need is more of an “informal” preparation for solving specific problems they encounter, which they will get in place and time of their choosing. Tailored education is usually not in the offer of traditional education institution and therefore in this respect provides an excellent opportunity for e-learning. However despite many advantages we still encounter a low level of use of this form of education on part of SMEs and their employees

#### Main goals of the project:

- increase awareness and low availability of e-learning initiatives through the creation of a “SME e-learning portal”;
- support the development of strong economies by identifying and using innovative education systems;
- changing the perception of work trainings as knowledge transfer in traditional places (classrooms, practice rooms);
- introduce innovative teaching materials to previously hard to reach target group - employees - with the goal of highlighting e-learning as a good choice for solving their practical problems using tailored trainings;
- highlighting the availability of e-learning by promoting the many ways it can be accessed using state of the art technology.

#### Activities of the project:

- Creating the “SME e-learning portal”
- Creating a guide for using the “SME e-learning portal”
- Analysis of the status of e-learning use by SMEs in the partner countries

Since the project began in fall of 2014, only the initial activities have been performed, like launching a webpage of the project and first meetings of the project partners and the national project teams. Preparation work started also on the questionnaires for SMEs, which should serve as the basis for setting the “SME e-learning portal”, which should launch in the second half of 2015, eventually at the beginning of 2016.

E-learning with all of its benefits will be introduced to SMEs and their employees through the SMEELEARN project. Thus the project will contribute to greater awareness of innovation possibilities of education and about the contribution e-learning represents for the economic stability of SMEs. The project also reacts to the need for creating a platform of skills with information of general and technical nature, which will help adult employees to remain employed, which will contribute to sustainable employment in the partner countries.

- **The “Management Training Program (MTP)“ project - Building capacities of managers from Uzbek SMEs<sup>9</sup>“**

Slovak Business Agency supports as part of its activities the internationalization of Slovak enterprises as well as their international growth in the form of facilitating potential business or technological partners abroad. It helps them to penetrate new markets not only within the EU, but also the markets of third countries like Russia, Uzbekistan, Japan and others. Especially because of this SBA decided in 2014 in cooperation with the Uzbek Trade and Industry Chamber to participate in the new project entitled “Management Training Program“ (MTP) - Building capacities of managers from Uzbek SMEs“.

The project is financially supported by the European Union. It is implemented in the time period August 2013 - August 2016, through a consortium, which is lead by European Profiles S.A., Greece<sup>10</sup>. Trade and Industry Chamber of Uzbekistan is a local partner of the project. The project is focused on improving the performance of the small and medium enterprises sector in Uzbekistan. It is implemented based on international exchanges of selected Uzbek managers to European enterprises with the goal of acquiring local enterprise management techniques and their subsequent application in companies at which they work. This international exchange also represents a potential possibility for cooperation of all the participants in the field of equipment purchase, investments, trade, production or know-how exchange.

Main goals of the project:

The main goal of the project is to improve the performance of SMEs in Uzbekistan also by organizing practical exchanges of selected managers from leading private enterprises to EU companies.

Activities of the project:

- Information seminar
- Hosting Uzbek managers
- Database of international cooperation
- Catalogue of Slovak companies interested in enterprising in Uzbekistan and/or Central Asia

Slovak companies, which will participate in exchanges as part of the program will have the opportunity to use these benefits:

- build and enforce new business partnerships and mutual trust, which is the most significant aspect of entrepreneurship in Uzbekistan and Middle Asia;
- find out more information about markets of Uzbekistan and CIS and broaden own business opportunities
- acquire access to other markets in CIS and Middle Asia through existing networks of partner enterprises (where the manager is from) in Uzbekistan
- collectively negotiate with managers or entrepreneurs from other enterprises in Uzbekistan and get opportunities for further cooperation

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<sup>9</sup>More information on services of the Slovak Business Agency to support international cooperation can be found at: <http://www.sbAgency.sk/pozvanka-na-informacne-stretnutie-perspektivy-podnikania-v-uzbekistane#.U60dKJSSwTJ>

<sup>10</sup> It consists of: WYG International Limited, United Kingdom, CCI Paris Ile-de-France, France, Birmingham Chamber of Commerce, United Kingdom, PLANET S.A., Greece, Anti-crisis Management Consulting, Uzbekistan

- work with an energetic and motivated manager or entrepreneur, who offers advice or impartial view on your enterprise
- open new perspective markets for goods and/or services
- create mutual investment opportunities and potential for joint production and subcontracting

#### *Hosting Uzbek managers*

Slovak companies have the possibility to host managers from small and medium Uzbek enterprises and together develop business ideas. Hosting takes 2 to 4 weeks during the duration of the project. By entering this Middle Asia country Slovak enterprises can profit also from its strategic geographical position and reduced costs for penetrating to other countries of the former Soviet Union, which are part of the free trade zone (Russia, Ukraine, Belarus, Kazakhstan, Armenia, Kyrgyzstan, Moldova and Tajikistan). Exchanges of Uzbek managers to EU enterprises are one of the main activities of the MTP project. Uzbek managers spend as many as 4 weeks in the hosting EU company. The goal of hosting is to acquire potential opportunities for cooperation (buying equipment, investments, trade, production, know-how exchange, etc.), acquire local business management techniques and their subsequent application in companies at which they work.

#### *Database of international cooperation*

The database managed by SBA serves to identify expertise and needs of Slovak companies, which are interested in finding business and technological partners for cooperation from more than 50 countries throughout the world. Thanks to the membership of SBA in the Europe Enterprise Network, Slovak companies can get information e.g. about how to establish an enterprise or send employees to EU countries, how to participate in international notices and trends or how to participate in projects in the fields of science, research and innovation.

#### *Catalogue of Slovak companies interested in enterprising in Uzbekistan and/or Central Asia*

Based on their participation on an information seminar<sup>11</sup> and/or their registration in the International Cooperation database managed by SBA, Slovak enterprises were included in the list of companies published in the Catalogue of Slovak companies interested in enterprising in Uzbekistan and/or Central Asia.

## ❖ Ministry of Economy of the SR

Ministry of Economy of the Slovak Republic (hereinafter referred to as “ME SR”) supports the small and medium enterprise sector significantly also by implementing operational programs co-financed by the European Union. During the program period 2007 - 2014 this support was taking place in the form of implementation of the Operational Program Competitiveness and Economic Growth (hereinafter referred to as “OP CEG”). As of 31.12.2014 1 350 SMEs including SMEs, the projects of which are implemented through the JEREMIE initiative have been supported from the financial means allocated to OP CEG.

One of the strategic objectives of the Ministry of Economy is the **support for creating a business environment** as part of its economic strategy and policy. The main mechanism for creating and developing industrial production focused on promising and modern sectors is competitiveness in the field of enterprise innovation and investment in education of young people. Specific activity in this regard is the regular organization of a nation-wide presentation

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<sup>11</sup> The information seminar took place on 26. June 2014

expo of products of secondary vocational schools pupils called Young Creator. The 22nd annual expo took place 29.-30. April 2014 in the Expo-Agrocomplex Nitra š.p. complex, in conjunction with the job fair JOB EXPO and international job exchange European Job Days, organized by the Center of labor, social affairs and family and the folk art crafts festival organized by the Civil Association for Traditional Folk Arts and Crafts. The main objective of the exhibition was to promote secondary education and to present the results of acquired professional knowledge and practical skills of secondary vocational school pupils and at the same time inspire primary school pupils and their parents towards their future profession.

- **Program focused on intensifying support for small and medium enterprise and for support of employment of young people<sup>12</sup>**

Through the resolution No. 191 from 16. May 2012 the SR Government approved the proposal for relocation of finances under the operational programs of the National strategic referential framework for funding measures for the support of solving employment of young people and intensifying the support of SMEs along the lines of the European Commission initiative, the goal of which is to stimulate said target groups using resources of structural funds. The Operational Program Competitiveness and Economic Growth (OP CEG) was also part of said reallocation, the original allocation of which was increased by an additional 225 mil. Euros. Support under the program took place through these 3 notices.

**Tab. no. 3. 1:** Overview of approved aid by regions with the commitment of creating jobs

Region of SR	NFC in Eur	Newly created jobs		Number of projects
		total	young people	
Banská Bystrica Region	46 759 729,45	461	273	102
Košice Region	26 403 412,07	298	193	65
Nitra Region	22 305 231,68	262	181	72
Prešov Region	77 623 305,23	752	439	128
Trenčín Region	30 841 175,89	384	238	77
Trnava Region	25 184 219,23	380	219	68
Žilina Region	20 024 575,34	514	347	126
<b>Total for SR</b>	<b>279 141 648,89</b>	<b>3 051</b>	<b>1 890</b>	<b>638</b>

Source: MoE SR

In the context of the notices with completed application for NF, the governing body with cooperation of the intermediary body published a document in 2014 about contracting and implementing projects. However due to the fact that jobs are created especially in the completion stage of the physical implementation and also due to set six months interval for submitting monitoring reports by the recipients, at this time it is not possible to state the current (present) created number of jobs. This will be gradually met depending on the completion of projects' implementation. The completion of the first significant group of project and thus proving the creation of jobs **is expected at the beginning of 2015.**

Under all three notices focused on intensifying employment of people younger than 29 years, there are currently **638 contracts** on providing NF in the total amount of the contractually bounded **NF of 279 141 648,89 Euros**. By concluding them the recipients committed themselves to create a total of 3 051 jobs, of which more than half (1 890) will be designed for unemployed people younger than 29 years. Under all the notices the entitled applicants were

<sup>12</sup> **Source:** Interim report on the implementation of the program focused on intensifying the support of small and medium enterprises and for support of employment of young people ([http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-170251?prefixFile=m\\_](http://www.rokovania.sk/File.aspx/ViewDocumentHtml/Mater-Dokum-170251?prefixFile=m_))

business entities, **exclusively SMEs**, registered in the territory of the SR no later than 1. 1. 2011.

**Tab. no. 3.2:** The contractual commitment of funds, absorption and jobs in calls intended for supporting of SMEs and creation new jobs for young people

Call code	Number of approved projects	Amount of NFC to a Call in Eur	Paid NFC in 2014 in Eur	Planned new jobs	
				Indicator of results	
				Total	For young people under 29 years
KaHR-111SP-1201	184	178 681 457,32	2 706 839,54	1 731	1 004
KaHR-31SP-1201	71	42 913 007,81	0,00	456	269
KaHR-111DM-1301	383	57 547 183,76	0,00	864	617
<b>Total</b>	<b>638</b>	<b>279 141 648,89</b>	<b>2 706 839,54</b>	<b>3051</b>	<b>1 890</b>

\* - values including also applications for NFC from tray

### ❖ Slovak Investment and Trade Development Agency (SITDA)

SITDA is a contributory organization of the ME SR financed from the state budget. One of the goals of the SITDA Agency is to improve standards of living of the Slovak population by increasing employment and reducing regional disparities. It ensures advertisement of advantages of the Slovak business and investment environment, acquires investors, organizes activities for support of international trade and provides consulting services as part of its investment and trade development assistance. Other activities include participation on general and specialized expos and fairs, implementation of international business missions, accepting foreign missions, exporters education programs and providing consultancy services at home and abroad.

The SITDA Agency does not provide support, but amongst other it writes expert reports for business plans of companies applying for investment aid, pursuant to Act No. 561/2007 S. on Investment Aid. This support is not restricted by the size of the applicant, i.e. the scheme is opened for small, medium as well as large enterprises. At the same time the applicants are not required to declare which size category do they fall under and given the fact that they provide only a limited number of data, it is not always possible to determine if it's a small or a medium enterprise.

In the field of investment support in Slovakia, SITDA **offers investment services** and current information on the business environment for domestic and foreign investors, ensures the selection of the most suitable locations and real estate for the implementation of investment projects. **In 2014 SITDA successfully completed 25 investment projects under the Investment projects section in the amount of 170 mil. Euros, which collectively created approx. 4 700 jobs.**

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

The Ministry of Education, Science, Research and Sport of the Slovakia adopted the following measures in the field of business skills development assistance and acquiring basic

knowledge on business and economy at the level of secondary schools under the implementation of the European Charter for small enterprises:

- **State educational programs**

Effective from 1.9.2013 the Ministry of Education, Science, Research and Sport of the Slovak republic adopted revised state educational programs for vocational education and training of all groups of vocational training (hereinafter referred to as “SEP VET”). The main goal of vocational education remains the acquisition of theoretical knowledge and practical skills needed for future career. Other goals of the education and training in SEP VET are focused on pupils acquiring corresponding skills necessary for purposeful and responsible management and organization of their personal, social and professional life.

Competences of the graduates of the learning and study programs in the field of vocational education and training in the field of developing business skills revised by SEP VET in the category of theoretical education determine the content and performance standards set in the joint educational field of Economic education. Except for standards for business education it contains also standards for the fields of the world of work, economy, rules for personal finances management and consumer education.

Updated National Standard of Financial Literacy, version 1.1, processed by the MESRS of the SR in cooperation with the ME of the SR, adopted on 31. March 2014, effective from 1. September 2014 starting by its first edition also contributes to this. Methodology for implementation and application of topics of financial literacy to educational programs of primary and secondary schools, adopted on 22. August 2014, effective from 1. September 2014 has been drafted to support nationwide financial education. The curriculum is defined jointly for all educational programs and study programs at a particular stage of education.

- **Training company**

For support of the business, economic and financial education at all secondary vocational schools it is possible to teach vocational subjects like economic exercises in a training company, training company and training company - practice. The goal is to stimulate the creativity and the development of personal, professional, business and social skills of people. The training company uses especially the methods of simulation and learning by doing.

The training company works with fictitious money and goods and real documents of economic practice. The Slovak Center of Training Companies (SCTC), which is a department of the State Institute for Vocational Education simulates for the training companies the operation of state administration offices - department of small trade licenses, registration court, tax and customs offices, social and health insurance, postal office and a bank for domestic and international payments. On 2. September 2013 SCTC launched its on-line operation at [www.sccf.sk](http://www.sccf.sk), it represents Slovakia also at an international level and ensures the cooperation with foreign centrals and training companies in approx. 50 countries of the world. From 2001 SCTC was an associated and from 2008 a proper member of the world association of practice companies EUROPEAN PEN International, which allows the training companies to use internet banking, golden pages, e-shops and other applications of the association. The practice companies can perform change of data in the professional or trade register, suspend the activity of the training company for chosen period of time or ask for deletion. Internet banking is part of the on-line system.



## ❖ Ministry of work, social affairs and family of the SR

### • Tools of active labor market measures

Reform of the active labor market policy (ALMP) from 1. May 2013 reduced in 2014 the administrative burden and increased the efficiency of providing ALMP measures. Freed administrative capacity has been used for the benefit of securing more individual employment services for individualization of professional and advisory services for the disadvantaged job applicants (JA) - like the young people or the long-term unemployed. Support for creating new jobs through the project for creating new jobs for job applicants younger than 29 years continued in 2014 in the form of contributions for the employer to cover part of the labor costs from the European Social Fund.

**Active labor market policy** has been implemented in 2014 especially through active labor market measures (ALMM) pursuant to Act No. 5/2004 S. on Employment Services and on amending and supplementing certain acts as amended. The goal of the ALMP is to reduce disparities in the labor market, simplify and transition unemployed citizens to work (employment, small trade license, etc.) and maintain the capability of people to work and find a job in the labor market through specific programs. Individual ALMM can be structured based on their focus; specifically tools increasing employability, tools increasing employment and tools helping to keep current jobs.

**Tab. no.: 3.3 Implementation of selected instruments of active Labour Market Measures (ALMM) for 2014**

Instrument of ALMM	Year 2013		Year 2014	
	Number of created-filled jobs, or number of people enrolled, or number of supported jobs	Agreed amount of funds (in Eur)	Number of created-filled jobs, or number of people enrolled, or number of supported jobs	Agreed amount of funds (in Eur)
Allowance for education and training for the labor market (§ 47)	8	4 052	1 609	563 679
Allowance for self-employment (§ 49)	4 897	16 269 868	2 715	6 908 844
Allowance for the employment of disadvantaged job seekers (§ 50)	1 506	1 681 817	3 178	5 359 649
Allowance to help maintain jobs for workers with low wages (§ 50a)	2 027	11 196 720	370	5 513 613
Allowance to support the creation and maintenance of jobs in social enterprises (§ 50c)	128	688 742	6	281 527
Allowance to support the maintenance of jobs (§ 50k)	1 867	6 147	0	44 050
Allowance to the creation of new jobs (§ 53d) *	529	1 897 543	451	2 672 310
Projects and programmes (§ 54)	13 409	24 391 520	17 188	39 863 208
Allowance for the establishment of sheltered workshops and sheltered workplaces (§ 56)	1 710	17 623 407	994	12 640 458
Allowance for keeping citizens with disabilities in employment (§ 56a)	232	775 557	31	169 643
Allowance to persons with disabilities for self-employment or operating business (§ 57)	296	2 543 153	96	431 095

Allowance for the activities of a work assistant (§ 59)	764	3 662 677	770	3 220 722
Allowance for the payment of operating costs incurred by sheltered workplaces and transport expenses for employees (§ 60)	6 809	17 745 247	9 728	20 258 100
<b>Total</b>	<b>34 182</b>	<b>98 486 450</b>	<b>37 136</b>	<b>97 926 898</b>

Source: Central Office of Labour, Social Affairs and Family

### Small trade license contribution (§ 49)

The contribution is provided to partially cover the costs related to establishing a small trade license job and subsequent three-year use of the small trade license (STL).

In 2014 **2 715 JA** have been supported using this contribution, which is 2 182 less than in 2013, which is related to lower interest of JA in this tool in relation to changes resulting from the amendment of the Act on Employment Services supporting the effective use of this tool (facultative nature of the tool, payments in two phases, duty to submit reports on operating SBL, proving utilization of the contribution and returning the unused part of the contribution during interruption or cessation of the SBL operation 6 months before registering as a job seeker, obligation of 12 months registration period of the applicant for contribution, etc.). The total used amount in 2014 was **6 908 844 Euros**, which was 9 361 024 Euros less than in 2013.

#### • Aid provided to micro, small and medium enterprises (SMEs) in 2014

State aid provided to SMEs in 2014 on part of the Ministry of Employment, Social Affairs and Family of the SR ("MESAF SR") as the governing body for the Operational Program for Employment and Social Inclusion was provided through national projects of headquarters and demand oriented projects of the intermediary body under the governing body, which was the Implementation Agency of the Ministry of Employment, Social Affairs and Family of the Slovak republic<sup>13</sup>.

In 2014 MESAF SR provided state aid totaling **4.11 mil. Euros**. **1.3 mil. Euros** have been provided from EU resources, which is 31.63% of the total amount of state aid provided to the departments. The amount of aid provided from own resources (state budget) was **2.81 mil. Euros**, which was approx. 68.37% of the total amount of provided aid.

Compared to 2013, when the provided aid totaled **6.88 mil. Euros**, aid provided in 2014 for employment, education and foreign investors **decreased by 2.77 mil. Euros**, which is a **40.26 % decrease**.

**Tab. no. 3.4: Distribution of the State aid granted by the Ministry of Labour, Social Affairs and Family of the Slovak Republic by type**

The amount of aid by type	Source total		4,11 mil. EUR	%
	From this	Assistance for employment	0,90 mil. EUR	21,90 %
		Assistance for education	0,54 mil. EUR	13,14 %
		Assistance to investors for creation of new jobs	2,67 mil. EUR	64,96 %

Source: MLSAF SR

<sup>13</sup> Before this the Social Implementation Agency, which was renamed on 31.3.2014 as the Implementation Agency for the Operational Program for Employment and Social Inclusion. Due to merge with the Center for Education of the Ministry of Employment, Social Affairs and Family of the Slovak Republic, its name changed again on 1. April 2015.

**Tab. no. 3.5: Distribution of the State aid granted by the Ministry of Labour, Social Affairs and Family of the Slovak Republic by size category of enterprises**

Main and Family of the Slovak Republic by size category of enterprises					
Assistance to businesses	Total state aid			4,11 mil. EUR	%
	from this SMEs	Assistance for micro enterprises	1,39 mil. EUR	0,40 mil. EUR	9,73 %
		Assistance for small enterprises		0,27 mil. EUR	6,57 %
		Assistance for medium-sized enterprises		0,72 mil. EUR	17,52 %
	Assistance for large enterprises			2,72 mil. EUR	66,18%

Source: MLSAF SR

The total share of state aid provided in 2014 to small and medium enterprises (SMEs) was 33.82% of the total state aid provided by the department of employment, social affairs and family of the SR.

Aid was provided to the enterprises as state investment aid and as state aid under relevant schemes of state aid:

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

Share of state aid provided based on schemes of state aid under the MESAF SR represents 35,04% of the total state aid provided by the MESAF SR in 2014.

**Tab. no. 3.6: Distribution of the State aid granted by the Ministry of Labour, Social Affairs and Family of the Slovak Republic by measurement**

The amount of aid by measure	Source total			4,11 mil. EUR	%
	From this	measure no. X 754/2009	1,44 mil. EUR	0,90 mil. EUR	21,90 %
		measure no. X 530/2009		0,01 mil. EUR	0,25 %
		measure no. X 531/2009		0,53 mil. EUR	12,89 %
	Investment aid			2,67 mil. EUR	64,96 %

Source: MLSAF SR

### **Aid provided for employment**

State aid pursuant to the (ES) Commission Regulation No. 800/2008 (General regulations on group exemptions) under the regulation - Schemes of state aid for support of employment (X 754/2009) was provided in the total amount of **0.9 mil. Euros**, of which **0.13 mil. Euros** has been provided by the state budget, which is approx. **14.44%** of the total amount of provided aid. Based on this scheme, aid has been provided to **572** entitled recipients of aid, of which 288 were micro enterprises, 137 small enterprises and 52 medium enterprises.

Compared to 2013 aid provided in 2014 based on this scheme of state aid for support of employment increased by **0.24 mil. Euros**, i.e. by 26.67%.

**The purpose of aid** in said scheme was especially support of SMEs, for support of employment pursuant to Act No. 5/2004 S. on Employment Services, which helped especially in creating and maintaining new jobs with emphasis on groups of job applicants, which are disadvantaged at the labor market and job applicants - citizens with a disability in the Banská Bystrica, Trenčín and Prešov regions.

### **Aid provided for education**

State aid for support of education could have been provided in 2014 in accordance with legal regulations of the ES:

- for state aid pursuant to the (ES) Commission Regulation No. 800/2008 (general regulations on group exemptions) under the regulation – Schemes of state aid for support of education (X 530/2009);
- in 2014 state aid for support of education under said measure (scheme) was offered by the center exclusively from the resources of the **state budget** under the active measure of the labor market according to § 47 of the Act on Employment Services, while the support was provided under said scheme according to article 38(2) “aid for general education“ totaling **0.01 mil. Euros**. Aid was provided under this scheme to **1** entitled aid recipient, which was a medium enterprise. **The purpose of the aid** under given scheme was support of general education of the employees of the employer. Single supported region under the aid for education in 2014 was the Žilina autonomous region.
- for state aid pursuant to the Regulation of the (ES) Commission No. 800/2008 (General Regulations on Group Exemptions) under the Scheme of state aid for support of education and adaptability of employees (X 531/2009);

In 2014 MESAF SR provided state aid for support of education under said measure (scheme) to profit driven projects SORO / Implementation Agency for Operational Program Employment and Social Inclusion (hereinafter referred to as “IA EaSI“) totaling **0.53 mil. Euros**, of which **0.08 mil. Euros** was provided by the state budget, which is **15.09 %**. In 2014 aid provided under this scheme was provided to **25** entitled aid recipients.

Aid for support of education under the entire **MESAF SR department** was provided in the total amount of **0.54 mil. Euros**, of which **0.09 mil. Euros** from the state budget, while the aid was provided to a total of **26** entitled recipients and represented approx. **13.14%** of the total aid provided by the MESAF SR department.

Compared to 2013, 2014 saw decrease of provided state aid for support of education by **87.53%**, which was caused especially by completion of projects, which were contracted under the measure - Schemes of state aid for support of education and adaptability of employees (X 531/2009).

### **Aid provided to foreign investors**

ESAF Center (MESAF provider through the ESAF Center) is the exclusive provider of aid to foreign investors, while the aid to foreign investors is provided only from national resources (state budget) for support of employment<sup>14</sup>. Investment aid provided to the investors in 2014 was provided from national resources (state budget) based on contracts concluded by the center in accordance with § 2 sect. 2 of the Act on Investment Aid. Support was provided exclusively for creating new jobs in relation to the implementation of the approved investment plans of the investors.

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<sup>14</sup> Provider of regional investment aid in the form of contribution for creating new jobs is the Ministry of Employment, Social Affairs and Family of the Slovak Republic through the ESAF center according to § 2 sec. 4 let. d) Act No. 561/2007 S. on Investment Aid and on amendments to certain laws, as amended (hereinafter referred to as “Act on Investment Aid“).

In 2014 investment aid has been provided in relation to **5** entitled investment plans in the total amount of **2.67 mil. Euros** for creating and maintaining **451** jobs in the first year and **119** jobs in the second year. Aid was provided to 5 entitled recipients, of which 1 was a medium enterprise and 4 were large enterprises. Investment plans have been implemented in the Košice autonomous region. When compared to 2013 investment aid in 2014 provided to the investors increased by **0.78 mil. Euros**, which is approx. **41.27%**. Under the state aid **large enterprises** have been supported the most, which consumed **80%** of the finances. In 2014 one investor from SMEs has been receiving regional investment aid and aid for employment support in the form of contribution for creating new jobs totaling **104 119.30 Euros**.

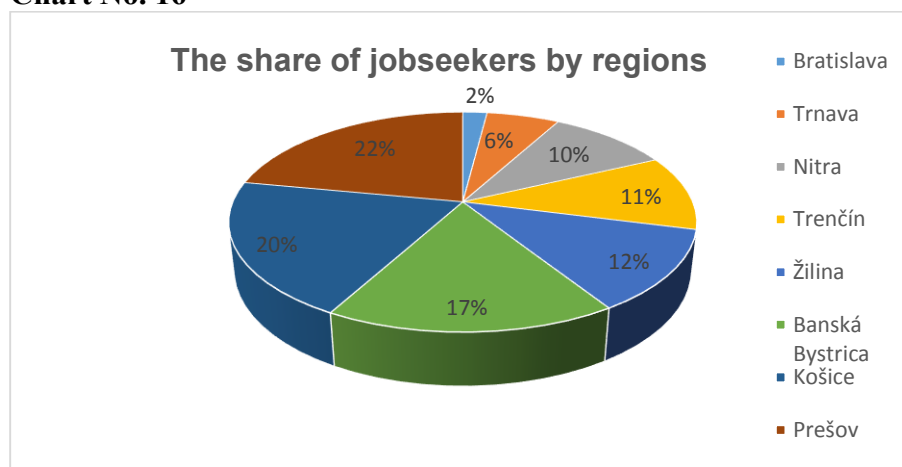
Pursuant to § 53d of Act No. 5/2004 S. on Employment Services and Act on Investment Aid **3** new investment plans have been approved in 2014, under which contribution totaling **4.24 Mil. Euros** will be provided for creating at least **577** new jobs. In 2014 **9** investment plans have been approved, which received regional investment aid in other form than contribution for created new jobs. Subsequent investment plans will support and maintain regional employment by creating or maintaining at least **1 053** jobs in disadvantaged regions.

### **Projects and programs pursuant to § 54 of the Act on Employment Services**

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

**17 188 persons** have been supported in 2014 through projects totaling **39 863 208 Euros**, which is an increase by 3 779 persons and 15 471 688 Euros when compared to 2013. In 2014 the amendment of the Act No. 5/2004 S. on Employment Services introduced a new contribution - Contribution for the support of creating jobs in the first regular paid employment (§ 51 a).

**Chart No. 16**



Source: MLSAF SR

### **NP XXI national project “Support for creating jobs“**

The NP XXI was approved in 2012 as one of the projects supporting the creation of jobs for JA younger than 29 year in an effort to solve the high unemployment rate of young people and also as a support of small and medium enterprises, which are the main source of new jobs. The main activities of the project are support for creating jobs by selected employers including employers operating in the field of freight ground, passenger and other ground transportation.

In 2014 offices concluded Agreements on providing financial contributions totaling **1 817 459 Euros** to create **373** jobs.

#### **NP XXI/A national project “Support for creating jobs - 2“**

The NP was approved in 2013 as a continuation of NP XXI “Support for creating jobs“. During the observed period offices concluded agreements on providing financial contribution totaling **1 153 695 Euros** to create **213** jobs. The implementation of the NP began in September 2013 and of the total budget of **11 884 125.38 Euros** **9 626 780.67 Euros** have been used for this AMLM, which for the whole duration of the NP implementation is almost 82% of the total budget.

#### **NP XXI/B national project “Support for creating jobs - 3“**

The NP XXI/B “Support for creating jobs - 3“ was approved in 2014, which used the unused financial resources of the “Support of employing the unemployed in the autonomy totaling 5 000 000 Euros“ project. During the observed period offices concluded agreements on providing financial contributions totaling **4 511 130 Euros** to create **847** jobs. Implementation of the NP began in June 2014 and of the total budget of **5 000 000 Euros** **860 952.9 Euros** have been used for this AMLM in 2014, which is 17.22% of the total budget.

#### **NP XXXVII national project “Support for creating jobs for JA younger than 29 years BSK“**

Under this NP financial contribution could have been provided only for the support for creating jobs only in the Bratislava Autonomous Region. In 2014 offices concluded agreements on providing financial contributions totaling **907 012 Euros**, to create **157** agreed jobs. During the observed period **111** jobs have been created with financial contribution totaling **631 891.41 Euros**. Implementation of the NP began in June 2014 and of the total budget of **1 000 000 Euros** **40 913.7 Euros** have been used or this AMLM in 2014, which is 4.09% of the total budget.

#### **NP XXXIV-2 national project “Support of the development of regional employment without BSK“**

The NP XXXIV-2 project is focused on decreasing long-term unemployment in individual regions of Slovakia with the exception of the Bratislava Autonomous Region. Main activities of the NP are providing contributions for the support of creating jobs and supporting education of the employees in jobs created in this way. Using this tool **1 225** jobs have been created in 2014 for JA and disadvantaged JA totaling **4 375 535 Euros**. During the observed period **353 925.86** Euros have been used for this tool.

### **❖ Platform of women in Slovakia**

**Platform of women in Slovakia** is an independent and apolitical organization with shared values and goals for all women in Slovakia. It is a direct support for self-realization of women in economic, personal and social point of view with the purpose of improving their position in Slovakia, labor market and practical application. In terms of their positional material, activities of the platform are focused especially on the following three pillars - entrepreneurship of women, harmonization of professional and family life, women leaders and managers.

In 2014 the Platform of women in Slovakia organized the 1<sup>st</sup> year of the **City for family and business** project, the goal of which was the analysis of the current state of the issue of harmonizing professional and family life, as well as entrepreneurship of women at the regional level. Part of this project is judging the competition Best city for family and business, which helps creating conditions in the above stated field. In 2014 the Best city for family and business was the city of Prievidza. The output of this project is the **“Entrepreneurship of women and harmonization of professional and family life”** report, which analyzes the current status of entrepreneurship of women and harmonization of professional and family life in the regions and formulates recommendations based on the implemented survey between the regional and district towns, as well as women living in the regions. The report is available at <http://www.platformazien.sk/mesto-pre-rodinu-biznis>.

In 2014 the Platform of women in Slovakia focused also on the agenda of family enterprises. In cooperation with the Slovak Business Agency and the European Public Policy Partnership (EPPP) it drafted a study entitled **“Family business or it (won’t) will stay in the family”**, which is based on the outputs of the qualitative survey of the family enterprises. The study also deals with legislative shortcomings in relation to family business, the question of internal adjustment of family to the family business and it also lists good examples from international practice. The study is available at [http://www.eppp.sk/docs/eppp\\_studia\\_fb.pdf](http://www.eppp.sk/docs/eppp_studia_fb.pdf).

### ❖ The PROVIDA foundation

The PROVIDA foundation was established in 2010 with the goal to professionally manage the assets for public benefit purposes in the form of venture philanthropy, through which it focuses on solving serious social problems using the business and entrepreneurship principles. The PROVIDA foundation supports the activities of those individuals and organizations, which combine philanthropy and business principles and know how to join the two seemingly contradictory themes: economic rationality with socially beneficial goals. The support of socially beneficial entrepreneurship is one of the main pillars of the PROVIDA foundation. The foundation focuses its support on existing or newly established organizations, which implement socially beneficial goals through their business activities. In 2014 the foundation implemented support for the socially beneficial business program **“Flying fishes”**, in which it divided a total of **68 000 Euros** to organizations and individuals, who can create social benefits with a measurable social impact through their business activities. The program was financed by the UniCredit Foundation. More information is available at [www.lietajuceryby.sk](http://www.lietajuceryby.sk) and [www.nadaciaprovida.sk](http://www.nadaciaprovida.sk).

### 3.1.3 Recommendations

- Reorient the educational system to a system encouraging young people to assume greater responsibility for themselves and their economic self-realization.
- Support the development of entrepreneurial thinking, entrepreneurial culture and entrepreneurial skills at all school levels, while it is necessary to combine the formal approach (adjustment of existing curricula) with the non-formal approach to create closer contact with the business practice.

- Better harmonization of the educational system of the secondary vocational education with the needs of SMEs and create cooperating connections between the practice and the educational institutions to reduce structural shortcomings of the labor market (e.g. support of dual education)
- Tightening the accreditation system for higher education schools, which allows improving the quality of education to meet the labor market requirements.
- Questions of education and training of future generations of small business licensees have to create a system of life-long education. It is necessary to create foundations in the school system for the philosophy of transfer from an employee society to an employer society. Raise secondary and higher education graduates prepared for self-employment by increasing knowledge in the field of entrepreneurial economy, financial market, law and in the field of informatics and communication. It is important for future employees to master world technologies, methods/techniques and to flexibly use them and perfect them in global competitiveness. A good solution would be e.g. the inclusion of an entrepreneurship subject into the curricula of higher education schools and universities with a pedagogical focus, which should ensure transfer of knowledge on entrepreneurship also to lower levels of the educational system.
- Increase investments in education through individual programs for SMEs and their consultants in support structures and organizations representing the interests of SMEs.
- Substantial changes in the educational system and in the approach to partnership cooperation between the private sector, public administration, educational institutions and scientific research facilities.
- Recommend autonomous regions and subjects of local administration bodies to include measures of the Act on Small Enterprises (ASE) in their strategies and policies.
- Create motivational system for investment in education and increased support of schools, the graduates of which are sought after in the labor market.
- Adopt a National Strategy for the support of Socially Responsible Enterprising (SRE) in the SR and an Action Plan for the application of SRE on the national level and promote principles of responsibility in business. This will strengthen the sustainability and competitiveness of the SME sector.
- In relation to the completed projects continue increasing awareness on SRE among Slovak MSEs through dissemination of information about this issue and presenting/awarding examples of good practice.
- Regulate family business by a specific legislative regulation. Since family business is a specific form of entrepreneurship, it would be suitable to regulate it in the form of a special act, which would regulate ownership and employment relationships, as well as eventual inheritance and intergenerational transfer of the enterprise. In this context we propose to consider the introduction of a system of family taxation, under which the family as a whole would become the subject of tax law.



- Use current organizational basis providing support to the entrepreneurs and complete it so that it would also ensure support of family business with all of its needs and particularities.
- Develop a methodological tool - manual for entrepreneurs, which will deal with accounting-psychological-legal aspects of the generational exchange in family enterprises; following the example of Holland we recommend to distribute this handbook to all entrepreneurs in family enterprises older than 55 years.
- Amend legislation in the matter of inheritance law, in the matter of leadership succession in a family enterprise with the possibility to implement own ideas and will in case of death.
- In the field of small trade entrepreneurship we propose to expand the persons, who can enterprise based on small trade license of a deceased to other persons pursuant to the definition of the family, so that the death of the founder would not cause cessation of the license on authority, despite the interest of the family to continue in the enterprise.
- Provide tax advantages to enterprises supporting education institution, research and development and innovations.
- Information campaign focused on supporting the interest of women in entrepreneurship and increasing knowledge on other potential groups of entrepreneurs, who did not use their potential thus far (graduates, immigrants, seniors, handicapped ...).

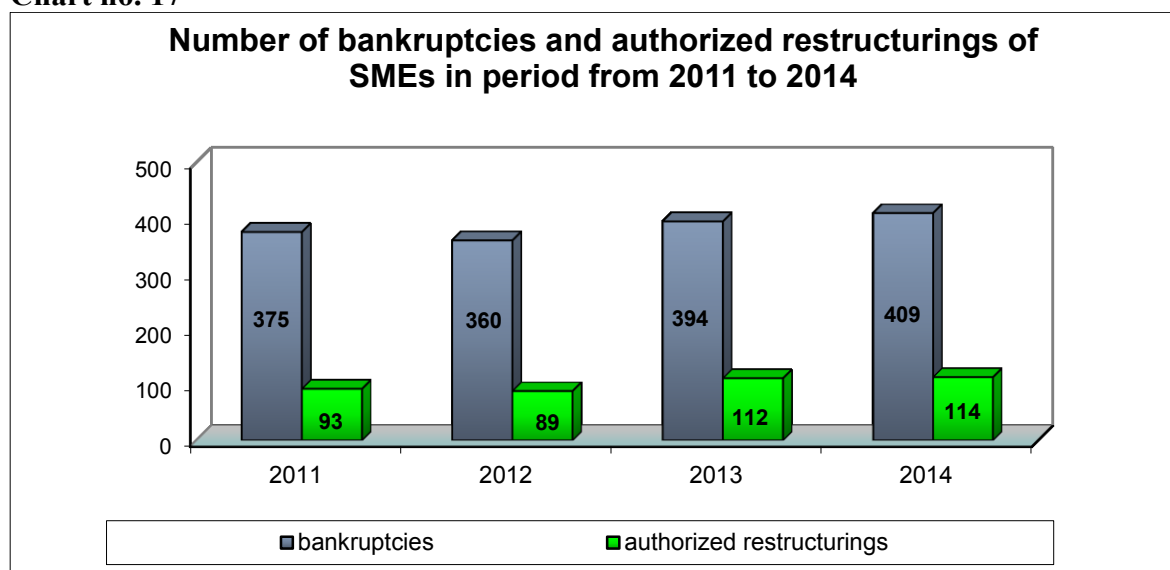
### 3.2 Principle 2: Ensure that honest entrepreneurs who went bankrupt could quickly be given a second chance

#### ❖ Development of tenders and restructuring

In 2014 409 tenders of small and medium enterprises have been declared in Slovakia (based on the data of CRIF - Slovak Credit Bureau, s.r.o.). The number of declared tenders of SMEs has increased in the year-on-year comparison by 3.8% or 15 tenders. Of the total number of tenders, 84.4% have been declared by micro enterprises, while their number increased year-on-year by 3.9%. Small enterprises have declared 6% more tenders in 2014 than in the previous year. On the other hand the category of medium enterprises saw an year-on-year decline in the number of declared tenders.

From sectorial point of view the most amount of tenders of SMEs in 2014 was in trade (137; 33.5%) and in services (134; 32.8%). On the other hand the least amount of tenders has been declared in agriculture (12; 2.9%). As in the previous period the greatest number of tenders in 2014 was recorded in the Bratislava region (122; 29.8%). On the other hand the least amount of tenders has been declared in the Trenčín region (20; 4.9%) and in the Trnava region (25; 6.1%).

Chart no. 17



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

In 2014 there were 114 SMEs restructuring projects approved in Slovakia. When compared to 2013 their number increased slightly (by 1.8%; by 1). Of the total number of approved SMEs restructuring projects there were 61.4% in the micro enterprises category, 28.9% in the small enterprises category and 9.6% in the medium enterprise category. In year-on-year comparison the number of restructuring projects increased only in the category of micro enterprises (by 12.9%). The number of restructuring projects decreased in the small and medium enterprises categories.

In 2014 the greatest number of SMEs restructuring projects has been approved in the sector of industry (31) and trade (28). On the other hand the smallest number of restructuring projects

have been approved in the sector of agriculture (5). In year-on-year comparison the number of restructuring projects increased in all sectors with the exemption of industry, where their number declined annually by 13.9%.

**Tab. no. 3.7: Development of numbers of declared bankruptcies during the period from 2012 to 2014**

Size class/legal form of SMEs	Declared bankruptcies			Rate of increase 2014/2013 ( % )
	2012	2013	2014	
Micro*	282	332	345	103,9
Small	73	50	53	106,0
Medium	5	12	11	91,7
<b>Total</b>	<b>360</b>	<b>394</b>	<b>409</b>	<b>103,8</b>
Sector	Declared bankruptcies			Rate of increase 2014/2013 ( % )
	2012	2013	2014	
Agriculture	15	9	12	133,3
Industry	74	92	68	73,9
Construction	58	50	58	116,0
Trade	111	106	137	129,2
Services	102	137	134	97,8
<b>Total</b>	<b>360</b>	<b>394</b>	<b>409</b>	<b>103,8</b>
Region	Declared bankruptcies			Rate of increase 2014/2013 ( % )
	2012	2013	2014	
Bratislava	111	113	122	108,0
Trnava	31	29	25	86,2
Trenčín	23	42	20	47,6
Nitra	27	38	29	76,3
Žilina	51	49	51	104,1
Banská Bystrica	36	40	52	130,0
Prešov	45	47	52	110,6
Košice	36	36	58	161,1
<b>Total</b>	<b>360</b>	<b>394</b>	<b>409</b>	<b>103,8</b>

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

In 2014 the greatest number of SMEs restructuring projects has been approved in the Trnava region (21) and in the Bratislava region (19). On the other hand the smallest number of restructuring projects was approved in the Košice region (8). Compared to 2013 their number decreased in the Bratislava, Trenčín and Prešov regions.

**Tab. no. 3.8: Development of numbers authorised restructuring during the period from 2012 to 2014**

Size class/legal form of SMEs	Authorised restructuring			Rate of increase 2014/2013 ( % )
	2012	2013	2014	
Micro enterprises*	48	62	70	112,9
Small enterprises	29	37	33	89,2
Medium enterprises	12	13	11	84,6

<b>Total</b>	<b>89</b>	<b>113</b>	<b>114</b>	<b>101,8</b>
<b>Sector</b>	<b>Authorised restructuring</b>			<b>Rate of increase 2014/2013 ( % )</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	
Agriculture	0	4	5	125,0
Industry	28	36	31	86,1
Construction	17	22	24	109,1
Trade	21	25	28	116,7
Service	23	26	26	100,0
<b>Total</b>	<b>89</b>	<b>113</b>	<b>114</b>	<b>101,8</b>
<b>Region</b>	<b>Authorised restructuring</b>			<b>Rate of increase 2014/2013 ( % )</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	
Bratislava	21	28	19	67,9
Trnava	15	13	21	161,5
Trenčín	12	13	9	69,2
Nitra	3	11	11	100,0
Žilina	8	10	13	130,0
Banská Bystrica	14	12	18	150,0
Prešov	9	19	15	78,9
Košice	7	7	8	133,3
<b>Total</b>	<b>89</b>	<b>113</b>	<b>114</b>	<b>101,8</b>

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

### 3.2.1 Development of the legislation environment

#### **The Amendment to the Act on Administrators (Act No. 8/2005 S.)**

According to Act No. **72/2013 S.** the administrators appointed by courts for company bankruptcy or restructuring procedures should not be picked from a single general list. The list of administrators has been divided into the section of restructuring administrators, section of tender administrators for legal entities and section of tender administrators for natural persons. According to the amendment, for tender procedures against a legal entity, there should be a random selection of only those administrators, which are included in the section of tender administrators for legal entities. For tender procedures against a natural person and in liquidation procedures, there should be a random selection of only those administrators, which are included in the section of tender administrators for natural persons.

There was also a change of territorial districts, from which the administrator can be appointed. If it's a restructuring procedure, or if the administrator is appointed in the tender procedure at the proposal of the creditors, he/she can be appointed from the district of the Tender Appeal Court, where given court resides. The above stated changes entered force on 1. January 2014.

#### **Act on Solving Crisis Situations in the Financial Market and on amendments to certain laws (Act No. 371/2014 S.)**

The Act introduced a **procedure framework for solving crisis situations for banks and securities traders**. Its priority is to introduce an effective crisis management system into practice, created by the EP and Council Directive No. 2014/59/EU, which establishes the

framework for recovery and solution of crisis situations of credit institutions and investment companies (the so called BRRD Directive). This system should allow solving crisis situations of financial institutions without endangering the stability of financial markets and ensure continuity of basic financial services of a failing financial institution

The act establishes a **Council for Solving Crisis Situations** - an institution, which will exercise powers when solving crisis situations of financial institutions as well as a **National Fund for Solving Crisis Situations**, which represents an individual account for focusing contributions from selected institutions. The Act entered force on **1. January 2015**.

### 3.2.2 Support programs, measures and initiatives

No support programs, measures and initiatives for SMEs have been identified under the 2<sup>nd</sup> principle.

### 3.2.3 Recommendations

- Implement an analysis of the system for solving the decline of enterprises in Slovakia and propose measures, which will lead to quick action associated with termination of the enterprise and settlement of financial and property relationships in accordance with the recommendation proposed in the SBA action plan for promoting a “second chance“ for entrepreneurs. Limit the time to settle outstanding debt for a honest entrepreneur to 3 years at the most.
- In case of insolvency allow filing motions to terminate the company, own company, ex offio principle.
- Remove long periods in deciding court cases in business matters.
- Implement long-term information campaign focused at removing prejudice against bankruptcy, which will also support right to a new beginning for Czech entrepreneurs and bankruptcy will be presented to the public as a right to fail and not as a life-long stigma of failure.

### 3.3 Principle 3: Create rules based on the principle “first think small”

#### 3.3.1 Development of the legislation environment

##### The Amendment to the Act of Income Tax (Act No. 595/2003 S.)

Effective from **1. January 2014**, **Act No. 318/2013** introduced a **new type of non-taxable part of the tax base** for contributions of the taxpayer **to supplementary retirement savings** in the amount of provably paid contributions for the taxation period, collectively **no more than 180 Euros per year**. For the application of the tax advantage it is necessary to meet the requirements, specifically to pay contributions based on the participation contract concluded after 31. December 2013, while the content of the contract has to abandon the benefit program, which was part of the contract. In case the taxpayer withdraws his contributions from the system in the form of an early withdrawal, then as he applies the tax advantage, he is obliged to pay the sum he applied as a tax advantage by increasing the tax base within three tax periods.

More significant changes have been introduced **on 1. January 2014** by the Amendment published as **No. 463/2013 S.**, which except for other changes introduced the institute of a tax license, minimum tax of natural persons and also **decreased the tax rate of legal entities to 22%**.

**Tax license of a legal entity** - Tax license is the minimum tax after deducting tax relieves based on and after calculating tax paid abroad, which the taxpayer pays for each tax period, for which the tax obligation calculated in tax settlement is lower than the amount of the tax license set for one taxpayer, or the taxpayer reported tax loss. Tax licenses will be applied for the first time in 2015 for tax period of 2014. The amount of the licenses is set as follows:

- **480 Euros** – for a taxpayer, who on the last day of the tax period is not a payer of the added value tax with an annual revenue not exceeding 500 000 Euros
- **960 Euros** – for a taxpayer, who on the last day of the tax period is a payer of the added value tax with an annual revenue not exceeding 500 000 Euros, in the amount of
- **2 880 Euros** – for a taxpayer, who during the tax period had an annual revenue greater than 500 000 Euros

**The minimum amount of the natural person tax** - based on the Amendment tax will not be imposed and is not valid, if for the tax period will not exceed 17 Euros or the total taxable incomes of this taxpayer for given tax period do not exceed 50% of the applicable subsistence minimum.

**Deduction of tax loss** - based on the Amendment tax loss can be deducted **evenly during no more than four** (previously seven and without the condition of evenness) consecutive tax periods, beginning with the tax period immediately following after the tax period, for which this tax loss has been reported.

The Amendment also introduced a **deduction tax**, which taxes **35%** of the payments of the subjects to so called of shore countries (it applies to natural persons, who have a permanent residence or legal entities, which have a residency in a state, with which the SR does not have a valid and effective international contract containing a clause on exchange of information for tax purposes).

The Amendment also allowed to use **tax records** by entrepreneurs, which have employees, while the original revenue limit of 170 000 Euros now cancelled. At the same time records for flat-rate expenses have been merged with tax records. Tax records will also be able to be used by a person, who has rental incomes.

At the same time the legislation also adjusted the basis, which is used to determine the non-financial income in case of **using a motorized vehicle** by an employee for business and private purposes. The Amendment introduced a possibility for natural persons - entrepreneurs to exercise costs for the use of own passenger vehicle not included in the company assets in the form of flat-rate expenses of up to 50% of the total proven purchase of fuels.

The Amendment also changed the principles of debt taxation against a business partner (so called **taxation of old liabilities**). From 1. January 2014 the taxpayer will be obliged to increase the tax base in relation to the number of days, which elapsed from the due date of the outstanding liability.

The new legislation **unified the lower limit for paying advances** on tax of natural persons and legal entities (the limit sum for paying quarterly advances on tax is changing to 2 550 Euros, for monthly advances on tax it is 16 600 Euros)

The Act also cancelled the **notification obligation** for cash payments relation to adopting an act restricting cash payments as well as notification obligation of start and end of not including exchange differences occurring in accounting due to non-implemented collection of receivables or unpaid liability payments.

The Act also adjusted the field of **financial leasing** in relation to leaving the accelerated amortization.

The **Amendment to the Act of Income Tax - Act No. 333/2014 S.** entered force on 1. December 2014, and except for this Act it also adjusted several other regulations. The most significant changes happened in the **Act on Income Tax**; except for other areas described below, transfer pricing rules have changed, which now also apply to domestic dependent persons, tax expenses and taxable incomes linked to payments have been expanded and some tax expenses linked to payments have changed to non-taxable.

### Changes in depreciations

Large part of the Amendment deals with the area of depreciations and the possibility of applying tax expenses. The most significant change is the **expansion of depreciated groups from four to six**. New depreciation groups have been created by the divisions of the 3<sup>rd</sup> and 4<sup>th</sup> depreciation groups to two individual groups. This division is related to **more favorable depreciation of assets of technological nature** found in the 3<sup>rd</sup> group, which can be depreciated for 8 years, and less favorable depreciation of non-production buildings included in the depreciation group 6, which after the change are depreciated for 40 years (before the change all buildings were depreciated for 20 years).

The legislation changes also include **restriction of the possibility to use accelerated depreciation**. Pursuant to the Amendment the taxpayer can depreciate in the form of accelerated depreciation only material assets of the 2<sup>nd</sup> and 3<sup>rd</sup> depreciation groups, for all other groups he has to proceed by balanced form of depreciation. Entrepreneurs who used the accelerated depreciation method for assets included in other than the 2<sup>nd</sup> or 3<sup>rd</sup> depreciation

groups until 31. December 2014 will have to recalculate the amounts of depreciations based on the balanced form of depreciation beginning January 2015 and also adjust the period of depreciation based on the new classification of the depreciation groups. The Amendment imposed an obligation to the taxpayers to suspend depreciations of material assets in case the assets have not been used to ensure taxable incomes during the tax period.

Change in the form of depreciation also occurred in the **case of financial leasing**. Thus far in case of procuring material assets through financial leasing, the entrepreneur had to depreciate 100% of the assets during the leasing, but no later than within 3 years. Based on the Amendment the assets procured in this manner will be depreciated the same way as with acquisition procurement.

The changes affected also assets procured in previous periods. Measures related to financial leasing and depreciation of the assets apply pursuant to the Amendment from 1. January 2015 also for assets, which were depreciated based on the regulation effective until 31. December 2014.

### **Financial cap for purchase of cars**

The changes affected also the introduction of a financial cap for the initial price of passenger cars, which will be recognized as a tax base for the entrepreneur. Tax base of the taxpayer increased by the positive difference between the grand total of actually paid tax depreciations and grand total of annual depreciations for given tax period for passenger cars calculated based on the initial price of **48 000 Euros**. This means that in case of a passenger car, the price of which will be higher than the set limit, the entrepreneur can apply deductions only up to the maximum amount of the initial price of 48 000 Euros. Analogously, now there is also a restriction of tax eligible costs **in case of operational leasing**, where the annual lease limit was set to 14 400 Euros.

### **The 80 % rule for buying assets for personal consumption**

The final wording of the Amendment includes also a provision regarding the restriction of the tax deductibility of costs of assets used for personal purposes. When applying expenses (costs) for procurement, technical appreciation, operation, repairs and maintenance of assets the taxpayers **can choose from two options**:

1. flat-rate application of expenses of up to 80%, if these assets are used also for personal purposes, or
2. applying in provable amount depending on the ratio of use of these assets to ensure taxable income.

This implies that if they apply expenses above 80%, the tax office may ask them to prove that they uses assets in this ratio for business.

### **Support of science and research**

Except for new obligations the Amendment also introduced a new type of tax relief for taxpayers, who perform research and development. It deals with the possibility of borrowing from the tax bases pursuant to the new § 30c of the Act:

- *25% of expenses (costs) spent on research and development during the tax period for which tax reconciliation is submitted;*
- *25% of wage costs for employees – newly hired graduates of secondary and higher education schools in the year of their hiring;*
- *25% of the year-on-year increase of costs for research and development.*



Application of this benefit is linked to the implementation of a **research and development project** by the taxpayer. All taxpayers who apply this type of benefit will be published on the webpage of the Financial Directorate of the SR.

### **The Amendment to the Act on Added Value Tax (Act No. 222/2004 S.)**

The Amendment to the Act, published under **No. 218/2014 S.**, except for individual provisions dealing with the transposition of the ES directive on location of providing services for persons residing in the EU and amendments for persons not residing in the EU in case of providing telecommunication services, radio and television broadcasting services and electronic services, has **shortened the period** for the tax office to carry out the registration for tax **from 30 to 21 days**. Effective from 1. October 2014 the amendment introduced also new rules for **submitting summary statements**. The obligation of submitting a summary statement on a monthly basis has the taxpayer, which value of trade for the last calendar quarter exceeded **50 000 Euros** (in the past 100 000 Euros).

**From 1. January 2015** conditions related to submitting **control reports** have changed as well. These should be submitted always within 25 days after the end of the tax period, irrespective whether the entrepreneur submits a statement for VAT.

### **The Amendment to the Act on Consumer Tax on Mineral Oil (Act No. 98/2004 S.)**

The Amendment to the Act on Consumer Tax on Mineral Oil listed as **No. 323/2014 S.**, focuses except for other areas to clarify and supplement provisions, which adjust **trade with fuels** (diesel, petrol and LPG) in the free tax circulation and expand the group of persons that can be included in the registers of consumers of fuels. Change of conditions under § 25b of the Act, which adjusts the **rules for distributors, sellers and consumers of fuels**, can create an obligation for some subjects to ask the customs office to issue authorization for distribution of fuels or the permit for sale of fuels, or an obligation to request the customs office to be included into the register of consumers of fuels.

The Amendment entered force on **1. December 2014**, however some provisions regarding the issue of trade with fuels in the free tax circulation entered force on **1. February 2015**.

### **The Amendment to the Act on Health Insurance (Act No. 580/2004 S.)**

The Amendment of the Act published under **No. 463/2013 S.** has cancelled the individual assessment base for incomes from dividends, which was valid from January 2013. Starting on 1. January 2014 the contributions are paid from a joint assessment base together with other incomes (no more than 60 times the average monthly pay of an employee in the SR economy from two years ago). The Amendment adjusted the periods for the payer of the dividends to declare total amount of paid dividends and advances for insurance, and also adjusted the amount of the advance for insurance of the insured person, who has income from dividends paid by the payer of the dividends. These changes are effective **from 1. January 2014**, but they affected insurance settlements for 2013. For the purposes of the annual settlement of insurance for 2013, gainful employment is not considered profits from bonds, which are a part of the natural person income tax base for the tax period 2013.

**Effective from 1. January 2015** the **Act No. 364/2014 S.** introduced a fundamental change in the Act on Social Insurance, in the field of insurance contributions for public health insurance

– **deductible item**, which increases net pay for employees with low income. There was also **compensation of increase pay costs of the employer**, which are related to the increase of minimum pay. Labor costs will decrease for employers in the zone from the minimum pay (from 1. January 2015 - **380 Euros**) to **570 Euros**.

Pursuant to the Amendment the assessment basis is decreased by the deductible item for an employee, who is performing gainful activity in employment, state employment, service or similar employment, based on which he is entitled to pay from the gainful activity. The **maximum annual deductible item is 4 560 Euros** and this sum will decrease by twice the amount of the sum of increase of pay from employment, as well as other income (e.g. agreement, assessment basis of a small trade licensee and other incomes from gainful activity). Based on the Amendment the employee is obliged to inform the employer that he is entitled to apply for the deductible item (§ 13a).

Introduction of the deductible item significantly decreases contribution of low income employees, which can positively affect as many as 627 thousand employees. At the same time labor costs of the employers will decrease in the zone from the minimum pay to 570 Euros. Saved resources on labor costs should be **up to 38 Euros per one employee monthly** depending on the gross pay.

### **The Amendment to the Act on Social Insurance (Act No. 461/2003 S.)**

**Status of the STLs for the purposes of social insurance pursuant to the Act No. 338/2013 S. is no longer considered based on the registration with the tax administrator, but based on achieved revenues.** These are revenues, which are taxed as incomes from business or performing other self-employment (based on § 6 sec. 1 and 2 of the Act on Income Tax), in the calendar year decisive for the creation of the compulsory social insurance of the STLs. The condition to achieve 18 years of age remains valid for the purposes of the STL status. The STL status still excludes natural persons, which perform personal assistance to a handicapped person and persons who achieve revenue from leasing a real estate. Compulsory insurance terminates for STLs who operate based on authorization on the day, when they are no longer entitled to perform this activity. For STLs “without authorization“, e.g. artists or authors, the compulsory insurance is terminated on the day when they submit a formal declaration on cessation of their activity to the Social Insurance Company. The Amendment of the act adjusted the status of the STLs for the purposes of considering the creation and cessation of the compulsory insurance effective **from 1. July 2014**.

The Amendment to the Act on Social Insurance also adjusted the **new determination of the assessment base for STLs**. For periods **beginning 1. July 2014** it is done as follows: Partial basis of the tax, deducted by the paid insurance for compulsory public health insurance and insurance for compulsory social insurance of the STLs : coefficient 1.6 / 12. Contrary to the former legislation the assessment basis of STLs does not include revenues not related to their activities, e.g. insurance paid for voluntary insurance and contributions to voluntary retirement savings. For the purposes of the assessment basis the basis of the tax is adjusted by incomes and expenses related to the performance of the activity of a personal assistant and by incomes and expenses from abroad, which are not decisive to determine the assessment basis of a small trade licensee. Determining the assessment basis of the STLs does no longer consider the relative part of the basis of the tax for months, when the natural person had the status of a STL, but only those months of the calendar year, in which income is being determined – i.e. 12. Also the coefficient for determination of the assessment basis has changed from 1.9 to 1.6

**Except for other this Amendment:**

- **shortened the time period, which is considered for paying insurance** for health insurance for health contributions for small trade licensees and the voluntary insured from ten to five years,
- **cancelled the registration and cancellation obligation** for compulsory health insurance and compulsory retirement of small trade licensees and introduced the obligation of the Social Insurance Office to **inform the small trade licensees in writing about the start of compulsory insurance, as well as the amount of the insurance**, within 20 days of start of the compulsory insurance,
- introduced **automatic cancellation of voluntary insurance**, if the voluntary insured person did not pay insurance for voluntary insurance for two consecutive months,
- extended the period of current uniform rate of insurance for accident insurance,
- established that the statutory with at least 50% share on assets of the employer are no longer entitled to a guarantee allowance.

**Regulation of the MESAF of the SR No. 328/2013** established new maximum amount of monthly income and maximum amount of average monthly income from set time period **from temporary work of students for 2014**, specifically:

- a) **68 Euros** for a natural person younger than 18 years, until the end of the calendar month in which he/she reaches 18 years of age
- b) **159 Euros** for a natural person not listed in letter a).

The goal of adopting another Amendment - **No. 298/2014 S.** was the **improvement of the financial position of the working students. Effective from 1. January 2015** the Amendment changed the method for determining the maximum sum of monthly income from agreement on temporary work of students. The maximum value of the monthly income and the maximum value of the average monthly income is **enumerative set for 200 Euros** from the beginning of the new year based on § 3 sec. 1 let. a) and sec. 2 and 3 from the agreement of temporary work of students. The Amendment also **removed age differentiation of the students**, which under the previous legislation had an effect on the amount of income from agreement on temporary work of students, in which the student is not insured in compulsory retirement insurance. This measure should also **reduce the costs for employers**, who previously paid higher bonuses to the students. From new year employers of temporary workers will pay **retirement insurance up to the amount, which will exceed 200 Euros**. Up to this amount they pay only contributions for accident and guarantee insurance in the amount of 1.05% of earned amount.

Except for other changes the Amendment adjusted also the determination of the decisive period of establishing daily assessment base. After the change this period is the **period from the beginning of the health insurance until the end of the calendar year prior to the calendar month, in which there was a reason to provide the health benefit**. This applies also in case if the health insurance of the employee began in the calendar year or in the calendar year prior to the calendar year in which there was a reason to provide the health benefit. In practice this means that if health insurance began in the previous year and the employee takes disability in the following year, insurance paid in the year, in which he took disability will be added to the decisive period.

**The Amendment to the Act on Local Taxes and Local Fees for Communal Waste and Small Construction Waste (Act No. 582/2004 S.)**

The Amendment of the Act published under **No. 268/2014 S.**, effective from **15. October 2014** specified in more detail some provisions of the Act on Local Taxes, **subject to tax for accommodation** (expanded the list of accommodation facilities by family houses, apartments in an apartment buildings, family houses or multi-purpose buildings) and also expanded the **subject to tax from construction** for constructions of collective garages and constructions of collective garages located underground.

### **The Act on Tax from Motorized vehicles and amendment of certain acts (Act No. 361/2014 S.)**

Until 31. December 2014 the Act on Motorized Vehicles was adjusted in the eleventh section of the Act No. 582/2004 S. on Local Taxes and Local Fees for Communal Waste and Small Construction Waste as amended. It was a facultative tax, which could have been introduced by the higher territorial units in their territory by a generally binding regulation, in which they determined tax rates, easements or exemptions to taxes for their territory.

**On 1. January 2015 Act no. 361/2014 S.** entered force, which defined a new method of tax collection and other related requirements in a new legal regulation. The subject to this tax is a motorized vehicle and a trailer, which is registered in the SR and is used for business. The basis of the tax depends on the engine capacity in cm<sup>3</sup> for passenger motor vehicles and the number of axles and weight for busses and utility vehicles. **Except for new vehicles the new Act favors also environmentally friendly** motorized vehicles (hybrid vehicles, hybrid electric vehicles or vehicles running on compressed natural gas, liquefied natural gas or hydrogen).

**The act further unifies tax rates**, easements as well as increases and decreases of tax rates **nation-wide**. Administration of the tax on motorized vehicles is performed by the tax office, which has territorial jurisdiction based on the registration of the vehicle. Subsequently the tax office forwards the revenue from tax on motorized vehicles to the corresponding higher territorial unit.

**Samples of tax reconciliation** for this tax are provided by the MF of the SR No. MF/21694/2014-725 from 12. November 2014 (announcement No. 411/2014 S., FS No. 12/2014), which also entered force on 1. January 2015.

### **The Amendment to the Labor Code (Act No. 311/2001 S.)**

**Effective from 1. July 2014, Act No. 183/2014 S** changed except for Act No. 43/2004 S. on Retirement Pension Savings also the Labor Code, specifically in the section related to agreements on work performed outside of employment. The Act established the following changes:

- 1. Provisions on maturity of wages (bonuses), payment of wages (bonuses) and deductions from wages (bonuses)**, including the order of these deductions apply to Agreements as well, based on the new legislation.
- 2. Payment of the bonus in case of agreement on temporary work of students and agreement on work activity.** According to the Amendment beginning on 1.7.2014 the bonus under agreement on work activity and agreement on temporary work of students has to be paid no later than the end of the month following the month in which work was performed.
- 3. Limiting the duration of the agreement on work activity, agreement on temporary work of students and agreement on work performance.** Based on the Amendment

effective from 1.7.2014 the employer cannot conclude these agreements for indefinite time, but only for limited time, **specifically no longer than 12 months**. Until 30.6.2014 it was possible to conclude agreements for indefinite time, or with agreements on work performance the duration of the agreement was limited by the time needed to perform agreed work. The Amendment of the Act **automatically terminates even existing agreements**, which were concluded for longer periods of time even before the Amendment entered effect. Previous legislation (§ 252j LB) established that agreements concluded before 1. July 2014 were terminated no later than on **30. June 2015** (i.e. irrespective of the fact that the contractual parties agreed on longer duration of the agreement).

#### **The Ministry of Employment, Social Affairs and Family of the SR Measure on Amounts of Meal Allowance (MESAF of the SR Measure No. 296/2014 S.)**

Pursuant to the adopted measure, effective on **31. October 2014** meal allowance amounts have increased:

- a) 4.20 Euros for the time zone 5 to 12 hours (*represents a 20 Cents increase*),
- b) 6.30 Euros for the time zone 12 to 18 hours (*represents a 30 Cents increase*),
- c) 9.80 Euros for the time zone above 18 hours (*represents a 50 Cents increase*).

The increase of meal allowance amounts in individual time zones had a **negligible negative effect on the economy of the business sector and other legal entities** – increase of amounts of meal allowance in individual time zones caused a slight increase of expense items, which causes reduction of tax basis. The increase of meal allowance slightly increases the costs for **procuring employees' catering in the form of meal vouchers** for those employers, who thus far provided meal vouchers to the employees only in the minimum amount guaranteed by the Labor Code, i.e. 3 Euros or in the range from 3 Euros to 3.15 Euros. Increase of the amount of meal allowance in the time zone 5 to 12 hours **increased also the minimum value of the meal voucher (so called gastro ticket) from 3 Euros to 3.15 Euros**, for which the employee should buy one main course.

#### **SR Government Regulation establishing the Amount of Minimum Wage for 2015 (SR Government Regulation No. 297/2014 S.)**

Effective from 1. January 2015 the SR Government Regulation No. 297/2014 S. increased the amount of the minimum wage **from 352 Euros to 380 Euros monthly**. Compared to the previous amount this represents a 7.95% increase. The hourly minimum wage derived from this new amount of minimum wage is **2.184 Euros per hour**.

#### **Act on Some Measures Related to Reporting Anti-Social Activity and on the Amendment of certain Acts (Act No. 307/2014 S.)**

The Act represents an extensive legal regulation focused on avoiding and detecting illegal or anti-social activity. Based on the interests of the society there is a need for adopting certain protective measures for persons, who have information about such activity and want to notify competent authorities with the goal to find the perpetrators (whistleblowing). In this relation the Act focuses on the protection of the whistleblowers of corrupt behavior or other anti-social activity. This protection **also applies to an employee**, who learned about the possible anti-social activity in relation to performing his/her job, employment, position or function.

In this relation the Act established for all public authorities and **for all medium and large enterprises** (employers with at least 50 employees) **the obligation to create an internal system for processing tips** of employees about anti-social activity, of which they learned as part of their employment. In relation to this every defined employer has the obligation to designate **a person responsible for receiving and processing tips**, who will report directly to the highest leadership of the company or a public authority. The Act established also the communication channels, through which the employees can report such tips, response times as well as informing the employees about the results of the processing. **The Act entered force on 1. January 2015.**

#### **The Amendment to the Act on Safety and Health Protection at Work (Act No. 124/1995 S.)**

**Act No. 154/2013 S.**, which amends the Act on SHPW entered force on 1. January 2014. The basic points of the Amendment are about employees performing more risky work included in the third and fourth risk category. Pursuant to the Amendment these employees are entitled to more frequent recreational stays. In the past, employees who performed continuous work included in the third category took recreational stay every six years; under the new Amendment they will take this stay every five years. For employees performing continuous work included in the fourth risk category, the entitlement for a stay shortens from five to four worked years. These changes have a potentially negative effect on the **growth of expenses** on part of the enterprising entities.

#### **The Amendment to the Act on Protection, Support and Development of Public Health and on the Amendment of Certain Acts (Act No. 355/2007 S.)**

**Effective from 1. August 2014 the Act No. 204/2014 S.** shifted the legislation of the health at work service from Act No. 124/2006 on Safety and Health Protection at Work to the **Act No. 355/2007 S.** This Act newly defined the obligations of the employer about protection of health at work related to securing health supervision of working conditions as well as health of the employees. The Amendment also expanded the obligation to **ensure health supervision through a health at work service** also for employees, who perform work included in the first or second category. Amendment § 21 of the Act No. **124/2006 S.** specified the provisions related to establishing and operating a **safety-technical service**.

#### **The Amendment to the Act on Collective Bargaining (Act No. 416/2013 S.)**

The goal of the **Act No. 416/2013 S.** was the regulation of conditions for **expanding the binding force of a collective agreement of a higher level (CAHL)** to other employers in the sector. The approval of the employer, to which the binding force of the collective agreement should be expanded is no longer a condition for the CAHL expansion. A tripartite commission will decide about the proposals for expanding the binding force of the CAHL as well as comments sent by the employers. The commission is appointed and established by the MESAF of the SR and should consist of: representatives of the ministry, representatives of the employers, representatives of the employees and a representative of the Statistical Office of the SR. Some categories of employers have been excluded from the binding force of the CAHL, e.g. an employer, who has less than 20 employees or an employer, who employs at least 10% of handicapped persons. The binding force of the CAHL has not been expanded to an employer who on the day of the expansion performed entrepreneurial activity for less than 24 months, employer affected by an extraordinary event, the consequences of which still persists at the day

of the effect, and an employer, who is in bankruptcy, liquidation, recovery mode or forced management. The Amendment entered force on **1. January 2014**.

### **The Amendment to the Act on Food (Act No. 152/1995 S.)**

**Effective on 1. April 2014 the Act No. 36/2014 S.** introduced changes in the obligations of **reporting share of sales turnover from the sale of foods produced in Slovakia on the overall sales turnover**. Pursuant to the Amendment this obligation applies to an operator, who sells foods to the final consumer, and whose foods sales turnover in the previous calendar year reached 10 mil. Euros. According to the Amendment, such operator has the obligation to send a 6 months report on the percentage share of sales turnover of foods produced in Slovakia on the overall sales turnover of all foods together for the previous year to the Ministry of Agriculture and Rural development twice a year. The operator should publish the 6 months report also at his web portal as well as at the entry to his business premises.

### **The Amendment to the Act on Prices (Act No. 18/1996 S.)**

For the purpose of decreasing the administrative burden of entrepreneurs who sell goods not covered by price regulation, the **Act No. 356/2013 S. effective from 1. January 2014** cancelled the obligation to keep and retain price records with the exception of the ones, which meet at least two of the following condition:

- total price of their assets exceeds 350 000 Euros,
- revenue exceeds 700 000 Euros and
- they are entrepreneurs with more than ten employees.

## **3.3.2 Support programs, measures and initiatives**

### **❖ Ministry of Agriculture of the SR**

- **Agenda for better regulation, program of decreasing administrative burden of entrepreneurship and policy of the SR Government to improve the business environment**

One of the main characteristics of the **SR Government policy proposal for improving the business environment in the SR** from 2011 (SR Government Regulation No. 486/2011) was to improve the quality of the business environment and create optimum conditions through measures aimed at simplifying entrepreneurship, decreasing administrative burden in all of its stages - registration, entrepreneurship activity, termination of entrepreneurship or shift of entrepreneurial activities to another person. The material also contained a proposal of recommendations to reduce administrative burden and improve the business environment. One of the goals was also to strengthen and systematically apply the agenda of better regulation, which should contribute to securing stability of the legislative environment in the SR and improving the process of considering the effects of legal regulations applying to the business environment.

A set of 13 tasks has been prepared in 2014 for the central state administration bodies, which resulted from the Government Regulation 172/2014 for the Report on the Status of the Business Environment in the Slovak Republic, with proposals for its improvement (which was submitted

for 2013) from 16. April 2014. 3 tasks were completed, 9 tasks are being fulfilled and 1 task was not completed. The implementation of individual measures related to Acts, which were the subject of measuring the administrative burden of the entrepreneurs, should have led to a decrease of administrative burden by about 109 mil. Euros on part of the entrepreneurs.

The **3rd stage of reducing the administrative burden of entrepreneurship** was also taking place in 2014, the goal of which was the mapping of the information obligations based on all Acts, Decrees and Regulations of the SR Government. The task to “map the information obligations based on legislation and measure the administrative burden of these information obligations” was approved by the SR Government Resolution No. 153/2013 from 3. April 2013 to be implemented by 31. December 2013, however based on a request for postponement sent to the Prime Minister of the SR Government **the date of fulfilling the task was shifted to 31.12. 2014**. Following the mapping of the information obligations from 2013, under which **more than 1100 legal regulations** have been mapped, measurement of the administrative costs of these information obligations took place in 2014. Under the calculation of total administrative costs of the regulation, 4 566 information obligations based on 282 legislations have been analyzed, while the total administrative costs of the business environment have been calculated at 2 670 555 723 Euros. The overall administrative burden of the business environment has been calculated at 10% of the above stated administrative costs, i.e. approx. 270 mil. Euros.

The result of the project should have been a package of measures for decreasing the administrative burden of entrepreneurship in the SR, which will most likely require also additional legislation changes. Another result should be the creation of a database of information obligations, which should allow to monitor the continuous development of the administrative burden in Slovakia and systematically approach to its reduction.

### 3.3.3 Recommendations

- Prepare a medium-term strategy for the development and support of SMEs, which would newly define the goals of the development of the SMEs sector, framework for use of support tools of SMEs, their institutional support and coordination as well as adjustments of the legal framework of the business environment with the goal to remove barriers of the development of SMEs in Slovakia (e.g. in the form of an Act on SMEs).
- Prepare Acts proposals based on the principles of simplicity, readability, conciseness and clarity.
- Stabilize the regulation framework for entrepreneurship and in this respect especially:
  - define a system of consultations between the public administration and the entrepreneurial sector, which can be implemented as part of the application of a unified methodology, with the goal of preparing standards, which will be stable, and will not require subsequent adjustments/repairs;
  - introduce a system for assessing the effect of the prepared legislation and administrative initiatives on SMEs (the SME test) when preparing a new legislation,
  - analyze the existing regulation framework and eliminate the norms or measures, which are obsolete and don't provide social benefits (they are not following their original intent anymore).



- Introduce an obligation for the submitter of the legislation to process together with the proposal a simple, concise and easily understandable explanations of the rules and obligations arising from it. At the same time introduce an obligation for the competent departments to evaluate real impacts of adopted regulations after a certain time after their adoption and in case of unwanted negative impacts on the business environment, perform the necessary changes.
- Use principles of better regulation with respect to setting the entry into force of individual regulations when preparing legislative proposals, e.g. set out sufficient time between adopting a regulation and its entry into force or consider delay of entry into force of regulations regulating sanctions in amended Acts so that the changes could be used in practice. Legislative regulation can also introduce statutory inclusion of the so called „sunset clauses“ into newly adopted regulations, under which there would be a pre-determined termination date of given regulation and a method of its reassessment. Alternatively a rule can be passed, based on which all tax-contribution acts and other regulations can be amended only once a year, i.e. on 1. January of the next year.
- Use the institute of the shortened approval procedure in the NA of the SR only in rare cases, which would de facto limit the professional consultations of the submitter with expert practitioners and thus ensure that the proposals for Acts would be well prepared and assessed. The consultations during the preparation should eliminate non-systematic interventions into Acts through changing and adding proposals of the members of the parliament.
- Create samples of forms and standardized forms where there are none yet (e.g. written/statutory declaration, form for fulfilling notification obligations, ...).
- Simplify approval procedures to conduct business based on the Act on Small Trade Licenses, i.e. transfer the maximum amount of so called crafts and trades to the free trade category.
- Reevaluate the principles of the activity of professional chambers established by the law, which exercise public authority, regulate their number and reevaluate the statutory memberships for business subjects.
- Decrease the administrative burden, shorten and simplify the procedures for acquiring and using aid for SMEs, which are extensively lengthy and administratively demanding especially with programs financed by the structural funds. Facilitate the refunding of projects by applying advance payments for SMEs. Exclude changes of the rules from the announcement until the end of the projects.
- Failure to pay invoices by business entities by the due date should be classified as a criminal offence in certain cases, because not paying invoices can have liquidate consequences for honest entrepreneurs.
- Pay VAT only after paying invoices due to support of honest entrepreneurs. Payment of VAT before paying invoices is a disadvantage for entrepreneurs and at certain amount of unpaid invoices can have liquidate consequences for them.

- Reduction or demanding the minimum statutory set amount of securities for VAT for beginning entrepreneurs. Reevaluate and simplify conditions and methods of decision making of tax offices about the amount of advances on VAT in case of the so called “risk entrepreneurs“.
- Not postpone the effectiveness of alternative possibilities of paying VAT especially in case of the so called self-taxation of import of goods from third countries (tax is paid in the form of the tax settlement and not immediately upon releasing from customs).
- Consider the possibility of calculating income taxes for enterprises in the VAT group for the group as a unit if mutual business activities between the members of the group do not exceed 80% of the incomes from the group members. The goal of the measure is to improve the management of financial flows, reduce the administrative burden, but also increase collection of taxes.
- Enforce that all taxes and contributions would be paid to the tax office and it would then divide them to the Social Insurance Company and Health Insurance Companies.
- Operate through tax offices a unified information system, to which all applications, cancellations and reports on employees would be sent so as to avoid double fulfillment of these obligations. The Social Insurance Company and Health Insurance Companies would take information from this system.
- Consider the introduction of an alternative tax regime for small business licensees – so call “small trade licenses“ as an advance on paying income taxes and contributions of the small trade licensees without the subsequent obligation of book keeping (proposal: introduce a fixed amount of a license for small trade licensees with revenue up to certain amount, e.g. 30 000 Euros; the tax would be paid in the form of a non-returnable advance). The goal of the measure is to address the decrease of administrative burden of small trade licensees.
- Consider the exemption of profits from sales of equity investments in business companies.
- Improve the financial implementing rules with the engagement of the business community so as to reflect the needs of the practice in the field of accounting, which will contribute to further decrease the costs in the field of book keeping.
- Decrease the administrative burden related to keeping price records for the group of small and medium enterprises entrepreneurs
- Ensure support for employing low-skilled workers in SMEs through the reduction of the tax burden, improving active policy at the labor market and focusing on the young and the long-term unemployed job applicants.
- Adopt measures to reduce the administrative burden related to employing employees (hiring an employee, system of contributions to funds) and measures for decreasing the total costs of work by reducing contributions to funds based an extensive and objective analysis of needs and possibilities of further decrease of contributions burden in the SR.
- Make sure that the legislative framework (e.g. Act on Health Insurance and Act on Employment Services) is not a barrier for flexible means of employment (e.g. work on

contract, employment through agencies of temporary employment) and introduce provisions, which would in greater way allow for individual agreements on relationships between the employee and the employer.

- We recommend expanding the exemptions from expanding the binding force of the collective agreement of a higher level or its amendments relating to employers in the whole category of small enterprises.
- Remove all forms of undeclared work, which greatly deforms the business environment.
- Implement a legislation amendment related to SHPW and related regulations into a single Act for the purpose of easier orientation of the employers in this field due to its scattered nature.
- Actively support the use of alternative methods of conflict resolution in the field of commercial law, especially mediation and arbitration and raise awareness of business entities in this field.
- Remove extensive penalties of state, self-governance, public and other administrative bodies against SMEs under one-time infringement of obligations, especially non-financial ones. Introduce a principle for less severe shortcomings that the penalty would be preceded by the possibility of restitution by imposing a measure with binding due date to remedy the discovered shortcomings.
- On part of inspection bodies implement prevention (e.g. impose educational activities as a remedy) especially for small entrepreneurs before repression. Introduce a coordinated procedure between individual inspection bodies when executing inspection of entrepreneurs in the context of avoiding duplicate activities.
- Include inspection of electronic entrepreneurship into market surveillance programs of the competent bodies, inspections and sanctions of fraudulent practices of electronic entrepreneurship (persons not complying with regulations gain competitive advantage against honest entrepreneurs).
- Introduction of thorough monitoring of business practices of large enterprises, including international corporations, especially in terms of compliance of the rules of economic competition and their relationships to smaller subcontractors (especially in the food industry).
- Raise awareness of SMEs through communication campaigns about the necessity of preparation for planned transfer of enterprises sufficiently ahead of the time. Support the spreading of necessary information about the transfer of enterprises in the form of trainings and databases with the goal to increase the number of successful transfers of enterprises.

### 3.4 Principle 4: Make sure that the public administration authorities will react to the needs of SMEs

#### 3.4.1 Development of the legislation environment

##### The Amendment to the Act on Trade Licensing (Act No. 455/1991 S.)

In relation to the Amendment to the Act published under **No. 333/2014 S.**, effective on 1. January 2015 the single point of contact (SPC) issues a **copy of the document** or parts of the document from the **Registry of Financial Statements** from the position of the attesting person. This copy is equal to the document or part of the document placed in the Registry of Financial Statements including all legal actions, and it is equipped with a certification clause of the District Office (SPC). This document is issued within five business days from the day the request has been receipt and the administrative fee has been paid.

##### The Amendment to the Act on the Commercial Register (Act No. 530/2003 S.)

**Act No. 547/2011 S.**, which changes and amends the Act No. 431/2002 S. on Accounting as amended and on the amendment of certain acts in the article XVI changed and amended also the Act on the Commercial Register. Addressing the SR Government Regulation No. 486/2011 from 6. July 2011, which approves the proposal of the policy of the SR Government to improve the business environment in the SR, the period for the registration court **to perform the registration of the enterprise into the Commercial Register has been shortened from 5 to 2 business days. The provision enters force on 1. January 2014.**

The Amendment resulting from the **Act No. 204/2014 S** established **effective 1. September 2014** the possibility of **free issuing of the electronic form of the summary from the Commercial Register**, which can be issued by the Registry Court by electronic means signed by a qualified electronic signature. Such request for issuing a summary should be processed without any delay after the delivery of the request by electronic means. Issuing the electronic form of the confirmation that a certain record is not in the Commercial Register will continue to be issued within two business days from the day when the Court receives information on paying the administrative fee.

##### The Amendment to the Act on Added Value Tax (Act No. 222/2004 S.)

Significant changes of the Act on VAT were introduced by the **Act No. 360/2013**, which entered force on 31. December 2013, or **1. January 2014**. The act introduces the obligation of taxpayers to submit data on deliveries of goods and services in the electronic form, so called **control report**. Taxpayers will be obliged to list in the control report data they do not list in any other reports like customs declarations for export of goods to third countries, or summary statements on intra-community deliveries of goods to other member states. The Amendment also operates with the term “incorrect data“. Listing of incorrect data can be penalized by up to 10 000 Euros. **Sample of the control report** for added value tax is determined by the SR Ministry of Finance Regulation No. MF/19057/2013-73 from 18. November 2013 (announcement No. 403/2013 S., FS No. 11/2013), which entered force on 1. January 2014.

However due to consolidation of public finances this Amendment postponed the entry to force of the measure related to **self-taxation of import of goods from third countries** by the taxpayer from 1. 1. 2014 to 1. 1. 2017.

The Act further expands the application of existing measures (e.g. in the form of obligations to pay an advance also for persons, who will become taxpayers based on an act or change the type of registration, or expansions of the domestic sectorial transfer of the tax obligation) and reacts to the needs to introduce new measures to prevent tax evasions (e.g. continuation of the period for adjusting deductible tax for the acquirer of investment assets, which are a real-estates, or introduce a rebuttable legal assumption for application of an individual adjustment only if the invoice from another member state does contain verbal information about the sale under the individual adjustment). The Act contains tools for **reducing administrative burden**, e.g.:

- adjustment of the procedure when changing the registration from § 5 and 6 to § 4,
- changing the procedure for cancellation of registration for the tax according to § 7 and 7a,
- removing the obligation to pay the tax for certain persons, if the payable tax does not exceed 5 Euros,
- removing the obligation of a foreign person to register for tax according to § 5 only due to import of goods from third countries.

Except for individual provisions dealing with the transposition of the ES Directive on place of providing services for persons residing in the EU and adjustments for persons not residing in the EU in case of providing telecommunication services, radio and television broadcasting services and electronic services the Amendment of the Act published under **No. 218/2014 S.** **shortened the period** for the tax office to perform registration for a tax **from 20 to 21 days**. Effective **1. October 2014** the Amendment also introduced new rules for **submitting summary reports**. The obligation to submit a monthly summary report arises for a payer whose value of business for the last calendar quarter exceeded **50 000 Euros** (previously 100 000 Euros). Effective from 1. January 2015 obligations related to submitting **control reports** are changing as well. These will be submitted always within 25 days after the end of the tax period, irrespective of the fact when the entrepreneur submits VAT returns.

#### **The Amendment to the Act on Court Fees (Act No. 71/1992 S.)**

Effective from **1. January 2014** the **Act No. 357/2013 S.** specified the provisions of the Act on Court Fees. Pursuant to the Amendment lower rates of court fees are applied also for submitting proposals for electronic registration using the single point of contact (SPC). At the same time court fee for the first registration of an enterprise or an organizational unit of an enterprise of a foreign natural person into the Commercial Register has increased from 33,- Euros to 165,50 Euros, which is the same as the fee for the first registration of a (Slovak) natural person - entrepreneur into the Commercial Register.

#### **The Amendment to the Act on Using Electronic Cash Register (Act No. 289/2008 S.)**

Effective from 1. January 2014, pursuant to the **Act No. 361/2013 S.**, Entrepreneurs are obliged to submit to the Financial directorate of the SR technical and software tools, which will allow the inspection bodies easier access to the data registered in the electronic cash register and will allow the inspection bodies connecting to the cash register for the purpose of accessing the stored data. However the obligation to submit control records at the request of the tax office or the customs office cannot be imposed on the entrepreneur more frequently than once a month.

At the same time the entrepreneurs are obliged to make the depiction of the receipt available at every selling point.

A major change under the Amendment published under **No. 333/2014 S.**, are measures related to the use of electronic cash register. Together with **expanding the scope of services**, which are subject to recording revenue in the electronic cash register from 1. April 2015, it also introduced the possibility to use a virtual cash register. The list of services affected by this obligation are listed in Appendix No. 1 of the Act on ECR. Entrepreneurs in these fields also have the possibility to use virtual cash register established by the Financial Directorate of the SR. The use of a **virtual cash register** is conditioned by setting a limit on the maximum amount of issued receipts in one calendar month, specifically 1 000. If the entrepreneur exceeds the number of issued receipts, he is obliged, no later than on the next day, to start using the classic electronic cash register. Pursuant to the Amendment the entrepreneur, which was obliged to use electronic cash register before 1. January 2015 can start using the virtual cash register no sooner than 1. January 2016. Entrepreneurs established between 1. January 2015 and 31. March 2015 can use it from no later than 1. January 2016.

### **The Amendment to the Act on Personal Data Protection (Act No. 122/2013 S.)**

The reason for adopting the Amendment published under **No. 84/2014 S.**, was the need to react to the requirements of the application practice. Its goal was to minimize ambiguities and simplify and facilitate some requests when fulfilling obligations within the process of processing personal data of natural persons on part of the operators and mediators. Effective **15. April 2014** the Amendment:

- eliminated the obligation to draft a **security directive**
- **eliminated direct sanctions** of the entitled person and the responsible person. Thus the fine can now be imposed only to the company (operator)
- **adjusted the definition of the entitled person**, which comes into contact with personal data, especially in relation to the operator. Under the new legislation an “employment relationship“ has to be concluded with this person (previously only employment), so this person can be hired e.g. on agreement. Administrative burden has decreased also in respect to the content of the **instructions of the entitled person**. The obligation to determine the responsible person changed to an option to do so.
- **eliminated registration fees**, individual registration and change of registered data. Under the new legislation this can be done electronically.
- **changed method for imposing fines**. Imposing fines and administrative fines was divided into facultative and obligatory, depending on individual types of obligations, their nature and severity of their breach. Under the new Amendment the fines don't have to be, but can be imposed.
- **decreased upper limits of individual fines** for the employers for violations of the law. The maximum amount of the fine decreased from 300 thousand to 200 thousand Euros.

### **The Amendment to the Act on State Statistics (Act No. 540/2001 S. )**

The Amendment to the Act published under **No. 326/2014 S.**, adjusted except for other areas also the **method of communication between the reporting unit**, i.e. legal entity or a natural person and the SR Statistical Office. Pursuant to the Amendment this communication should now be **electronic only**, however it allows exceptions, i.e. also traditional ”document“ communication. The Act entered force on **1. January 2015** however the section related to the

obligations of the reporting unit to provide data required for statistical purposes to the office by filling out and sending an electronic form enters force on **1. January 2016**.

### 3.4.2 Support programs, measures and initiatives

#### ❖ Ministry of Interior of the SR

##### • Activities implemented at the department of small trade licenses in 2014

District authorities, departments of small trade licenses in the position of a single point of contact (hereinafter referred to as “SPC” are authorities of local state administration responsible for management of small trade licensing, the task of which is to simplify the entry into entrepreneurship for entrepreneurs. For this purpose they integrate in a single point several functionalities and provide beginning as well as established entrepreneurs various services. Since established (in 2010) the SPC allows the entrepreneurs to:

- fulfill reporting/notification duties at a single place
- apply for authorization for enterprising according to an individual regulation (other than Act No. 455/1991 S. o Small Trade Licensing (Trade Act)
- apply for registration at the tax office
- log in the compulsory health insurance system
- submit proposal for first entry into the Commercial Register

At the same time SPC ensures for entrepreneurs automatically and for free **criminal records** from the Prosecutor’s General Office of the SR and in cooperation with the Statistical Office of the SR also the assignment of an **identification number (ID No.)** for business purposes while one waits. All these tasks can be done also remotely **electronically** through electronic services of the Central portal of the public administration.

**Reform of Public Administration – ESO** continued in 2014. The goal of the reform is to simplify the operation of the public administration. The result of these reforms was the **creation of client centers at district offices**, which also contain departments of small trade licensing. Thanks to this reform it is possible to use several services of public administration at one place and the entrepreneur doesn’t have to visit several offices, which saves time. To further simplify entrepreneurship activity, the SPC expanded its functionalities in 2014 also **by providing the following new services**:

##### **1. Automatic sending of data from the Trade Register of the Social Insurance Company**

Ministry of the Interior of the SR and the Social Insurance Company have concluded an Agreement on **7. January 2014** on accessing and automatic sending of data from the Trade Register in electronic form. The Ministry of Interior of the SR allowed the Social Insurance Company access to data on individual entrepreneurs registered in the Trade Register regarding the public and private parts of the register, in the extent of information related to the performance of social insurance and retirement pension savings.

##### **2. Publishing output of the public administration information system – Commercial Register**

Effective from **1. September 2014** the SPC issues output of the public administration information system – Commercial Register in the status of the attesting person. SPC ensures

assisted electronic communication of natural persons and legal entities with public authorities for execution of public authority. SPC issues also the output from the public administration information system, which includes output from the Commercial Register from the status of the attesting person. This record issued by the SPC is equal to the record from the Commercial Register of the SR issued pursuant to § 12 of the Act No. 530/2003 S. on Commercial Register and on the Amendment of Certain Acts as Amended and it is equipped with a certification clause of the district office (SPC), which certifies literal copy of the data listed in the electronic record of the obliged person. It is a certified document form of the electronic copy of the data from the public administration information system equipped with a certification clause.

### 3. Issuing certificates on free trades while one waits

Since the beginning of 2014 a measure has been introduced related to issuing certificates on trade licenses while one waits, in case free trades are reported, which are listed in the list of free trades created by the Ministry of Interior of the SR, department of small trades and published at the Internet webpage of the department and in case the notifier of the small trade has no criminal record. The goal of this measure was to simplify and speed up the start of entrepreneurship in the SR.

**Tab. no. 3.9: Single Contact Point (SCP) activities for the years 2012 and 2014**

Type of operation of SCP and the number of subjects	year 2012	year 2013	year 2014
Number of entrepreneurs using the services of SCP - total	194 787	210 543	163 478
Number of entrepreneurs using the services of SCP – natural persons	163 519	177 703	140 084
Number of entrepreneurs using the services of SCP – legal entities	31 269	32 837	23 394
Total number of operations of SCP services for Tax authorities	223 934	241 334	205 671
Total number of operations of SCP services for health insurance companies	148 713	166 674	145 403
<b>Total number of service operations for commercial register</b>	-	-	183
<b>Total number of extracts from criminal records</b>	-	-	111 851

In 2014 **14 133 electronic applications** of entrepreneurs or persons interested in entrepreneurship have been sent to the department of small trade licensing. These electronic applications include electronic services like e.g. notification on free, craft and regulated trade license, notification on change of data, request to issue a record (public and private) from the Trade Register or notification on termination of entrepreneurship. Electronic services are available to all applicants, who **own certified electronic signature**, and decreased administration fee rate or complete cancellation of this fee applies to some of them.

## ❖ Ministry of Economy of the SR

### • Establishing the “Business Friendly Slovakia” portal

In an effort to improve the business environment in Slovakia the Ministry of Economy of the SR together with the Republic Union of Employers established the “**Business Friendly Slovakia**” **web portal** on 2. April 2013 ([www.businessfriendly.sk](http://www.businessfriendly.sk)), which is designed primarily for reporting duplicate information obligations of the entrepreneurs. The portal was established as a reaction to an increasing administrative burden in business. The goal of this portal is especially to ensure the improvement of the business environment with the perspective of higher prosperity and creation of new jobs.



The portal allows entrepreneurs to engage through comments, suggestions and proposals in the public discussion on legal regulations restricting them, creating unnecessary costs or regulations, which are not feasible. Suggestions sent to the portal are forwarded by the MoE of the SR to the central state administration bodies, which are under the responsibility of legislation on individual areas resulting from suggestions.

The relevant state administration body subsequently expresses in its statement, if the suggestion can be solved, or if it plans legislation changes within its scope, which would solve the suggestion partially or completely, or states the reason why given suggestion has to be rejected, or not processed at all. Official statements on suggestions are published by the MoE of the SR on the portal. On the other hand the MoE of the SR is directly informed about the regulations, which burden the entrepreneurial entities and complicate their business activity. Several measures for improving the business environment in the SR have been proposed based on the suggestions.

During **2014** entrepreneurs submitted **12 suggestions** through the [www.businessfriendly.sk](http://www.businessfriendly.sk) portal. MoE of the SR was able to solve 7. 140 suggestions have been submitted through the portal during the two years of existence, of which the Republic Union of Employers marked 29 suggestions as unjustified (if the suggestion looks to be illogical, one-sided, etc.), 12 were dismissed (suggestion was dismissed by the competent institution, which is responsible for solving the suggestion), 21 are waiting (the suggestion is waiting to be assigned to the competent state administration body), 37 are approved (the suggestion will be sent to the competent state administration body), 9 are being solved (suggestion is waiting for a reaction and an answer of the competent state administration body), 8 are inserted (current sent suggestion of an entrepreneur) and 24 were solved.

## ❖ Statistical Office of the SR

The field of state statistics fall under the competence of the Statistical Office of the SR, which is the central body of the SR state administration. Act of the NA of the SR No. 540/2001 S. on State Statistics represents the legal basis for the activity of the SO of the SR.

SO of the SR implements **selective statistical surveys** in the group of small enterprises (less than 20 employees), under which the enterprises are included in the survey in accordance with the principle of rotating reporting units in the selected set. **Random selection with rotation** is applied, which means the **annual change of one third of the units**. Frequency of a unit being included in the set of reporting units is affected also by the number of units in given stratification layer of the unit. The applied method of including reporting units in the selective surveys, under which there is an annual change of one third of the units of the selected set in layer with a sufficient number of units is not in compliance with the recommendation of the SBA not to include micro enterprises (less than 9 employees) in statistical surveys more frequently than once in three years.

### • Cancellation of some statistical surveys

In an effort to reduce the administrative burden of the entrepreneurial entities and in relation to the statistical survey, **one type of statistical survey has been cancelled in 2014**, specifically Org 3-99 - "Questionnaire for registration of an organization". SO of the SR replaced the missing information needed to update the Register of Organization with data already available.

In relation to adopting the concept of using administrative sources of data (1.7.2014) the cooperation in this field expanded to new providers of administrative data with the goal to reduce the amount of data required under the statistical surveys.

In relation to preparing programs of state statistical surveys there is an annual survey, if there is still a need for all surveys in order to produce statistics in full extent, or if some of them can be cancelled or their extent reduced. The result of these activities was also the cancellation of the **IKaP 1-12 “Annual Report on Delivery Services”** survey in 2014.

**In January 2014 the SO of the SR began with the implementation of the “Register and identifier of legal entities and entrepreneurs”** project, the goal of which is to relieve entrepreneurial subjects from submitting / re-submitting identification data in their dealings with the public administration. The basic register should be a statutory source of data on entrepreneurial subjects for other public administration institutions.

## ❖ Government Office of the SR

### • Implementation of the Operational Program Informatization of the Society

The Government Office of the SR is the governing body for the **Operation Program Informatization of the Society (OPIS)**. This operational program focuses on the development of the infrastructure of information systems of public administration, state administration and self-governance, which will improve the operation of the public administration and develop eGovernment pursuant to the National Concept of Informatization of the Public Administration adopted by the Government. OPIS is concentrating on processes and services provided by public administration and technological-application infrastructure. It is implemented especially through national projects, while the recipients and implementers are especially state budget organizations (e.g. ministries), state contributory organizations (memory and fund institutions) as well as self-governance (towns, communities, HTU). Thus with its focus and results, OPIS has a **facilitated impact also on the operation of SMEs**, especially in communication with the state administration and self-governance and in using digital content made available by memory and fund institutions.

The **National Agency for Network and Electronic Services (NANES)** has been established to fulfill the tasks in the field of informatization of the society, management and operation of electronic communication networks and services. Its main goal and activity is management, operation and development of the government data network GOVNET and the operation and development of services of the Central portal of the public administration (PACP), as well as basic tools for informatization of public administration.

Partial goal of the project entitled “Electronic Services of the Government Office of the Slovak republic – eDemocracy Open Government” is to create an application, which will provide access to open data, which is created in public administration, also for other use by commercial subjects. The project is implemented by the NANES Agency and financial form NFP ITMS21110120041 of the Operational Program Informatization of the Society. Analysis and design of the application and preparation of the supportive legislation took place in 2014.

### 3.4.3 Recommendations

- Reduce administrative burden of business, remove duplicity of submitting documents for the state administration, simplify and reduce the scope of requested reporting, etc.
- When creating every legal standard, apply the principle that public administration bodies, public institutions will not require in administrative or other proceedings documents, lists, decisions, etc. from entities, which are issued by another public administration body or public institution (Social Insurance Office, etc.). Support in this context the informatization of public administration and accelerated introduction of e-government services in all areas of interaction of public administration and entrepreneurial entities.
- Improve the transition to electronic communication, introduction of statutory electronic reports. Technical equipment and capabilities of small enterprises should be taken into account. We therefore recommend an interim alternative possibility for small enterprises, or enterprises in regions to be able to submit these reports also by mail.
- If any state institution demands electronic communication with the entrepreneur or employer, given institution should automatically deliver electronic access data and save time and money of the entrepreneur for personal handling of these formalities in given institution.
- Send current samples of forms - it would help reduce administrative burden of small and medium enterprises if, for example the measure implemented in case of the Foreign Exchanges Act No. 202/1995 S, the tax offices would send a sample of given tax reconciliation for to the entrepreneurs through electronic communication and thus notify them of the tax obligation.
- Create stimulating conditions for broad use of electronic signature by entrepreneurial entities. In this respect it is necessary to simplify the Slovak legislation regulating the issue of electronic signature.
- Ensure complete functionality of single points of contact (SPC) with the goal to perform all registration obligations in one place with the emphasis on simple use of electronic communication.
- Unify the function of the Small Trade License and of the Commercial Register into a single institution.
- Create new types of business companies with reduced requirements on establishing registered capital, for ltd. e.g. 1 Euro (so called 1 Euro ltd.) and for j.s.c. e.g. to half of current state (*also in relation to preparation of a simpler joint stock company*)
- Cancelling the condition to request approval of the tax administrator with the registration of the ltd. into the CR, or with the transfer of assets. We propose that the CR would directly request information from the tax administrator and relieve entrepreneurs from unnecessary paperwork.
- Based on the analysis of possibilities of using the electronic report from the Commercial Register of the SR for legal purposes, discussed by the SR Government on 7. March 2012,

ensure that the electronic report from the Commercial Register would be used for legal purposes.

- Apply court fee for application of proposal to register a change in the amount of 66 Euros also to initial registrations, or completely cancel all fees when establishing companies.
- Systematically address the position of the small trade licensee as a self-employed person. Current legislation is not granting him any benefits of the employee (self-employee) and takes him more as an organization, the small trade licensee acts merely as the owner, while it doesn't consider his own work. It should especially be the option to acknowledge own work of the small trade licensee as expenses affecting the basis of income taxes (at least in the amount of the minimum wage) and allow for the creation and use of a Social Fund also for small trade licensees under the same conditions that apply to an employee.
- Support the retention of jobs during decreased economic activity (various fiscal benefits for the employers).
- We also recommend the transition of obligations of a builder to ensure documentation for proceedings in the form of statements of the relevant bodies to the construction office. It should also be considered to create an information system, which would connect all the relevant authorities in given territory and which would allow to shorten the construction proceedings.
- We recommend for the Statistical Office of the SR not to include micro enterprises in the statistical surveys more than once in three years with the exception if this is required by the statistical or other information.
- We propose to "motivate" the courts to expedite the decision in given matter, e.g. by changing the Act on Court Fees, which would adopt the following measures. In case more than 3 months pass between the day the court fee for the proposal to start the proceedings has been paid and the first proceedings, the parties will be returned 50% of all paid fees. Alternatively we propose to introduce greater opportunities of ineligible rewarding of judges based on the results of the evaluation of their work.
- Streamline and expedite the processes of bankruptcy and restructuring with emphasis on increasing the yield of the bankruptcy proceedings, stop the misuse of restructuring proceedings, better protection of non-ensured small creditors and strict enforcement of the obligation to file a timely petition for bankruptcy by the debtor.
- Reevaluate the need to create a reserve fund (inseparable fund) for small enterprises.
- Reevaluate and increase the limit to perform the statutory check of the financial statement by an auditor.
- In relation to the newly adopted institute of the binding statement of the Financial Directorate to applying tax regulations under the tax framework (entered force on 1. September 2014), we propose to reevaluate the amount of fees for given statements.

- Shorten the deadlines to acknowledge professional experience and acknowledge professional qualification of persons from the EU member states, EEA or Switzerland for the purposes of getting a small trade license.

### **3.5 Principles 5: Adapt the public policy tools to the needs of the SMEs: make it easier for SMEs to participate on public procurement and better use state aid tools for SMEs**

#### **3.5.1 Development of the legislation environment**

##### **The Amendment to the Act on Tax Administration - Tax Code (Act No. 563/2009 S.)**

From **1. January 2014** tax entities, which are payers of the Value Added Tax according to the Act on VAT or their representatives as well as representatives of the tax entity, which is not a taxpayer and this representative is in the position of the attorney or a tax advisor, and to which this tax entity granted full power of attorney to represent it before the tax administration should communicate, i.e. submit - deliver to the tax administration all **submissions only electronically through the electronic registry** or through the electronic registry of the central portal of the public administration. These tax entities are subject to **withdrawal of “old“ agreements and conclusion of “new agreements“** according to the Tax Code. These changes are based on **§ 165b sec. 3** of the Tax Code as amended, which was introduced by **Act No. 440/2012 S.**

In the interest of reducing the administrative burden of tax subjects during the registration proceedings, effective from **1. January 2014 the Act No. 435/2013 S.** cancelled the obligation of tax entities to list some data during the registration. In case a tax entity sent a payment to the account of another entity by mistake, the Act introduced the possibility for the tax administrator to transfer it to the correct account at request of the tax entity. The section of the Act introducing the **institute of a binding statement** in application of tax regulations entered force on **1. September 2014**. The extent of the tax regulations, for the application which a binding statement can be issued is established by the Decree No. MF SR No. 229/2014 S.

Based on the Amendment the Financial Directorate can delete subjects from the so called **risk list of Value Added Tax payers (VAT)**, if the reasons for their inclusion in the list no longer exist and also if they haven't violated their legal obligations during the last twelve consecutive months.

Based on the Amendment the tax entity is obliged to submit an **additional tax reconciliation**, which corrects data necessary for the Value Added Tax, or if he discovers that the tax should be higher than the one charged by the tax administrator, or the excess deduction should be lower, or the claim for return of the tax lower than the one charged by the tax administrator, or if the tax loss is lower than stated in the tax reconciliation, no later than **the end of the month** following the month of the discovery of these facts.

The provisions on the **postponement of paying the tax in installments** has been adjusted so that the tax entity, which does not meet the payments, or doesn't pay the tax in period set by the tax administration in the decision on postponement of paying the tax, or approval to pay the tax in installments would be charged interest on the amount of the remaining unpaid tax, beginning on the day of the original due date of the tax

Effective from **1. October 2014 the Act No. 218/2014 S.**, adjusted also the Tax Code, when it allowed for the tax administrator to be able to draw a **partial protocol** during the tax inspection, based on which it could return checked parts of the extensive deduction even before the return of the tax inspection. Also effective from **1. January 2015** the monitored period, during which the VAT payer is in the list of VAT payers, even though he developed grounds for cancellation of the registration has shortened **from 12 months to 6 months**.

### **The Amendments to the Act on Accounting (Act No. 431/2002 S.)**

The Amendment to the Act on Accounting published under **No. 352/2013 S.**, introduced on **1. January 2014** the institute of **micro accounting entities**. These entities can submit a simplified form of notes when compared to the usual accounting entities. Business companies, cooperatives, natural persons doing double-entry bookkeeping and land communities can do accounting this way. The condition is not to exceed two of these conditions during the immediately preceding accounting period:

1. total amount of assets should not exceed 350 000 Euros
2. net revenue should not exceed 700 000 Euros
3. average calculated number of employees during the accounting period should not be greater than ten.

An accounting entity can become a micro accounting entity also for the accounting period, in which it was established, if it decides to do so. A micro accounting unit can also be a unit, which exceeded two of the above stated conditions only in one of the two consecutive accounting periods, while in the first of these two accounting periods it was considered as micro accounting entity. (§4 sec. 5)

Details on the organization, designation and contextual definition of the items of individual accounting statements and the extend of data from individual accounting statements to be published for the micro accounting entities are established by the **Measure of the MF of the SR No. MF/15464/2013-74** from 11. December, which entered force on 1. January 2014.

The Amendment introduced an obligation of valuation of securities and derivatives by a fair value for micro accounting entities and alleviated the obligations for bookkeeping for accounting entities, which were not established for business purposes. Frequency of assets inventory has also decreased. Long-term assets have to be inventoried only once every four years and cash only on the day when the financial statement is being prepared. The Amendment specified the valuation by fair value for accounting entities of the financial sector.

From 1. January 2014 accounting entities should publish before the date of submitting tax reconciliation all appendixes for the financial statement as well as the annual reports at the **Register of Financial Statements** Internet portal.

The Amendment to the Act on Accounting, published under **No. 333/2014 S.**, has focused on improving the functionality of the Register of Financial Statements and also introduced a legislation basis for the division of the financial statements into three groups in accordance with the EP and Council Directive No. 2013/34/EU. For the purposes of creating individual financial statements the Amendment adjusted the classification of accounting entities based on size to **micro, small and large accounting entities**. Inclusion in given size category affects the contextual structure of the accounting entity, which is established by measures of the Ministry of Finance of the SR for individual types of accounting entities. Size classification is mandatory

for the accounting entities and except for business companies and cooperatives, it also applies to enterprising natural persons voluntarily keeping double-entry bookkeeping. The change in classification into size groups occurs based on exceeding or not exceeding size conditions for two consecutive accounting periods. Provisions amending the Act on Accounting entered force on **1. January 2015**.

#### **The Amendment to the Act on Public Procurement (Act No. 25/2006 S.)**

On the 27. February 2014 the **Act No. 34/2014 S.** (so called **agricultural amendment**) entered into force. The main goal of this Act was to remove the administrative burden of the rules and procedures of public procurement, which award contracts for the delivery of goods, services and performance of construction works, for specifically defined items. Pursuant to the Amendment the Act does not apply to contracts for the delivery of goods, services or performance of construction works under the measures of common organization of agricultural markets - it is an advantage for the Slovak grape growers and wine producers, fruit and vegetable growers and beekeepers within the EU when using aid from the relevant EU funds. The Amendment also adds new exemptions from the Act for lower than above the limit contracts, specifies the possibilities of using direct negotiations for under-limit contracts, rules for under-limit contracts without the use of electronic marketplace and time limits for submitting offers to the public procurement authority by the registered participants in the electronic marketplace. Additional another ground for cancellation of PP has been introduced (reasons worthy of special consideration), as well as changes in information obligations according to § 136 sec. 9. and in obligations of registering receipts and documents (§ 9 sec. 9 of the Act). The Amendment also **cancelled the obligation** of the Ministry of Interior of the SR to **establish the electronic marketplace by 1. July 2014**.

#### **The Amendment to the Act on Employment Services (Act No. 5/2004 S.)**

The Amendment published under No. **352/2013 S.**, **effective from 1. January 2014** cancelled the obligation of legal entities and natural persons to submit financial statements with requests for authorizations to **perform activities of a temporary employment Agency** and when fulfilling obligations pursuant to § 31 with the goal to reduce administrative burden and not require documents, which can be procured from other state administration bodies.

**Act No. 495/2013 S.** (Amendment to the Act on Asylum) **effective from 1. January 2014** adjusted the conditions for **issuing authorization for employment of third-country nationals in the SR**, conditions of their employment and expanded the scope of the Center of employment, social affairs and family. Except for this it adjusted the operation of the temporary employment agencies and prevented employers from temporary assigning an employee, for the employment of which employers get contributions, for work to the user employer.

The goal of adopting the Amendment to the Act on Employment Services (**Act No. 311/2014 S.**) was to create a legislation framework specifically designed for the **support of employment** of those **young people**, who after finishing school, or prematurely leaving school, or finishing compulsory school education never got a regular paid job. In this context the main goal of the Amendment was to expand the tools to help and support the participants of the labor market based on the Act on Employment Services with a new active measure at the labor market specifically focused on solving employment of young people. Specifically it was the introduction of **contribution for the support of creating a job in the first regular paid employment (§ 51a)**. According to the Amendment the Employment, Social Affairs and Family

Office can provide this contribution to an employer, who hires a job applicant into employment for the created job, who is younger than 25 years and registered in the unemployment register for at least three months, or a job application, who is younger than 29 years and registered in the unemployment register for at least six months, and who did not have a regular paid employment before being hired for the created job, if the employment is agreed in the extent of at least half of the set weekly working time and the employer applies for the contribution in writing. The contribution is provided based on a written agreement on providing the contribution, concluded between the office and the employer for at least 6 calendar months and no more than 12 calendar months. The monthly amount of the contribution is differentiated based on the region. The Amendment **entered force on 1. January 2015.**

#### **The Act on Assistance in Material Need (Act No. 417/2013 S.)**

Pursuant to the Act No. 417/2013 S., the **Activation contribution** in the amount of 63.07 Euros monthly is designed only to support getting, keeping, deepening or increasing knowledge, professional skills, practical experience, work habits for the purposes of improving career prospects in the labor market. Pursuant to the previous Act No. 599/2003, which was replaced by this Act from 1. January 2014, the activation contribution was granted for 6 months to a long-term unemployed person, who began enterprising under the small trade license according the Act on Small Trade Licensing and before this activity it had ensured basic living conditions and provided assistance in material distress.

#### **The Amendment to the Act on Tourism Support (Act No. 91/2010 S.)**

The Act No. 415/2013 effective from **1. January 2014** adjusted the obligations related to establishing and operating regional tourism organizations and provincial tourism organizations. It further established requirements for the tourism information centers and introduced a registration of the tourism organizations. Details on sample of the application to provide subsidies for tourism organizations and requirements of the project were established by the Decree MDVRR of the SR from 10. February 2014 No. 04210/2014/B710-SCR/8331-M (published under No. 33/2014 S.).

#### **The Act on the State Housing Development Fund (Act No. 150/2013 S.)**

The Act No. 150/2013 S. on State Housing Development Fund **entered force on 1. January 2014.** The fund resources can be used for state aid provided for implementation of state aid in expanding and enhancing the housing fund. Pursuant of this regulation the support can be used to procure an apartment, rent an apartment, restoration of an apartment building, restoration of a social services facility and for construction or completion of a social services facility. The Act established also the form and amount of support for specific purposes with respect to the type of the requestor as well as detailed conditions for providing the support. Except for other **the requestor can also be a legal entity** with residence in the territory of the SR, which conducted business for at least five years before submitting the application.

#### **The Amendment to the Act on Investment Aid (Act No. 561/2007 S.)**

The Act No. 102/2014 S. on Consumer Protection in the sale of goods or services based on agreement concluded at a distance or agreement concluded outside the business premises of the seller was indirectly amended also by the Act on Investment Aid, especially in relation to the conditions of granting investment aid. Under the new legislation enterprises do not require



approval of the government for tax relief for **investments over 200 million Euros**. Thus the total amount of the investment became the only condition for getting the investment aid and tax relieves should be automatic. The goal of this change is to clarify the Act and expedite the proceedings, which exclusively provide tax relieves. The changes **entered force on 1. May 2014**.

In 2014 the **Amendment to the SR Government Regulation No. 481/2011 S. on Investment Aid** was adopted, which reflected the new European rules. The new SR Government Regulation No. **186/2014 S. effective from 1. July 2014** adjusted the maximum intensity of the investment aid and considered rules of the new programming period (specifically the **new map of the regional aid**).

#### **The Amendment to the Act on Protection of Economic Competition (Act No. 136/2001 S.)**

**Effective from 1. July 2014 the Act No. 151/2014 S.** introduced changes in the field of **considering the concentrations**, the goal of which are more effective and speedier administrative proceedings in favor of the parties of the concentration, the entrepreneurs. It is especially the change of the beginning of the period to issue a decision, which starts at the moment of delivery of the concentration notification. The changes also affect provisions on agreements limiting competition and prohibiting the misuse of the dominant position. The Amendment also eliminated the term “unique establishment“ in the Act. Under meeting specific conditions, the Amendment to the Act allowed accessing information, which are the subject to trade secret or confidential in its nature. Accessing this information is only possible with the approval of the person, who provided this information and only under exceptional circumstances and in case the listed information is a proof of violation and necessary to exercise the right to defense. A novelty in the Act is the **Institute of Settlement**, which pursuant to the Amendment is applicable to all violations of the Act with the exception of the area of violating obligations, which are procedural in nature.

#### **The Act on the Fund for Support of Art and Amending the Act No. 434/2010 S. as Amended No. 79/2013 S. (Act No. 284/2014 S.)**

The goal of adopting the new **Act No. 284/2014 S.** was to establish an institution for supporting artistic activities, which will be independent from the central state administration bodies, while the institution will be governed by representatives of the artistic community itself. **From 1. January 2015** the Fund represents the main financial source for the support of artistic activities, culture and creative industries. The fund gained legal form of a public institution. The fund replaced substantial part of the prior subsidy system of the Ministry of Culture of the SR. Support of creation and distribution of works of art and their reflection has transferred to the fund as well. The fund also supports projects in the field of creative industries. The main source of funding of the fund are contributions from the state budget.

**The fund provides funding for supporting artistic activities, culture and creative industries**, except for other also for:

- a) creation, distribution and presentation of works of art and their reflections,
- b) support of international cooperation in the field of artistic activities, culture and creative industries,
- e) project, for which the requestor received a grant from the European Union. (§ 18 sec. 1)

**The fund provides financial resources for the realization of a project.** According to the law a project is:

- a) creation, realization and public presentation of a work of art,
- c) publishing periodic and non-periodic publications,
- e) creation and public distribution of audio or audio-visual recordings,
- f) organizing culture events, festivals, displays, competitions and similar activities with a nationwide significance,
- h) presentation of Slovak art, culture and creative industries abroad. (§ 18 sec. 2)

**The fund provides financial resources in the form of grants, scholarships (only NP) or loans** with a maximum maturity of no more than five years (§ 18 sec. 3). The **requestor** can be a NP, who is at least 18 years old, **or a legal entity**, which deals in the realization of activities in the field of art, culture or creative industries (§ 19). Financial resources can be used **based on a written request**. The form of the request is published by the fund at its homepage (§ 20). However there is an administrative fee for processing the request (§ 21).

#### **The Act on the Contribution provided from European structural and investment funds and on the Amendment of certain Acts (Act No. 292/2014 S.)**

In connection with the start of a new programming period of the European Union for 2014 - 2020 it was necessary to adapt several **rules of implementation of the EU funds**, which are adjusted in the new EU regulations. Due to this reason it was necessary to set or adjust the governing, implementation and control mechanisms in the conditions of the SR. The adopted Act defined the position and powers of individual bodies of the public administration in the process of using the contributions from the EU funds. The main governing, implementation and control body is the SR Government. It also defined the body securing the protection of financial interests of the EU, the central coordination body, management body, certification body, audit body, intermediary body and the payment unit, as well as other entities, which participate in the performance of the defined tasks resulting from the newly adopted legislation of the EU. The adopted Act **defined basic principles of governance and control when providing the contribution**, funding the contribution and performing the government audit and introduced **process provisions for deciding on the request**. The act also adjusted the conflict of interests during the process of providing aid from the EU funds. The Act entered force on **1. November 2014**.

#### **The Amendment to the Act on Support of Regional Development (Act No. 539/2008 S.)**

The goal of the Amendment to the Act on Support of Regional Development, published under **No. 309/2014 S.**, was to achieve improvement of the processes of preparation, creation, updating and successful fulfillment of goals of the strategic documents of the regional development with a nationwide, regional and local scope. The Amendment elaborated on and amended to the Act **more detailed rules for participation of stakeholders** at all levels of public administration, including the public and entrepreneurs, when creating functional partnership cooperation in the SR. An important element of the amendment is also the **strengthening of the position of other stakeholders** of the regional and local development (public, entrepreneurial entities, non-governmental organizations and others) when preparing the ESDP of HTU and communities. **The Amendment entered force on 1. January 2015.**

#### **The Act on Energy Efficiency and the Amendment of Certain Acts (Act No. 321/2014 S.)**

The newly adopted Act adjusted and further specified the framework for rational use of energy, set requirements for energy efficiency for transformation, transfer, transportation, distribution and consumption of energy, adjusted the monitoring and support of energy efficiency and established obligations for natural persons, entrepreneurs, legal entities and state administration bodies for use of energy. The goal of adopting this Act was to improve the efficiency of use of energy throughout the energy chain and especially in the fields of commercial use with high assumption of energy savings like buildings or the industry. The Act represents also a basic system for the support of the development of the market of energy services in the conditions of the SR.

Except for other areas, the Act adjusted also the rights and obligations of persons in the area of energy efficiency, established rules for carrying out energy audit and also adjusted **entrepreneurship in the area of providing energy services** (providing energy services, support energy services or guaranteed energy services).

According to § 14 each **large enterprise** is obliged to ensure the energy audit at least once in four years. Alternatively this obligation can be met also by ensuring the energy audit, which is part of the established certification system of energy management or system of environmental management (pursuant to STN ISO 14001, or STN ISO 50001). A large enterprise is obliged to keep a written record of the energy audit and documents used for the energy audit until the next energy audit. The obligation to keep a written record of the energy audit applies also to a **micro entrepreneur, small entrepreneur and medium entrepreneur**, at whom energy audit has been carried out, which was co-financed by public resources or by support programs financed by international financial institutions resources. The Act **entered forced on 1. December 2014**.

#### **Update of the national strategy of regional development of the Slovak Republic**

Update of the national strategy of regional development of the Slovak Republic was adopted by the SR Government on 14. May 2014. **The reason of the update** of the national strategy was the harmonization and interconnection of priorities of the national strategy with the priorities of the strategy of the European Union in the field of regional policy, ongoing economic and financial crisis as well as preparation of the new programming period 2014 - 2020. The main goal of the update is the interim evaluation of the development of the economic, social and environmental policies of regional development at the state and regional level of higher territorial units for its adoption in 2010 and also update with respect to meeting goals of the national strategy, strategic documents of the European Union and the SR adopted after 2010. Develop better conditions for sustainable economic growth, employment and living standards.

Update of the national strategy of reformulating goals, tasks, priorities and developmental activities **in relation to the Europe 2020 strategy**, which will have to be implemented to ensure the policy of sustainable regional development of the SR based especially on the growth of economic performance and social cohesion. Except for the areas of **economic performance and competitiveness of the economy**, one of the areas is also the **knowledge oriented economy**.

### 3.5.2 Support programs, measures and initiatives

#### ❖ Ministry of Economy of the SR

##### • Support of the development of strategic investments – Investment incentives

In the Slovak Legal Order the conditions for providing investment aid are adjusted by the Act No. 561/2007 S. on Investment Aid and the Amendment of Certain Acts as Amended (hereinafter referred to as “Act on Investment Aid”).

According to § 4 sec. 4 of the Act on Investment Aid the minimum amount for procuring long-term material assets and long-term non-material assets in industrial production for an investment plan implemented by a small or medium enterprise is halved.

According to § 2 sec. 2 of the SR Government Regulation No. 481/2011 S., which establishes the maximum intensity of investment aid and the amount of investment aid based on the form of investment aid and unemployment rate in districts based on individual regions in the SR as amended, if the investment plan with eligible costs of less than 50 mil. Euros is implemented by a small or medium enterprise, the intensity of the investment aid can be increased according to the appendix No. 1 by 20% for small enterprises and by 10% for medium enterprises.

**Tab. no. 3.10: Conditions for the provision of investment aid**

Industrial production	Minimal investment		Share of new technological equipment	Covered by own assets	
	Large enterprise	SME		Large enterprise	SME
Lower than Slovak-wide average	10 mil. eur	5,0 mil. eur	60 %	5,0 mil. eur	2,5 mil. eur
Higher than Slovak-wide average	5 mil. eur	2,5 mil. eur	50 %	2,5 mil. eur	1,25 mil. eur
At least 50% higher than Slovak-wide average	3 mil. eur	1,5 mil. eur	40 %	1,5 mil. eur	0,75 mil. eur

Source: MoE SR

In 2014 the SR Government approved investment aid for one investment plan implemented by a medium enterprise in the Žilina region. The total amount of entitled costs is planned for 10 mil. Euros with the creation of 106 new jobs. The investment aid was approved in the total amount of 3 mil. Euros, of which no money has been used in 2014. In 2014 no SME entity was using financial aid.

##### • Operation program Competitiveness and Economic Growth

The goal of the aid under the OP CaRG is to maintain and further develop the competitive and efficiently producing potential of industrial production and energy, as well as the potential of tourism and other selected services under the conditions of the long-term sustainable development and thus effectively contribute to improving the economic efficiency of Slovakia as a whole and reduce disparities of economic efficiency in the regions of the SR. Attention is paid to supporting activities with a positive impact on employment and innovation development.

**Tab. no. 3.11: Overview of funds drawn from sources of OP C&EG for SMEs in 2014 and 2013**

Measures of the Operational Programme Competitiveness and Economic Growth	2013			2014		
	Total drawn (EUR)	Drawn by SMEs (EUR)	Share drawn by SMEs (%)	Total drawn (EUR)	Drawn by SMEs (EUR)	Share drawn by SMEs (%)
<b>Measure 1.1</b> Innovation and technology transfers	23 114 177	18 006 475	80	16 825 514	16 395 196	97
<b>Measure 1.3</b> Support of innovation activities in enterprises	3 246 407	2 908 772	93	3 223 768	2 816 990	87
<b>Measure 2.1</b> Increasing energy efficiency both on the side of generation and consumption; and introducing advanced technologies in the energy sector	13 128 227	10 942 364	95	7 996 077	7 996 077	100
<b>Measure 3.1</b> Support of business activities in tourism	5 380 656	5 380 656	100	1 322 611	1 322 611	100
<b>TOTAL</b>	<b>44 869 467</b>	<b>37 238 267</b>	<b>90</b>	<b>29 367 970</b>	<b>28 530 873</b>	<b>97</b>

**Source:** processed by SBA, on the bases of data of MoE

In 2014 29 367 970 Euros have been paid based on contracts on grants; the SMEs used 97% of these resources. The amount of resources used by SMEs decreased year-on-year by 24% together with the total amount used under the OP CaRG. On the other hand in terms of share of resources used by the SME on the total amount increased by 7 p.p.

**Tab. no. 3.12: Overview of the number of beneficiaries OP C&EG for SME in 2014**

Measures OP C&EG	The number of beneficiaries 2013	The number of beneficiaries 2014
<b>Measure 1.1</b> Innovation and technol. transfers	20	39
<b>Measure 1.3</b> Support of innovation activities in enterprises	15	21
<b>Measure 2.1</b> Increasing energy efficiency both on the side of generation and consumption, and introducing advanced technologies in the energy sector	19	4
<b>Measure 3.1</b> Support of business activities in tourism	21	10
<b>Total</b>	<b>75</b>	<b>74</b>

**Source:** processed by SBA

The number of recipients of aid under the OP CaRG did not change significantly in the year-on-year comparison. When compared to 2013 more subjects participated in notices under the measure 1.1 - Innovations and technological transfer, measure 1.3 - Support of innovation activities in enterprises. On the other hand the number of recipients decreased for notices under the measure 2.1 - Improving energy efficiency and 3.1 - Support of entrepreneurial activities in tourism.

### **Priority axis 3 – Tourism**

Priority axis 3 – Tourism is focused specifically on the area of tourism. Under this priority axis conditions are created for the implementation of demand oriented projects and for the

national project focused on the support of promotion of the Slovak tourism both at home and abroad with an indirect focus on SMEs and their presentation in the domestic and foreign market and for fostering the image of entrepreneurship in tourism. Under this priority axis one notice has been announced for the submission of applications for grants with the code CaEG-31DM-1401 - Support of entrepreneurial activities in tourism (Scheme of aid de minimis for the support of entrepreneurial activities in tourism) with indicative allocation of 8 000 000 Euros. As of 31. December 2014 the process for selecting applications has not been completed.

**Tab. no. 3.13: : Overview of funds drawn from sources of Measure 3.1 of OP C&EG - Support of business activities in tourism as at 31. 12. 2014**

Call code for submission of applications for NFC	Indicative allocation of the call (in EUR)	Contacts concluded (number of projects / amount of NFC in EUR)	Number of projects completed (successfully / extraordinarily completed)	Drawing of financial resources as at 31. 12. 2014 in EUR
KaHR-31SP-0801 The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	82 984 797,00	19 projects / 68 114 881,43	18 / 5	68 062 812,54
KaHR-31SP-0802 The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	40 219 473,00	6 projects / 19 075 050,86	5 / 3	19 007 747,73
KaHR-31 DM-0902 The scheme to support business activities in tourism ( <i>De minimis</i> Aid Scheme)	29 988 706,00	42 projects / 16 802 371,92	41 / 4	16 477 490,46
KaHR-31 SP-1101 The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round	36 000 000,00	49 projects / 35 187 686,13	1 / 2	1 241 598,19
KaHR-31SP-1201 The State Aid Scheme to support business activities in tourism in integrated tourism products used all year round with indicative allocation	50 000 000,00	72 projects / 43 739 343,75	0/2	0,00
KaHR-31DM-1401 The State Aid Scheme to support business activities in tourism	8 000 000,00	Selection process was not completed till 31. 12. 2014		

Source: MoE SR

**Tab. no. 3.14: Overview of paid NFC within the Measure 3.1 of OP C&EG in 2014**

Call code	Paid NFC in 2014 ( Eur )
KaHR-31DM-0902	9 010,29
KaHR-31SP-0801	60 199,71
KaHR-31SP-0802	11 802,65
KaHR-31SP-1101	1 241 598,19
<b>Total</b>	<b>1 322 610,84</b>

Source: processed by SBA

### State aid provided by financial management bodies

Pursuant to the report on provided state aid in the Slovak Republic for 2014, financial management bodies have provided state aid through tax offices as well as customs offices.

In 2014 the **tax offices** provided state aid totaling 31.25 mil. Euros. Compared to 2013 the state aid increased by 2.80 mil. Euros, i.e. by 9.84%. The highest share of state aid was sent to the Žilina, Trnava a Nitra regions. State aid was provided to 20 recipients in the form of:

- **reliefs on the value added tax** according to § 35a of the Act on Value Added Tax. State aid was provided to 1 recipient (medium enterprise) totaling 0.22 mil. Euros, i.e. 0.71% of the total amount of provided state aid.
- **reliefs on the value added tax in the form of investment aid** according to § 30a of the Act on Value Added Tax. State aid was provided to 18 recipients (especially large enterprises) totaling 31.03 mil. Euros, i.e. 99.29% of the total amount of provided state aid,
- **reliefs on the value added tax in the form of incentives for research and development** according to § 30b of the Act on Value Added Tax. State aid was provided to 1 recipient totaling 1 000 Euros.

The total share of state aid provided **to SMEs in 2014 was 4.48%** of the total state aid provided (**about 1.4 mil. Euros**). The share of state aid provided to **foreign investors** on the total state aid used by the tax entities in 2014 was **73.55%**.

In 2014 the **tax offices** provided state aid totaling 22.77 mil. Euros. Compared to 2013 the provided aid decreased by 8.49 mil. Euros, i.e. 27.16%. The reason of the decrease of use of state aid was the use of state aid under the scheme of Exemption from the Excise Tax and decrease in rates of the Excise Tax established by the Council Directive 2003/96/ES (transportation sector). The highest share of state aid went to the Košice, Prešov and Bratislava regions. In 2014 state aid was provided to 248 recipients based on the following schemes of state aid:

- Tax advantages applied for **electricity, coal and natural gas** based on the Council Directive 2003/96/ES on Restructuring the Legal Framework of the Community for taxation of energy product and electricity, No. NN 63/2009. State aid was provided to 230 recipients totaling 20.13 mil. Euros. In percentage terms 88.40% of the total volume of state aid provided by the customs offices (sectors of electricity, natural gas and coal).
- **Exemption from the excise tax** and decreasing the rate of the excise tax established by the Council Directive 2003/96/ES, No. NN 46B/2006. State aid was provided to 11 recipients totaling 0.18 mil. Euros. In percentage terms 0.80% of the total volume of state aid provided by the customs offices (transportation sector).
- Tax incentives for the support of **development of using fuels from renewable sources** based on the Council Directive 2003/96/ES, No. N 360/2006. State aid was provided to 7 recipients totaling 2.46 mil. Euros. In percentage terms 10.80% of the total volume of state aid provided by the customs offices (biofuels sector).

The total share of state aid provided **in 2014 to the SMEs was 79.20%** of the total provided state aid (**approx. 18.03 mil. Euros**).

## ❖ Ministry of Transportation, Construction and Regional Development

### • Subsidies for the support of tourism development

The Act on Tourism Support allowed for all stakeholders (especially self-governance) to pool their resources and with the support of the state to ensure the implementation of projects, which contribute to increasing the interest of tourists in given destination, which will extend

their stay in the destination with the goal of increasing their expenses for the benefit of local providers of goods and services.

In 2013, pursuant to § 29 of the Act No. 91/2010 S. **29 provincial tourism organizations and 4 regional tourism organizations have been supported.** Total amount of provided subsidies in 2014 was **3 707 589.46 Euros.**

The objective of the support is the development of tourism destination management to activities implemented by TO pursuant to § 29 of the Act No. 91/2010 S. The result of the support is the development of tourism characterized by growth of performance of accommodation facilities and manifested in the balance of payments of foreign tourism. **Incomes from active tourism increased in 2015** compared to 2014 by 0.8% and expenses by 4.4%.

- **Contributions for Regional Developmental Agencies**

Regional Developmental Agencies (RDAs) are independent interest associations of legal entities established based on Act No. 40/1964 S. (Civil Code). Based on the Act on Support of Regional Development the RDAs can annually ask the MTCRD of the SR for financial contribution by 31. January of given year. In terms of territorial scope, RDAs included into the integrated RDAs network cover the entire territory of Slovakia at the LAU I level (county).

RDAs help activating the economic and social development of the regions by institutionally connecting the public administration and the private and non-profit sector. They create information databases on the territory within their competence, organize educational, promotional and other events, create partnerships at international, national, regional and local levels, prepare and implement projects focused on the support of regional development in cooperation with partners. They provide information to various subjects (entrepreneurial and third sector, public administration) through personal consultations, by phone, email or through educational and promotional activities. The most frequent topics of consultations are focused on the preparation of project plans for notices, submitting requests for non-returnable financial contributions from the EU funds, information on possibilities of using non-returnable financial contributions, rules for project funding, current notices for submitting requests for non-returnable financial contribution or information on the public procurement process.

In 2014 the MTCRD of the SR concluded a contract on providing financial contribution with **44 RDAs**, through which financial contribution has been provided for the implementation of activities based on the modular system. The total amount of the financial contribution for all RDAs was **815 154 Euros.** The condition for providing the financial contribution was securing co-funding using own resources of the RDAs of at least 30% of the total amount of the financial contribution. Activities of the following modules have been supported: information and counseling, regional development planning including data collection, cooperation in the ESDP, social networks, media, participation on events, organization of events for broad public, educational activities organized in cooperation with the provider, partnership and secretariat of the RDAs IN.



## ❖ Slovak Tourism Agency

The goal of the marketing activities of the STA in 2013 was the growth of activities of foreign and domestic tourism in terms of the number of visitors, incomes and other social-economic benefits. In 2013 the STA directly or indirectly promoted and supporter SMEs in several ways:

- **Participation on tourism exhibitions and fairs**

Entities operating in tourism (including SMEs) could participate under favorable conditions on tourism exhibitions and fairs abroad, involving the STA. Thus the STA was creating a platform for presentation of individual tourism products and services, entrepreneurial activities, establishing and strengthening of contacts and cooperation between the entrepreneurs and their potential foreign clients. In 2014 the STA participated on 18 tourism exhibitions and fairs in countries like Germany, Hungary, Poland, Czech Republic and Great Britain.

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

In the past year the STA organized several info trips of foreign journalists and tour operators and in this way presented individual Slovak regions. Info trips are currently considered one of the most effective tools for increasing awareness of tourist destinations. Info trips were mostly directed to the High and Low Tatras, Bratislava, Banská Bystrica and Banská Štiavnica. Thematically they were focused on urban tourism, history, ski resorts, spas, UNESCO sights and wine trips. The info trips inspired articles and reports in foreign printed and electronic media. The advantage is that the authors present authentic experiences, thus inspiring tourists to visit Slovakia. Based on the info trips the tour operators include Slovakia in the offer of vacation destinations and recommend the clients to visit our country.

- **National portal [www.slovakia.travel](http://www.slovakia.travel)**

The national tourism portal [www.slovakia.travel](http://www.slovakia.travel), which is operated by the STA in six languages continuously informs on the activities, events and news about Slovak tourism. In this way the STA provides SMEs space for informing Slovak and foreign public about various events. During the year under individual seasonal campaigns specialized sections have been created, which communicated specific themes like ski centers, water parks, city stays, seasonal offers, subsections thematically focused on the winter and summer campaigns and other. The online communication was implemented also through social networks, especially Facebook and YouTube.

## ❖ Ministry of Agriculture and Rural Development

Pursuant to Act No. 543/2007 S. on the Competence of State Administration Bodies when providing support in agriculture and rural development as amended, the Ministry of Agriculture and Rural Development of the SR manages and directs the provision of aids in agriculture, food industry, forestry and fisheries from the state budget resources and performs financial management of aids provided by the European agricultural funds except for the European fisheries fund. All support mechanisms in the sector of agriculture are administered by the **Agricultural Payment Agency**.

- **Rural development program in the SR 2007 – 2013**

Under the Rural Development Program (hereinafter referred to as “RDP”) in the SR 2007 - 2013 for small and medium enterprise, aid can be taken under the following measures:

- 123 Adding value to agricultural products and forestry products (intensity of aid is 50% of the entitled expenses under the regions of the SR except for the Bratislava region and 40% for the Bratislava region). Support for SMEs under this measure is determined based on the final recipient of the aid. These are legal entities and natural persons (micro enterprises, small and medium enterprises pursuant to the Commission Recommendation 2003/361/ES). Under the measure a notice has been announced in 2014. The period for submitting requests for a non-returnable financial contribution was from 21. July to 28. August 2014. Under this measure 64 contracts on providing the NFC have been concluded in 2014, where the total amount of finances was **19 913 618 Euros**.
- 313A Support of activities in the field of rural tourism (intensity of aid is 50% of the entitled expenses under the regions of the SR except for the Bratislava region and 30% for the Bratislava region). Under this measure small and medium entrepreneurs are defined as natural persons authorized to conduct business in the field of tourism. Under the measure a notice has been announced in December of 2012. The period for submitting requests for a non-returnable financial contribution was from 6. to 17. May 2013. Under this measure 171 contracts on providing the NFC have been concluded in 2014, where the total amount of approved finances was **16 011 402 Euros**. Under the axis 4 LEADER 24 contracts on providing NFC have been concluded in 2014, where the total amount of approved finances was **1 127 981 Euros**.
- 311 Diversification of non-agricultural activities (intensity of aid is 50 % of the entitled expenses under the regions of the SR except for the Bratislava region and 30% for the Bratislava region). Support for SMEs under this measure is determined based on the final recipient of the aid. These are legal entities and natural persons (micro enterprises, small and medium enterprises pursuant to the Commission Recommendation 2003/361/ES). 2 contracts on providing NFC have been concluded under this measure (under the axis 4 LEADER), where the total amount of provided finances was **351 563 Euros**.

**Tab. no. 3.15: Support for SMEs in 2013 from Rural Development Programme of the SR 2007-2013**

Measure	Number of SMEs supported in 2014 (with payment of fin. resources in 2014)					Total paid fin. resources from EAFDR SR 07-13 in EUR for SMEs in 2014 (source EU + state budget)
	overall	micro enterprises	small enterprises	medium- sized enterprises	other enterprises *	
<b>123</b> Adding value to agricultural and forestry products	85	50	21	14	0	6 047 412
<b>311</b> Diversification into Non-agricultural Activities	89	0	80	9	0	19 129 199
<b>311 through axis 4 Leader</b> Diversification into Non-agricultural Activities	3	0	3	0	0	210 819
<b>313A</b> Encouragement of rural tourism	46	**	**	**	**	2 572 031

313A through axis Leader Encouragement of activities of rural tourism	29	**	**	**	**	801 423
<b>Total</b>	<b>252</b>	<b>50</b>	<b>104</b>	<b>23</b>	<b>0</b>	<b>28 760 884</b>

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

#### • Operational program Fisheries SR 2007 – 2013

Under the operational program Fisheries SR 2007 - 2013 micro enterprises, small and medium enterprises can be supported based on the measures *2.1 Investments in aquaculture* and *2.2 Investments in processing and placement on the market*. The intensity of aid depends on the size of the enterprise asking for the aid, where micro enterprises and small enterprises can be provided NFC from public resources of up to 60% and medium enterprises up to 50% of the total entitled expenses.

In 2014 under the measure **2.1 Investments in aquaculture 12** contracts have been concluded. A total of **1 295 722.98 Euros** has been paid.

Under the measure **2.2 Investments in processing and placement on the market 4** contracts have been concluded and **598 902,54 Euros** have been paid to the recipients in the SMEs category.

**Tab. no. 3.16: Support for SMEs in 2013 from OP Fisheries of the SR 2007-2013**

Measure	Number of SMEs supported in 2014 (with payment of fin. resources in 2014)					Total paid fin. resources from EAFDR SR 07-13 in EUR for SMEs in 2014 (source EU + state budget)
	overall	micro enterprises	small enterprises	medium- sized enterprises	other enterprises*	
<b>Measure 2.1</b> Investments in Aquaculture	12	6	4	2	0	1 295 722,98
<b>Measure 2.2</b> Investments in Processing and Marketing	4	1	0	3	0	598 902,54
<b>Total</b>	<b>16</b>	<b>7</b>	<b>4</b>	<b>5</b>	<b>0</b>	<b>1 894 625,52</b>

#### • State aid provided by the MARD of the SR in 2014

In 2014 the Ministry of Agriculture and Rural Development of the SR provided state aid under the program of rural development and based on specific legislations (e.g. the Regional operational program, the SR Government Regulation No. 319/2011 S. on Support of Entrepreneurship in Agriculture and Rural development as amended and the Regulation of the Ministry of Agriculture and Rural Development of the SR No. 320/2011 S. on the Scope, Method and Conditions of providing aid in forestry and rural development as amended) **totaling 89.36 mil. Euros**. Under the rural development program **24.83 mil. Euros** have been provided (SB of the SR – 5.92 mil. Euros and the EU – 18.91 mil. Euros) and based on individual legal regulations **64.53 mil. Euros** have been provided (SB of the SR – 12.87 mil. Euros and the EU – 51.66 mil. Euros).

Of the total amount of provided state aid of 89.36 Euros, resources of the Community represented 78.97% (70.57 mil. Euros). When compared to 2013 the Ministry increased the amount of provided financial resources for state aid by 93.42%. When compared to 2013, increase of the amount of financial resources provided by the Ministry for state aid in 2014 occurred especially because in 2014 projects have been implemented under the strengthening the cultural potential of the regions.

**Tab. no. 3.17: Overview of State aid granted by MARD SR in 2014**

Number of the Scheme	Title of the Scheme	The assistance provided (in mil. EUR)	Share in %
<b>Rural Development Programme of the SR 2007-2014</b>			
<b>N 482/2009</b>	State aid scheme for measure 2.1 - Restoring forestry potential and introducing prevention actions (within the measure 5.3.2.2.4 of Rural Development Programme of the SR 2007-2013)	5,17	5,79
<b>X 370/2010</b>	Diversification into Non-agricultural Activities implemented through the axis 4 Leader	0,21	0,24
<b>X 428/2009</b>	State aid scheme to support diversification into Non-agricultural Activities (within the measure 5.3.3.1 of Rural Development Programme of the SR 2007-2013)	19,23	21,52
<b>N 410/2010</b>	State aid scheme to support payments under Natura 2000 system - forest land (within the measure 5.3.2.2.2. of Rural Development Programme of the SR 2007-2013)	0,06	0,07
<b>N 165/2010</b>	State aid scheme to support first afforestation of agricultural land under the measure 5.3.2.2.1 of Rural Development Programme of the SR 2007-2013	0,01	0,01
<b>N 519/2010</b>	State aid scheme for Forest-environmental payments under the measure 5.3.2.2.3 of Rural Development Programme of the SR 2007-2013	0,15	0,17
<b>Other legislation</b>			
<b>N 652/2008</b>	State aid scheme for creation of forestry management plans	1,89	2,11
<b>N 592/2008</b>	State aid scheme for technical assistance and forest management plans under Annex I.	0,01	0,01
<b>N 566/2008</b>	State aid scheme to protect forests in state ownership and leased forests in the Tatra National Park and Pieniny National Park and its buffer zones under Annex I.	0,90	1,01
<b>XA 255/2009</b>	State aid scheme for prevention and eradication of animal diseases	2,17	2,43
<b>SA.34601 (2012/XA)</b>	State aid scheme for securing the participation of farmers at exhibitions under Annex IV.	0,09	0,1
<b>SA.34588 (2012/XA)</b>	State aid scheme for establishment and management of the herd book and herd record keeping under Annex II	0,38	0,42
<b>SA.34589 (2012/XA)</b>	State aid scheme for utility controls, testing and assessment of breeding value of animals under Annex III.	1,02	1,14
<b>SA.34478 (2012/X)</b>	State aid scheme for employment of disadvantaged and severely disadvantaged employees under Annex I.	0,45	0,50
<b>SA.34571 (2012/N)</b>	State aid scheme to support for the forest management Annex I.	1,00	1,12
<b>SA.36678 (2013/N)</b>	Contribution for the payment of part of excise duties on mineral oils	56,62	63,36
<b>TOTAL</b>		<b>89,36</b>	<b>100,00</b>

Source: MARD SR

Of the total amount of 89.36 Euros 2.79 mil. Euros (3.12%) have been provided to large enterprises and **86.57 mil. Euros** (96.88%) were provided SME entities. Providing state aid in the Department of Agriculture and Rural Development of the SR in 2014 was focused especially at:

- strengthening the cultural potential of the regions,
- co-funding of RDP projects,
- decreasing unemployment through the employment of disadvantaged and severely disadvantaged employees in agricultural production,
- improving the genetic quality of the farmed animals,
- decreasing risks in agricultural production,
- restoring livestock farming,
- presentation of products of primary agricultural production through exhibitions,
- increasing competitiveness of primary agricultural production,
- sustainable forest management,
- diversification of rural activities towards non-agricultural activities and increasing employment in rural areas.

**Tab. no. 3.18: Distribution of granted total state aid by regions:**

Region	Provided assistance in mil. Eur	%
Bratislava	0,15	0,17
Trnava	14,53	16,26
Trenčín	5,86	6,56
Nitra	13,21	14,78
Žilina	9,85	11,02
Banská Bystrica	15,43	17,27
Prešov	15,51	17,36
Košice	14,82	16,58
<b>Total</b>	<b>89,36</b>	<b>100,00</b>

- **The national program of support of agricultural products and foods “SK Mark of Quality”**

The national program of support of agricultural products and foods “SK Mark of Quality” serves to promote consumption of domestic food production in a strong competitive environment of the single EU market. Since its establishment the priority of the program was to promote quality domestic products and thus strengthen their competitiveness in the domestic market. The SK Mark of Quality is awarded usually twice a year as part of the Danubius Gastro exhibition (January) and Agrocomplex (August).

The target group of the program are Slovak producers, whom it helps to improve competitiveness of their products in the market and consumers, who by purchasing products marked SK Mark of Quality have a guarantee that these are high quality and safe foods and at the same time they support the development of domestic economy. Since the creation of the national program of support of agricultural products and foods - SK Mark of Quality until today (15.5.215), the SK Mark of Quality was awarded to **102 producers and 836 products**. **48 producers and 148 products** received the SK Mark of Quality in 2014. **123 460 Euros** have been used in 2014 for the promotion of the SK Mark of Quality.

- **Activities of the National Network of Rural Development of the SR for the support of SMEs in the SR in 2014**

**“FAMILY FARMING” SEMINAR**

In the period from March to October 2014 the NNRD of the SR in cooperation with the Association of organic farming EKOTREND Slovakia organized **eight seminars** entitled “family farming”, each of which was focused on a different issue. Individual seminars dealt

with: processing foods by the primary producers at farms, status of the farming family, support of young, small and beginning farmers, land issue, focus and content of the Farmer's Act, role of rendering farms and the possibility of buying used machines and equipment using the EU funds.

#### **“TIRNAVIA WINE“ WINE FESTIVAL**

The National Network of Rural Development of the SR financially supported the activity “Tirnavia wine“ wine festival, the organization side of which was under the competence of Dolium, G.A. of the NNRD of the SR, which helped presenting contest samples of Slovak wines. Thus it participated on the implementation of a successful wine activity and contributed to the visibility of Slovak wine.

#### **NITRA WINE FESTIVAL**

The National Network of Rural Development of the SR in cooperation with the NITRAVIN civil association organized a festival focused on the presentation of the best Slovak wines of the current year. This edition of the festival introduced a novelty, so called all-inclusive wine tasting - wine testing was unlimited and the participants had the possibility to try the quality and taste of different varieties of wines. Various regional specialties were also available. 115 winemakers participated on the festival, which enjoyed interest on part of lovers of good wines. The goal of the organizers was to support the production of small winemakers.

#### **EXCURSION TO AUSTRIAN WINERIES**

The National Network of Rural Development of the SR in cooperation with the Nice Wine civil association organized a two-day excursion to Austrian wineries. The excursion was focused on professional presentation of examples of good practice of wine makers from Austria, for the purpose of educating Slovak winemakers, deepening awareness and general overview on winemaking abroad. During the two days the Slovak winemakers met mostly family Austrian winemakers.

### **❖ Ministry of Health of the SR**

Except for other, the Ministry of Health of the SR is the central body of state administration especially for health care, health protection, public health insurance and further education of health professionals.

- **Subsidies for the health sector pursuant to the Act No. 525/2010 S.**

**In 2014 the MH of the SR provided subsidies for the support of anti-drug activities.** The target group of the subsidies were legal entities or natural persons - entrepreneurs, who have a certificate on competence to perform research and development or certificate on competence to perform research and development in the health sector. A total of 21 subsidies were approved in 2014 totaling 514 999 Euros, **SMEs were granted subsidies for 2 projects totaling 97 025 Euros.**

- **Operational program Health (OPH)**

As of 31. 12. 2014 the MH of the SR implemented under the OPH a total of 65 projects. 16 small enterprises received NFA totaling 36 939 921.08 Euros and 10 medium enterprises received NFA totaling 21 541 295,13 Euros. As many as 10 projects of SMEs have been

implemented in the Western Slovakia regions (3 in the Trnava region, 5 in the Nitra region and 2 in the Trenčín region), 7 in the Central Slovakia regions (3 in the Banská Bystrica region and 4 in the Žilina region) and 9 in the Eastern Slovakia region (6 in the Prešov region and 3 in the Košice region).

In 2014 **2 medium enterprises have used the NFA**. The annual increase in using the NFA was totaling **1 168 867.05 Euros**. The reason of this small number is the high number of properly completed projects (24). As of 31.12.2014 97% of the financial resources of the contracted NFA amount have been used.

In 2014 MFA of the SR announced a notice for submitting requests for non-returnable financial contribution under the OPH. In 2014 **no projects have been contracted**, where the recipients would be small or medium enterprises.

## ❖ Government Office of the SR

### • Culture of national minorities program

In 2014 the Culture of national minorities program (hereinafter referred to as “CNM”) distributed a total of 3 829 250 Euros of financial resources from the state budget for the purpose to maintain, express, protect and develop the identity and cultural values of national minorities, education and training on the rights of national minorities, inter-ethnic and inter-cultural dialogue and understanding between the national majority and national minorities and ethnic groups. Pursuant to the notice, except for others, the target group is also a natural person authorized to do business with place of business in the territory of the SR or a legal entity authorized to do business in the territory of the SR

The number of supported SMEs cannot be exactly determined, since the support system does not contain specific data on the type of the enterprise. However in 2014 the **CNM 2013** support system **supported 4 projects of 4 natural persons** or legal entities authorized to do business with place of business in the territory of the Slovak Republic **totaling 91 600 Euros**.

## ❖ Ministry of Culture of the SR

The Ministry of Culture is the central body of state administration for state language, protection of the monuments preservation, cultural heritage and library science, art, copyright and rights related to the copyright, public education and folk art, presentation of Slovak culture abroad, relationships with churches and religious communities, and for media and audio vision.

### • Subsidy system of the Ministry of Culture of the SR

Within its competence the Ministry of Culture of the SR manages the activity of Slovak institutions abroad, in their cultural actions. The Ministry of Culture of the SR created a stable and transparent system of funding cultural and artistic activities through subsidy system of the Ministry. The Ministry of Culture of the SR applies the Act No. 434/2010 S. on Providing subsidies within the competence of the Ministry of Culture of the SR as amended and Decree of the Ministry of Culture of the SR from 22. August 2013 No. MK-2580/2013-110/12317, notification no. 237/2013 S., which changes and amends the Decree of the Ministry of Culture of the SR No. 503/2010 S. on Details and Purpose of Provided Subsidy, sample of the application, signature of the project and overall budget of the project and other details of the application amended by the Decree of the Ministry of Culture of the SR from 21. September

2011 No. MK-2576/2011-10/12579, notification No. 318/2011 S. The support of the subsidy system allows the requestor to be more successful when getting resources from the programs of the European Commission and European Council, and it also stimulates the preparation and implementation of projects requesting support from the structural funds of the European Union.

**The subsidy system of the Ministry of Culture of the SR supported a total of 181 projects of SMEs in 2014 in the form of a subsidy totaling 1 852 972 Euros.** The entities could have been supported through these following eight programs of the subsidy system, specifically:

**1. *Restore our house***

Under this program **25 SMEs** – owners and administrators of national cultural heritage and organizers of public cultural events have been supported in the form of subsidies totaling **307 800 Euros**.

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

Under this program **2 SMEs** – museums, galleries and libraries have been supported in the form of subsidies totaling **9 000 Euros**.

**3. *European capital of culture 2013 – Košice***

Under this program **2 SMEs** – organizers of public cultural events have been supported in the form of subsidies totaling **12 000 Euros**.

**4. *Art***

Under this program **86 SMEs** – organizers of public cultural events and publishers have been supported in the form of subsidies totaling **1 073 600 Euros**.

**5. *Pro Slovakia***

Under this program **7 SMEs** – organizers of public cultural events abroad have been supported in the form of subsidies totaling **39 000 Euros**.

**6. *Culture of disadvantaged groups***

Under this program **2 SMEs** – organizers of public cultural events and publishers have been supported in the form of subsidies totaling **3 500 Euros**.

**7. *Non-material cultural heritage and educational activities***

Under this program **9 SMEs** – organizers of public cultural events and publishers have been supported in the form of subsidies totaling **62 000 Euros**.

**8. *Culture vouchers***

Under this program **48 SMEs** – organizers of public cultural events have been supported in the form of subsidies totaling **346 072 Euros**.

• **Support activity of the Audio visual Fund**

The Audio visual Fund was established based on the Act No. 516/2008 S. on the Audio visual Fund as amended on 1. January 2009. The Audio visual Fund is a public institution for the support and development of audio visual culture and industry. The Audio visual Fund provides financial resources to the authors of Slovak audio visual works and producers of audio visual works, persons for restoration and development of the technological basis for production and distribution of audio visual works, for organizing public cultural events in the field of audio visual culture and for distribution and presentation of audio visual works. The fund also provides scholarships for natural persons, who creatively or through research participate on the development of the audio visual culture and industry in the Slovak Republic. Similar focus of support of audio visual production from financial resources of the fund for given calendar year is managed by the structure of the subsidy activity of the fund.



SMEs are the largest group of recipients of the support since almost all entrepreneurial activities related to the creation, production and distribution of audio visual works and also the relevant activities of audio visual works are performed especially by SMEs. Large enterprises operate in the SR only in the field of television broadcasting and creation of programs designed especially for television broadcast. However these entities are not entitled recipients of the financial aid from the Audio visual Fund given the conditions of providing state aid for audio visual works.

**The Audio visual Fund supported in 2014 a total of 99 SMEs in the form of subsidies totaling 5 198 950 Euros.** The entities were supported through the following programs of the structural subsidy activity for 2014:

1) ***Creation and implementation of Slovak audio visual works***

Under this program **62 SMEs** – producers of Slovak audio visual works have been supported in the form of subsidies totaling **4 678 350 Euros**.

2) ***Distribution and other releasing of audio visual works to the public***

Under this program **30 SMEs** – distributors of audio visual works and organizers of public cultural audio visual events have been supported in the form of subsidies totaling **485 100 Euros**.

3) ***Research, education and editing activity in the field of audio visual culture***

Under this program **5 SMEs** – publishers and organizers of educational and training events have been supported in the form of subsidies totaling **15 500 Euros**.

4) ***Development of audio visual technologies in the Slovak Republic***

Under this program **2 SMEs** – operators of technical devices for projection of movies (cinemas) have been supported in the form of subsidies totaling **20 000 Euros**.

## ❖ **Public Procurement Office**

### • **Statistical evaluation of the public procurement process for 2014<sup>15</sup>**

In 2014 a total of **5 766 procedures** have been completed, which included civil contracts and contract in the field of defense and security, based on which contracts have been concluded totaling **6 980 886 mil. Euros**. Compared to 2013 it is a 35.2% decrease of completed procedures and at the same time a 19.3% increase in value of the contracts. Of the total number of procedures in 2014, 602 procedures ended by concluding a framework contract.

Over the limit procurement totaling 1 297 (22.5%) completed procedures represented contracts totaling 5 736 166 mil. Euros (82.2%). Under the limit procurement totaling 4 287 (74.3%) completed procedures represented contracts totaling 1 156 622 mil. Euros (16.6%). Below-threshold procurement totaling 182 (3.2%) completed procedures represented contracts totaling 88 058 mil. Euros (1.3%). 1 079 of the total number of announced procedures have been cancelled, of which 683 (62.3%) were procedures financed from the European Union funds.

Contracts relating to **projects financed by the European Union funds** were assessed as follows: 2 342 completed procedures representing contracts totaling 4 013 848 mil. Euros or

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<sup>15</sup> Source: “Informácia o celkovom štatistickom vyhodnotení procesu verejného obstarávania za rok 2014“, available at: <https://www.uvo.gov.sk/statistika-2014>

40.6% of the total number of procedures and 57.5% of the total value of completed procedures. When compared to 2013 there was a decrease in the number of procedures by 35.3% and at the same time increase in the value of the contracts by 29.2%.

When compared to 2013, 2014 saw a decrease of the number of active procurement entities by 12.7%. The decrease of other **entities was 13.2%**.

Based on the **regional division** of the Slovak Republic the Bratislava region accounted for 57.9% of the value of concluded public procurement contracts, in the Trnava region it was 3.9%, 4.0% in the Trenčín region, 7.2% in the Nitra region, 8.8% in the Žilina region, 2.7% in the Banská Bystrica region, 3.4% in the Prešov region and 12.1% in the Košice region. The Slovak Republic represented 94.2% of the value of concluded contracts and the rest of the world 5.8%.

Based on the **type of ownership** and value of the public procurement contracts, the private sector accounts for as much as 80% of the value of concluded public procurement contracts, the public sector accounts for 3.6%, foreign business entities account for 14.5% and currently undetermined ownerships of company accounts for 1.9%. **Based on legal regulation** legal entities account for 93.3% of the value of public procurement contracts, natural persons account for 4.7% and foreign entities and other undetermined entities account for 2%

Based on the **enterprise size**, i.e. number of employees, large enterprises (250 or more employees) account for 17.3% of the value of concluded contracts, medium enterprises (50 to 249 employees) account for 24.5%, small enterprises (0 to 49 employees) account for 55.8% and foreign business entities and other undetermined entities account for 2.4%. **Small and medium enterprises**, which were successful in the process of public procurement and concluded contracts accounted for **80.3% of the total value of concluded contracts**.

## ❖ Association of Young Entrepreneurs of Slovakia

The Association of Young Entrepreneurs of Slovakia (AYES) was established in 2010 as an organization associating Slovak entrepreneurs younger than 40 years. The mission of the AYES is to mobilize young people and introduce them entrepreneurship as a life-style and also help them with the implementation of their original and innovative entrepreneurial ideas.

In 2014 the AYES announced the **Entrepreneurial Idea of the Year** for the third time. 425 ideas were submitted in 2014. The award was given to a system for collection and analysis of data from the physical world around us – Pygmalios Analytics. The winner received the opportunity to cooperate on the development of his idea with market leaders and the possibility to get an investor – all in the amount of 330 000 Eur. A total of 6 prizes have been awarded. For more information: <http://podnikatelskynapadroka.sk>.

One of the goals of the AYES is also to support young entrepreneurs to expand the network of their contacts, gain practical experience, exchange experience and thus develop their business on an international level. Also during 2014 we have implemented several activities focused especially on this field. One of the long-term activities of AYES is the Twin Entrepreneurs project. Under this project a series of 10 interactive workshops took place in 2014, which involved not only Slovak startups, but Austrian start ups and young Austrian entrepreneurs as well. The workshops took place in Vienna and Bratislava. The series of **educational seminars**

entitled BMB Leitner Academy for young entrepreneurs continued in 2014. Under it the Internet shop and business on the Internet in terms of VAT seminar took place in Bratislava (16.6.2014) as well as Changes in the business legislation from 2015 (10.12.2014). The favorite Management Club operates almost since the establishment of the AYES. Thanks to these AYES seminars and workshops more than 500 young entrepreneurs and people interested in entrepreneurship could have listened to expert advice in 2014.

Entrepreneurship as a career choice was presented in 2014 by the AYES to young people for the third time thanks to the **JobExpo in Nitra** job fair. During these two days the AYES met with more than 300 people interested in entrepreneurship.

AYES together with the Association of Entrepreneurs of Slovakia, National Union of Employers and the Slovak Business Agency announced the third annual anti-price **Bureaucratic nonsense of the year**. The goal of this activity is to draw attention to oftentimes absurd and useless legislative measures, which make life tougher for entrepreneurs and bring them to the attention of competent authorities with the goal of removing them. 52 obligations have been nominated in 2014, of which top 10 candidates have been selected for online voting. 1002 voters chose with a relatively small margin the biggest bureaucratic nonsense of the year 2014, the **measure ordering entrepreneurs to pay a relatively high court fee in bankruptcy, which is going bankrupt especially because it doesn't have enough money**. This measure received 20% of the votes. With a tight margin, the second place receiving 19% was the measure to expand the obligation to ensure health supervision through a health at work service for all employers. The third place receiving 18% was the issuing of permits for operating a passenger transportation service.

The goal of AYES is to support beginning entrepreneurs and increase the chance of their success also through the risk capital tools. In 2011 AYES together with its partners created the first network of angel investors called the **Business Angels Club of Slovakia**, which currently has more than 20 investors. AYES also operates the **Ideamart.sk portal** and also organizes various investment forums and competitions. During the four years of its existence (from 17.3.2011 to 31.12.2014) it was contacted by 828 applicants for capital, particularly among startups. Of these, 97 have passed the qualitative filter and presented their project to investors affiliated at the club, whether individually or through investment forums, which were organized. Of these in 2014, 327 were applicants for investors. The Ideamart.sk portal was visited by more than 15 000 unique visitors.

## ❖ Slovak Commercial and Industrial Chamber

Slovak Commercial and Industrial Chamber (hereinafter referred to as “SCIC”) was established by the Act of the SNA No. 9/1992 S. on Commercial and Industrial Chambers as amended as a public institution. Chamber members can be legal entities and natural persons, which perform business activities in economic sectors except for agriculture and the food industry.

Since 1998 SCIC regularly conducts **economic survey of expectations of the business sector**. The goal of the survey is to get an overview and opinions of the SCIC members on the business environment in the SR. In 2014 the business environment was viewed as favorable by less than 4% of the respondents, 43% saw it as stagnating and 53% saw it as unfavorable. This

assessment shows slight improvement over 2013 (2% favorable, 42% stagnating, 56% unfavorable). On the other hand expectations for 2015 were the worst since 2008. For 2015 only 5% of the respondents expected favorable business environment, 54% viewed it as stagnating and 41% as unfavorable.

This assessment was followed also by the assessment of the economic policy of the government. This was assessed more negatively than in 2013; it was viewed positively by 3%, 31% viewed it neutrally, 55% negatively and 11% of the respondents were unable to assess the economic policy of the government. The survey results are published at <http://web.sopk.sk/download.php?sekcia=480>.

## ❖ National Union of Employers

The National Union of Employers (NUE) published in 2014 the “**Complete audit of the business environment in Slovakia**“, which except for macroeconomic factors of the development of the Slovak economy assessed also the legislative framework for business, regulation of business and financial burden of business. The publication also focuses on creating general recommendations as well as proposals of measures in specific fields (decreasing corruption and increasing transparency, law enforcement in the business environment, regulation burden of business, decreasing the extent and increasing the efficiency of the public sector). Several non-governmental and non-profit organizations participated on the creation of this publication.

### 3.5.3 Recommendations

- Introduce transparency rules at the central level and regional level – self-governance, adopt an effective Act on Public Procurement, adopt efficient measures for restricting corruption and clientelism, increase personal responsibility of clerks responsible for procurement, publish contracts with state and communities.
- Create bigger space for applying criteria of quality in the procurement process, especially in case of services delivery. Current legislation practice related to significant preference of the price criterion causes issues when selecting the most suitable offer in terms of requirements of the order. On the other hand quality offers of entrepreneurs are frequently unsuccessful due to submitting a cheaper, but less quality offer.
- Train public authorities with the goal to improve the quality of procurement not only in terms of formality and economy.
- Set the limit of the small enterprise share on contracts paid by public finances to 30%, as is usual in the European countries. This would also help eliminating corruption in the awarding of contracts from public finances. Objective competitive conditions would allow for success of also smaller enterprises and small trade licensees. Financial resources from public resources could be the driving force of this segment – small enterprise entities would employ more employees, they would pay taxes, contributions and they would develop themselves.
- The requirement for lower price in public procurement creates space for dishonest business. For public procurement of construction works we propose to prohibit the lowest price as

the only criterion, if the tender is not defined by a detailed project, exact and comprehensive bill of qualities and proper implementation documentation or qualitatively and quantitatively detailed description of the tender. The use of the lowest prices as the only and defining criterion for the winner of the tender for a construction is a method deforming this segment of the market.

- Exclude offers with the highest and the lowest price from the tender. This rule is applied in many EU countries for the purpose of eliminating extreme variants.
- Implement practical training for SMEs focused on reducing the rate of technical and formal shortages in the PP process on their part, regular publication of the most frequent shortcomings in the PP process together with practical advice and recommendations for SMEs / entrepreneurs.
- In connection to the issue of unpaid subcontracted works in large public contracts by the winners of the tender we propose to reevaluate the current method of payments and introduce the possibility for public authorities to perform direct payments for delivered goods, performed works and provided services directly to the subcontractors.
- Adapting the rules for participation on public procurement to the needs of small and medium entrepreneurs (e.g. reducing the maximum amount of revenue, which can be required by the authorities from the applicants) and introducing the possibility to impose prohibition of participation on public procurement to legal entities and natural persons, which in the past committed illegal activities in the process of public procurement.
- Analyze the impact of existing programs of state aid to SMEs and adapt the conditions of their use to the needs of SMEs.
- In the interest of improving the current system of publishing the possibility to get state aid we propose to create a separate web portal, where one can search for specific types of state aid based on various criteria like the line of business, region, amount and type of support, etc.
- Develop a codex for early payments on part of the public administration bodies and restricting the possibility to extend the due date of invoices above 30 days for the public administration bodies.
- Favoring established domestic entities when providing investment aid and increasing the transparency of providing investment aid.
- Implement in the practice of public support tools innovative processes for selection of project, which remove administrative burden on the applicants (e.g. video pitching, storytelling, ...)
- In connection to prepared measures and support programs for beginning entrepreneurs we do not recommend to tie the aid to the obligation of their registration in the unemployed register or remaining there for set time.

### **3.6 Principle 6: Facilitate access of SMEs to finances and create legal and business environment, which will support on time payments of business transactions**

#### **3.6.1 Development of the legislation environment**

##### **The concept of the capital market development**

The goal of the concept approved by the SR Government on 23. April 2014 is the creation of a functional capital market as a natural part of the market economy. The concept is built into a broader concept of available pro-growth measures for the support of the Slovak economy. The strategic goal of the development of the Slovak capital market is to achieve the level of capitalization and liquidity comparable with the neighboring markets of the V4 countries and the quality of infrastructure and standards of services corresponding to standards in countries with a developed market economy. The concept also induces measures to achieve the above-mentioned strategic goals. Proposed measures are also included in the fields of market infrastructure, market liquidity, costs of the system, financial information and consumer protection.

Measures for improvement the capital market are primarily focused on strengthening the demand side, i.e. increasing the number of liquidity emissions, especially shares in the Bratislava Stock Exchange, inc. Measures for the support of investors' demands have to be adopted as support measures for using the provided opportunities at the offer site, especially the institutional ones, following the new tools of the capital market, modernize and cheapen the infrastructure of the market (Bratislava Stock Exchange, inc. and the Central Securities Depository of the SR, inc.) and decrease the administrative and tax-contribution burden of trading in the capital market. In relation to adopting the concept, decrease of costs for trading in the capital market due to improving the quality of the infrastructure of the market is expected (CSD, inc.), increase of volume of trading in the capital market due to introducing new emissions in the capital market and increased interest of natural persons in trading in the capital market.

#### **3.6.2 Financial programs for support of SMEs**

Total financial aid provided based on the SBA Principle 6 in 2014 was: **298 978 047 Euros**.

##### **❖ Slovak Business Agency**

###### **▪ Micro-loan program**

The program contributes to direct fulfillment of the goal of the Slovak Business Agency, which is to allow the development of young business, increase the survival rate of small businesses, contribute to maintain employment and creation of new jobs in individual regions of the Slovak Republic by making available credit resources and better conditions.

The program is designed for young entrepreneurs employing less than 50 employees. The micro-loan program can be used for procurement of tangible and intangible investment assets, reconstruction of business premises, as well as procurement of the necessary supplies, materials or goods and other investment projects. The minimum amount of the micro-loan is 2 500 Euros,

the maximum amount is 50 000 Euros. The loan is provided at an interest rate pursuant to the notification of the commission on revision of the method to determine referential and discount rates (2008/C 14/02). Maturity is set from 6 months to 4 years, it is possible to provide a postponement of principal payments within a maximum period of six months.

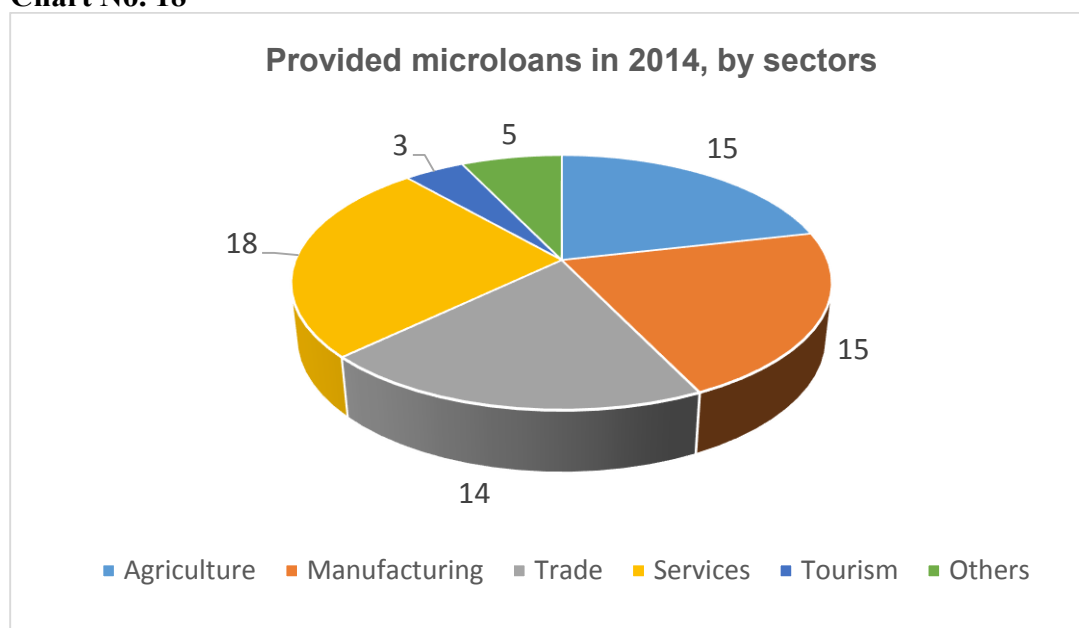
In **2014** after meeting conditions for using the loans on part of the clients, 70 micro loans have been provided, **totaling 2 326 300 Euros**. Since the beginning of the micro-loans program a total of 1 930 micro-loans totaling 34 765 267 Euros have been provided.

**Tab. no. 3.19 : The overview of provided microloans by centers**

CENTRE	2014		Cumulatively as at 31.12.2014	
	Number	Amount in EUR	Number	Amount in EUR
Fun of funds, s.r.o. Bratislava	16	571 000	223	3 872 956
RPIC Dunajská Streda	7	286 800	173	1 785 859
RPIC Komárno	7	248 000	86	2 513 433
RPIC Košice	0	0	139	1 288 657
RPIC Lučenec	0	0	46	1 888 142
RPIC Martin	0	0	239	1 733 370
RPIC Nitra, v likvidácii	0	0	98	1 610 428
RPIC Poprad	10	370 000	49	1 645 807
RPIC Považská Bystrica	0	0	97	2 575 019
RPIC Prešov	19	410 500	93	4 175 880
BIC Prievidza	10	390 000	137	4 495 500
BIC Spišská Nová Ves	0	0	193	1 576 910
RPIC Trebišov	1	50 000	114	1 709 295
RPIC Trenčín	0	0	84	1 815 350
RPIC Zvolen, in disposal	0	0	159	2 078 660
<b>Total</b>	<b>70</b>	<b>2 326 300</b>	<b>1 930</b>	<b>34 765 267</b>

**Tab. no. 3.20: Selected indicators of implementation of the MicroLoan Programme**

Indicators	2014		Cumulatively as at 31.12.2014	
	Number	Amount in EUR	Number	Amount in EUR
number of provided microloans	70	-	1 930	34 765 267
average amount of the microloan	-	33 232	-	18 013
number of newly created jobs	108	-	3 022	-
number of maintained jobs	422	-	5 307	-

**Chart No. 18**

Source: SBA

### • **Project „InnoFun“**

In 2012 the SBA participated on the InnoFun project, the main goal of which was to create communication space for innovators, professional public and investors. The project was implemented under the INTERREG IV.C. program. The main idea of the project was: “We move innovations closer to finances, market and people“. The task of the project was to create a specific methodology and digital tools, which accelerate the transfer of innovations to the market. Innovative tools - digital tools like pitch, video pitch, digital story telling, crowd funding.

The goal of the project is the improvement of regional policies in the field of innovation funding as well as simplifying the transfer to commercial use through a specialized tool, which will be the output of the project as well as the pilot action plans.

#### **Activities of the project:**

- Promotion of the project through the project’s webpage <http://www.innofun.org/>, publishing newsletters and project’s brochure.
- *Stage 1 – Screening and exchanging proven processes under the partnership* - In this stage the project partners will map out existing methods how the public funds can adapt decision-making processes of private funds and improve the system for selecting innovative ideas suitable for funding.
- *Stage 2 – Discussing examples of good practice in a series of meetings with regional and national key players* - Regional and national key players in the field of the academic community and private sector will be invited to technical workshops with the goal to share their proposals and observations related to the prepared improvements of policies and methodologies with the project team.



- *Stage 3 – Proposal of policies and methodologies in cooperation with the relevant experts* - Under working groups the partners of the project together with external experts propose specific themes for pilot actions.
- *Stage 4 – Pilot actions for improvement of regional policies for funding innovations or methodology of transfer of innovation to markets, people and finances.*

5 pilot actions, which were implemented and should have tested new methods and structures for innovative funding:

- Pilot action I: Presentation of business plans through pitching (CZ)
- Pilot action II: Web portal for funding (CY)
- Pilot action III: Financial portal and training on preparedness of innovators for investors (UK)
- Pilot action IV: Support for digital pitching (FIN)
- Pilot action V: Support for digital pitching (F)
- *Stage 5 – Preparation of regional implementation plans* - Partners create regional implementation plans, in which they describe a political tool for improvement of the status of innovation of funding in the regions.
- Innovative discussion table on the topic “To innovation through inspiration“
- Preparation of a study on regional tools for the support of using the innovation potential of the SR
- Analyses (Analysis of the cooperation of public and private funds in the SR and proposal of recommendations for more efficient use of possibilities for cooperation, study on regional tools for the support of using innovation potential of the SR)

## ▪ **Venture capital funds**

The Slovak Business Agency implements the support of growth oriented entrepreneurial projects in the form of providing venture capital (deposit into equity of the company) through a dedicated subsidiary company **The Fund of Funds, Ltd.** (from 20.3.2014 under the business name **National Holding Fund**). The long-term mission of the company is to direct the activity of individual funds to stimulate the development of the SMEs sector in the whole territory of the SR, appreciate the amount of financial resources of individual funds and use gained profits for the implementation of the long-term goal of support of small and medium enterprises.

In 2014 the National Holding Fund was managing 3 venture capital funds without a legal status (seed capital fund, regional seed capital fund and SISME fund) and funds of venture capital with a separate legal status (Seed Capital Fund, k.s., Slovak Development Fund, j.s.t. and Slovak Growth Capital Fund, inc.). The SBA portfolio also includes the **Innovation and Technologies Fund, inc.**, which was established in **2013** with an independent legal status.

**Tab. no. 3.21: Number and volume of approved investment proposals (by individual funds)**

Fund name	year 2014 (number)	year 2014 volume (in EUR)	Number of approved proposals since creation of the funds (number)	Volume of approved proposals since creation of the funds (in EUR)
Seed Capital Fund	0	0	71	21 465 463
Regional Seed Capital Fund	0	0	37	3 715 004
SISME Fund	0	0	10	1 490 330
Innovation and Technology Fund, a.s.	4	1 415 000	4	1 415 000
Fund Seed Capital, k.s.	0	0	34	11 336 408
Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	1	29 549	25	24 225 422
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	1	3 000 000	23	49 302 074
<b>Total funds</b>	<b>6</b>	<b>4 444 549</b>	<b>204</b>	<b>112 949 701</b>

Source: SBA

**Tab. no. 3.22: Overview of venture capital funds in the portfolio of SBA / Fund of Funds, s.r.o.**

Name	Administrator	Manager	Characteristics
Seed Capital Fund	Fund of Funds, s.r.o.	Fund of Funds, s.r.o.	The investment amounts to between 6 600 EUR - 663,878 EUR. The resources of the Fund may be invested in three basic stages of the life cycle of the company (i.e. seed, start-up and development) in the form of equity or its combination with a credit.
Regional Seed Capital Fund	Fund of Funds, s.r.o.	Fund of Funds, s.r.o.	The amount of single investment from this Fund is determined by the interval <b>from 6 600 EUR to 165 959 EUR</b> . The fund is intended for traditional manufacturing and craft industries, as well as manufacturing and business services and inbound tourism. From the resources of the Fund may be financed enterprises located in three main stages of the life cycle of the company (i.e. seed, start-up and development) in the form of equity or its combination with a credit.
SISME Fund	Fund of Funds, s.r.o.	Fund of Funds, s.r.o.	The maximum amount of investment may reach <b>165 969 EUR</b> . This fund is designed for companies located in an seed and start-up stage of life-cycle of the company. The funds are invested to recipients in the form of equity, respectively through its combination with credit.
Innovation and Technology Fund, a.s.	Fund of Funds, s.r.o.	Stengl Finance, a.s.	This fund aims to actively support the implementation of innovative projects in different areas.
Fund Seed Capital, k.s.	Fund Seed Capital, k.s.	Funds Managers, a. s.	The permissible amount of financial investment in one company reaches an average of <b>663,878 EUR</b> . It is intended for start-up or innovative projects. It prefers a investment in the form of equity, respectively with its combination with convertible or subordinated loan.
Slovak Development Fund	Slovak Development Fund	Quadrica private equity, a. s.	It focuses on investments in equity in the small and medium-sized enterprises. The companies in which the Fund invests must have a mature management team that has the necessary management skills and

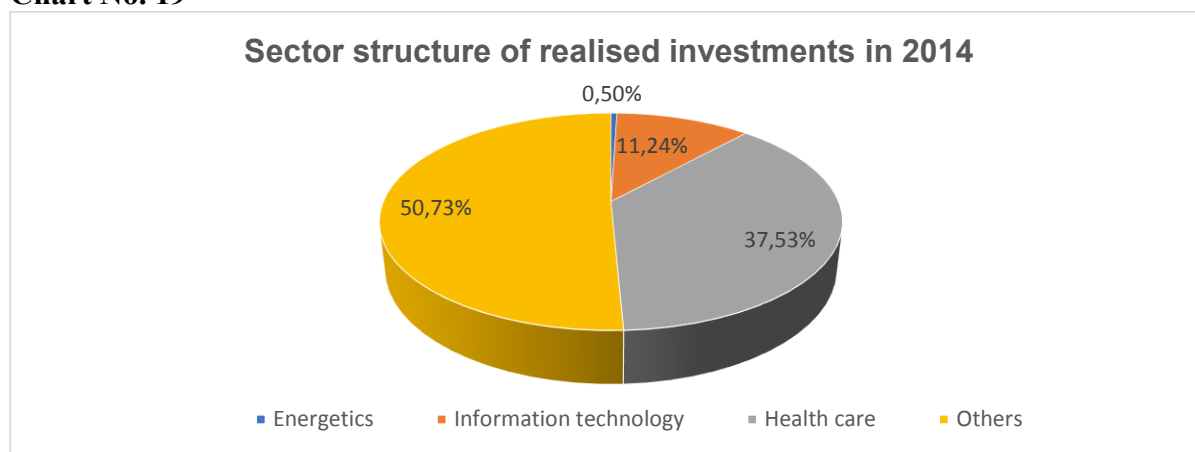
(Slovenský rozvojový Fond, a.s.)	(Slovenský rozvojový Fond, a.s.)		entrepreneurial approach. They should produce products or provide services with high added value and should have high growth potential. SRF, a. s. does not have any sectoral preferences and it typically invests in the equity of the company. The Fund generally does not acquire majority stakes in companies, but through statutes it seeks to ensure adequate protection of minority ownership.
Slovak Growth Capital Fund  (Slovenský rastový kapitálový fond, a.s.)	Slovak Growth Capital Fund  (Slovenský rastový kapitálový fond, a.s.)	Wood & Company, a. s.	The Fund mostly invests in a portfolio investments generally exceeding 25% of the registered capital of the target company or equity instruments that will guarantee adequate impact on the activities of target company. The average duration of the investment participation of the Fund is four years. The maximum average amount of investments in one calendar year shall not exceed <b>3,319,392 EUR</b> . Target companies of the Fund are small and medium enterprises in the Slovak Republic. The investments are indented to companies in various stages of their development.

Source: SBA

**Tab. no. 3.23: Number and volume of realized investment proposals (by individual funds)**

Fund name	Number of realized new proposals / year 2014	Volume of realized proposals in 2014 (in EUR)	Number of realized proposals since creation of the funds (number)	Volume of realized proposals since creation of the funds (in EUR)
Seed Capital Fund	0	0	52	12 906 271
Regional Seed Capital Fund	0	0	33	2 611 963
SISME Fund	0	0	8	1 204 830
Innovation and Technology Fund, a.s.	4	665 000	4	880 000
Fund Seed Capital, k.s.	0	0	48	12 889 111
Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	1	29 549	25	22 750 232
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	2	5 220 000	13,5	30 153 144
<b>Funds total</b>	<b>7</b>	<b>5 914 549</b>	<b>183,5</b>	<b>83 395 551</b>

Source: SBA

**Chart No. 19**

Source: SBA

**Tab. no. 3.24: Investment exposure of investors and available resources of the Funds as at 31. 12. 2014**

Investor	Current amount of deposit		Current investment exposure of investors		Resources available for SMEs in EUR
	in Eur	%	in Eur	%	31.12.2014
Seed Capital Fund	7 768 529	9,45%	8 220 917	12,71%	571 736
Regional Seed Capital Fund	1 510 025	1,84%	1 810 133	2,80%	281 896
SISME Fund	1 100 000	1,34%	1 363 355	2,11%	228 936
Innovation and Technology Fund, a.s.	14 280 000	17,37%	880 000	1,36%	13 400 000
Fund Seed Capital, k.s.	13 411 671	16,31%	13 411 671	20,73%	753 093
Slovak Development Fund (Slovenský rozvojový Fond, a.s.)	20 754 815	25,24%	15 616 551	24,14%	693 262
Slovak Growth Capital Fund (Slovenský rastový kapitálový fond, a.s.)	23 402 192	28,46%	23 402 192	36,17%	4 027 638
<b>Funds total</b>	<b>82 227 232</b>	<b>100,00%</b>	<b>64 704 819</b>	<b>100,00%</b>	<b>19 956 561</b>

Source: SBA

**Tab. no. 3.25: Life-cycle stage of the company when making investment proposals as at 31. 12. 2014**

Life-cycle stage of the company when making investment proposals	2014		Since establishment	
	Number	Volume (in EUR)	Number	Volume (in EUR)
<b>Total</b>	7	5 914 549	183	83 395 551
seed	0	0	70	12 954 102
start-up	4	665 000	53	23 225 734
development	3	5 249 549	60	47 215 714

Source: SBA

### ❖ The JEREMIE initiative

**JEREMIE** (joint European resources for very small and medium enterprises) is a joint initiative of the European Commissions (DG Regio) and of the European Investment Fund (EIF) with the goal to improve access of SMEs to funding under the EU structural funds. It allows the EU member states and their regions to allocate financial resources from structural funds as well as national funds into holding funds, which can provide funding to SMEs in a more flexible and innovative way. The goal of the initiative is to support and develop the role of entrepreneurship within the EU and help the structural benefits bring more benefits to the market.

The current investment strategy approved by the Investment Council of the Slovak Guarantee and Development Fund, ltd. SGDF counts with an allocation of 42.98 mil. Euros from the OP CaEG to the First Loss Portfolio Guarantee (hereinafter referred to as FLPG), 18.3 mil. Euros from the OP CaEG to the Portfolio Risk Sharing Loan (hereinafter referred to as “PRSL”) and 31 mil. Euros from the OP Research and Development (hereinafter referred to as “OP R&D”) and OP Bratislava region (hereinafter referred to as “OP BR”) to venture capital tools. At the end of 2014 contracts with SMEs have been signed under all three tools totaling 64.48 mil. Euros and the creation of the portfolio was 20.08%.

**Tab. no. 3.26: Overview of applications in the initiative JEREMIE in SR (in mil. Eur)**

OP	RO	ERDF	National co-financing	Total allocation	Venture capital	Venture capital	FLPG	PRSL
					BR	except BR	except BR	except BR
OP CaEG	MoE SR	57,00	10,06	67,06	-	-	42,98	20,02
OP BR	MoARD	3,00	0,53	3,53	1,2	-	-	-
OP R&D	MESRS	25,00	4, 41	29,41	-	1,85	-	-
<b>Total</b>		<b>85,00</b>	<b>15,00</b>	<b>100,00</b>	<b>1,2</b>	<b>1,85</b>	<b>42,98</b>	<b>20,02</b>

Source: SBA

**Tab. no. 3.27: Implementation of the JEREMIE initiative - approved loans as at 31.12. 2014 according to NUTS II**

Region	Number of loans	Amount of approved loans (in EUR)
West Slovakia	77	25 646 931,00
Central Slovakia	57	22 026 223,00
East Slovakia	41	12 787 549
<b>Total</b>	<b>175</b>	<b>60 460 703,00</b>

Source: MoE SR

- First Loss Portfolio Guarantee (hereinafter referred to as “FLPG”)**

The FLPG guarantees to financial intermediaries payment of part of their possible losses through a specific portfolio of loans for SMEs. By reducing the risk for financial intermediaries the FLPG tool stimulates lending to SMEs with lower interest rates and reduces the need of collateral.

During 2014 four commercial banks were providing concessional loans for SMEs and the expected total amount of new loans was 245.6 mil. Euros. In March and April 2014 the Investment Council approved transfer of unimplemented 6.72 mil. Euros from the FLPG do PRSL and additional measure to increase the flexibility of tools with the goal to expedite its use (changes in bank contracts). The amendments to the contracts were signed in June 2014. As of 31.12.2014 based on available data, the banks **approved 158 loans for 150 SMEs** totaling **56.95 mil. Euros**, which represent 23.2% of the portfolio. At the end of 2014, of the total amount of 56.95 mil. Euros, the banks provided to SMEs resources **totaling 46.63 mil. Euros**.

**Tab. no. 3.28: Financial intermediaries for FLPG in mil. Eur**

Intermediary	Proposed portfolio	Redistribution of budget
Slovenská sporiteľňa, a. s.	75,6	13,23
Tatra banka, a. s.	60	10,50
UniCredit Bank Slovakia, a. s	70	12,25
SZRB	40	7,00
<b>Total</b>	<b>245,6</b>	<b>42,98</b>

Source: MoE SR

- Portfolio Risk Sharing Loan (hereinafter referred to as “PRSL”)**

Through the PRSL tool the JEREMIE holding fund co-finances lending to SMEs and subsequently shares in the same rate the risk for the created loan portfolio 1:1. Thus this tool leads to further stimulation of lending at concessional conditions for SMEs, as is the case with the FLPG tool.

In 2014 two commercial banks began offering concessional loans under this tool (the contracts were signed by the end of February 2014 and at the beginning of September 2014 based on a notice, which ended on 22.4.2014) and the expected total new amount of loans should be 36.6 mil. Euros. At the end of December 2014 3.51 Euros have been contractually bounded, of which **3.1 mil. Euros** were already provided to SMEs. The portfolio creation is at 9.58%. A total of **17 loan contracts for 16 SMEs have been signed**.

**Tab. no. 3.29: Financial intermediaries for PRSL in mil. Eur**

Intermediary	Proposed portfolio	Redistribution of budget
OTP Banka Slovensko, a. s.	20	10
Sberbank Slovensko, a. s.	16,6	8,3
<b>Total</b>	<b>36,6</b>	<b>18,3</b>

Source: MoE SR

- **Venture capital tools (VC)**

Under the JEREMIE Slovakia activities 31 mil. Euros are set aside for the venture capital tools, which come from the Operational Program Research and Development and from the Operational Program Bratislava Region.

The tools of the venture capital can be a combination of: Seed Fund(s), Venture Capital Fund or Co-Investment fund. Participation of private investors is necessary in case of the Venture Capital Fund or the Co-Investment Fund.

As of **31.12.2014** a total of **8 investments for Neulogy** have been supported and 6 enterprises totaling 1.2 mil. Euros from the Seed Fund and 2 support projects under the Venture Capital Fund totaling 1.85 mil. Euros.

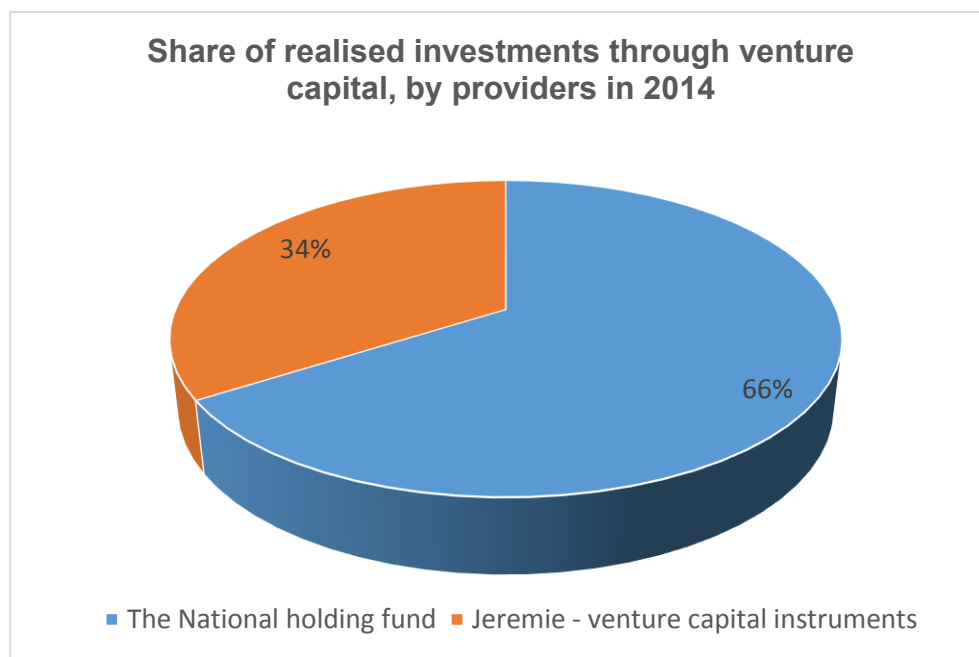
**Tab. no. 3.30: Overview of investment within the Risk Capital Initiative JEREMIE as at 31.12.2014**

The risk capital instruments	Number of supported entities as at 31.12.2014		Volume of invested funds as at 31.12.2014 (in mil. Eur)	
	OP R&D	OP BR	OP R&D	OP BR
Seed fund (seed)	2	4	0,40	0,80
Venture capital fund (venture)	1	1	0,80	1,05
<b>Total</b>	<b>3</b>	<b>5</b>	<b>1,2</b>	<b>1,85</b>

Source: MESRS SR

## ❖ **Neulogy**

Invests in companies enterprising especially in the field of information and communication technologies, energy and medical diagnostics. Entrepreneurs are provided so called seed and startup capital. For companies in the beginning stages of the development, e.g. in the "proof-of-concept" stage and before generating a profit, the amount of investments is between 50 thousand Euros and 200 thousand Euros. In later stages the companies are provided a startup capital between 300 thousand Euros and 1.5 mil. Euros with the possibility of multiple rounds of funding. In 2014 **8 SMEs have been supported** (of which 7 younger than 3 years) through these activities (under the JEREMIE initiative). The total amount of the investment capital was **3 053 198 Euros**.

**Chart No. 20**

Source: SBA

### ❖ **Slovak Private Equity and Developmental Capital Association– SLOVCA**

In cooperation with its partner it organizes an annual **professional conference**, which is the only one of its kind in Slovakia. Its goal is to introduce the possibility of private equity / venture capital funding not only on a theoretical level, but also to introduce companies, which already have an investor and experiences with this investor. The conference was supplemented during 2010 – 2013 with the announcement of the results of the “**Win an Investor**“ competition, where entrepreneurs could get developmental capital for their business.

At the same time SLOVCA is a partner of the first network of non-formal investors – **The Business Angels Club of Slovakia**. Thanks to this cooperation the scope of the SLOVCA activities expanded also with business angels activities. It annually supports the ranking and awarding the winners of the most dynamically growing small and medium enterprises in Slovakia – **Diamonds of the Slovak Business**, which is organized by Enterprise Investors in cooperation with Coface.

SLOVCA is a member of the European Private Equity Association (EVCA) and it is in contact with other associations operating in Europe through an informal network of national associations associated in EVCA. It annually **collects data for EVCA** on venture capital and private equity **funds** in Slovakia. This data is published in the EVCA Annual Report.

### ❖ **Ministry of Finance of the SR**

#### • **Slovak Guarantee and Developmental Bank, inc.**

The Slovak Guarantee and Developmental Bank, inc. (SGDB) is a specialized support bank, which focuses especially on the development of small and medium enterprises in Slovakia, support of towns and communities and support of reconstruction of the housing fund. The

owner and the sole shareholder of the bank is the Slovak Republic represented by the Ministry of Finance of the SR. To fulfill its mission, the bank uses except for its loan products also partnership cooperation with commercial banks and other institutions supporting the target segments.

The SGDB continued in 2014 in its strategy of supporting the development and stabilization of small and medium enterprises through its products:

- **providing loans** – to small and medium enterprises, cities and communities, or legal entities established based on specific legislation (e.g. associations of flat owner)
- **providing guarantees for loans** – to entrepreneurs who don't have sufficient security for the loan

### **Direct loans**

In 2014 the bank approved **770 direct loans totaling 112.05 mil. Euros**, while the average amount of the loan was 145.52 thousand Euros. The amount of provided (used) direct loans was 118.55 mil. Euros. The amount of the direct loans portfolio (including transferred claims) without amortization was **357.43 mil. Euros** at the end of 2014.

The total number of provided direct loans to SMEs in 2014 was 767, which represents a 0.14% share on the number of all active SMEs.

**Tab. no. 3.31: Direct loans in the period 2012-2014 (data only for SMEs)**

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

Source: SZRB

### **Loan Programs Portfolio as of 31.12.2014:**

#### **Direct loans**

- Support of funding investments and operational needs of small and medium enterprises, finance of the development of regions, cities and communities.

#### **Loans for farmers**

- AGRIfloan – aid for entrepreneurs, who ask for direct payments to overcome temporary shortage of financial resources.
- LAND and MY LAND loans – represent long-term loans for primary agricultural producers to buy agricultural land they lease.

#### **Restoration of the housing fund**

- Funding projects focused on restoration of the housing fund, modernization and reconstruction of common areas, facilities and accessories of apartment buildings.

#### **Contribution loan**



- Focused on the support of maintaining employment of the employer, which is a small or medium enterprise in the form of an operational loan, with the possibility of getting financial aid of the Ministry of Finance of the SR. **As of 31.12.2014 217 loans totaling 15.4 mil. Euros** have been approved. In 2014 the clients were using approx. 13.1 mil. Euros through the Contribution loan product, with a total of 7 thousand created or supported jobs.

#### Loan with the support of the European Union (the JEREMIE initiative)

- Support of the development of SMEs in the SR under favorable conditions especially in terms of loan conditions and securing the loans. Funding is ensured under contributions from the support of the operational program, which is co-financed by the Structural Funds of the European Union in accordance with the JEREMIE initiative.

#### Loan for support of SMEs and municipalities from the CEB resources

- Support of the development of small and medium entrepreneurs and development of regions, cities and communities and improvement of living conditions in urban and rural areas.

#### Microloans

- Support of the development of small entrepreneurs, aid to women – female entrepreneurs in development of their entrepreneurial activities, simplifying the access to loan resources for young entrepreneurs, providing initial capital to college students for the development of their entrepreneurial activity during their studies or after their studies.

#### SGDB and the EU funds

- Participation on funding projects supported by the structural funds and the Cohesion Fund. The offer of possibilities of funding costs of the client for preparation and implementation of projects co-financed by the EU funds.

### **Guarantee programs**

In 2014 the bank approved **273 guarantees totaling 25.28 Euros**, of which more than 83% were quick guarantees for commercial bank loans. The amount of provided guarantees was 25.28 mil. Euros, while the average amount of provided loans was 92.58 thousand Euros. The total amount of the bank guarantees portfolio as of 31.12.2014 was **112.70 mil. Euros**.

#### **The portfolio of guarantee products as of 31.12.2014:**

##### Quick bank guarantees

The SGDB guarantees for loans of entrepreneurs in commercial banks in the amount of 55% of the loan principal – in case of guarantees for loans the bank cooperates with the Tatra Bank, Slovak Savings Bank and the UniCredit Bank.

##### Bank guarantees for financial loans

Providing other types of guarantee products for loans of SMEs in commercial banks and special guarantees for flat owners' associations and non-apartment spaces as well as owners of flat and non-apartment spaces represented by the manager of the apartment building and for cities and communities for loans for construction of rental houses.

**Tab. no. 3.32: Bank guarantees in the period 2012 – 2014 (data only for SMEs)**

Period	2014		2013		2012	
Indicator	Volume in thous. EUR	Number	Volume in thous. EUR	Number	Volume in thous. EUR	Number
Approved - total	25 275	273	35 916	400	79 969	851
- of this						
Fast guarantees	21 127	262	34 593	387	74 588	840
State Housing Development Fund	-	-	-	-	-	-
Other	4 148	11	1 324	13	5 382	11
Granted	25 275	273	35 946	401	79 969	851
Portfolio	112 703	1 045	156 990	1 449	135 758	1 353

**Source:** SBA, on the basis of SZRB data

### Other activities:

For the support of SMEs through the EU funds, the SGDB uses 3 subsidiary companies:

- SGDF, ltd. (co-owner EIF) – the company is a platform for the implementation of innovative tools of funding under the JEREMIE EC initiative for the programming period 2007 – 2013.
- SGDB AM, inc. and SIH, inc. – both companies began their activity in 2014 and are designed for the implementation of support of SMEs in the form of innovative tools for funding supported by the EU during the programming period 2014 – 2020.

The fourth company NCSD, inc. was registered in the Commercial register of the SR on 1.11.2014 and performs the activity of the central securities depository.

## ❖ Loans with the support of the European Investment Fund (EIF)

### • Competitiveness and innovations

Framework program for competitiveness and innovation (CIP) focuses especially on SMEs, supports activities in the field of innovations (including ecological innovations), facilitates better access to finances and provides services of business support in regions. Except for other this program motivates for better adoption and use of information and communication technologies (ICT) and helps to develop information society. At the same time it promotes more use of energy from renewable resources and energy efficiency.

In cooperation with the European Investment Fund (EIF) under the program of the European Union for Competitiveness and innovation (CIP), the CSBB EU provides investment loan and for the EU operational loan to entrepreneurs and small companies with revenue less than 1.5 mil. Euros.

In 2014 the CSBB provided under the mentioned cooperation with the EIF **almost 1000 loans totaling more than 27 mil. Euros** in the segment of entrepreneurs and small enterprises. Of the total number of entrepreneurial subjects **25% of subjects were established between 2011 and 2013.**

- **European tool for micro-funding Progress (Progress micro-funding)**

The European tool for micro-funding Progress (Progress micro-funding), which operates from 2010 increases the availability of micro loans, i.e. loans in the amount of **less than 25 000 Euros**, intended for establishing or developing a small enterprise.

Under the European tool **Progress micro-funding** established by the European Union, the **OTP Bank** offers from February 2014 in cooperation with EIF loan products under the name **OTP EU MICROloans**. For the period starting 31.12.2015 it received support for providing loans with the EIF guarantee for micro-entrepreneurs in Slovakia totaling 10 mil. Euros.

The loan is intended for small trade licensees and micro-entrepreneurs with an annual revenue less than 1 mil. Euros and 9 employees at the maximum, for funding operational and investment needs with lower interest rate and higher loan limit than with standard loans for the segment of micro-entrepreneurs and does not require any property security.

Through this loan line the OTP Bank supported in **2014 a total of 113 small and medium enterprises totaling more than 1.7 mil. Euros**, while **almost 20% were entities younger than three years**.

#### ❖ **Loans from the loan line of the European Investment Bank (EIB)**

The EIB supports investment projects, which should reduce disparities in the field of regional development, support economic competitiveness and improve living standards of the population. The amount of loans provided by the EIB to the Slovak Republic reached 556 mil. Euros in 2014, while in the last five years (2010 through 2014) it was 3.2 bil. Euros. The largest recipients were **SMEs and medium capitalized companies, which represent 31% of the total volume**. Projects in the field of water management, sanitation and development of cities represented another 22%, while investments in transportation and telecommunications represented another 15% and 13% of this five year amount went into the energy sector.

**In 2014** the EIB concluded **four contracts on providing arranged loans** totaling 160 mil. Euros with Slovak banks and leasing companies, which use financial resources from the EIB for funding projects implemented by small and medium enterprises and medium capitalized enterprises. This loan lines<sup>16</sup> meet the priority of the EIB, which is the support of small enterprises in Europe and help to mitigate the effect of the current economic crisis through improving access of small and medium enterprises to medium-term and long-term funding under favorable financial conditions.

Overview of the number of provided loans, selected intermediaries and the amount of the loan line of the EIB in 2014 is depicted in this table:

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<sup>16</sup> Loans from the EIB lines can be used for investments and expenses for purchase, renewal and expansion of tangible assets (except land), project and other preparation expenses related to real estate development, expenses for research and development, purchase of an enterprises in case of generation exchange or medium-term or long-term funding of working capital.

**Tab. no. 3.33: Overview of financing commercial banks from the EIB in 2014**

Intermediary	Granted loans	Volume of the provided loans (in mil. Eur)
Slovenská sporiteľňa, a. s.	31	20,91
UniCredit bank, a. s.	206	20,88
VUB banka, a. s.	11	15,81
Sberbank Slovensko, a. s.	9	16, 21

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

As of 31.12.2014 the Tatra Bank, inc. provided a total of 60 loans totaling 30 mil. Euros and the CSBB, inc. 57 loans totaling 103.7 mil. Euros. Intermediaries of the EIB loan lines are other subjects: SGDB, Tatra-Leasing, UniCredit Leasing, CSBB Leasing and SG Equipment Finance.

### ❖ Overview of financial support of SMEs in terms of forms of funding and financial resources

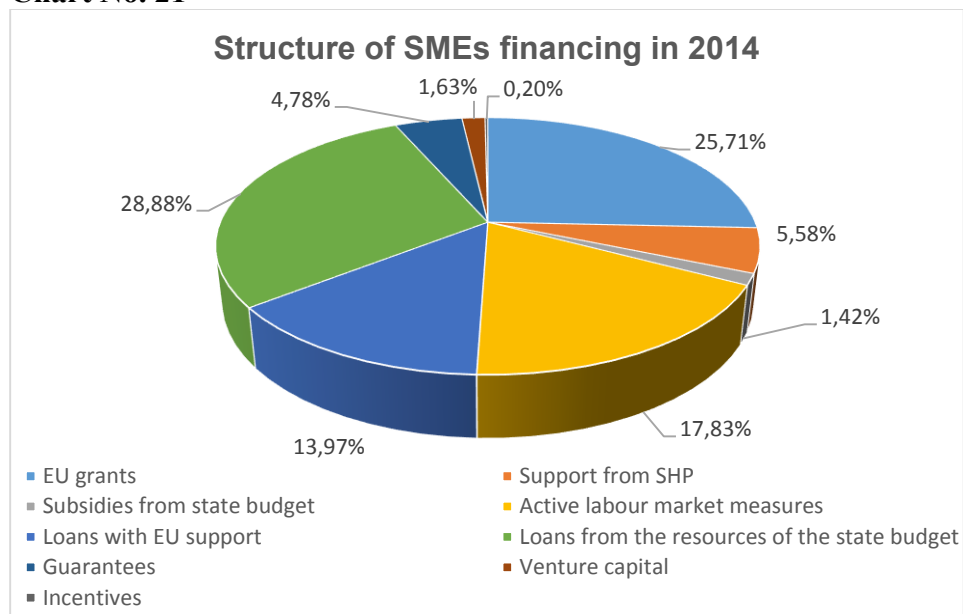
In 2014 in terms of the structure of the forms of funding, sources from the SB were dominating with an almost 30% share, grants of the EU had a 25.3% share and measures of active labor market policy had a large share (17.77%) on funding of SMEs during this period, which contributed to the support of SMEs with 97 926 898 Euros.

**Tab. no. 3.34: The volume of drawn amounts funds by SMEs in 2013, according to their source in EUR**

Source	Volume of funds (Eur)	Expressed in percentage
EU grants	141 169 946,80	25,33%
Support rural from EU resources	30 655 509,52	5,56%
State budget subsidies	7 802 361,06	1,42%
Measures of active labor market policy	97 926 898,00	17,77%
Loans EU supported	76 730 000,00	14,48%
Loans from the resources of the state budget	158 573 019,00	29,39%
Guarantees	26 273 000,00	4,77%
Venture capital	8 967 747,00	1,07%
Incentives	1 100 000,00	0,20%
<b>Total</b>	<b>549 198 481,38</b>	<b>100,00 %</b>

**Source:** SBA

Within the structure of the forms of funding, loans with the support of the EU had an approx. 15% share on the amount of financial resources used by SMEs. Support of rural areas by the EU funds remains almost unchanged in the year-on-year comparison and had a 5.56% share.

**Chart No. 21**

Source: SBA

The most significant year-on-year change was under the incentives, where due to decrease of the amount of incentives for R&D and not implementing investment incentives in 2014 the share of incentives in the structure of the forms of funding decreased almost by 0.82 p.p.. The amount of financial resourced under loans with the support of the EU increased annually by 5.65 p.p. together with the increase of the amount of financial resources used under the JEREMIE initiative. In the category of securities, securities provided by the SGDB and EXIMBANK decreased and thus the overall share on the structure of the forms of funding decreased from 6.93% to 4.77% (by 2.16 p.p.). On the other hand the amount of EU resourced increased annually almost by 3% due to increase of loan activity of the SGDB and EXIMBANKY.

### 3.6.3 Recommendations

- Improve provision of information on financial support of SMEs and better represent existing support programs at local, national and European level.
- Provide support in greater extent in the field of entrepreneurship in the form of returnable forms of aid, which have significantly smaller distortionary effect on economic competition.
- Focus in greater extent on funding of beginning and small entrepreneurs, supplement financial aid in the form of grants or loans by providing educational and consulting services and interconnect these aids.
- Ensure efficient support for individual SME categories by strengthening and improving linking of existing financial support programs. It is necessary to focus special emphasis for facilitating access to finances for foreign entrepreneurs and micro-entrepreneurs, who represent categories of entrepreneurs most affected by the market failure. Regularly reevaluate the need to replenish resources in these programs.

- Perform an analysis of the market, identify market gaps and the need for funding of individual categories of enterprises through an efficient support of SMEs from resources of the European Structural and Investment Funds in the programming period 2014 – 2020. Based on this identify and prepare financial tools created based on suitable combination of returnable and non-returnable support with the goal to eliminate gaps in the market and create conditions from improving competitiveness of SMEs.
- Improve the financial situation of SMEs through the support of potential investors, so they would invest or lend financial resources to starting entrepreneurs and enterprises in the form of tax reliefs, which the investors could apply in the amount of 2.5% of the amount of the loan. The benefit of this scheme is a simple principle of operation, which burdens the state budget only minimally and suitably stimulates the market environment (working model e.g. Win-Win loans in Belgium).
- Consider the creation of a support scheme for paying receivables of small and medium entrepreneurs, which they have against state institutions and other entities with the participation of the state. Under this scheme the entrepreneur would be paid a substantial part of the value of the receivable (e.g. 80%). This measure would allow the entrepreneur to grow, since he would have finances available and it would not be blocked in the form of receivables (working model e.g. Casheo support scheme in Belgium).
- Support the creation of a position of a so-called loans ombudsman for simplifying the dialogue/communication between SMEs and lending institutions.
- Create schemes for loans and micro-loans with the participation of private and bank resources, which would respect the individual nature of family enterprises, i.e. provide long-term resources under acceptable interest rates.
- In greater extent connect the support of starting SMEs in the form of subsidies and micro-loans with providing educational, counseling and mentoring services.
- Introduce tools for a more efficient use of the possibility of cooperation of public and private investors (use of the so called “leverage effect“).
- Create conditions for the development of alternate methods of crowd funding type of funding.

### 3.7 Principle 7: Encourage SMEs to better use opportunities offered by the single market

#### 3.7.1 Development of the legislation environment

##### The Amendment to the Customs Act and on the amendment to certain acts (Act No. 199/2004 S.)

The Amendment to the Act published under the No. 207/2014 S., effective from 1. August 2014 established negligible amounts, for which the Customs Office does not register the import duties, value added tax and consumer tax for import, or for which the Customs Office does not register the export duties.

#### 3.7.2 Implemented measures for support of SMEs business in the single market

The total amount of finances for the SBA Principle 7 in 2014 was: **273 402 576,6 Euros**.

##### ❖ **Enterprise Europe Network (Project „Business and innovation support services in Slovakia“)**

One of the tools in the field of support of internationalization and international cooperation of SMEs is also the Enterprise Europe Network. The Enterprise Europe Network (EEN) with more than **600 points of contact in more than 50 countries and almost 4 000 experienced workers** is the biggest structure not only in Europe, but also globally, in the field of providing professional counseling and business services with primary focus on small and medium enterprises.

In Slovakia the network is represented from 2008 through the **BISS Slovakia** project (**Business and Innovation Support Services in Slovakia**). Partners of the BISS Slovakia project are BIC Bratislava, Slovak Business Agency, Slovak Commercial and Industrial Chamber, Regional and Counseling Information Center Prešov (RCIC Prešov), BIC Group and EurActiv.sk.

The goal of the EEN network is to support especially small and medium enterprises to penetrate foreign markets, help in the development of their innovation potential and increase the knowledge of the EU market and policies of the Commission. This initiative of the European Commission provides entrepreneurs points of contact – “**one stop shop**“, where they can get information, counseling and use a broad scope of easily accessible services focused on business support.

The main goals of the network are:

- strengthen synergies between partners in the network by providing integrated services
- maintain and continually improve access, distance, quality and professional level of the integrated services provided by the network

- raise awareness, especially with SMEs about policies of the Community and services provided by the network, including raising environmental awareness and energy efficiency of SMEs, as well as awareness on cohesion policy and structural funds
- consult with enterprises and get their statements on the direction of the policies of the Community
- ensure complementarity between the network and other interested providers of services for SMEs
- reduce administrative burden of all parties

#### Services of the Enterprise Europe Network in Slovakia

- 1. Counseling and support of SMEs**
- 2. Access to the EU resources and their efficient use**
- 3. Support of participation of SMEs at European projects and research programs**
- 4. Support of innovations, transfer of technologies and know-how**
- 5. Support of the development of international cooperation**
- 6. Feedback from SMEs to the EC**

Services of the EEN network, even though primarily designed for SMEs are available to enterprises of all sizes regardless whether they operate in production or providing services. Further they are designed for research institutions, universities, technological and business centers and innovation development agencies. Comprehensive information on the operation and services of the Enterprise Europe Network in Slovakia is available at: [www.enterprise-europe-network.sk](http://www.enterprise-europe-network.sk).

In 2014 Slovak entrepreneurs had the possibility to receive current information directly in their email inbox. Registered entrepreneurs were frequently informed by email on news in the European business environment – current articles, tenders and notices for submitting proposals for projects, upcoming events (courses, seminars, trainings for entrepreneurs, international cooperation events and business missions), offers for partnerships in member as well as non-member EU states, as well as new projects for entrepreneurs.

#### **Activities undertaken in 2014:**

All types of SMEs, as well as larger enterprises, universities, academic institutes, clusters, associations as well as other entities were supported in 2014 through information and assistance services, which focused on the development of international cooperation in the field of business and innovation in research. Specific type of activities was to get feedback for the European Commission.

#### ***Information services:***

- seminars and regional events: 417 supported entities
- answers to questions: 897 supported entities
- feedback: 22 supported entities
- number of entities registered for electronic services: 2148

#### ***Assistant services:***

- visits: 162 supported entities
- specific deep internationalization and innovative services: 177 supported entities
- international partnership events: 1058 supported entities
- preparation cooperation profiles: 87 supported entities



A result of the support activities was also the signing of the contract on international cooperation, under which **37 subjects** have been supported. The above stated activities were financed from resources of the European Commission – CIP program in the amount of about 300.000 Euros.

Based on provided services, during the duration of the project 2013-2014 seventeen contracts on international cooperation between Slovakia and foreign SMEs (CR, Hungary, Germany) have been concluded, which leads to increased revenue of enterprises and in some cases also increase in creation of new jobs.

## ❖ Ministry of Finance of the SR

### • EXIMBANKA SR

The export-import SR bank (EXIMBANK SR) is a specialized financial institution, which was established for the purposes of support of export of Slovak producers of products and services to foreign markets pursuant to the Act No. 80/1997 S. on Export-Import Bank of the Slovak Republic as amended. The EXIMBANK SR as a direct tool of the state for the support of export supports Slovak exporters through own financial products, which are especially loans, guarantees and insurance. It focuses especially on counseling in the field of foreign business. These complex services are designed especially for the categories of exporters, i.e. small, medium and large enterprises.

Pursuant to the Amendment on the Act No. 80/1997 S. on EXIMBANK SR as amended, the EXIMBANK SR **expanded its products portfolio** from 1.1.2014 in the field of direct funding, refunding or co-funding of short-term, medium-term and long-term loans for exporters and importers for the purchase of goods or services from domestic suppliers. The Amendment to the Act allows for a more flexible reaction to the needs and requirements of Slovak exporters related to securing funding for deliveries of domestic components and technologies with the goal of further export of complex units abroad (current legislation allowed funding of only procurement of technology, which was produced abroad).

### **Business activity of the EXIMBANK SR**

From 2013 the EXIMBANK SR adopted a more realistic assessment of performance of its business activities and preferentially observes the indicator of the level of engagement in business activities. Bank activities are expressed by loan engagement in direct and refinanced loans and together with the amount issued guarantees provide **assets engagement** data. Insurance activities are expressed by **insurance engagement** as a sum of engagement in the field of insurance of short-term tradable risks, insurance of short-term non-tradable risks and insurance of short-term and long-term risks.

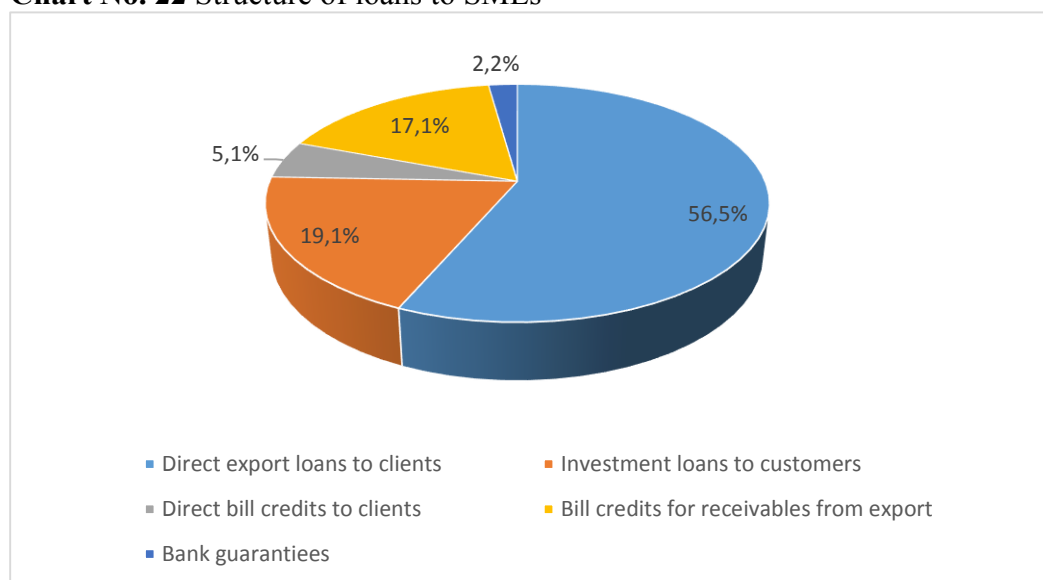
Engagement represents the current amount of subscribed risk, which the EXIMBANK SR bears when providing its products and services, and includes assets engagement from provided loans and guarantees and insurance engagement from subscribed risk in insurance and reinsurance.

## Funding of export and provision of guarantees

In 2014 the EXIMBANK supported under the assets and insurance engagement export totaling **981 952 thousand Euros**. The share of assets engagement on this amount was 417 945 thousand Euros.

Results achieved for 2014 confirm the goal of the EXIMBANK SR to provide support of export in greater extent through direct loans. This goal is reflected also in the development of loans engagement, which saw an increase of bank activities in the field of providing direct loans and decrease of re-financed loans and stabilization of the amount of provided re-financed loans in previous years. The XIMBANK SR is interested in maintaining this trend. In December 2012 the guarantee capacity of the EXIMBANK SR increased, which allowed increasing the amount of issued bank guarantees, the development of which had a growing tendency in 2012.

**Chart No. 22** Structure of loans to SMEs



Source: EXIMBANKA SR

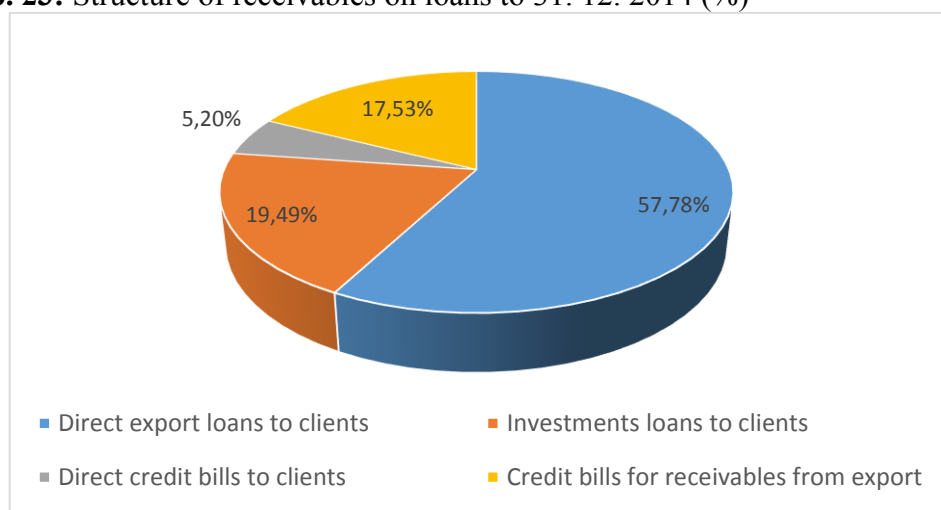
### Bank loans

The share of **SMEs segment in 2014** was **58% of the total number of clients**, which used bank products of the EXIMBANK SR. **The share of loans** provided to clients in the SMEs segment was **18.9% of the total loan engagement** and the share of issued guarantees for the SMEs segment was marginal with **0.6% of the total volume of issued guarantees**. The total share on assets engagement of SMEs in 2014 was 10.71%, totaling 44 751 thousand Euros.

**Tab. no. 3.35 : Exposures of EXIMBANKA in 2014 (in thous. Eur)**

(in thous. eur)	Total exposures as at 31. 12. 2013	From this MSP as at 31.12. 2013	% SME	Total exposures as at 31. 12. 2014	From this MSP as at 31.12. 2014	% SME
Issued guarantees	154 983	2 405	1,55%	167 371	998	0,60%
Direct loans	213 730	42 511	19,89%	231 764	43 753	18,90%
Refinancing loans	30 658			18 810		
<b>Exposures</b>	<b>399 371</b>	<b>44 916</b>	<b>11,25%</b>	<b>417 945</b>	<b>44 751</b>	<b>10,71%</b>

Source: EXIMBANKA

**Chart No. 23:** Structure of receivables on loans to 31. 12. 2014 (%)

Source: EXIMBANKA SR

**Bank guarantees**

The segment of SME clients was dominated by issuing of non-payment bank securities for contracts implemented abroad by Slovak exporters. As of 31.12.2014 the payment bank guarantees were represented only marginally with respect to the direct support of exporters by the EXIMBANK SR in the form of provided export loans under two years. **Of the total amount of issued bank guarantees for the SMEs segment in 2014, which was 998 thousand Euros, as much as 83.17% were non-payment bank guarantees.**

**Insurance and reinsurance of export loans**

The share of the SME clients in 2014 was **83% of the total number of clients**, which used insurance products of the EIMBANK SR. In 2014 insurance activities were provided to the SMEs segment totaling **291 749 thousand Euros**, which is **51.73%** of the total insurance engagement. The share of SMEs on insurance of short-term tradable risks in 2014 was 35.07% of the total amount, share of insurance of short-term non- tradable risks was 41.18% of the total amount and the share of insurance of medium-term and long-term risks was 65.65% of the total amount.

**Tab. no. 3.36:** The structure of the insurance commitment as at 31. 12. 2014

<i>(in thous. eur)</i>	Total insurance commitment as at 31.12.2013	From this MSP as at 31.12. 2013	% SME	Total insurance commitment as at 31.12.2014	From this MSP as at 31.12. 2014	% SME
Insurance of short-term commercial risk	266 223	86 850	32,62	218 016	76 459	35,07
Insurance of short-term non-marketable risks	35 711	19 095	53,47	48 647	20 035	41,18
Insurance of medium- and long-term risks	341 480	217 868	63,80	297 343	195 255	65,67
<b>Insurance commitment</b>	<b>643 414</b>	<b>323 813</b>	<b>50,33</b>	<b>564 006</b>	<b>291 749</b>	<b>51,73</b>

Source: EXIMBANKA

The introduction of a special product called the **eSME insurance** designed for small and medium entrepreneurs expanded the possibilities of insurance of this target group of Slovak exporters. The product is used especially by “micro“ enterprises, which employ less than ten employees and have annual revenue of less than two million Euros. The benefits include simplified conditions of loan insurance, criteria and parameters adapted for the needs of SMEs and the possibility to submit a request for insurance contract through the Internet, online, 24 hours a day. In 2014 56% of insurance contracts have been concluded for the eSME product and 44% for the ABT product<sup>17</sup>. Additional service of EXIMBANK SR to provided products of insurance of non- tradable risks is **insuring the risk of non-payment** especially of export liabilities of small and medium enterprises. The increasing trend of the share of SMEs on the number of clients and performances of insurance division in this segment of insurance is reflected in the following table.

**Tab. no. 3.37: Development of the share of the SME segment in supporting exports through insurance activities, the insurance Premium and the number of clients for 2010 – 2014 in the area of short-term risk insurance.<sup>18</sup>**

Share of SMEs	2010	2011	2012	2013	2014
- in the number of clients	77,70 %	79,85 %	81,02 %	82,58 %	82,26 %
- in the insurance premium	27,59 %	33,29 %	39,10 %	40,91 %	37,53 %

Source: EXIMBANKA

## ❖ Ministry of Economy of the SR

### • Support of official participation of the SR on exhibitions and fairs abroad

Also in 2014 the MoE of the SR continued in the implementation of official participation on exhibitions and fairs abroad, through which it provides space for presentation of business entities in national booths with the goal to increase their export performance.

Originally 212 thousand Euros from the budget of the MoE of the SR were assigned for the implementation of official participation in the first half of 2014, which increased during the first half of 2014 to **420 831.65 Euros**. During the first half of 2014 the MoE of the SR supported through budget resources 8 official participations at exhibitions, of which 7 were foreign exhibitions and 1 domestic exhibition. Within official participations during the first half of 2014 **39 entrepreneurial entities** were supporter.

For the organization of exhibitions during the second half of 2014 RfNFC for the national project “Promotion of Slovak industrial potential and provision of free services to SMEs for the purpose of their presentation at foreign exhibitions“ has been approved totaling **388 777.09 Euros**. Conditions for participation of exhibitions were based on the OP CaEG and also based on the principles of providing aid *de minimis*. In this was the MoE of the SR supported participation on 6 exhibitions. Through the national project 39 entitled SME entities have presented themselves. The actual costs of exhibitions during the second half of 2014 were **253 047.23 Euros**.

<sup>17</sup> Insurance of short-term supplier loan against the risk of non-payment

## ❖ Slovak Agency for the Development of Investments and Trade

### • Support of export activities of small and medium enterprises

MISIA 14 was a project for the support of export activities of SMEs successful at the Slovak market. The name is the abbreviation of the Slovak term MADE IN SLOVAKIA 2014. The project was prepared by the SARIO Agency in cooperation with its partners, who also have a great interest in the support of Slovak export. Currently these are Google|Sapie, Slovak Telekom, Zoznam.sk, Sberbank, Eximbank, Effectivity|Publicis and Samsung as the associated partner. The final goal of the project is to transform export ambitions into actual export. The outputs of the MISIA 14 project are more tools/services, which have been implemented into currently provided pro-export services for SMEs. In relation to the goals of the support of internationalization of Slovak enterprises the SARIO Agency supports export activities of Slovak enterprises in the global market.

In 2014 the SARIO Agency processed 265 requests, of which 134 requests originated from Slovak companies interested in searching for potential partners for cooperation in trade or establishing joint ventures and 131 requests have been processed for foreign enterprises.

During 2014 it organized two large matchmaking and sub-contracting events (International Engineering and Cooperation day in Nitra in May 2014 and Export Forum 2014 in November in Bratislava). 64 foreign enterprises from twenty countries around the world and **85 Slovak enterprises** participated on the Export forum 2014. **583 bilateral events took place** under this event, which increased the possibility of new potential foreign partners for export of Slovak enterprises.

Additionally the SARIO Agency organized **11 seminars** under the SARIO Pro-export Academy program (PAS), which provided information and know-how on various professional themes to the **representatives of 186 Slovak enterprises**.

During 2014 it also used a tool for ensuring operational communication and exchange of information on offers and demands practically in all sectors of the industry - **Portal of export and cooperation possibilities**, where at the time **2 810 domestic and foreign enterprises have been registered** and 2 517 offers and demands have been published.

Under the Ministry of Economy of the SR the SARIO Agency organized seminars with potential Slovak suppliers of investment units in the field of energy, engineering and construction, for the purpose of implementation of projects of the new “Association of Investment Units Suppliers“, which will have shared competences and possibilities of individual subjects with the goal to offer investment units abroad.

## ❖ Ministry of Agriculture and Rural Development

### • Cross-border cooperation programs

During the program period 2007 - 2013 Slovakia had 5 programs of cross-border cooperation under the European territorial cooperation - 4 on the internal and 1 on the external border. Their goal was to achieve a balanced integration of various territories of the EU through the support of cooperation of the regions. The programs of the cross-border cooperation at the

national level are coordinated by the MARD of the SR. The resources of these programs were used also in 2014.

Of these programs only the **Program of cross-border cooperation between the Slovak Republic and Austria 2007 - 2013** dealt with the support of the business environment, specifically under the priority axis Knowledge region and economic competitiveness (Cross-border cooperation of SMEs, cooperation in the field of research, technologies and development). A total of **13 cross-border projects** have been supported in this field. The recipients of the NFA were not directly SMEs, but associations of legal entities, which contributed through their project activities to the development of SMEs in the cross-border region (various associations, universities, scientific institutions and public administration bodies). 5.38 mil. Euros have been used as of May 2015 through the ERDF resource in given field. In the Slovak side the MARD of the SR as the National Body of the program provides co-funding from the state budget in the amount of 10% of the entitled expenses.

### ❖ Ministry of Defense of the SR

Despite the fact that the MoD of the SR does not have the responsibility for the support of SMEs or business in the SR, the Section of Modernization and Support (SEMPO) of the MoD of the SR secures cooperation with the Security and Defense Industry Association of the SR (SDIA SR) and other entities of the public and private sector in the field of armaments. The cooperation is implemented based on an Agreement on Cooperation from 4. May 2010 exclusively on the level of mutual exchange of information in the field of research, development, tests, manufacturing, purchase and sale of armaments, military equipment and materials, priorities and needs of the Ministry in the development of defense capabilities and capabilities of the defense industry of the SR to secure armaments, technology, materials, repairs and services for the armed forces. Organizations under the MoD of the SR do not have not implemented any support programs or measures for the support of small and medium enterprises, which had/have reach in the business environment and business conditions of SMEs.

### ❖ Office for Standards, Metrology and Testing of the SR

In 2013 in relation to SMEs the OSMT of the SR continued to implement the principle of mutual acknowledgement and provision of information on technical requirements for products in the SR and in individual countries of the EU. In 2014 the **National Point of Contact for Products**, established at the OSMT of the SR, provided information on technical regulations and requirements for products, including regulations adjusting the requirements of prior approval **in 82 cases. Approx. 85%** of these requests came from entrepreneurs, with more than half from SMEs.

OSMT of the SR as the coordinator of the state policy of quality annually announces the **National Prize of the SR for Quality**, where small and medium enterprises can check their management based on the European recognized model of excellence EFQM, prove their extraordinary results achieved in the field of business and thus strengthen their position in the domestic as well as foreign markets.

**In the field of standards** the OSMT of the SR recorded in 2014 these measures:

- **Disclosure of information through the STN-online service.** The measure contributes to increasing competitiveness, simplifying the transition into technical and innovative literacy in schools and easier orientation in the European or worldwide accepted status of science of technology. Through the cooperation with professional association and civil associations several hundred users in SMEs had access to STN-online. **Several access points have been established in 2014** for the college and university students (for the STU in Bratislava and the Žilina University in Žilina) to simplify the access to STN and support the establishment of INFOPOINTS facilitating access to reading the full-text version of STN in university and college reading rooms (eventually business centers).

- **Providing comprehensive information** to general technical community in the interest of improving access to information on STN for SMEs is ensured through the Info Center and Portal of Standards. Basic information on standards, their validity, method of incorporation into the STN system, their structure, division and abstracts are provided free of charge under the web portal of the office [www.unms.sk](http://www.unms.sk) in the section “Portal of standards”.

- **Promotional activities of the office for SMEs** have taken place especially in the Info Center with the goal to popularize participation on the standardization process and use of standards and thus support participation of SMEs on this process. By informing SMEs a better position is created for this group of users in the labor market.

- **Reevaluation of composition of national technical commissions (TC)** was suspended in 2014 due to the creation of a new Statute of Technical Commissions, s Sub-Commissions and Working Groups. A reevaluation of all TCs is being prepared with the requirement for a balanced representation in the TCs pursuant to the European Parliament and Council Directive (EU) No. 1025/2012.

## ❖ Government Office of the SR

- **System for solving problems with exercising the rights of a single EU market – SOLVIT**

SOLVIT network, the operation of which in the SR is ensured by a section of government legislation, department of law approximation, is a network for informal solution of problems, which are faced by citizens or entrepreneurs when exercising their rights in the internal market of the European Union. The network provides quick and effective solutions; it provides its services for free. The network was established based on the initiative of the European Commission in 2002.

SOLVIT assists in all areas, which are regulated by the law of the European Union. Of source, only under meeting some conditions for solving a problem through SOLVIT; specifically it should be a problem of a citizen or an entrepreneur in another member state of the European Union than his residence, and which is caused by a public administration body through its activity or inactivity. Most often these are cases of using one (or several) liberties in the internal market of the European Union: free movement of persons, goods, services and capital.

**Of the 110 registered cases in the SOLVIT database (in relation to SR) in 2014, approx. 4.5% of the cases related to entrepreneurs.**

### 3.7.3 Recommendations

- Improve awareness of entrepreneurs on opportunities, which are provided by the single market and further stimulate SMEs for internationalization of its activity.
- Expand the support of export in the commodity as well as territorial structure with emphasis on markets with a business potential for the expansion of Slovak SMEs.
- Give greater support to counseling and education on the business possibilities in the EU markets and markets of third countries, focused on solving technical barriers for business and improve the management level of exporting SMEs. Insufficient experience with foreign business transactions, insufficient knowledge of markets and relevant regulations, acquiring business partners, funding of export, etc. represent major barriers for internationalization of SMEs.
- In case of support focused on acquisition activity allow for use of resources by entrepreneurial associations and unions, which can provide service to SMEs in organizing exhibitions especially in joint exhibitions and can use the resources in a more efficient and complex way.
- Improve competitiveness of Slovak enterprises in foreign markets through support for reducing domestic energy and materials intensity of production and increase added value of products and services.
- Support the export of export companies through an efficient pro-export policy of the state and reinforce the Eximbank and Slovak Guarantee and Development Bank through capital.
- Simplify access to Slovak technical standards - support of establishing INFOPOINTS facilitating access to read the full-text version of the STS in university or college reading rooms or business centers.
- Electronization authorization and licensing procedures in foreign trade.
- Improve the efficiency and effectiveness of customs procedures together with reducing the administrative burden through increasing the limit of import payments, for which the customs authorities do not have to require securities.



### **3.8 Principle 8: Support the improvement of skills in SMEs and all forms of innovation**

#### **3.8.1 Development of the legislation environment**

There were no legislation changes.

#### **3.8.2 Programs/measures for the support of science, research and innovations**

##### **❖ Slovak Business Agency**

- **The “CluStrat” project (“Support of innovations through new concepts of clusters supporting emerging sectors and cross-sectional themes”)**

The “Support of innovations through new concepts of clusters supporting emerging sectors and cross-sectional themes” project was implemented by the SBA from 2011 until November 2014. It is better known under the term CluStrat and it was implemented under the Central Europe program.

The goal of the project is to bring innovations into the field of clusters - the existence of clusters not only in Slovakia, but in other EU countries, especially in the Central Europe region is conditioned by their classic form - cooperation only within a certain sector and focus on classic sectors (engineering, automotive, tourism). Under this project the SBA is attempting to change this traditional point of view and introduce innovations also into this field by focusing also on new fields and themes:

##### ***Emerging sectors in the industry***

1. *Active development of humanity and its aging*
2. *Sustainable development and green economy*
3. *Sustainable mobility*

##### ***Cross-sectorial themes***

1. *Gender equality and innovations, including diversity of viewpoints*
2. *Internationalization*
3. *Knowledge and technologies transfer*

##### **Specific goals of the project are:**

- set up a political dialogue between key players,
- draft a new strategy and clusters concept,
- implement pilot actions.

##### **Activity of the project:**

- mapping and analytical activities
- organization of expert events, the goal of which will be to collect information and recommendations of key players on regional, national and supranational level - SMEs,

clusters, European institutions, policy makers at every level - and based on them prepare and test new forms of clusters.

- preparation of new forms of clusters
- preparation of documents: (National Communication Strategy, National Report, Single Action Plan, Joint Action Plan for all partners of the project, Policy Recommendations)

The essence of new cluster policies is to support especially small and medium enterprises in:

- connecting with so called providers of “key enabling technology“ in a more systematic and demand-driven way,
- opening up for inter-sectorial cooperation and in overcoming technological barriers,
- joining forces at regional level with the goal to combine important knowledge on markets and technologies,
- remove barriers in KETs and knowledge of market at supranational level.

During the implementation of the project the SBA became one of 18 professional and expert organizations in the region of Central Europe, the goal of which is to support the development and competitiveness of SMEs through clusters and their innovation concepts. Since the clusters are one of the basic support tools for the development of SMEs and their goal is to support cooperation between individual SMEs in a certain sector, the SBA decided to enter also into this form of SMEs support. In connection to the pilot projects it is important for the outputs of these “testing“ cluster projects to be included in the national and regional strategies for intelligent specialization in the SR and in the countries of Central Europe.

The “**Ambient Assisted Living**“ (AAL) pilot project shown great perspective for Slovak institutions, both on the products and consumer side (e.g. hospitals, social facilities, etc.). The goal is to use joint platform of existing regional groupings, clusters, research organizations and companies in Central Europe to share knowledge and transfer of new technologies and services in the field of AAL with the emerging segments of iCT, robotics for support of active life and service of disabled and socially needy citizens.

The goal of the “**Zero Energy Building**“ (ZEB) pilot project was to network the persons involved, who develop, test and practically implement new technologies for the purpose of transforming old buildings to buildings with zero energy use, including the use of renewable energy sources. Under this pilot program the goal of the project was the support of eviration and networking of interested partners for the purpose of creating and delivering an offer of innovative technologies and solutions for deep renovation of buildings with the goal to shift them from the category of common buildings with high energy use to the category of buildings with zero energy use (smart buildings, support of living-lab ZEB buildings, etc.).

- “**Twin Entrepreneurs**“ project

The “Twin Entrepreneurs“ project is an initiative of the Slovak Business Agency, Vienna Business Agency and the Association of Young Entrepreneurs of Slovakia for the support of startups and small enterprises in the region Vienna – Bratislava, financed by the program of cross-border cooperation Slovak Republic – Austria 2007-2013.

Planned measures were focused on existing and starting companies; specifically companies with a growing, but not yet released potential (hereinafter referred to as “startup“). Bratislava and Vienna - emphasized by their functions of capitals - are the most developed and most

dynamic areas of their respective countries. The first step of the project was the analysis of the startup environment. This was followed by a series of workshops focused on improving the skills and abilities of the startups to make it. By discussion, networking and mutual cooperation we were trying to contribute to the regional development and improve the situation of starting entrepreneurs in both cities.

### **Goals:**

- bring together entities interested in support of startups in Vienna and Bratislava so that they would share experience and information on happenings in these cities through discussion,
- get feedback on support activities from Slovak and Austrian startups planned for 2013 and 2014.
- improvement of competitiveness and special support of young entrepreneurs and SMEs is the goal of operational programs 2007-2013 (ERDF) of the Vienna and Bratislava regions.

### **Activities:**

- Free workshops and seminars on the topic of entrepreneurial know-how
- Coaching on how to grow and expand
- Networking
- “Twin Cities“ Vienna – Bratislava regional analysis

The primary assumption of the project was that through stated activities, discussions, networking and mutual cooperation the project will contribute to regional development and will improve the situation of starting entrepreneurs in both cities. After completion of the project it can be said that the assumption was fulfilled since the project successfully helped to bring together the Slovak and Austrian start-up scene and open the Slovak market to Austrian entrepreneurs and the Austrian market to Slovak entrepreneurs.

In 2014 the remaining planned project activities have been carried out - 3<sup>rd</sup> series of workshops, two seminars and free coaching. In 2014, through this project 5 startups have been supported, which received coaching, 7 workshops have been organized, with approx. 90 participants and 2 seminars have been organized, with approx. 120 participants.

A peer review workshop with representatives from international startup ecosystems has been part of the project activities. Through efficient use of assigned resources under this project more activities have been carried out than originally planned. Currently the SBA considers continuation of the project with the possibility of its expansion.

## **❖ Ministry of Transportation, Construction and Regional Development SR**

- **Subsidies for scientific-technical services pursuant to § 8a sec. 8 of the Act No. 172/2005 S.**

The goal of the solution was to create a national framework of cost-optimal solutions, including the specification of assessment methodology of cost-optimal solutions for securing minimum requirements for energy management of buildings in the SR and processing of input data of the assessment, taking into account the economic lifespan of buildings and required return of spent financial resources for energy. In **2014** no entity has been supported in the form

of a subsidy for scientific-technical services. No notices pursuant to § 8a sec. 8 of the Act No. 172/2005 S. are planned for 2015.

## ❖ Ministry of Economy of the SR

### • Scheme for the support of cooperation of entrepreneurial entities and scientific research institutions in the form of innovation vouchers (scheme de minimis)

The purpose of the scheme for support of cooperation of entrepreneurial subjects and scientific research institutions in the form of innovation vouchers (hereinafter referred to as “Scheme”) was to provide support in the form of subsidies - through an innovation voucher from the resources of the state budget. The goal was to support the development of innovation activities of entrepreneurial entities focused on innovations of products, technological processes or services.

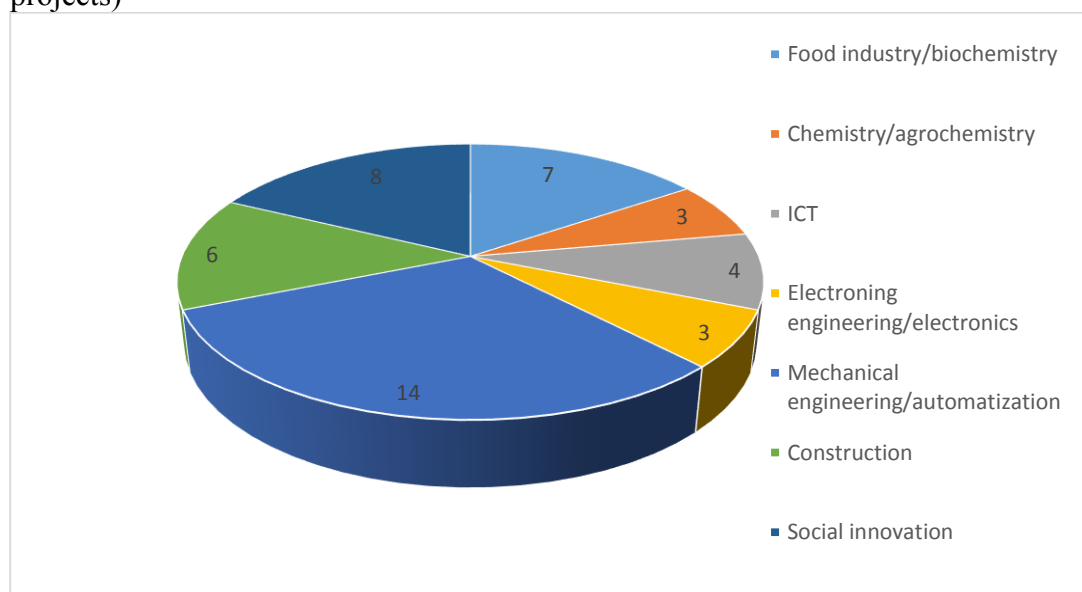
The Ministry of Economy of the SR provided resourced from its budget to 20 solving organizations **totaling 235 000 Euros**. The number of implemented projects of entrepreneurial entities was 45.

The nominal value of a voucher for entrepreneurial entities with less than 250 employees was 5 000 Euros excl. VAT. 43 innovation projects have been solved in this category **totaling 215 000 Euros**.

Enterprises with more than 250 employees could use vouchers with nominal value of 10 000 Euros excl. VAT within 55% co-funding of entitled costs using own resources. Two projects fell into this category, which were supported by a total of 20 000 Euros.

Focus of solved project based on individual sectors is depicted in this graph.

**Chart No. 24** Focus on realised project by sectors (a relative measure of the 45 completed projects)



Source: MoE SR

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

The goal of this scheme is to support improvement of competitiveness of members of industrial clusters through improving their mutual cooperation, as well as strengthening of industrial clusters on an international level. According to the aid scheme for support of industrial clusters the budget of the Ministry of Economy of the SR provided subsidies to **seven cluster organizations totaling 127 527 Euros**. Provided subsidies were used for educational activities of the members of the clusters (professional training, courses, seminars, workshops, professional publications).

**Tab. no. 3.38 : Assistance provided from the Support Scheme to support industrial clusters (the de minimis) in 2014**

No.	Cluster organization	Actual drawing (in Eur)
1.	1. Slovenský strojárenský klaster,	15 364,02
	Areál PPS č. 586, 962 12 Detva	
2.	Klaster AT+R z p. o.,	17 999,92
	Južná trieda 95, P.O.BOX B45, 040 01 Košice	
3.	Elektrotechnický klaster - Západné Slovensko, Sibírska 1, 917 01 Trnava	17 955,00
4.	Národný energetický klaster NEK,	19 985,00
	Záhradnícka 72, 824 12 Bratislava	
5.	Z@ict,	19 600,00
	Komenského 48, 011 09 Žilina	
6.	Slovenský plastikársky klaster,	19 019,00
	Vašinová 6, 949 01 Nitra	
7.	Automobilový klaster Slovensko,	13 701,66
	Hlavná 5, 917 00 Trnava	
<b>Total</b>		<b>123 624,60</b>

Source: MoE SR

- **Innovation fond, n. f.**

The Innovation Fund, non-investment fund is an independent non-profit, non-state legal entity operating in the territory of the SR, which was established by the Ministry of Economy of the SR pursuant to Act No. 47/1997 S., on Non-investment Funds. In accordance with its status the Innovative Fund provides **returnable financial aid** with the goal to support the creation of suitable conditions for using the results of research, development, innovations, patents, industrial and utility models in close relation to scientific, research and technical institutions. The purpose of providing returnable financial support is to support subjects solving projects in the field of research, development and innovation, use and protection of patents, industrial and utility models; the results of the solutions should be innovative products and services with the highest added value and real chance of application in the domestic, European and world market. The returnable financial aid is provided for solving projects, which meet the conditions for providing aid, the nature of which is to facilitate access to financial resources under favorable interest conditions.

**Tab. no. 3.39 Support for the Innovation Fund, n. f. in 2014**

Project subjects	Repayable financial assistance (in Eur)
EVPU a. s. Nová Dubnica	250 000,00
PRVÁ ZVÁRAČSKÁ a. s., Bratislava	200 000,00
<b>Total</b>	<b>450 000,00</b>

Source: MoE SR

• **Operational program Competitiveness and Economic Growth (OP CaEG)**

**Priority axis 1 – Innovations and competitiveness growth**

As of 31.12.2014, 278.02 mil. Euros have been used through contractually bonded financial resources under the priority axis 1 - Innovations and growth of competitiveness, which is 48.96% of the allocation for the priority axis 1.

During the programming period 2007 - 2013 this support was in the form of implementation of the Operational Program Competitiveness and Economic Growth (hereinafter referred to as “OP CaEG”). 1 350 SMEs have been supported as of 31.12.2014 through the financial resources allocated for OP CaEG, including SMEs, the projects of which are implemented through the JEREMIE initiative. **Creation of new jobs** was part of the innovation and technology transfer especially into the private sector with priority support of SMEs. Since the end of 2014 **2 400 jobs** have been created in Slovakia through the OP CaEG, especially through innovation and technology transfer (**of this 1 778 in the SME category**).

**Tab. no. 3.40: Funds drawn priority axis OP KaHR as of 31. 12. 2014 in Eur**

Priority axis 1 – Innovation and Growth of Competitiveness	Commitment 2007-2013 for EÚ resources	Drawn in 2014 (EU resources)		Cumulative drawn to 31. 12. 2014 (EU resources)	
		Total	% 2007-2013	Total	% 2007-2013
Measure 1.1 – Innovation and technol. transfers	414 963 841	14 057 009,59	3,39%	191 037 396,37	46,04%
Measure 1.2 – Support of common services for entrepreneurs	62 500 273	4 319 906,64	6,91%	48 940 902,01	78,31%
Measure 1.3 – Support of innovation activities in enterprises	90 353 260	2 740 201,51	3,03%	38 037 331,30	42,10%
<b>Total</b>	<b>567 817 374</b>	<b>21 117 117,74</b>	<b>3,72%</b>	<b>278 015 629,68</b>	<b>48,96%</b>

Source: MoE SR

Overview of selected notices under the OP CaEG:

Sub-measure 1.1.1: “Support for introducing innovations and technological transfers”

- Notice CaEG-111SP-0801
- Notice CaEG-111SP-0902
- Notice CaEG-111SP-1001
- Notice CaEG-111SP-1101
- Notice CaEG-111SP-1201
- Notice CaEG-111SP/LSKxP-1101 “Support of introducing innovations and technological transfers relevant to local strategies of complex approach”
- Notice CaEG-13SP-1201
- Notice CaEG-111DM-1301

Sub-measure 1.1.2: “Support of creation of jobs through the development of entrepreneurship”

- Notice of DOP 2008–SIP 001

Sub-measure 1.1.3: “Support of participation of Slovak producers at fairs, exhibitions and business missions”

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

- Notice CaEG-113DM-1201 – Scheme for the support of international cooperation (aid scheme de minimis)

*Measure 1.3: “Support of innovation activities in enterprises”*

- Notice CaEG-13SP-0801 – Scheme of state aid for the support of innovations through projects of industrial research and experimental development,
- Notice CaEG-13DM-0901 – Scheme for support of innovations, introducing systems of quality management, protections of industrial laws and technical standards into practical production and services (aid scheme de minimis)
- Notice CaEG-13SP-1001 – Scheme of state aid for the support of innovations through projects of industrial research and experimental development.

**Tab. no. 3.41: Overview of payable NRG of priority axis 1 OP KaHR in 2014**

Call code	Supported subjects	Paid NFC in 2014 ( Eur )
<b>Measure 1.1</b>		
KaHR-111SP-0801	1	141 140,31
KaHR-111SP-0902	1	1 890 000,00
KaHR-111SP-1001	6	1 541 631,00
KaHR-111SP-1101	13	6 961 221,48
KaHR-111SP-1201	3	2 706 839,54
KaHR-111SP-LSKxP-1101	9	3 122 824,91
KaHR-13SP-1201	5	200 523,03
KaHR 111DM-1301	0	0
DOP2008-SIP001	0	0
KaHR-113DM-0901	0	0
KaHR-113DM-0801	0	0
KaHR-113DM-1201	6	61 936,61
<b>Measure 1.3</b>		
KaHR-13DM-0901	1	41 709,58
KaHR-13SP-0801	4	729 479,07
KaHR-13SP-1001	11	2 170 159,80
<b>Total</b>	<b>60</b>	<b>19 567 465,33</b>

- Source: MoE SR

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

### • Incentives for research and development

In 2014, under the Act No. 185/2009 S. support of one project took place in the form of the final assessment of a research and development project and control of provided incentives for research and development for 2014 and for the whole period of providing incentives in 2013 - 2014. The recipient of the incentive was a **large enterprise**.

**Tab. no. 3.42: Overview of incentives provided to recipients in 2014, which started the project solution R&D in 2014**

Recipient of incentives	Amount of subsidies from state budget (Eur)	Tax relief volume (Eur)	Amount of co-financing from own resources by recipient (Eur)
EVPU, a. s., Nová Dubnica	1 100 000	0	366 667
<b>Total</b>	<b>1 100 000</b>	<b>0</b>	<b>366 667</b>

Source: MESRS SR

In 2014 based on the published notice on the possibility of providing incentives for research and development for 2013, after considering requests submitted by the requestors for incentives by independent experts and a commission appointed by the minister in 2013, incentives for research and development have been provided to four requestors.

**Tab. no. 3.43: Overview of incentives provided to recipients in 2014, which started the project solution R&D in 2013, and still continue in 2015**

Recipient of incentives	Amount of subsidies from state budget (Eur)	Tax relief volume (Eur)	Amount of co-financing from own resources by recipient (Eur)
VÚPC, a. s., Bratislava	348 860	0	87 500
Imuna Pharm, a. s., Šarišské Michalany	795 020	1000	273 200
CEIT, a. s., Žilina	345 421	14 903	97 149
VIPO, a. s., Partizánske	347 465	2 500	116 208
<b>Total</b>	<b>1 836 766</b>	<b>18 403</b>	<b>671 206</b>

Source: MESRS SR

On 19. March 2015 a notice on the possibility of providing incentives for research and development in 2015 has been published. 9 requestors replied to the published notice, of which 8 were in the SMEs category. Currently the request for incentives 2015 - 2018 are in the assessment and evaluation stage.

- **Subsidies for scientific-technical services pursuant to the Act No. 172/2005 S.**

On 25. March 2014 the Ministry of Education, Science, Research and Sport of the SR published in accordance to § 8a sec. 8 of the Act on Central Information Portal for research, development and innovations a notice on the possibility to request subsidies for support of activities of scientific-technical services in the field of material research, focused on light metals and technological processing of industrial minerals. One request was filed under this notice. The requestor was a public college.

- **Operational Program Research and Development (OP R&D)**

Agency of Ministry of Education, Science, Research and Sport of the SR for structural funds of the EU as the intermediate body under the directing body within the Operational Program Research and Development is managing a total of 449 demand-oriented projects, of which 104 are included in the scheme of state aid, of which 88 include a recipient/partner, which is a small or medium enterprise.

NFC totaling 261 750 000 Euros have been allocated for projects of schemes of state aid, which is 18.91% of the total allocation for the Operational Program Research and



Development<sup>19</sup> under 8 notices focused on applied research for the private sector and 1 notice focused on centers of excellence.

In 2014 ASFEU<sup>20</sup> did not announce any notice for submitting requests for non-returnable financial contribution focused on support of SMEs under the operational program Research and Development.

The recipients or the partners of the projects of the scheme of state aid are 36 public institutions, 39 large enterprises and 80 small and medium enterprises (hereinafter referred to as “SMEs”). As of 31.12.2014 the SMEs category includes a total of 88 projects, which include SMEs in the status of recipient/partner.

**Tab. no. 3.44: Overview of drawn NFC in relevant calls R&D in 2014**

Call code	Orientation	Number of supported companies		Drawn in 2014 (in Eur)	
		small enterprises	medium-sized enterprises	small enterprises	medium-sized enterprises
OPVaV-2009/2.2/03-SORO	Support for applied research, development and technology transfer	11	6	2 339 585,26	829 043,17
OPVaV-2009/4.2/03-SORO		6	4	482 723,12	218 503,77
OPVaV-2009/2.2/05-SORO	Support for building research and development centers	10	3	1 171 588,56	342 123,54
OPVaV-2009/4.2/05-SORO		5	0	1304,81	0,00
OPVaV-2010/2.2/06-SORO	Support for building centers of competence centers for the OP R&D	7	6	882 983,19	321 894,88
OPVaV-2010/4.2/06-SORO		8	3	420 978,42	303539,46
OPVaV-2011/2.2/07-SORO	Support research and development centers for the OP R&D	9	10	3 083 984,40	3 773 009,90
OPVaV-2011/4.2/07-SORO		5	2	1 436 319,46	637 868,29
OPVaV-2013/4.1/04-SORO	Support for the centers of excellence with transnational significance and the international cooperation in research	2	4	0,00	492 310,49
<b>Total</b>		<b>63</b>	<b>38</b>	<b>9 819 467,22</b>	<b>6 918 293,50</b>

**Source:** MESRS SR, processed by SBA

49 small enterprises have been registered as of 31.12.2014, of which 47 have been financially supported. The total contracted amount assigned for NFC to small enterprises on 31.12.2014 was 50 312 292.41 Euros, of which 29 330 506.20 Euros have been used.

MESRS of the SR registers 31 medium enterprises, of which 28 enterprises have been using financial resources as of 31.12.2014. The total contracted amount assigned for NFC to medium enterprises was 35 091 047.05 Euros, of which 19 714 337.83 Euros have been used.

<sup>19</sup> Allocation for the resource EU and SR under the whole OP R&D represents 1 384 424 893 Euros

<sup>20</sup> On 1. July 2015 pursuant to the Amendment No. 3 to the Founding Document, the name of the ASFEU was changed to the Research Agency.

In 2014 5 project from the 4.1/04 notice have been contracted, which was announced on 28.02.2013 under the name “Support of networks of excellent research and development centers as the pillars of development of the Bratislava region“ totaling 20 000 000 Euros. The amount of NFC in contracts on NFC was 19 959 332.99 Euros.

In 2014 one project from the notice 4.2/03k was exceptionally terminated on 23.10.2014.

**The total use** registered in 2014 was for **44 small enterprises** of the total number of 48 small enterprises totaling **10 865 467.22 Euros in NFC**, which is 37.70% of the total amount used. One project was exceptionally terminated in 2014.

**Tab. no. 3.45: Overview of funds contracted and drawn by SME according to OP R&D (Eur)**

Source	Small enterprise	Medium enterprise	Total
<b>Contracted amount attributable to SMEs in EUR as of 31. 12. 2014</b>			
EU funds	42 765 394,82	29 827 423,34	72 592 818,16
State budget funds	7 546 897,59	5 263 623,71	12 810 521,30
NFC	50 312 292,41	35 091 047,05	85 403 339,46
Private funds	13 775 383,49	11 837 432,62	25 612 816,11
<b>Drawn amount attributable to SMEs in EUR as of 31. 12. 2014</b>			
EU funds	24 930 876,94	16 787 416,10	41 718 293,04
State budget funds	4 399 629,26	2 926 921,73	7 326 550,99
NFC	29 330 506,20	19 714 337,83	49 044 844,03
Private funds	8 417 778,66	7 156 585,04	15 574 363,70
<b>Drawn amount attributable to SMEs in EUR as of 2014</b>			
EU funds	9 235 620,70	5 910 756,94	15 146 377,64
State budget funds	1 629 846,52	1 007 536,56	2 637 383,08
NFC	10 865 467,22	6 918 293,50	17 783 760,72
Private funds	2 949 403,50	2 211 878,59	5 161 282,09

Source: **MESRS of the SR**

A total of 88 projects totaling 85 403 339.46 Euros in NFC for SMEs based on the scheme of state aid are localized in 8 regions individually or with a superregional profile. 35 projects have a superregional character; contracts on NFC for SMEs represent 32 908 770.76 Euros. 32 projects are localized in the Bratislava region with a contracted amount of NFC of 31 240 750.74 Euros. 5 projects in the Trnava region with a contracted amount of NFC of 4 074 962.24 Euros and 5 projects in the Žilina region with NFC totaling 4 676 458.17 Euros. 3 projects are in the Košice region with NFC totaling 3 569 594 Euros, 3 projects in the Nitra region with contracted NFC totaling 5 250 368.98 Euros and 3 projects in the Trenčín region with NFC totaling 2 624 796.91 Euros. 1 project is being implemented in the Prešov region totaling 440 249.94 Euros of NFC and 1 in the Banská Bystrica region with a contracted amount of NFC of 617 387.72 Euros.

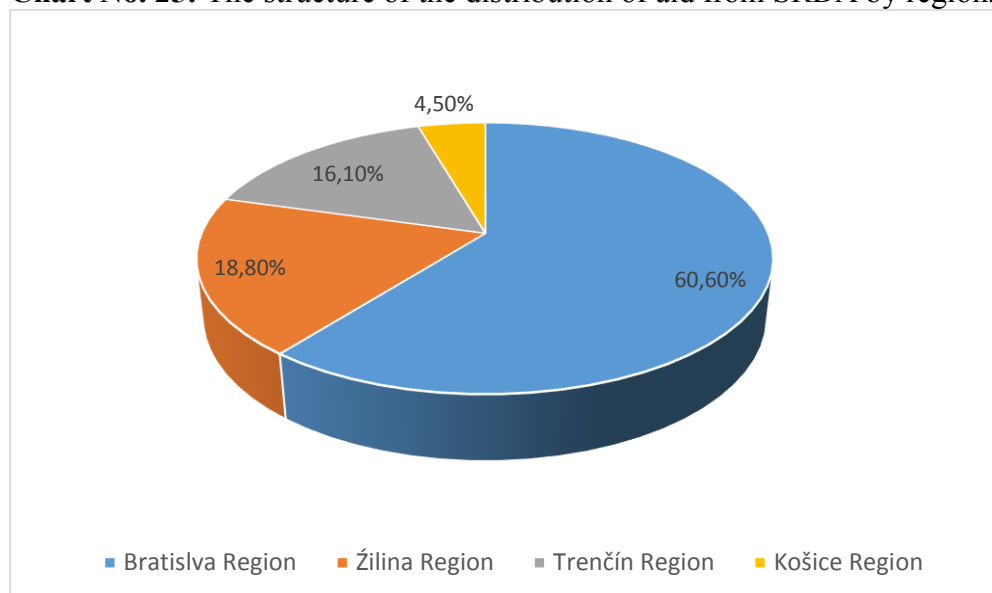
## ❖ Research and Development assistance Agency

### • State aid provided by the RDSA

In 2014 the DRSA supported entrepreneurial entities through one scheme of state aid, specifically Scheme for research and development assistance through the DRSA (state aid scheme N 702/2007). The purpose of the aid is the support of research and development in the interest of meeting selected aims and goals in accordance with the long-term aims of the state scientific and technical policy.

In 2014 state aid was provided to **20 entrepreneurial entities** under this scheme totaling 1 784 690.50 Euros (share of ES resources is 0%). In comparison to 2013 (1 852 248 Euros) this is a decrease of 3.78%. In 2014 projects aimed especially at small and medium enterprises have been financed, including three **large enterprises**. State aid provided to **SMEs was 1 592 070 Euros**, which is **89.21% of the total state aid** provided in 2014 by the Agency. State aid provided based on schemes of state aid represents 100% of the total state aid provided by the Agency.

**Chart No. 25:** The structure of the distribution of aid from SRDA by regions



Source: SR MESRS

## ❖ University center for innovations, technology transfer and intellectual property protection (UCITT) and Startup center TUKE

**In 2014** the Technical University in Košice (TUKE) established the University center for innovations, technology transfer and intellectual property protection (UCITT). **The mission** of the UCITT is the organization, coordination, information and management activity focused on the development of scientific research activity, support of innovations, technology transfer and intellectual property protection within TUKE. Through its internal organizational units the UCITT secures also the implementation, development and support of effective cooperation with domestic and foreign social and economic practice in the field of research and development corresponding to the professional and technical focus of the TUKE and its partner organizations.

Through its services and also **in cooperation with the Center of Science-Technical Information of the SR**, the UCITT secured also the solving of questions of commercialization of the results of the research and development, as well as intellectual property protection created by the research and development. In 2014 the UCITT submitted for TUKE **4 patent application, 30 applications of utility models and 2 design application**. In 2014 **7 major contracts on cooperation** with domestic and foreign TUKE partners have been concluded.

Major activity of the UCITT was also the organization of various **information and work seminars, workshops and conferences** under the UCITT's competences, **4 specialized seminars** in cooperation with the CSTI of the SR focused on the issue of intellectual property protection, with **15 speakers and more than 350 participants**. In 2014 the UCITT significantly supported the solution of the UVP TECHNICOM project, organized meetings of research teams of pilot projects, **2 conferences with a total attendance of 500 participants** and 1 workshop focused on the issue of regional innovation strategy and creation of innovation partnerships. In 2014 the **UCITT information portal** <http://ucitt.tuke.sk> was updated, where you can find out more about its activities.

**2014** was a breakthrough year in the field of support of startup activities in the region of Eastern Slovakia. In March of 2014 the **TUKE Startup Center** has been opened through the TUKE initiative. The TUKE startup center is an organizational structure, which was established under the University Center for Innovations, Technology Transfer and Intellectual Property Protection (UCITT) with regional scope.

One of the first successful activities of the TUKE startup center was the competition: 1<sup>st</sup> round of the competition of innovative ideas and project **“DO YOU HAVE AN IDEA? PRESENT YOUR STARTUP!”**, which have the potential of creating a future startup, or which were established under existing startups. 18 candidates entered the competition. The selection committee decided to **support 7 innovative ideas**, to which it committed to provide:

- favorable conditions for physical location of the startup in the premises of the Startup Center,
- expert and mentoring support of the project plans on part of specialized institutions of the TUKE and its partner institutions,
- the possibility of using professional workspaces, laboratories and other equipment of the TUKE when implementing the project plans,
- support in getting partners in the commercial sector, when searching for potential investors and with creating a business plan.

After a six-months stay of the startups in the TUKE Startup Center, the Commission recommended to **include two startups in the technological incubator** (Galileo and App@Eat).

Following the success of the 1st round of the competition the 2nd round of the innovative ideas competition **“DO YOU HAVE AN IDEA? PRESENT YOUR STARTUP!”**, took place on 27.11.2014, which was entered by a total of 13 innovative projects. The selection committee recommended to **place 7 selected startups in the TUKE startup center** for a six-month pre-incubation period under agreed conditions.

## ❖ Scientific-technical park Žilina

The scientific-technical park Žilina (STP Žilina) is an interest association of legal entities, with the following members: Žilina University in Žilina, Žilina Autonomous Region, the city of Žilina, Central Slovakia Energy, Inc., Association of Electro Technical Industry of the SR, Žilina Small Trades Association and Union of Industrial Research and Development Organizations.

STP Žilina provided **counseling** for startup and existing enterprises. The topics of counseling and consultations were dependent on the needs of the company. A total of 20 applicants were supported, with 10 000 Euros of provided aid in 2014.

STP Žilina in cooperation with the **Žilina University** prepared the **Occupation Entrepreneur** optional course for students, which gives the Žilina University students the opportunity to develop a business idea and establish own startup. The course is covered by the STP Žilina organization, which secures for the students workshops with experts from practice and consultations for individual teams (potential startups). In 2014 it supported 50 applicants interested in business. Financial aid provided in 2014 was 13 000 Euros.

STP Žilina organized the **Startup Weekend Žilina** global event, which serves for the support of the startup community in the region and gives opportunity to the participants to start their own startup. In 2014 it supported 84 applicants interested in business. Financial aid provided in 2014 was approx. 12 000 Euros. The **IDR conference - Innovation Development of the Regions** is also one of the activities organized by the STP Žilina, which is focuses on the support of innovation in the region.

The **Technological incubator VTP Žilina** is also established under the STP Žilina, the task of which is to provide starting entrepreneurs suitable starting conditions for operation of their enterprises for at least three years, which creates suitable conditions for the use of outputs of the research and development in close connection to scientific and technical institutions, especially the Žilina University. 5 entities have been supported in 2014. Financial support for 2014 was approx. 10 000 Euros. 4 starting enterprises have been incubated in 2014, 10 companies with innovative potential (high-tech sector) and 25 commercial companies. In this relation 30 new jobs have been created in 2014.

## ❖ Slovak Alliance for Internet Economy (SAIE)

Slovak Alliance for Internet Economy (SAIE) was officially established by connecting several entrepreneurs and legal entities **in 2014** with the goal to support the development of the technical and creative talent, and also to strengthen the basics of the Slovak business environment with global ambitions and know-how. The goal of SAIE is the creation of initiatives at private and government levels, which will support the use of Internet in implementation of new and existing business activities.

3 series of online conferences have been organized in 2014 in cooperation with Slovak embassies abroad and experts from various fields entitled **Innovators Connect**. It also participated on the organization of the **Slovak-Nordic innovation forum** event (5.6.2014), **Think Export with Google: World-class Slovakia** event (9.10.2014) and the **Opportunities, Barriers and the Future of e-Commerce in Slovakia and V4 region** (26.11.2014) workshop.

### 3.8.3 Programs/measures for the support of improving skills and education in SMEs

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

##### • Operational program Education (OP E)

Agency of Ministry of Education, Science, Research and Sport of the SR for structural funds of the EU (hereinafter referred to as “AMESRS”) continued in 2014 in implementation of projects under notices for submitting request for non-returnable financial contribution (hereinafter referred to as “notice”) coded OPV-2009/2.1/01-SORO, OPV-2010/2.1/02-SORO, OPV-2012/2.1/03-SORO a OPV-2013/2.1/04-SORO. Under the OPV-2009/4.2/02-SORO notice only a single project has been implemented, which was exceptionally ended in 2013. In 2014 no notices have been announced under the Operational Program Education (hereinafter referred to as “OPE”).

Aid schemes de minimis apply to all projects, which AMESRS implements under these notices, i.e. the projects have to meet all conditions and criteria of the *Scheme for support of development of modern education for information society as amended by amendment no.1, 2,3, 4 (aid scheme de minimis) and rules of the Scheme N222/2009 for temporary provision of small aid in the Slovak Republic during the financial and economic crisis*. Aid under the de minimis scheme, under the OPE is implemented in the form of a non- returnable financial contribution (hereinafter referred to as “NFC”) to cover provable entitled expenses related to activities of implementing an entitled project.

The recipients have to participate on entitled expenses of a project with own resources in the minimum amount of 5% The other 95% of entitled expenses of the project are cover 80.75% by ESF and 14.25% by the state budget of the SR. This applies to Notices OPV-2009/2.1/01-SORO, OPV-2010/2.1/02-SORO and OPV-2013/2.1/04-SORO. For the OPV-2012/2.1/03-SORO the recipients have to participate in the minimum amount 5% on entitled expenses of the project, the other 95% at the most of entitled expenses of the project are covered 85% by ESF and 10% by the stated budget of the SR.

Recipients of aid de minimis under the scheme can be micro, macro and medium enterprises (hereinafter referred to as “SMEs”). The decisive definition of SMEs is the definition stated in appendix I of the Commission Regulation (ES) No. 800/2008 from 6. August 2008 on Declaring Certain Categories as Compatible with the Single Market according to Art. 87 and 88 of the Contract of the ES (General Group Exemption Regulation), and large enterprises, which perform or plan to perform educational activities pursuant to the Act No. 568/2009 S. on Life-long Education and on the amendment of certain acts. For the purposes of the notice OPV-2012/2.1/03-SORO enterprises are defined as state, public and private colleges as founders of Third Age Universities and communities at the level of local administrative units LAU 1.

#### **Notice OPV-2009/2.1/01-SORO – Quality of human resources and efficiency of their management**

Under this notice 3 out of 6 contracted projects were completed in 2014.

#### **Notice OPV-2010/2.1/02-SORO – Support of further education in the field of tourism**

Under this notice 5 out of 9 contracted projects were completed in 2014, one project was extraordinarily completed.

### Notice OPV-2012/2.1/03-SORO – Improving the knowledge and skills improving the quality of life of seniors

In 2014 one project was extraordinarily completed.

### Notice OPV-2013/2.1/04-SORO – Support of further education in the field of industry

15 contracts on providing NFC have been concluded under this notice in 2014. The total amount of contracted NFC was 1 572 929.06 Euros, while the amount of total entitled expenses was 1 655 714,80 Euros and co-funding on part of the recipient was 82 785.74 Euros.

**Tab. no. 3.46: Total volume of assistance provided in relevant calls OP V as of 31.12.2014 (Eur)**

Call code	EU funds	State budget funds	Private funds	NFC
OPV-2009/2.1/01-SORO	2 088 838,85	368 618,62	129 339,86	2 457 457,47
OPV-2010/2.1/02-SORO	2 696 707,47	475 889,56	166 978,79	3 172 597,03
OPV-2012/2.1/03-SORO	4 006 368,42	471 337,49	235 668,75	4 477 705,91
OPV-2013/2.1/04-SORO	1 323 460,64	233 551,92	81 948,04	1 557 012,56
<b>Spolu</b>	<b>10 115 375,38</b>	<b>1 549 397,59</b>	<b>613 935,44</b>	<b>11 664 772,97</b>

Source: MESRS SR

As of 31.12.2014 the de minimis aid scheme utilized financial resources totaling 6 395 082.79 Euros, of which 5 520 272.57 Euros were EU resources, 874 810.22 Euros were SR resources and 336 588.53 Euros were private resources of the recipients. During the monitored period, under the de minimis aid scheme, aid was paid to 59 recipients operating in the field of consultation services, business and management as well as further education. In 2014 2 777 411.90 Euros have been used.

**Tab. no. 3.47: Assistance provided within OPV as of 31. 12. 2014 by regions (Eur)**

Regions	Assistance provided (in Eur)	Source		Number of projects implemented
		EU (in Eur)	State budget (in Eur)	
Nitra	1 052 574,43	919 468,75	133 105,68	5
Banská Bystrica	1 304 683,62	1 154 659,08	150 024,54	10
Prešov	2 194 618,30	1 926 145,40	268 472,90	16
Žilina	1 445 377,42	1 256 201,71	189 175,71	9
Trnava	420 144,79	371 852,30	48 292,49	4
Trenčín	254 818,36	227 995,37	26 822,99	2
Košice	195 702,62	175 102,34	20 600,28	2
Projects carried out in several regions (aside from BA)	4 796 853,43	4 083 950,43	712 903,00	16
<b>Total</b>	<b>11 664 772,97</b>	<b>10 115 375,38</b>	<b>1 549 397,59</b>	<b>64</b>

Source: MESRS SR

The share of micro enterprises on the total number of recipients is 31.25% (20 recipients), share of small enterprises was 9.38% (6 recipients), share of medium enterprises 34.37% (22 recipients) and share of large enterprises 25% (16 recipients).

## ❖ Ministry of Agriculture and Rural Development of the SR

### • Operational Program Bratislava region (OP BR)

Since the beginning of the programming period, under the OP BR 280 contracts on providing NFC to SMEs have been concluded totaling **27 414 236.71 Euros** (source ERDF) and **4 838 357.74 Euros** (source SR), of which 225 projects have been properly concluded as of 31. December 2014, totaling 24 695 256.07 Euros (source ERDF) and 4 358 542,42 Euros (source SR).

In 2014 there was one notice for private sector under the OP BR for submitting requests for non-returnable financial contribution. The notice was announced for Measure 2.1 Innovations and technological transfers. As of 31. December 2014, 49 requests for non-returnable financial contribution have been approved under this notice totaling **4 040 644.40 Euros** (source ERDF) and **713 211.01 Euros** (source SR). In 2014 under the notice OPBK/2013/2.2/11 announced for Measure 2.2 Informatization of the Society, 48 contracts on providing NFC have been concluded totaling 2 606 945.31 Euros (source ERDF) and **460 053.86 Euros** (source SR).

**Tab. no. 3.48: Financial support of OP Bratislava Region in 2014 for SMEs**

Measure	Number of SMEs supported in 2014 (with payment of funds in 2014)					Total paid fund from OP BR SMEs in EUR in 2014
	Total	Micro enterprises	Small enterprises	Medium enterprises	Other enterprises*	
Measure 2.1 Innovation and technol. transfers	9	5	4	0	0	794 186,04
Measure 2.2 Informatisation of society	17	11	6	0	0	922 771,90
<b>Total</b>	<b>27</b>	<b>16</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>1 716 957,94</b>

\* number of projects, which were paid on the base of Application for contribution approved in 2014

Source: MoARD

## ❖ Industrial Property Office of the SR

From 2008 the IPO of the SR provides SMEs a service called **pre-diagnostics of industrial rights**. The goal of the pre-diagnostics is to provide basic information in the field of industrial property protection so that the companies can create basic strategy also in this area. It is a “tailor fit” free counseling, e.g. protection of technical solutions, designs, trademarks, domain names conflicts with trademarks, education in free patent databases, basics of licensing policy, etc. Participating representatives of companies learn industrial property protection at home and abroad, its benefits and under certain conditions disadvantages and they receive tips on the most suitable method of protection (also in financial aspect). Proposed solutions are not binding and should reflect the needs of the society with respect to production and business interests in individual countries. In **2014** employees of the office visited **15 enterprises** throughout Slovakia.



Through the **Information Center**, which it operates since 2008 the IPO of the SR performs professional consultation activity in getting information on the possible and the most suitable method of intellectual property protection. The public has available research services in the sources of patent information (patents, technical solutions, designs and markings of origin of products and services). In 2014 the Information Center of the Office processed **8 011 requests**, of which 6 055 were processed by phone, 1 729 by email and 227 in person.

In 2014 the staff of the **research center** processed 668 researches, with majority of the researches, totaling 494, dealing with trademark research, followed by 92 bibliographic researches and 26 international researches.

In 2014 the IPO of the SR also organized or participate in organization of several seminars and conferences for societies, unions and association of SMEs.

### 3.8.4 Recommendations

- Increase awareness of entrepreneurs on the significance of innovation activities for SMEs.
- Systematically support regional authorities and regional structures created in previous periods for support of innovations (e.g. technological incubators) with the goal to support innovative ideas, dissemination of good experience and development of life-long education (as part of building knowledge economy and society).
- Apply more efficient motivational tools for permanent increase of innovation activity of the business sector.
- Implement tools for support of closer cooperation between the private sector and the academic sector/research using the best examples from the EU.
- Implement measures of the concept for the support of startups and development of the startup ecosystem in the Slovak Republic into practice and support new innovative types of advisory services for technologically quickly growing companies (so called startups) like mentoring, technological scouting, coaching, market intelligence or technological foresighting.
- Support the establishment of cluster organizations, which will introduce increase of the innovation capacity of company members of cluster of organizations, and will stimulate the development of the SMEs sector.
- Support the expansion and innovation activities of companies with a growth potential through innovative financial tools.
- Review the support system of applied research and development from resources of European structural and investment funds and secure comparable conditions for the use of these resources by organizations in all sectors of science and technology, including organizations enterprising in the field of science and technology.
- Raise awareness on the possibilities of protecting intellectual property and transfer of technologies especially in the field of research and development, make the system of

protection of intellectual property more transparent and support the establishment and activities of centers for technological transfer.

- Develop tools for systematic support of participation of Slovak companies and organizations in European and international programs of research and innovations (Horizon 2020, ERC, ERANET, KIC EIT, ESFRI, CARS 2020, Danube Strategy and others), e.g. through development of activities of a Liaison Office of the SR for research and development in Brussels or through creating national support structures for community programs of the EU.

### **3.9 Principle 9: Allow SMEs to turn environmental challenges to opportunities**

#### **3.9.1 Development of the legislation environment**

##### **The Amendment to the Act on Waste (Act No. 223/2001 S.)**

Effective **1. January 2014** the **Act No. 484/2013 S.** introduced the so called expanded the responsibility of battery and accumulator producers, which means that producers bear all financial costs related to the collection, processing and recycling of all collected used batteries and accumulators. Further the Act introduced collective disposal of used batteries and accumulators, with precise definition of rules for establishing collective organization, obligations of collective organization as well as rules for termination of collective organization.

##### **The Amendment to the Act on the Assessment of Environmental Impact (Act No. 24/2006 S.)**

The Act on Assessment of Environmental Impact was amended due to the initiative of the European Commission, which contested insufficient linking of the process of considering the effects of proposed activities with the following approval procedures. Insufficient linking created space for not respecting the results of the impact assessment process. Contrary to the previous legislation, according to the Amendment published under **No. 314/2014 S.**, the result of the assessment of environmental impact is the final statement, which is binding for subsequent approval proceedings. The Amendment also conditioned the issuing of the subsequent approval by respecting the status and results of these proceedings and also introduced new restitutory tools. Another area of changes is related to specifying the subject of considering the effects and the procedure of implementing investigative procedures. **The Amendment entered force on 1. January 2015.**

##### **The Amendment to the Act on the Environmental fund (Act No. 587/2004 S.)**

Effective **1. January 2015** in relation to the Amendment of the Act on Emissions Trading, published under the **No. 399/2014 S.**, some provisions of the Act on the **Environmental fund** have been adjusted as well. Except for expanding the list of activities, for which resources of the Environmental fund can be used, a new type of subsidy has been introduced - **subsidy for a project** of actually achievable and measurable savings in greenhouse emissions, increasing the energy efficiency, reducing the use of primary energy sources, replacing fossil fuels by renewable sources of energy and introducing better accessible technologies leading to decrease

of greenhouse gasses emissions and pollutants. At the same time **subsidy of operations** has been established, which expect significant carbon leakage in relation to transferring quota costs into prices of electrical energy. These subsidies can be provided to an operator of a stationary operation, which performs one or several activities listed in the Act on Emissions Trading based on a notice to submit a request (through schemes of state aid).

### **The Amendment to the Act on Waters (Act No. 364/2004 S.)**

In addition to adjusting other areas the Amendment to the Act on Waters (published under the **No. 409/2014 S.**) effective from **15. January 2015** significantly changed the business environment for business entities in the agricultural sector in the field of crops production. The Amendment introduces **charging of water usage for irrigation of agricultural land**. The charging applies to business entities operating in the field of crops production, which use surface water or underground water for irrigation of agricultural land larger than 15 000 m<sup>3</sup> per year or 1 250 m<sup>3</sup> per month. The **amount of the fee** for water usage for irrigation is not yet determined and should be the subject of the Amendment of the SR Government No. 755/2004 S.

In addition to this change, in relation with the need to **obtain permits** for the use of waters as well as waste water discharges, increase of administrative costs of affected entities is expected. Permit to use surface or underground waters can be issued for 10 years, permit to discharge waster waters for 10, in some cases for 6 years.

However the Amendment also created conditions for **support of development of small and medium enterprises** under selected activities related to water flow management like in the interest of taking care of the channel remove or plant trees and bushes on coastal lands or in the extent of proper water flow management mine river materials from the riverbed. These activities can be performed by persons, with which the water flow management has a regulated legal relationship (§ 49 sec. 6 of the Water Act).

## **3.9.2 Support programs and measures**

### **❖ Slovak Business Agency**

- **Project „EKOprofit Bratislava“**

EKOprofit Bratislava is a project initiative between Vienna and Bratislava, the main goal of which is to help small and medium enterprises improve their relationship to the environment and at the same time decrease their operational costs. The project partners are the Denkstatt Coroporation, Magistrat der Stadt Wien / MA22, Magistrat of the Capital of the SR Bratislava, Bratislava Regional Chamber STIC and the National Agency for the Development of Small and Medium Enterprises. The project was financed by the resources of the Program of cross border cooperation Slovak Republic – Austria 2007-2013.

The main goal of the project is the introduction of the program of cleaner production in wider surroundings of Bratislava (including the Trnava region), along the lines of “Ökobusinessplan Wien“ for support of sustainable development of the border region Austria-Slovakia.

**Goals of the project:**

- Support of the economic growth in the CENTROPE region through implementation of the "ÖKOPROFIT" model in the Bratislava / Trnava region
- Know-how transfer in the field of resources management and the administration of the program from Vienna to Bratislava
- Building awareness ("sustainable business = profitable business"), for decision makers in the field of industry, trade and public administration
- Strengthening existing partnerships as well as creating new networks of contacts at the management and operational level
- Development of cross-border market of consultancy in the field of environment and resources management (through training of local environmental advisors)
- Support of eco-innovations in the field of SMEs

**The purpose of the projects is** to reduce costs (energy, waste, water, materials...), reduce negative impacts on the environment, consultancy in the field of legislation, improved teamwork in the company, improved project management skills, public acknowledgement and preparation for ISO 14001 and EMAS.

Participation in the EKOpfit Bratislava was designed especially for SMEs in the field of production as well as services, which want to obtain a comprehensive overview on their possibilities of saving resources and implement specific measures. Enterprises from the Bratislava and Trnava region could have participated on the project.

**Services/Activities:**

- Providing free, individual counseling and support (care) in improving their relationship to the environment, which will also lead to reducing their operational costs.
- Acquiring knowledge on:
  - Learn the status-quo of their enterprise in terms of the environment,
  - learn and assess weaknesses of their operation in terms of the environment,
  - effectively plan and promote measures for improving and check their effects.
- Implement consultation days devoted to enterprises and providing specific support for implementation of measures of participating SMEs.

Enterprises, which shown interest in participation on the EKOpfit Bratislava project were split into 4 groups. First two groups successfully undertook a 4 day professional training. They received basic information how the internal eco-audit will be performed. The first workshop consisted of these presentations: EKOpfit and Cleaner Production (CP) methodology; CP - Team; Quick Scan. Before the first visit the organizations had to undertake the necessary steps (determine data source and a person, who will input it into the analysis of inputs and outputs; continued in data collection; input the data into an Excel spreadsheet,...).

In the 2<sup>nd</sup> workshop the participants received information on the analysis of inputs and outputs and processed the criteria for defining the focus of the audit. In each enterprise a so-called CP team (Cleaner Production) has been established, which will closely cooperate with experts in creating a sustainable development from the economic, environmental and social-cultural perspective.

During the 3<sup>rd</sup> workshop the participants learned information on the EMS, legislation compliance, sustainable procurement, environmental report and other steps. In practical exercises they created environmental policy, implemented three environmental measures and

learned how to prepare an environmental report. It is expected that through trainings and individual consultations directly in the companies the companies will gradually improve their relationship to the environment and at the same time will reduce their operational costs.

In the next part of the project the Denkstatt Bratislava employees together with experts from Austria personally visited the companies and during 4 days performed individual consultations and audits. During 2013 an internal employee of the SBA participated in an internship in Vienna. Employees of the Vienna magistrate, MA 22, from the environmental department directly explained the Eko profit support systems for large enterprises and Eko bonus for smaller enterprises. For the Austrian enterprises participation on the project is very important, as they seek to obtain the certificate and hence prestige in given region. 200 Vienna organizations participate annually on the project.

The project was a system incentive, which was able to motivate enterprises to introduce environmental measures in their operations despite the fact that SMEs have limited capacities. Participating companies received free, individual counseling and support (care) for improving their relationship to the environment, which lead to decrease of their operational costs. The counseling was led by experienced professionals in the field of environment in the form of workshops.

Summarizing the impact of the project on SMEs:

- number of consulted enterprises: 32
- number of employees in enterprises: ca. 16 000
- average cost savings to the enterprise: 7 800 Euros / year
- number of implemented measures: 185 (80% low/no investment costs)
- number of planned measures: 141
- amount of electric energy saved: - 1 481 000 kWh
- amount of thermal energy saved: - 502 000 kWh
- amount of fuel saved: - 113 000 l
- CO<sub>2</sub> emissions reduction: - 880 t
- KO production reduction: - 374 t

## ❖ Ministry of Transportation, Construction and Regional Development of the SR

- **National plan focused on increasing the number of buildings with almost zero energy consumption**

National plan of support in this field is focused on improving the number of buildings with almost zero energy use. The program was approved in 2012. The subsidy may be provided based on the Act No. 555/2005 S. on Energy Management of Buildings and research and development of energy management, acceleration of improving energy management of buildings and for their transition to buildings with almost zero energy use.

The goal of the support is especially to adapt existing financial tools to increase investments to energy management of buildings, as well as look for new forms of investments in relation to the possibilities of the state budget. This process has to be continual and react to the development in construction. It will be oriented on using private-public partnerships,

support of introducing environmental technologies and energy efficient systems, revision of construction processes and use of more energy efficient constructions materials.

The purpose of existing as well as proposed measures of financial nature will be especially the support of research and development:

- progressive construction products and construction systems suitable for building envelope and hole fillings,
- technical systems of buildings including highly efficient alternative energy systems focused on using renewable energy sources in the building and its vicinity,
- intelligent measuring systems,
- automated management, regulation and monitoring systems focused on energy savings.

The subsidy can be provided (up to 100% of economically entitled costs) for research and development in the field of energy management, as well as to catalyze increase of energy management of buildings and their transition to buildings with almost zero energy use according to the national plan.

## ❖ Ministry of Environment of the SR

### • Support from the Environmental fund

The environmental fund as a state fund for implementation of state aid for care of the environment publishes annually specifications of activities for aid in the form of a subsidy or a loan, where the applicants can send their applications for aid. The environmental fund is primarily focused on additional support of environmental projects of communities and it does not have a program designed especially for applicants from the field of SMEs. **Entrepreneurial entities (not only SMEs) may ask the fund either for support in the form of a subsidy or a loan with a favorable interest rate of 1% with maturity of 5-15 years without restricting the amount of the loan.**

In 2014 the entrepreneurial entities could ask the fund for **support in the form of a subsidy** in the following activities:

1. Activity E1: Environmental education, training and promotion – No aid has been provided to any entrepreneurial entity through this activity in 2014.
2. Activity F1: Survey, research and development focused on determining and improving the status of the environment – Aid in the form of a subsidy has been provided through this activity in 2014 to 1 state enterprise in the amount of 750 000 Euros (it is a large enterprise).

In 2014 entrepreneurial entities could ask the fund for **support in the form of a loan** in these fields:

- A. Field: Protection of the air and ozone layer of the Earth
- B. Field: Protection and use of waters
- C. Field: Development of waste management
- D. Field: Protection of nature and land
- E. Field: Environmental education, training and promotion
- F. Field: Survey, research and development focused on determining and improving the status of the environment
- G. Field: Green investment scheme
- H. Field: Environmental burdens

Under listed fields aid in the form of a loan (contracts have been signed on providing support in the form of a loan) was approved in 2014 for **2 entrepreneurial entities**, totaling **2 124 719 Euros** (micro enterprises in both cases).

- **Support from the Recycling fund**

The recycling fund is a non-state purpose fund established by the Act No. 223/2001 S. on Waste and on amendment to certain acts, which collects funds for the support of collection, appreciation and processing of waste in the statutory commodities. The goal of providing these resources is the support of activities fulfilling social requests of optimum environmental waste management in the SR. Resources of the recycling fund can be used in accordance with the purpose and goals of the waste management stated in the current WMP of the SR for:

1. ***Payment of operational and investment costs necessary for securing sorted collection and waste appreciation and processing of old vehicles.***

In 2014 **6 690 422 Euros** have been provided for this goal based on 1 976 valid contracts (1330 active in 2014), of which 1 935 valid (1254 active in 2014) framework contracts with communities and associations of communities on providing claimable contribution based on § 64 sec. 1 Act. No. 223/2001 S. bonded to proving appreciated amounts of selected components of community waste totaling 2 140 318 Euros.

2. ***Payment of economically entitled costs related to the transportation of old vehicles to designated parking lot and costs for operating given parking lot.***

In 2014 no resources have been used for this goal.

3. ***Promotion of sorted collection and appreciation of waste.***

In 2014 **474 133 Euros** have been provided for this goal based on 10 contracts.

4. ***Ensuring information system for the support of waste appreciation.***

In 2014 **121 690 Euros** have been provided for this goal based on 1 contract.

5. ***Support of research, development, search for and application of new technologies of waste appreciation.***

In 2014 **215 000 Euros** have been provided for this goal based on 1 contract.

**SMEs were the recipients of aid in 41 cases**, while the total amount of aid for 2014 was **3 332 006.03 Euros (44.42%** of the total amount of the recycling fund).

- **Operational Program Environment**

The main goal of the Operational Program Environment (OP E) is improving the status of the environment and rational use of resources by finishing and improving the environmental infrastructure pursuant to the regulations of the EU and the SR. The aid from the EU funds under the OP E is focused especially on monitoring the achievement of environmental goals and improving parameters of individual components of the environment. Under the OP E SMEs are one of several entitled types of recipients in case of the **priority axis 3 Protection of air and minimization of negative effects of climate change** and **priority axis 4 Waste management**, while the aid is provided based on if and to what extent do the implemented activities contribute to meeting the goals of the program. Entrepreneurial entities are supported through non- returnable financial contributions, while the target group is the public administration sector as well as the private sector. In accordance with the rules for providing state aid depending on the type of activities one of the **schemes of state aid** applies to recipients (including SMEs):

- *State aid scheme for improving and developing infrastructure for the protection of air for the programming period /years 2007 – 2013 (regional aid) - effective from 30. June 2014*
- *State aid scheme for improving and developing infrastructure of waste management for the programming period /years 2007 – 2013 (regional aid) - effective from 30. June 2014*
- *State aid scheme for protection of environment in the field of protection of air and minimizing negative effects of climate change for the programming period /years 2007 – 2013 (group exemption) - effective until 31. December 2014.*

**Tab. no. 3.49: Implementation of selected indicators OP Environment related on support SMEs (actual status as of 31.12.2014)**

Priority axis	Number of projects of direct investment support for SMEs (goals are mentioned in parentheses)	Number of jobs created by direct investment support of SMEs (goals are mentioned in parentheses)
<b>Priority axis 3</b> Air Protection and Minimisation of Adverse Impacts of Climate Change	6 (goal 20)	2 (goal 15)
<b>Priority axis 4</b> Waste Management	38 (goal 30)	45 (goal 25)

Source: ME SR

**Priority axis 4 Waste management** features the greatest amount of support of SMEs (in terms of the amount of resources from the EU funds as well as supported projects) under the OP E, especially the operational goal *4.2 Support of activities for waste appreciation*. In case of the *operational goal 4.1 Support of activities in the field of sorted collection* the support of SMEs is limited by the fact that in according to valid legislation in the field of waste management as well as the municipal system, securing the sorted collection of waste is the obligation of communities, which determines that the majority of requestors and subsequently recipients under this operational goal are entities in the public sector (entities of territorial self-governance).

Under the operational goal *4.3 Disposal of hazardous waste in an environmentally friendly way* there is space for support of entrepreneurial entities established especially under the 2<sup>nd</sup> group of activities - Disposal of hazardous wastes, including construction and reconstruction of facilities with the goal of appreciating and disposing dangerous waste in an environmentally friendly way.

**In case of the priority axis No. 3 Protection of air and minimization of negative effects of climate change**, entrepreneurial entities, including SMEs are entitled to aid under the operational goal *3.1 Air protection*, as well as the operational goal *3.2 Minimization of negative effects of climate change, including support of renewable energy sources*. Interest of SMEs and the level of support of SMEs in case of the priority axis 3 is affected by the fact that under activities of reducing air pollution, rules for providing state aid (regional aid or group exemption), which apply to the enterprises and their activities are limited by the maximum amount of aid.

In case of the state aid scheme for protection of the environment in the field of protection of air and minimization of negative effects of climate change (group exemption), enterprises



are entitled to support only in case if it is an investment aid allowing the enterprises to go beyond the community standards on protection of the environment or increase the level of protection of the environment in case of absence of the community standards. In current economic situation interest of the enterprises in implementation of projects restricting the pollution of the environment above the standard of valid legislation is subdued.

**Tab. no. 3.50: Financial support within OP Environment for 2014 (Eur)**

Priority axis 3	Number	Total support (EU + SB)	Priority axis 4	Number	Total support (EU + SB)
micro enterprise	0	0,00	micro enterprise	1	558 626,48
small enterprise	0	0,00	small enterprise	6	1 640 246,31
medium enterprise	0	0	medium enterprise	0	0,00
large enterprise	3	5 137 203,80	large enterprise	0	0
<b>Total</b>	<b>3</b>	<b>5 137 203,80</b>	<b>Total</b>	<b>7</b>	<b>2 198 872,79</b>
<i>From this operational objective</i>			<i>From this operational objective</i>		
3.1	3	5 137 203,80	4.1	1	763 774,80
3.2	0	0,00	4.1- 4.2	2	246 157,92
			4.2	3	906 505,07
micro enterprise			4.3	1	282 435,00

Source: ME SR

**Tab. no. 3.51: Share of state aid provided to SMEs in total state aid provided in 2014**

Type of enterprise	Volume in EUR	Share (%)
Micro enterprises and small enterprises	2,20	29,97
Medium-sized enterprises	0,00	0,00
Large enterprises	5,14	70,03
<b>Total</b>	<b>7,34</b>	<b>100,00</b>

Source: ME SR

In 2014 under the schemes of state aid 3 projects of large enterprises have been supported, totaling 16 437 430.55 Euros and one project of a medium enterprise totaling 5 069 307.50 Euros. In case of the project of the medium enterprises, aid was provided through the state aid scheme for improvement and development of infrastructure for the protection of air for the programming period/years 2007-2013 (regional aid).

## ❖ Government Office of the SR

- **Implementation of the financial mechanism of the European Economic Area and the Norwegian Financial Mechanism**

### - SK07 Green innovations in the industry

The notice (code GII01) was announced on 28.3.2013 and concluded on 13.9.2013. The target groups under the notice were small and medium enterprises based in Slovakia. In 2013 assessment of the applications for the projects under the notice SK 07 took place. Under the SK 07 notice 4 project contracts have been closed before the end of 2014. During 2015 another project contract has been signed.

Aid under this scheme is provided through a non-returnable financial contribution (grant); state aid scheme for green innovations in the industry and scheme for support of introducing green innovations in the industry (scheme de minimis).

## ❖ Ministry of Economy of the SR

### • Operational program Competitiveness and Economic Growth (OP CaEG)

#### **Priority axis 2 – Energy sector**

Priority axis 2 – Energy is focused specifically on support of energy efficiency, progressive technologies and building and modernization of public lighting of communities. Under this priority axis conditions are created for the implementation of demand oriented projects and national projects focused on support of counseling on the possibilities of energy savings for the public and for introduction and optimization of measures in the field of energy efficiency of public buildings.

**Tab. no. 3.52: Funds drawn priority axis 2 as of 31. 12. 2014 in Eur**

Priority axis 2 - Energy	Drawn total	Drawn in 2014 (EU resources)		Drawn total	Cumulative drawn to 31. 12. 2014 (EU resources)	
		Total	%		Celkom	%
Measure 2. 1 – Increasing energy efficiency both on the side of generation and consumption; and introducing advanced Technologies in the energy sector	7 996 077	7 996 077	100,00	86 232 217	71 074 672	82,42

**Source:** MoE SR

In 2014 under the priority axis 2, 2 notices have been announced focused on improving the energy efficiency on part of production as well as consumption and introduction of progressive technologies in the energy sector (aid scheme de minimis for the support of efficient use of energy in the industry and in services connected to it), specifically notices with the codes CaEG-21DM-1401 and CaEG-21DM-1402. For the first mentioned notice the process of contracting projects has not been completed as of 31. December 2014; for the second notice the process of selecting the applications has not been completed.

Overview of selected notices under the OP CaEG:

- CaEG-21SP-0801 – State aid scheme for improving energy efficiency on part of production and consumption and introducing progressive technologies in the energy sector in the form of direct aid
- Notice CaEG-21DM-0901 – Scheme for support of sustainable development (aid scheme de minimis)
- Notice CaEG-21SP-0901 – State aid scheme for improving energy efficiency on part of production and consumption and introducing progressive technologies in the energy sector in the form of direct aid
- Notice CaEG-21SP-1301 - State aid scheme for improving energy efficiency on part of production and consumption and introducing progressive technologies in the energy sector in the form of direct aid

- Notice CaEG-21DM-1401 – Aid scheme de minimis for support of efficient use of energy in the industry and in services connected to it
- Notice CaEG-21DM-1402 - Aid scheme de minimis for support of efficient use of energy in the industry and in services connected to it

**Tab. no. 3.53: Funds drawn priority axis 2 OP KaHR in 2014 by calls**

Call code	Number of supported SMEs in 2014	Paid NFC in 2014 ( Eur )
KaHR-21DM-0901	0	-
KaHR-21SP-0801	1	1 680 561,20
KaHR-21SP-0901	3	6 315 515,55
KaHR-21DM-0801	0	-
KaHR-21SP-1301	0	-
<b>Total</b>	<b>4</b>	<b>7 996 076,75</b>

Source: MoE SR

In 2013 resources were used under the notices totaling 11 648 455.46 Euros and the overall number of supported entrepreneurial subjects was 19. **In 2014 4 entrepreneurial entities** have been supported through the measure 2.1 **totaling 7 996 076.75 Euros**; all entities were from the SMEs category. As of 31.12.2014 the total share of SMEs on the total cumulative use was 82.42%.

## ❖ European Bank for Reconstruction and Development

European Bank for Reconstruction and Development (EBRD) operates two programs in Slovakia focused on energy efficiency with final benefit for small and medium enterprises:

1. Loan program for support of the development of energy efficiency and renewable resources of energy in Slovakia – **SLOVSEFF**
2. Loan line for support of the development of energy efficiency of municipalities in Slovakia – **MUNSEFF**

### • SLOVSEFF

#### SLOVSEFF I and SLOVSEFF II

The SLOVSEFF program is focused on support of the development of energy efficiency in the industry sector, in the field of renewable energy sources and projects of energy efficiency in the housing sector. **The first phase of SLOVSEFF** began in 2007, when four banks joined the project, namely Dexia Bank Slovakia, Slovak Savings Bank, Tatrabank a VUB. The grant was designed for technical support through services of consultation companies, incentives for potential clients and administrative fees of participating banks.

Due to quick depletion of resources in the first stage of SLOVSEFF and its high success rate, in 2010 the EBRD in cooperation with the Ministry of Economy decided to implement the **second stage of SLOVSEFF** totaling 90 mil. Euros and grant funding totaling 15 mil. Euros from the BIDSF<sup>21</sup>; 5 Slovak banks participated in the second stage, namely CSOB, Slovak Savings Bank, Tatrabank, Unicredit Bank Slovakia and VUB.

<sup>21</sup> International support fund for decommissioning the nuclear power plant V1 in Jaslovské Bohunice

**Both lines of SLOVSEFF totaling 150 mil. Euros together with the overall grant funding totaling 30 mil. Euros are completely depleted and implemented in 690 projects,** of which majority was used in the housing sector (599 projects, 61% of the total loan line together for SLOVSEFF I and SLOVSEFF II). Floor surface area of objects reconstructed under both SLOVSEFF lines was 2.5 mil. square meters, while cost savings, better thermal comfort and improvement of hygiene conditions apply to more than 86 thousand people. Average cost savings in the housing sector were 33%, which is double the amount when compared to original projections. Total annual heat savings thanks to the SLOVSEFF program exceed 580 thousand MWh and overall year-on-year decrease of CO<sub>2</sub> emissions is in the amount of 155 thousand tons. It is important to mention that projects financed by the SLOVSEFF program are implemented in absolute majority by Slovak companies, which contributes to job creation, especially in SME enterprises.

### SLOVSEFF III

EBRD increased the support of investments in sustainable energy in the Slovak Republic also in 2014 and **continued with the third stage** of the successful SLOVSEFF program. Under SLOVSEFF III EBRD provided funding totaling 40 mil. Euros. Slovakia participated on co-funding of the program by providing profits from the transaction for sale of emission quotas between the Slovak Republic and Spain, which were used for funding investment incentives for projects of energy efficiency. Resources for technical support of the program totaling 2 mil. Euros come from donor funding, which was provided by Spain. Continuation of the program is a contribution for satisfying the high demand for projects of energy efficiency among smaller enterprises and households. The demand for this type of investments is supported by major success of the first two stages of the SLOVSEFF program and continuing interest of Slovak banks in participation in this program. The SLOVSEFF II framework was equally split between two banks, the Slovak Savings Bank and VUB. EBRD provided in June 2014 a loan to the Slovak Savings Bank totaling 20 mil. Euros. Subsequently the EBRD signed a loan line totaling 5 mil. Euros with the VUB.

### • **MUNSEFF**

The MUNSEFF program is the initiative of the EBRD and the European Commission for support and development of funding communities and their enterprises in Slovakia through commercial banks. The main goal of this program is to stimulate the implementation of energy efficient reconstruction of infrastructure communities and cities, especially in cases with a high savings potential in the sector of municipal and residential buildings. Currently the MUNSEFF program is the only tool specifically focused on funding projects of energy efficiency of municipalities and potential candidates can get a non-returnable grant totaling 20% of the loan principal. Entitled candidates for funding based on the MUNSEFF II program are:

- municipalities,
- enterprises in the ownership of the municipalities,
- private enterprises providing public services,
- ESCO implementing investments in projects of energy efficiency in cooperation with one or several municipalities.

So far the EBRD provided loans under MUNSEFF totaling **90 mil. Euros** to two banks, namely to the Slovak Savings Bank and VUB; these banks provided loans to **265 projects with total primary energy savings of 49.5 GWh** as of April 2015.

### 3.9.3 Recommendations

- Improve information support of entrepreneurial entities in the field of protection of the environment and environmental management.
- Raising awareness on green business as business with a high added value in relation to the CSR concept.
- Support the introduction of green public procurement in relation to the Notice of the European Commission KOM(2008)400. This is a process, in which public bodies attempt to procure goods, services and works with reduced impact on the environment during their entire life-cycle, in comparison to goods, services and works with the same primary function, which would have been procured otherwise.
- Development of education programs at all levels – also in the field of life-long education with focus on ecology.
- Increase the rate of stability and continuity of environmental strategies in broader political and social context.
- Improve infrastructure for introducing eco-innovations in the business environment, specifically in the SMEs sector.
- Support the introduction of environmental management systems EMS, EMAS and environmental marking of products in small and medium enterprises as a tool allowing to reduce negative environmental impacts.
- Better promote the need of implementing energy savings and implement decrease of energy demand of production in the field of small and medium enterprises.
- Provide counseling to small and medium enterprises in the field of environmental legislation in a more efficient way (using the example of <http://www.go-eco.sk/>).
- Introduce incentives for the support of ecological products and clean production in the environment of SMEs.
- Raise awareness of entrepreneurs on awarding environmental labels for products, clarify and improve efficiency in the extent of application of environmental marking of products, public information campaign, which would ignite support of voluntary compliance of environmental regulations and standards.

### 3.10 Principle 10: Encourage and support SMEs to benefit from the growing markets

#### 3.10.1 Development of the legislation environment

**The Act on Administration, operation and use of the Information System Central Electronic Folder for import, export and transit of goods and on the Amendment to the Act No. 305/2013 S. on the Electronic Form of executing the competence of public authorities and on the amendment to certain acts (Act No. 214/2014 S.)**

The Act on Administration, operation and use of the Information System **Central Electronic Folder (IS CEF)** for import, export and transit of goods entered force on **15. December 2014**, which represents a tool for modernization and electronization of relationships between state administration bodies and legal entities. The main goal of introducing this system was the opening of an electronic centralized point for simplifying administrative processes between economic entities and public administration bodies. The IC CEF allows all parties engaged in international trade and transportation to submit and process standardized information and documents in a single point of entry and thus meet the requirements related to import, export and transit of goods. **The subjects of the Amendment of the new Act are especially legal acts** related to the IS CEF for exercising the powers of public authorities in the field of public administration regulated by customs regulations, regulations adjusting the value added tax and consumer taxes related to import, export and transit of goods between the customs territory of the European Union and third countries in the territory of the SR.

#### **Medium-term strategy for development cooperation of the SR for 2014 – 2018**

Medium-term strategy approved by the government of the SR on 15. January 2014 represents a key strategic document in the field of development cooperation. It defines the vision, main goals, principles and territorial and sectorial priorities for a five-year period. At the same time it sets programs, tools and mechanisms, which contribute to achieving the defined goals.

The most important changes of development cooperation of the SR in 2014 - 2018 are reducing the number of priority countries (from 19 to 10), setting of program access by defining programs of bilateral cooperation and **engaging new key players including entrepreneurial entities in development activities.**

The new program approach in medium-term strategy is built on eight main programs, for which goals, partner countries, sectors and especially tools used for achieving the goals are defined. The **program of entrepreneurial partnerships** should have helped greater engagement of new key players in the development cooperation, the goal of which was strengthening the social-economic development of partnership countries through the support of the private sector. This goal should have been achieved through these **system tools**: small additional scheme SlovakAid, **Start Up** (financing of starting entrepreneurial activities of Slovak subjects in partnership countries), loans with a grant element, tools for cooperation of the SR and the UNDP and the Fund of technical cooperation of the SR and the EBRD.

**Strategy of external economic relationships of the SR for 2014 – 2020**

Through its Resolution No. 107 the Slovak Government approved the Strategy of External Economic Relationships of the SR for 2014 - 2020 on 12. March 2020, which was presented by the Ministry of Economy of the SR. The approved material tied to the Strategy of Pro-Export policy for 2007 - 2013, while it overstepped its framework by expanding the strategy of external economic relationships.

By interconnecting the areas of support of inward investment, support of cooperation with foreign countries in the field of innovations and united presentation of the SR abroad, the strategy follows its final goal, which is to increase the competitiveness and export performance of the Slovak economy through improving efficiency of the method for engaging the country in its international economic relationships. The main goal of strategy is securing a stable position of the SR in international economic relationships supporting economic and social development of the country, growth of living standards of the population and the promotion of economic interests abroad, including the guarantee of fulfilling the requirements of economic security. The goals of the strategy consist of partial goals in four areas, namely in the business-political area, the pro-investment area, the area of innovative cooperation with foreign countries and in the field of uniform presentation of the SR.

**3.10.2 Implemented measures for the support of SMEs business in markets outside the EU****❖ Ministry of Economy of the SR – Slovak Agency for Investment and Trade Development (SARIO)****• Pro-export services**

MISIA 14 was a project for the support of export activities of small and medium enterprises successful in the Slovak market. The name is the abbreviation of the term MADE IN SLOVAKIA 2014. The project was prepared by the SARIO Agency in cooperation with partners, which are equally interested in support of Slovak export. Today, these partners are Google|Sapie, Slovak Telekom, Zoznam.sk, Sberbank, Eximbank, Effectivity|Publicis and Samsung as the associated partner. The final goal of the project is to transform the export ambitions into a real export. The outputs of the MISIA 14 project are more tools/services, which were implemented into actually provided pro-export services for SMEs. In relation to the goals of support of internationalization of Slovak enterprises, the SARIO Agency supports export activities of Slovak enterprises in the global market.

For SMEs it provides:

- overview of the possibilities of individual sectors of the industry in territories
- searching for potential business partners based on set criteria
- on-line database of business opportunities
- education in the field of export
- assistance in searching for sub-contracting opportunities
- building a network of partners and networking
- systematic information of the business community on prepared events and possibilities for cooperation

SARIO co-organized more than **50 business missions**. Expected amount of businesses facilitated in 2014 through these platforms based on available data of given companies will reach almost 300 mil Euros.

## ❖ Ministry of Finance of the SR

### • EXIMBANK SR

#### Bank activities

The share of loans provided to clients in the SMEs segment reached **18.9% of the total loan engagement** of the EXIMBANK SR and the share of issued guarantees in the SMEs segment was marginal and represented **0.6% of the total amount of issued guarantees**. The total share of assets engagement of SMEs in 2014 was 10.71%, totaling 44 751 thousand Euros. The share of support of **export in the SMEs segment in 2014 to countries outside of the EU was 29.45%**.

#### Insurance activities

The share of clients from the SMEs segment in 2014 was **83% of the total number of clients**, who used insurance products of the EXIMBANK SR. In 2014 insurance activities have been provided to the SMEs segment totaling **291 749 thousand Euros**, which is **51.73%** of the total insurance engagement. The share of SMEs on insurance of short-term marketable risks in 2014 was 35.07% of the total amount, the share of insurance of short-term non-marketable risks was 41.18% of the total amount and the share on insurance of medium-term and long-term risks was 65.65% of the total amount. The share of support of **export in the SMEs segment in 2014 to countries outside of the EU was 17.11%**.

## ❖ Ministry of Foreign Affairs and Europeans Affairs of the SR

### • Activities of the Business Center

The Business Center of the MFAEA of the SR provided in 2014 information to the business community necessary for promoting their business plans and activities in the field of export of goods and services, creating cooperation links and establishing enterprises abroad. It provided information for free and directly (by phone or email) or through the **“Let’s do business abroad” portal**.

The portal allows public sharing of economic information (economic information about individual territories, current economic news, foreign tenders and notices, information on business missions and fairs, selected information for entrepreneurs from the EU environment, notices under the implementation of external tools of the EU, etc.). The web portal was expanded in 2014 with opportunities for entrepreneurs under the international public procurement in international organizations and financial institutions and national public procurement in individual foreign territories.

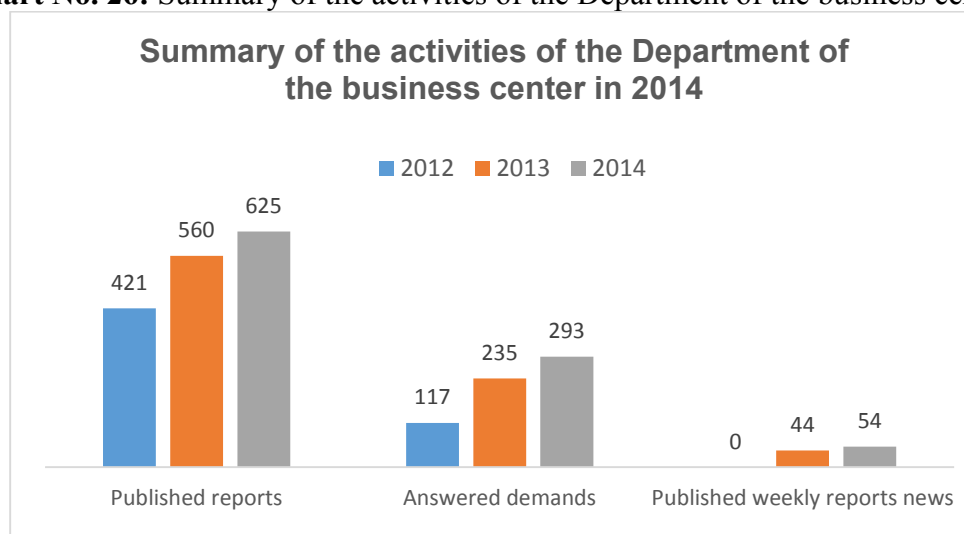
The Business Center continued issuing the electronic weekly magazine on current business, economic and financial information from abroad, which it currently distributes to ca. 1 950 addressees - entrepreneurs, unions, chambers and other interested parties. In 2014 the business



center published 1.5 times more economic news than in 2012. In the satisfactory survey of recipients of the news, which was carried out in 2014, this publication received a single negative response. 625 economic news items and 54 weekly current overviews have been published in 2014. The financial amount of activities of the MFAEA of the SR was **5 000 Euros** in this field in 2014.

In 2013 a telephone hotline service has been established for exporters, which provides “first aid” with solving their problems. In 2014 the Business Center solved through this hotline as well as the email inbox of the center 293 inquiries of the business community, which is 2.5 times as many inquiries of the business community when compared to 2012, when the Business Center was established. Overview of the main activities of the Business Center and their development during 2012 - 2014 are shown in this graph:

**Chart No. 26:** Summary of the activities of the Department of the business center in 2014



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

The Business Center also performs the function of the national **contact point for TWINNING** (implementation tool of the EU for building institutions of state and public administration) **and TAIEX** (tool of technical assistance and exchange of information between the EU and third countries) and represents the SR in the EU under the access tool IPAPII and the tool of neighborhood policy ENI.

**The national contact point for public procurement in the international environment**, in addition to its usual agenda - providing counseling and information services in 2014, focused also on publishing international tenders under economic news from abroad and daily presentation of current tenders at the homepage of the MFAEA of the SR, the portal “Let’s do business abroad” (237 notices have been published). It also processed information on the development assistance of the SR with focus on programs designed to engage entrepreneurs with a link to notices of the SAMRS organization to submit project. Except for this it also organized a seminar in the UNIDO headquarters in Vienna - in cooperation with the MoE of the SR and SARIO (10.2.2014), workshop for engaging entrepreneurial entities in the NATO tenders (26.2.2014), pre-qualification meeting of entrepreneurs of the SR with procurement agencies of selected organizations of the UN: UNICEF, UNDP, UNIDO, UNOPS (7.5.2014), workshop with the participation of representatives of the Kuwait Fund for Arabian economic development, Development Fund of the United Arab Emirates and the Saudi-Arabian Fund for development on the possibilities of engaging in project of public procurements by using these

funds (19.3.2014) and the UNIDO conference – participation of the business sector in the development agenda after 2015 (16.6.2014). The financial amount of the activities of the nation contact point for public procurement in international environment in 2014 was **23 000 Euros**.

- **Support and stimulation of SMEs in entering international markets, especially markets of third countries**

MFAEF of the SR focused in 2014 on providing new business and investment opportunities abroad through these activities:

**a)** By organizing **smaller business missions lead by representatives of the MFAEF of the SR** and eventual participation of other economic resorts to countries of potential business and investment implementation. A total of 7 missions took place to the United Arab Emirates, Pakistan, Singapore, Vietnam, Myanmar, Saudi Arabia and Kenya.

**b)** In 2014 MFAEF of the SR organized or co-organized a series of professional **territorially oriented events** with economic and business focus; or business forums with foreign partners (e.g. on trade with Italy on 8.4.2014, Austria on 10.4.2014, 7.10.2014 and 6.11.2014, Bosnia and Herzegovina on 15.4.2014, Cuba on 24.6.2014, Africa on 3.7.2014, Czech Republic on 22.7.2014, Columbia on 20.11.2014 and a conference for prepared agreement on Transatlantic Trade and Investment Partnership - TTIP between the EU and USA, implemented in cooperation with PAS, NE of the SR and FO of the USA 30.6.2014),

**c)** Events supporting entry of Slovak entrepreneurial subjects **in the international public procurement** – MFAEF of the SR in 2014 organized several seminars, e.g. on international public procurement in the UN and NATO, on the possibilities of using resources of development funds in Kuwait, United Arab Emirates and Saudi Arabia, on operations in the field of funding projects of development assistance in various countries, seminars in cooperation with the Eurasia Economic Union as well as on support of entrepreneurship of women - entrepreneurs.

**d)** Support of **knowledge economy and international cooperation in the field of science, research and innovations** – MFAEF of the SR participated in 2014 on the implementation of goals defined by the Strategy for research and development for intelligent specialization of the SR and Strategy of external economic relationships 2014 – 2020 in the field of building knowledge economy and in the field of innovations and development of technologies, which is necessary for growth of competitiveness of Slovak entrepreneurial entities. In cooperation with other institutions 22 activities in this field took place in 2014. Financial amount of activities of the MFAEF in this field in 2014 was **16 000 Euros**.

To support international cooperation in the field of research, innovations and transfer of technologies, the MFAEF of the SR organized in June 2014 e.g. 2 Slovak-Northern innovation forums with Scandinavian countries, which was focused on building scientific-technological parks and development of startups. The event was also an impulse for contractual connection of the cities of Žilina and Tampere in the smart-cities project, including their universities and scientific-technical institutions.

Together with the Business and Innovation Center Bratislava, the MFAEF of the SR organized an innovation forum called “Internationalization and cooperation with countries outside of the EU” and with the Embassy of the Swiss Confederation a Slovak-Swiss innovation

forum SWISSNESS 2014. This introduced impulses for legislative adjustments for the support of small and medium enterprises in the field of innovations in building of the so called “silver economy“. Also significant was the mutual Slovak-Czech-Dutch meeting, which focused on support of participation of the SR in projects of space exploration and participation of the SR in the European Space Agency (ESA).

By its activities the economic diplomacy also supported the knowledge economy, internationalization of innovative enterprises and startups during its foreign business trip of the president of the SR to USA in September of 2014. In 2014 the MFAEF of the SR also implemented its own project connecting major innovators – entrepreneurs and Slovak startups using modern communication means, the Hangout Innovators Connection project, in relation to Finland, USA, Israel and Holland.

**e) Activities focused on pro-investment goals** – pro-investment activities in 2014 were implemented in the form of presentation of the SR as an attractive country for business, introduction of specific investment opportunities with the goal to attract new investments to the SR and in the form of a post-investment care of established investors in the SR with the goal to expand their investment activities. FOs of the SR cooperated in this field especially with the Ministry of Economy of the SR and the Slovak Agency for Development of Investments and Trade SARIO.

In 2014 the SARIO organization organized a total of 17 investment focused foreign events. In terms of territory, these events were focused on countries in the offer of direct foreign investments – Germany, Great Britain, France, Austria and other selected member countries of the EU, South Korea and China. Export of Slovak capital was territorially focused on Russia and Belarus; Slovak diplomacy individually supported investment seminars in Ireland, USA, Denmark, Sweden, Finland and Croatia. Several investment dialogues were organized between representatives of state administration and foreign investors operating in Slovakia (Taiwan, China, France, Germany and Croatia).

#### • **Activities of diplomatic missions of the SR abroad**

In 2014 the diplomatic missions of the Slovak republic abroad:

- processed 3 332 inquiries of Slovak and foreign business entities for import/export of goods and services and 1 254 offers of Slovak business entities for export to foreign countries. The inquiries and offers were processed either directly or through information portals of the Slovak Agency for development of investments and trade, Slovak Trade and Industrial Chamber and Department of the Business Center of the MFAEF of the SR (293 inquiries);
- facilitated information on registering 237 public procurements in countries of accreditation and additional accreditation. MFAEF of the SR updated on its webpage the manual on procurement of international organizations and national systems of procurement of third countries and on developmental projects of international institutions and actively informed entrepreneurs about these possibilities;
- organized 530 presentation events in countries of accreditation and additional accreditation; either own presentation events or events with the participation of Slovak business entities at presentations and fairs abroad;
- secured a total of 193 business missions or business forums directly or with the participation of the STIC and/or SARIO;

- initiated 289 new projects in economic diplomacy, i.e. investment projects, export projects, scientific research and educational projects, projects in the field of tourism, health, etc., which FO of the SR initiated either directly or participated in their organization. There are a total of 451 projects currently registered in the so called project reservoir.

Amount of financial aid of the MFAEF of the SR in the field of providing economic information on foreign territories and services for exporters in terms of foreign offices of the SR abroad was **35 000 Euros in 2014** (this amount includes costs for the implementation of 7 business missions lead by the representatives of the MFAEF of the SR abroad).

## ❖ Government Office of the SR

- **Implementation of the financial mechanism in the European Economic Area and the Norwegian Financial Mechanism**

SMEs took part in a notice announced in 2013 under the financial mechanism of the European Economic Area and the Norwegian Financial Mechanism, specifically:

- **SK08 Cross-border cooperation (focused on Ukrainian-Slovak cooperation)**

2 notices were announced in this field. Notice coded CBC01 was announced on 30.9.2013 and concluded on 31.1.2014. Notice coded CBC02 for small grants was announced on 30.12.2013 and concluded on 31.3.2014. The support will take place through a non-returnable financial contribution (grant); entitled requestors were small and medium enterprises. Since the cross-border cooperation also affects the business sector, a large number of requestors originate especially from the group of small and medium enterprises (approx. 19% of entitled requestors). No business entity from the SMEs segment has been supported in 2014.

## ❖ Ministry of finance of the SR / European Bank for Restoration and Development

- **Fund for technical cooperation of the SR and the European Bank for Restoration and Development**

The resources of the fund are designed for projects in countries, in which the EBRD performs its activity and also are recipients of official development assistance based on the current list based on the statistical directive of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD). In 2014 the Ministry of Finance of the SR provided **2 mil. Euros** to the fund.

**The purpose of the fund** is to finance advisory services and technical cooperation for projects, which the EBRD finances under its mandate, or should finance in its recipient countries based on a successful tender. These are smaller projects, which can serve as the first step towards bigger investment projects, to get experience in given field, to get a business partner, etc. **Territorially the fund covers** countries of Eastern Europe and Middle Asia: Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Georgia, Kazakhstan, Kyrgyzstan, Kosovo\*<sup>22</sup>, Macedonia, Moldova, Mongolia, Montenegro, Serbia, Tajikistan,

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<sup>\*22</sup> This designation in no way judges the position againsts the status and is in accordance with the Resolution of the Security Council of the UN 1244/99 and the opinion of the International Court of Justice with respect to the Kosovo's declaration of independence.

Turkey, Turkmenistan, Ukraine, Uzbekistan and the countries of the Southern and Eastern Mediterranean: Egypt, Jordan, Morocco and Tunisia.

**This is a linked fund**, which is designed for support of activities of Slovak entities (consultants, advisory companies based in the SR) with the goal to help transforming countries of the Eastern Europe, Middle Asia and countries of the Southern and Eastern Mediterranean in their transformation to market economy with emphasis on support of the private sector. The priority is to secure to full development of the cooperation between the EBRD and the Slovak entrepreneurial entities in the development countries, so that the Slovak entities could participate in development cooperation and implement projects of the EBRD and have the possibility to use their experience and know-how.

**6 projects totaling 761 thousand Euros have been supported by the fund in 2014:** project for Serbia in the field of digitalization and telecommunication, 2 projects for Turkey in the field of municipal and environmental infrastructure Kyrgyzstan and Moldova in the field of legislation of energy efficiency of buildings and regional project, in which a Slovak entity operates as a coordinator of conference in the field of technical cooperation for government procurement of the EBRD projects.

## ❖ Slovak Business Agency

### • V4 Going Global Project

The International Visegrad Fund Project supports partnerships of organizations focused on cultural exchange and research in the field of science, education, cross-border cooperation, promotion of tourism and youth exchanges. The V4 Going Global Project was implemented by the Slovak Business Agency as the main partner in cooperation with partners from Hungary, Czech Republic and Poland by organizing an international conference focused on identification of business opportunities, as well as support programs in Japan, Moldova, Georgia and Albania with the goal to inform Slovak companies about the business conditions in these countries. The project partners were the Technological Center AV CR, Krakow Technology Park (PL), Tenderauditor (HU) and the Ministry of Foreign Affairs and European Affairs of the SR acting as the coordinator.

The main purpose of the project was to bring together organizations and professionals from the V4 and third countries with the goal to offer synergy of internationalization support programs designed for entrepreneurs from Slovakia and the V4 by organizing a one-day international conference V4 Going Global on 19.11.2014 in Bratislava (MFAEA of the SR). On the occasion of the Global Entrepreneurship Week, during the year of exchange between the V4 and Japan, as well as on the occasion of Slovak presidency of the V4 countries, various organizations for support of business and SMEs from the V4 countries had the opportunity to learn about the possibilities and tools for support of business in selected third countries (Japan, Moldova, Georgia and Albania).

### Goals of the project:

- Organization and promotion of one-day international conference V4 Going Global
- Creation of an informal V4 platform

- Creation of new partnerships and contact at the management and operational levels, deepening of existing partnerships
- Building awareness on perspectives of business in Japan, Eastern Partnerships (especially Moldova and Georgia) and Western Balkans (especially Albania)
- Support of counseling on business in cross-border markets

### **Activities:**

The main purpose of the project was to support organizations and experts from the V4 and third countries with the goal to offer synergy of internationalization support programs designed for entrepreneurs from Slovakia and the V4 by organizing a one-day international conference V4 Going Global on 19.11.2014 in Bratislava (MFAEA of the SR) and an informal platform of the V4. On the occasion of the Global Entrepreneurship Week, during the year of exchange between the V4 and Japan, as well as on the occasion of Slovak presidency of the V4 countries, various business support organizations (governmental and non-governmental organizations, professional associations, educational institutions and bank institutions) and SMEs from the V4 countries had the opportunity to learn about possibilities and tools for support of business in selected third countries (Japan, Moldova, Georgia and Albania). Experts for support of business from Slovakia and respective countries gave lectures, as well as representatives of FO of the SR accredited for respective countries and representatives of respective countries, which are accredited for Slovakia. Countries from the V4 countries shared their experience from these countries.

The project achieved the creation of an informal Internet platform of the V4 with the goal to provide daily information for SMEs on perspectives of business in Japan, Moldova, Georgia and Albania. Allow them to get a basic overview of business, contacts for organizations and institutions supporting business and innovations and last, but not least share examples of good practice of companies from the V4 operating in given countries. Contribution of the project was to increase awareness of Slovak SMEs on perspectives of business in mentioned countries, possibilities of counseling in the field of business support and negotiations of participating Slovak organizations and further cooperation with support organizations from Georgia, Albania and Moldova.

### **3.10.3 Recommendations**

- Stimulate SMEs for internationalization of their activities.
- Expand support of export in the commodity, as well as territorial structure, with emphasis on markets with business potential for expansion of Slovak SMEs.
- Improve support of counseling and education on the possibilities of business in markets of third countries, focused on solving technical barriers of trade and improve the level of management of exporting SMEs. Insufficient experience in cross-border business transactions, insufficient knowledge of the market and relevant legislation, acquiring business partners, financing of export, etc. represent significant barriers for internationalization of SMEs.
- In case of support focused on acquisition activity allow the use of resources by entrepreneurial unions and associations, which can provide services to SME in organizing

exhibitions especially in joint exhibitions and can use resources in a more effective and complex way.

- Improve competitiveness of Slovak enterprises abroad at international markets through the support of decreasing domestic energy and material demands of production and increase added value of products and services.
- Use in greater way experience of large enterprises with international business activities to strengthen internationalization of SMEs.
- Support export of exporting companies through efficient pro-export policy of the state and capitally reinforce the Eximbank and the Slovak Guarantee and Development Bank.
- Electronization of the authorization and licensing proceedings in cross-border trade
- Improve efficiency and economy of customs procedures together with decreasing the administrative burden by increasing the limit of import duties, for which the customs offices do not have to require securities

## 4. Evaluation of the SBA implementation in Slovakia from the EU perspective

Individual member states play the key role in implementation of the Small Business Act. Also because of this the **evaluation of implementing the principles listed in the Small Business Act** (hereinafter referred to as “SBA“) is carried out since 2008 for each EU member state.

The procedure of the SBA implementation in Slovakia is not stable from the time perspective. While in 2011 and 2012 Slovak SMEs recorded a decrease of creation of added value as well as creation of new jobs, in the following period the situation gradually moderated. In 2013 and 2014 Slovak SMEs stagnated, however forecasts for years 2014 through 2016 expect growth in the creation of added value by 5% despite the expected decrease of employment by 1%. Based on the SBA profile of Slovakia based on data for 2014, strengths included principle 6 (access to finances) and 9 (environment), on the other hand weaknesses have been discovered in applying principle 2 (second chance) and principle 4 (receptive administration). However greatest reserves are linked to principle 10 (internationalization). In implementation of other principles Slovakia ranged among the EU average.

In the following text we will list specific factors, which affected the fact that the above-mentioned principles 6 and 9 are included as **strengths**.

The positive development in implementing **principle 6** (access to financing) was influenced mainly by improvement of accessibility of bank loans for SMEs and broad offer of tools of public providers of support (Fund for Innovations and Technologies, SGDB, Eximbank, Micro-loans program SBA, JEREMIE initiative, EIB and EBOR programs). Despite year-on-year deterioration of access to state securities the situation in Slovakia in this area is ranked above the average of the EU. Above the average is also the willingness of the banks to provide loans. Negative aspect in applying this principle are the relatively high costs of acquiring small loans as opposed to large loans.

In the field of environment (**principle 9**) the SR remains high above the average in terms of the number of enterprises using measures in the field of public support of activities related to efficient use of resources. Ranking of Slovakia in applying this principle reflects also the adoption of the Act on energy efficiency. However despite this, the assessment criticizes the non-existence of measures for securing environmentally efficient processes, products and business services in traditional sectors of Slovakia.

Slovakia achieves **long-term below the average** results in fulfilling **principles 2 and 10**. Despite legislation adjustments related to the Act on Bankruptcy and Restructuring the time needed to resolve insolvency (4 years) and related costs (18% of the amount of the debtors' assets) are far below the EU average. At the same time there were no changes in the level of support of “second chance“. The only positive in this aspect is that Slovaks have less fear of failing in entrepreneurship than the EU average.

In fulfilling **principle 10** Slovakia is far below the EU average; there was no change in this field in 2014. The Slovakia is not approaching the EU average in any of the monitored indicators. Administrative burden of import and export and costs needed for implementation of



import and export have the greatest share on the negative ranking. Costs for cross-border trade increased when compared to 2013.

Administrative (time) burden when starting a business had the greatest share on the negative ranking of **principle 4** (receptive administration). Administrative burden of business in general as well as in relation to fulfilling tax obligations of the entrepreneurs were assessed negatively as well. Positively assessed areas are the transfer of ownership and share of SMEs communicating electronically with the public administration.

However it is important to assess the **fulfillment of some selected principles**.

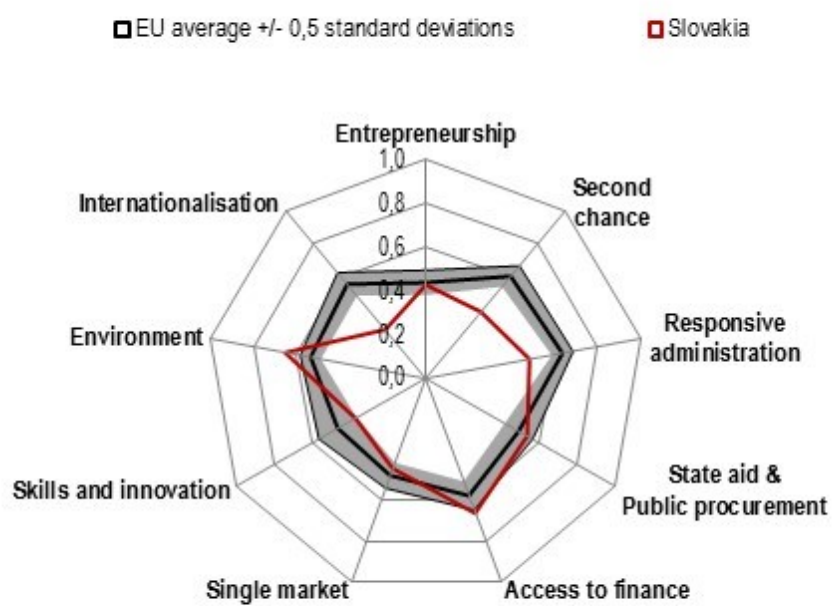
Despite a certain progress in the field of reducing administrative burden of business, the implementation of **principle 3** (“think small firms”) is still considered to be insufficient. During the monitored period the third stage of measuring the administrative burden of entrepreneurship has been completed, which estimated the amount of the burden to approx. 270 mil. Euros. At the same time an update of the Unified methodology for assessing selected effects has been adopted, which also included a SMEs test. The assessment states that thus far the assessment of effects on the business environment was performed only formally and therefore in case of correct application this measure can have a positive impact on the whole business environment.

Under the **principle 1** (entrepreneurship) there is still a negative perception of entrepreneurship as a desirable career choice by the public. Despite this, entrepreneurship activity in its beginning stages is ranked above the average, as well as entrepreneurship activity of the female population in the beginning stages. Changes in professional education and preparation of the concept for the support of startups and development of the startup ecosystem in the SR are assessed as potentially positive.

Perception of corruption behavior by entrepreneurs and unfinished reform of the system of public procurement rank Slovakia among the EU average also under **principle 5** (state aid and public procurement). On the other hand the percentage share of enterprises submitting competitive proposal through the electronic public system in the SR is above the average. Legislative changes in the field of providing state aid as well as the introduction of the electronic portal for public procurement e-marketplace are assessed positively.

From 2008 there were significant advancements under **principle 7** (unified market), especially thanks to increase of share of SMEs trading in the single market. Despite the continual growth of share of importing / exporting SMEs, when compared to the EU countries these indicators are below the average. The SR is positively assessed in the field of transposition and compliance with the EU law. Reserves are noticeable in setting of the system of technical standardization.

It was only the excellent ranking of the SR in the field of sale of innovations, which are new in the market and new for the company and in the field of electronic trading, which secured for the SR an overall average results in applying **principle 8** (expertise and innovations). However the long-term growing trend of other indicators of this principle could not have been proven this time. In the future this situation can be influenced by the introduction of the so-called super deduction for research and development and continuation of implementation of other support measures (e.g. innovation vouchers).

**Chart No. 27:** Evaluation of the application of the SBA in Slovakia in 2015

Source: European Commission

## 5. Conclusion

### Statistical indicators of SMEs

The trend of overall increase of the number of SMEs continued in 2014, which was however in comparison with the previous year only 0.3%. While the number of micro enterprises increased by 0.5% **the decrease of small enterprises continued**, annually by 5%. The development of natural persons - entrepreneurs continued in its decreasing trend, the number of which decreased annually by 3.3%. Natural persons - entrepreneurs continue to represent almost two thirds (64.4%) of the total number of active SMEs in Slovakia.

The relatively major year-on-year **decline of the number of small trade licensees in the field of transportation, information and communication activities** was related to the decrease of the number of small trade licensees in taxi services and ground freight transportation (by 4 579). Except for objective economic factors this decrease was probably influenced the most by the adoption and implementation of a new framework for entrepreneurship in these fields (Act on Road Traffic), change of legislation requirements and related increase of the administrative as well as the direct financial burden.

Of the total number of registered enterprises, pursuant to statistical rules, the so-called active enterprises, i.e. enterprises actually performing economic activities are detailed. At the end of December 2014 there were 259 055 active legal entities in the Register of Organizations of the SO of the SR, of which 196 355 were enterprises. The share of active SMEs was 99.7%, of which micro enterprises represented 91.9%, small enterprises 6.4% and medium enterprises 1.4%; large enterprises represented 0.3%. Under this criterion 2014 saw an annual increase of the number of micro enterprises by 8.8%, increase of medium enterprises by 1%, while the number of small enterprises decreased by 1.8%. **The number of active SMEs - legal entities increased overall by 8%.**

In long-term perspective the sectorial structure of small and medium enterprises was characterized by a decreasing representation of small and medium enterprises, which operate in the field of trade and industry, and an increasing representation in services, the share of which in 2014 was 51.7% (legal entities) and 31.2% (natural persons); as legal persons for the second year in a row the **majority of SMEs was operating in the field of services**. In 2014 the representation of SMEs increased in the sector of agriculture in all legal form of enterprises.

50 323 new SMEs have been created in 2014. Based on individual legal forms there were 14 739 enterprises, 33 029 small trade licensees, 2 142 freelancers and 412 independent farmers. When compared to 2013 the total number of new small and medium enterprises decreased by 29.1%, while the **number of newly created SMEs - legal entities decreased year-on-year by almost a half (47%)**, especially due to introducing tax licenses, which worsened the conditions to start a business.

In 2014 SMEs continued to secure the decisive number of jobs, when their share on employment in the enterprise economy was 72.7% and their share on the total employment in the economy of the SR was 59.6%. **The share of SMEs on produced revenue before taxation decreased annually by 8 p.p.** The share of SMEs with a positive economic result was 57.4%, which is an annual increase by 1.3 p.p.

Based on preliminary results of the SO of the SR, 2013 and 2014 saw a **slight increase of the total number of exporting SMEs** by 769 enterprises, which is 5.2% of the total number of SMEs, which is in respect to the possibilities for development in the domestic market **still a very small share**. The share of SMEs on total export also increased in the year-on-year comparison by 0.3 p.p. to 29.4% (after including operations of foreign persons the share of SMEs on total export would decrease to 26.7%).

### Legislative framework

2014 was also characterized by significant changes of the legislation framework for entrepreneurship. The **tax-contribution system** underwent the most significant changes. At the beginning of the year tax license for legal entities has been introduced as well as the deduction tax for payments to so called off shore countries, conditions of calculating tax loss have changed, deduction tax has been implemented and the corporate tax rate decreased to 22%. Subsequently changes in depreciation have been adopted, financial limit for vehicle purchase has been implemented as well as the 80% rule for purchase of assets for personal use. Recapitulative statements for VAT and system of collection of tax on motorized vehicles also underwent changes. Positive changes are the adoption of the so-called super deduction for science and research as well as the introduction of a deductible item for low-income groups of employees.

Other changes related to the **labor law**. At the beginning of the year expansion of the binding force of a collective agreement of higher level to other employers in given sector has been introduced and the conditions for signing and implementing agreements of work performed outside of employment (especially students) have changed.

In terms of **administrative burden of entrepreneurship** we can mention shortening of the period of registration of an enterprise in the Commercial Register from 5 to 2 business days, sorting of accounting units into size groups for the purposes of creating individual financial statement (although different from the standard categorization of SMEs), but also the approval of changes expanding the scope of the Act on Using Electronic Cash Register. Except this the Strategy of External Economic Relationships of the SR for 2014 - 2020 has been adopted as well as the Concept of Support of Small, Young and Family Farmers; several support measures are part of these strategies.

### Support programs and measures

**Tools of venture capital** have been implemented in 2014 under the JEREMIE initiative. Investments in 8 target SMEs totaling 3.05 mil. Euros have been implemented through 2 funds (Seed fund and Venture fund). 7 investments totaling 5.91 mil. Euros have been implemented under the venture capital funds under SBA.

In 2014 another commercial bank engaged in horizontal financial tools of the European Commission. Under the European micro-financing tool P **Progress** (implemented through the European Investment Fund) the OTP bank introduced in February 2014 a **loan product** entitled **OTP EU MICROloans**, through which it supported 113 SMEs totaling 1.7 mil. Euros before the end of the year, while almost 20% were entities younger than 3 years.

In terms of forms of financing of SMEs, **loans provided from resources of the state budget** were represented the most in 2014, just like in the previous year, even though there was

a slight decrease of their relative share (annual decrease by 1 p.p.) due to increasing support provided through grants from the EU structural funds (25.7%). Due to measures for increasing the use of aid in relation to the finishing programming period 2013 - 2017, **support through the EU grants recorded an annual increase of 12%** (which is 15.3 mil. Euros). By starting the JEREMIE initiative **the amount of loans supported by the EU rose significantly (by almost 80%)**; these achieved a 14% share. Due to decrease of the amount of stimuli for research and development and the non-implementation of the investment stimuli in 2014, their amount decreased annually by 4/5 and was only 0.2% of the overall portfolio.

In the field of foreign trade support, the EXIMBANK expanded its products portfolio starting on 1.1.2014 in the field of direct financing, refinancing or co-financing of short-term, medium-term and long-term loans for exporters and importers. **The share of loans provided for SMEs was 18.9%** of the total loans involvement, **the share of issued guarantees in the SMEs was only 0.6%** of the total amount of issued guarantees. In case of guarantees issued for SMEs there was an annual decline of 59%.

In 2014 the Agency for Support of Research and Development assistance business subjects through a **single scheme of state aid**, specifically the scheme of support of research and development (state aid scheme N 702/2007). The purpose of the aid was support of research and development in the interest of fulfilling selected objectives and goals in accordance with the long-term goal of the state science and technical policy.

The European Bank for Reconstruction and Development (EBRD) increased support of investments into sustainable energy in the SR also in 2014 and continued with the **third stage of the SLOVSEFF program**. The goal of continuation of the program is to satisfy the high demand in projects of energy efficiency among small enterprises and households. The demand for this type of investments is underpinned by the great success of the first two stages of the SLOVSEFF program and continuing interest of the Slovak Banks in participation in this program.

#### Assessment of application of principles of the Small Business Act initiative in terms of the EU

According to the assessment of the EC in 2013 and 2014 Slovak SMEs stagnated, however forecasts for 2014 through 2016 assume a certain **growth in the creation of added value** (by 5%), despite the expected decrease of unemployment by 1%. Based on the profile of applying SBA in Slovakia, updated based on the 2014 data, strengths were principles no. 6 (access to financing) and no. 9 (environment), on the other hand negatives were principles no. 2 ("second chance") and no. 4 (receptive administration). **However greatest reserves in SR are related to principle no. 10 (internationalization)**. Slovakia ranked among the EU average in the implementation of other principles.

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## Appendix A:

Chart No. 28

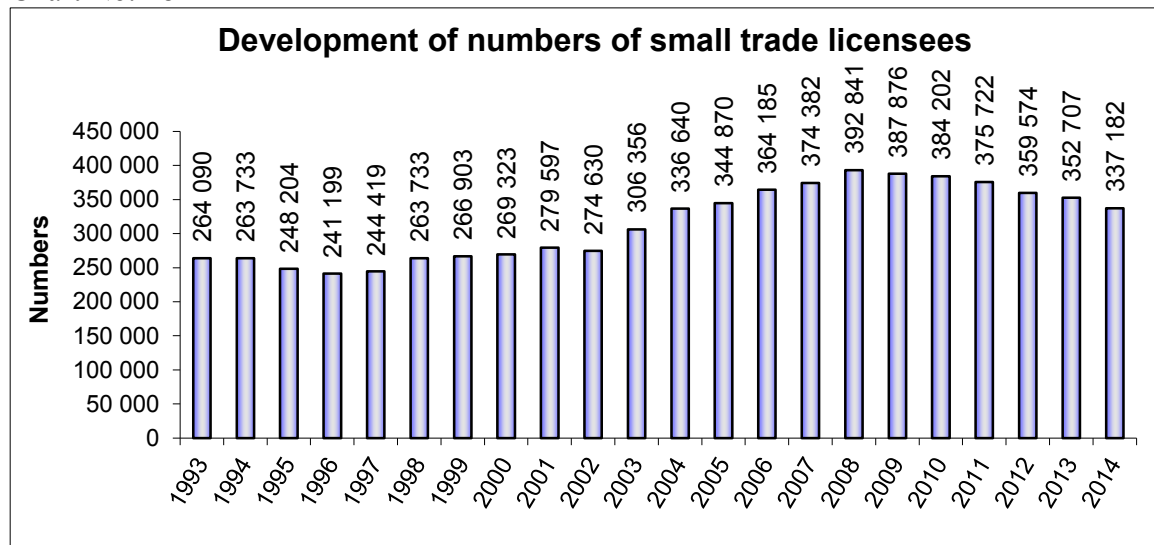


Chart No. 29

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

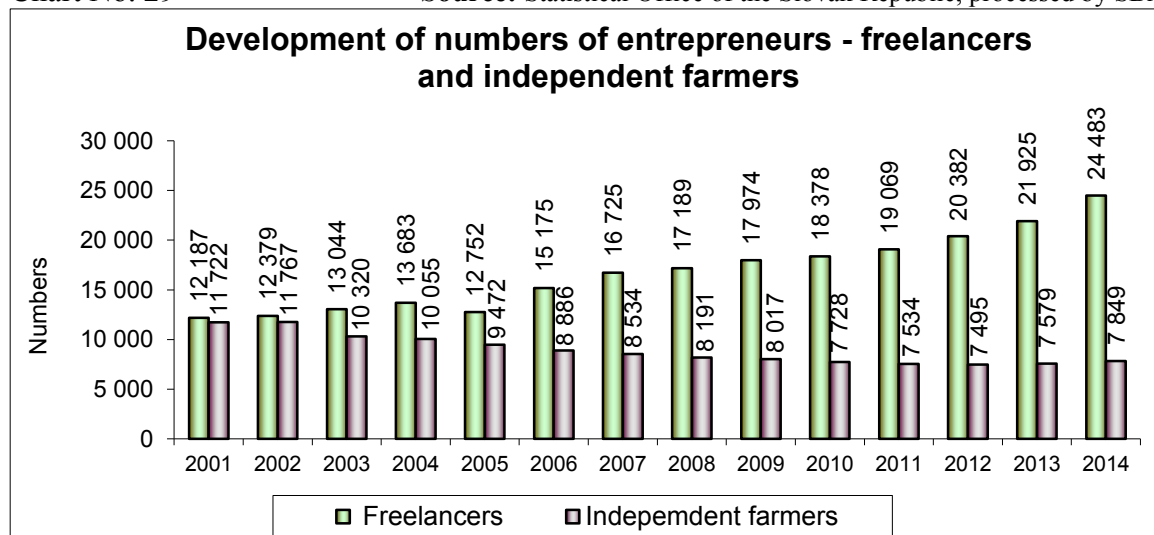
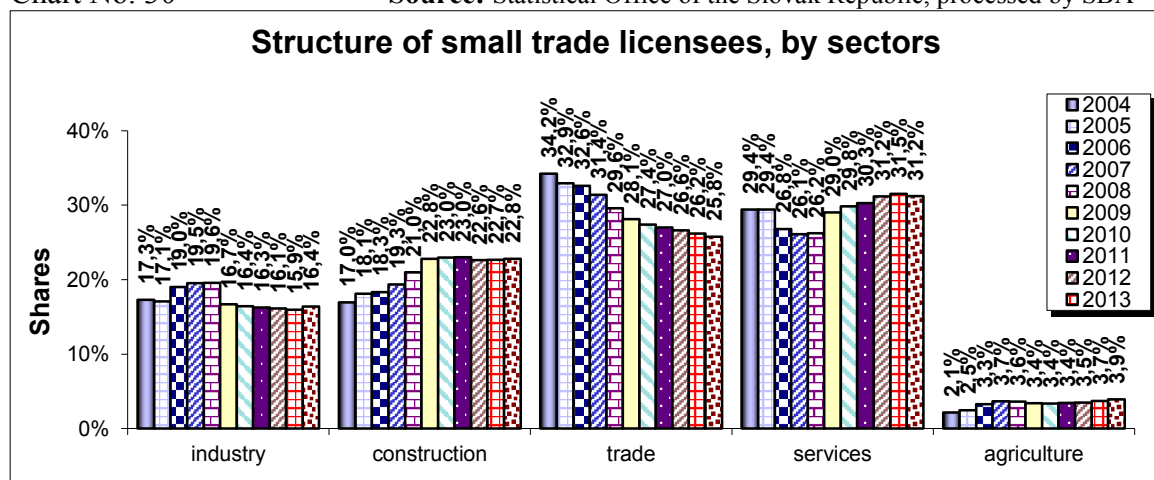


Chart No. 30

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



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

Chart No. 31

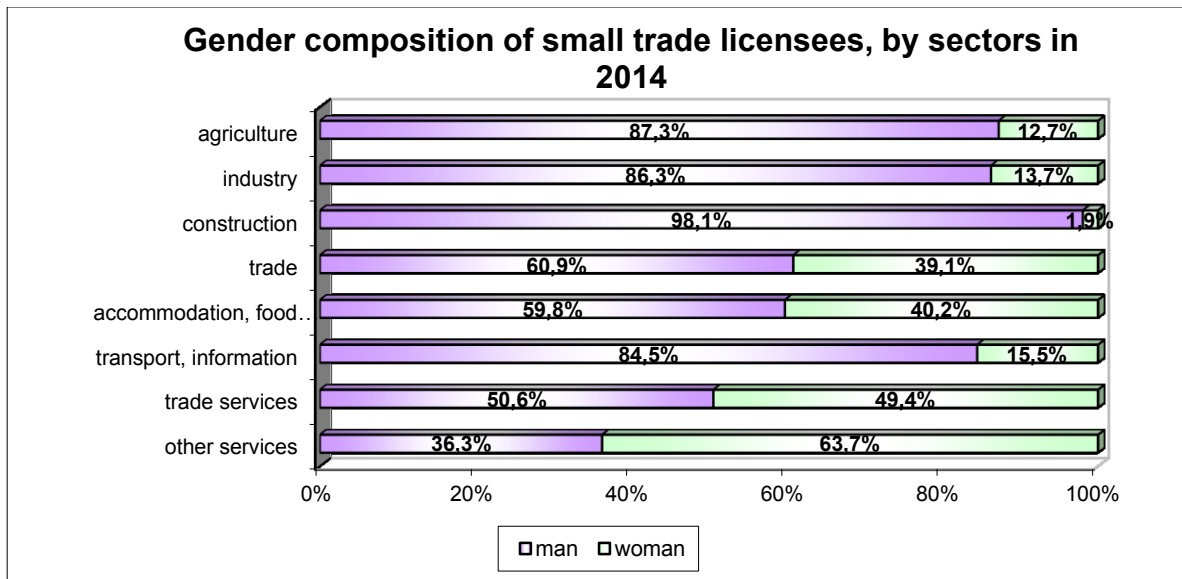


Chart No. 32

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

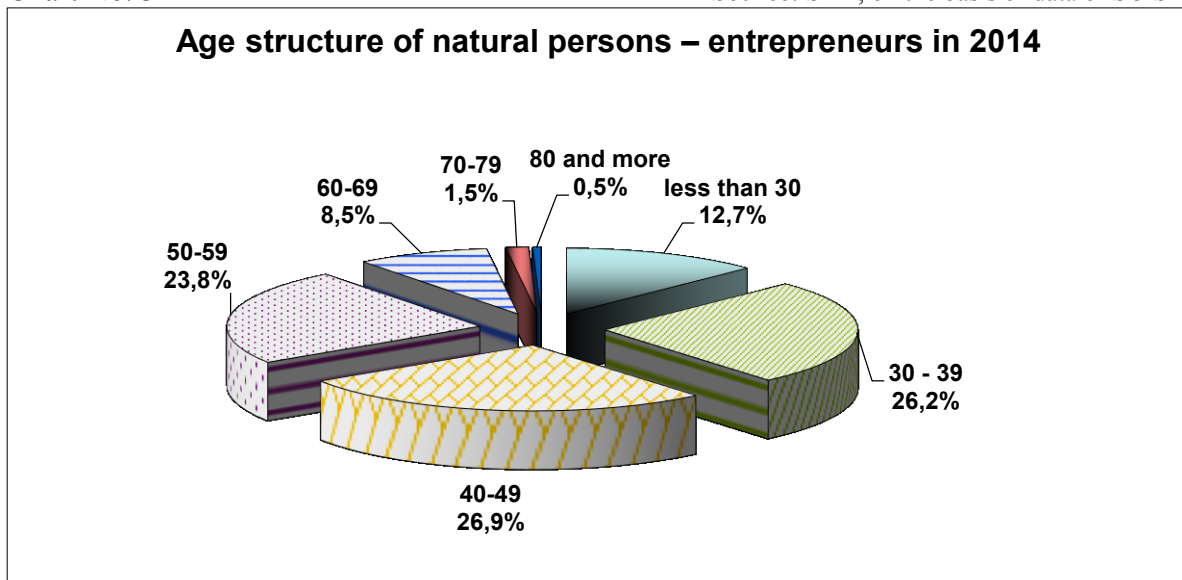
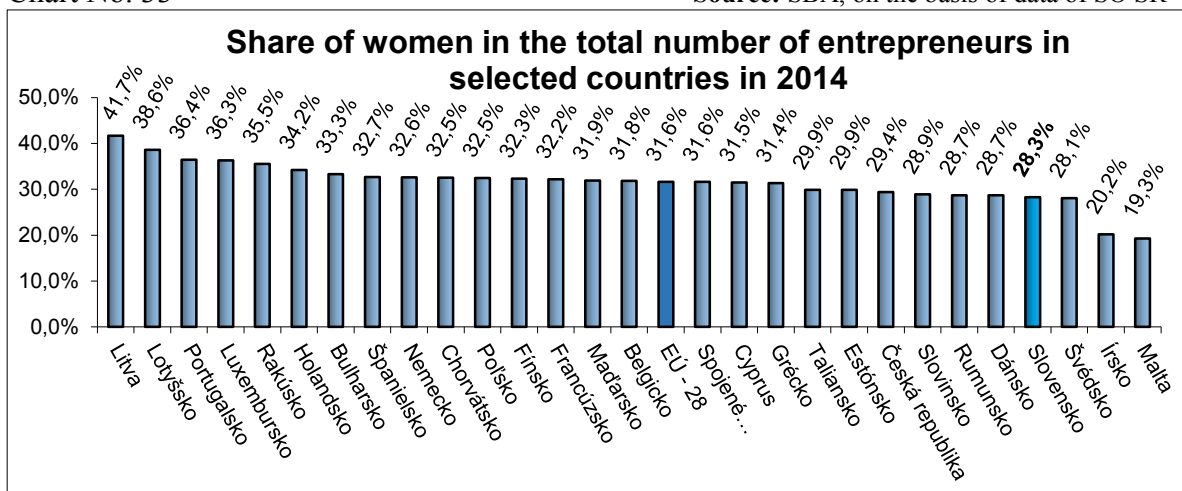


Chart No. 33

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



Source: Eurostat, processed by SBA

Chart No. 34

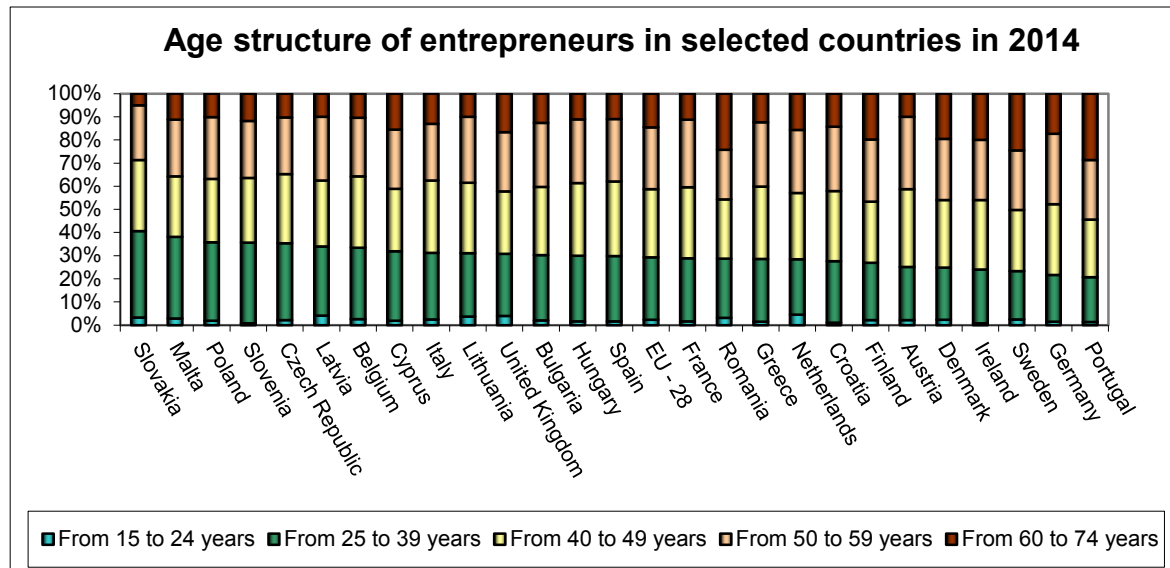


Chart No. 35

Source: Eurostat, processed by SBA

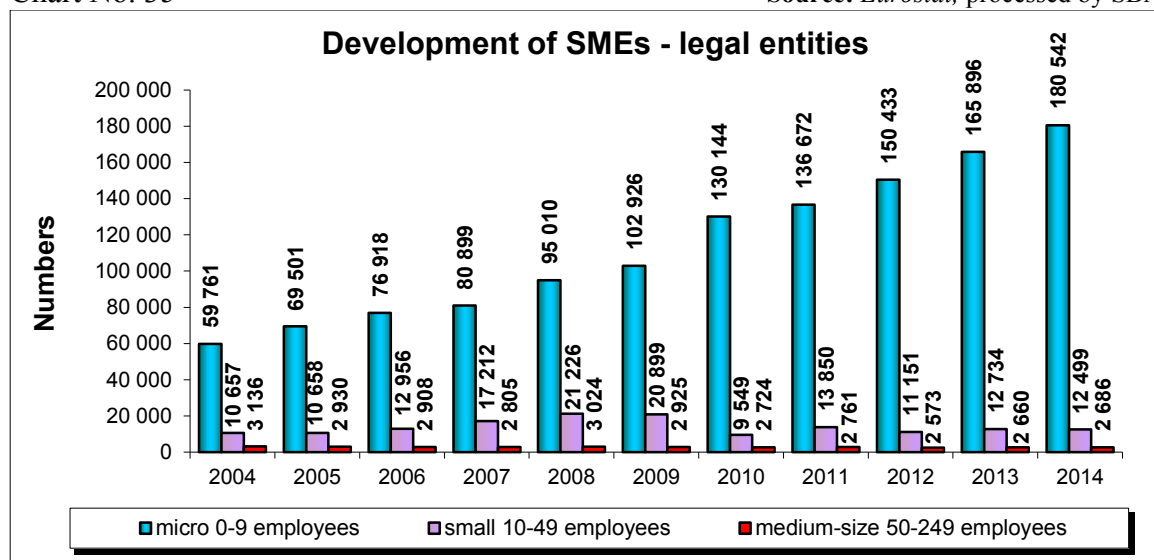
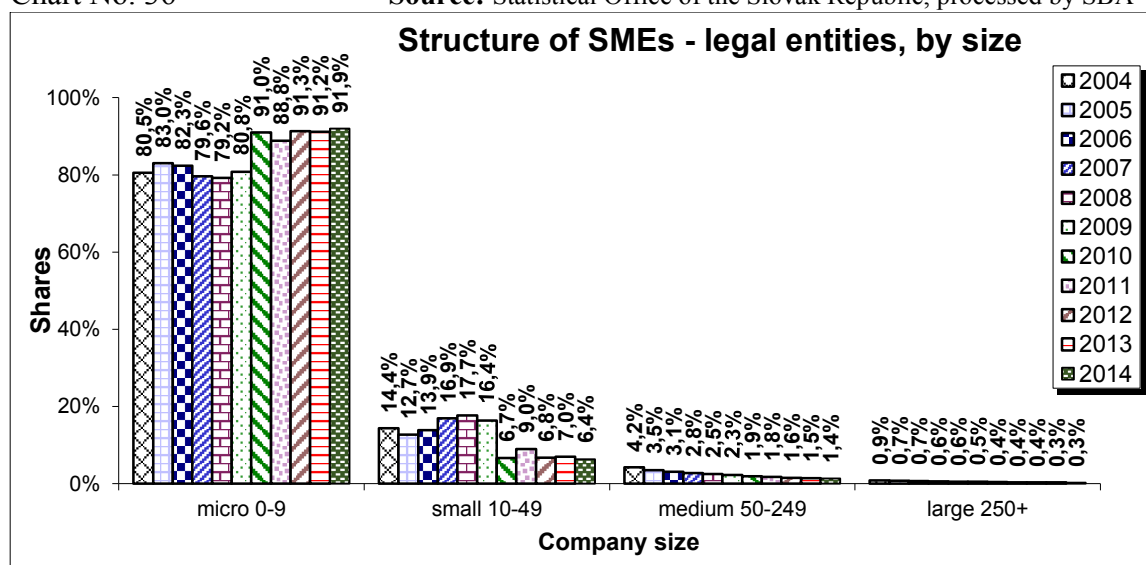


Chart No. 36

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



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

Chart No. 37

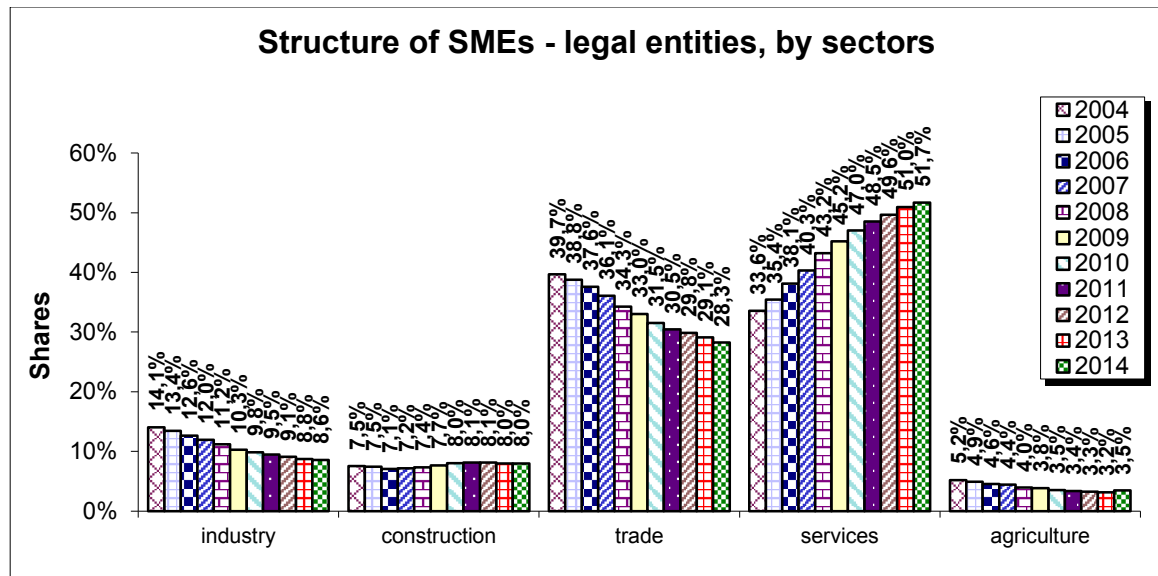


Chart No. 38

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

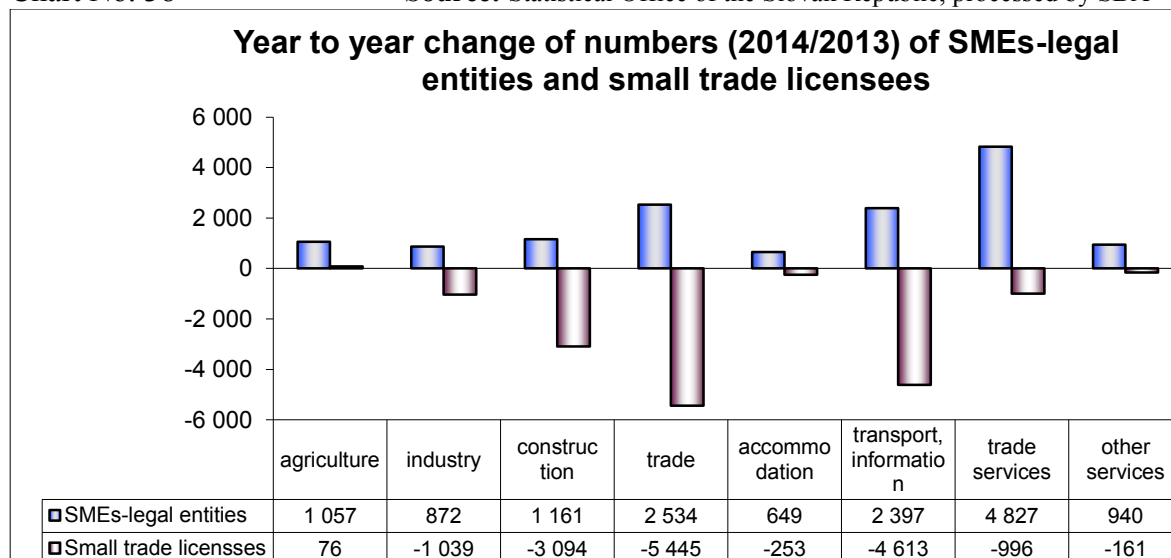
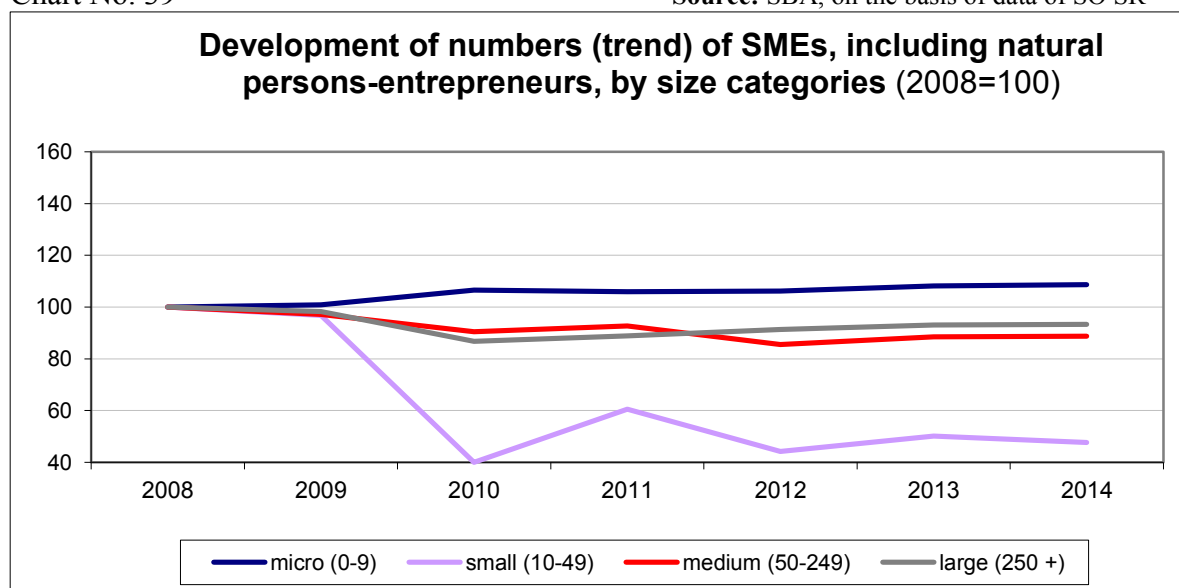


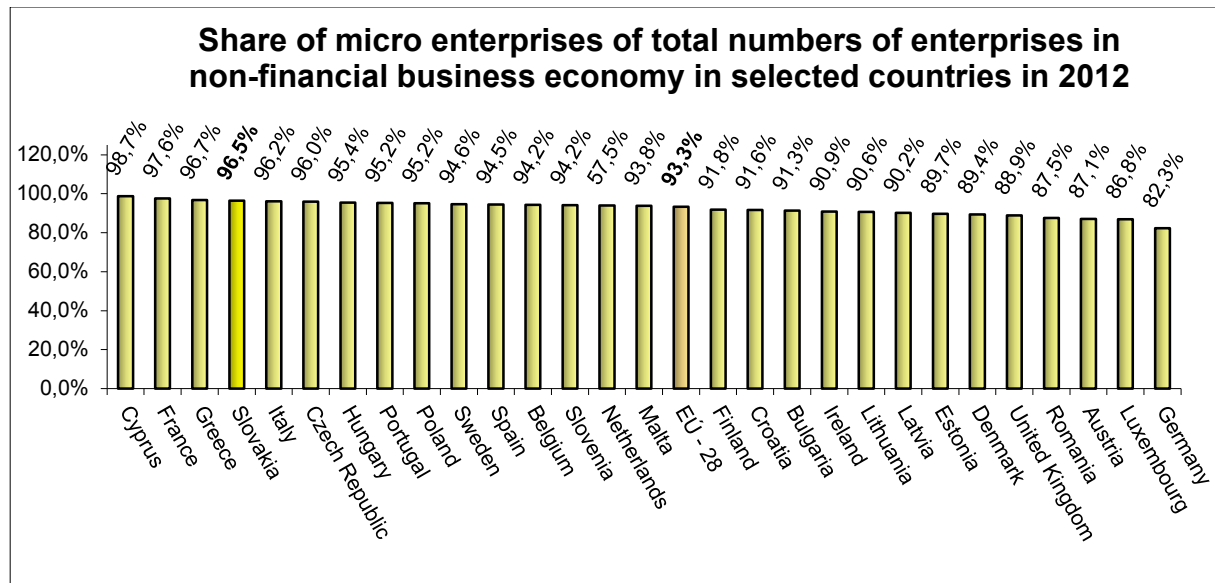
Chart No. 39

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



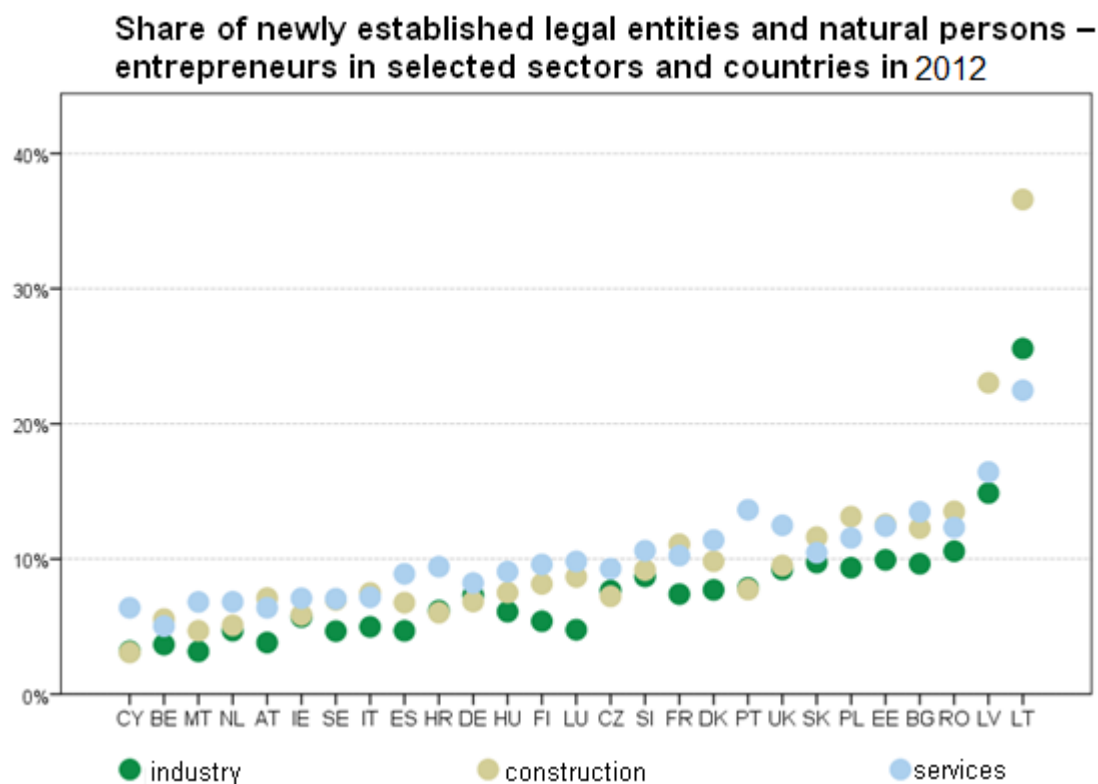
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Chart No. 40



Source: Eurostat, processed by SBA

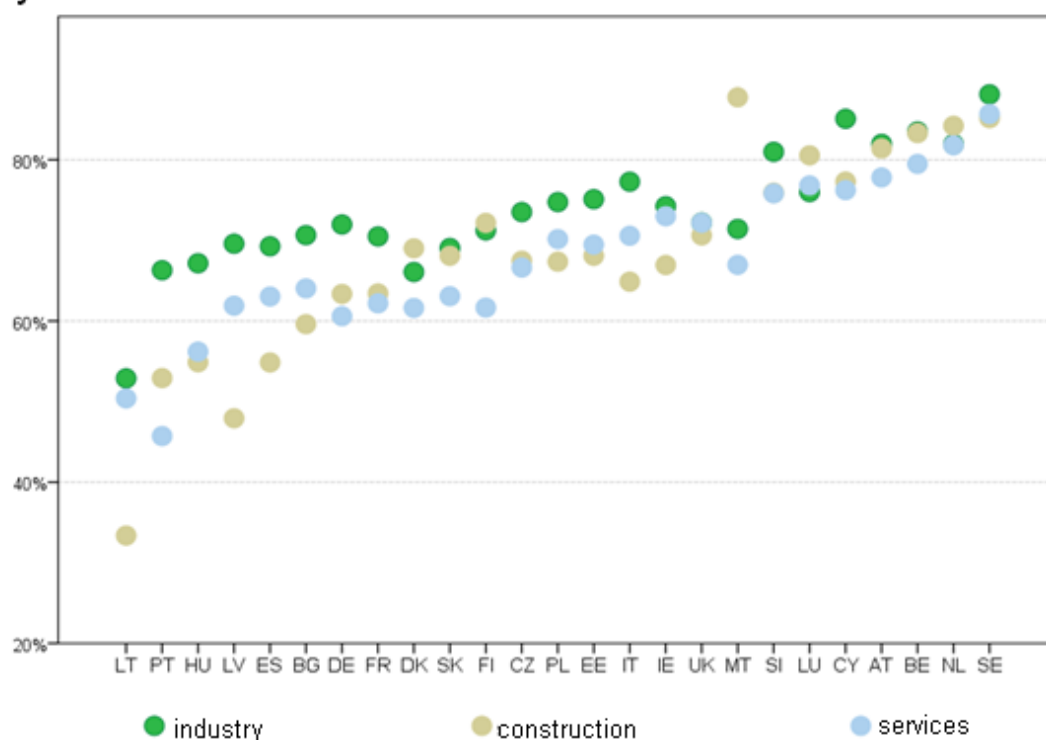
Chart No. 41



Source: Eurostat, processed by SBA

Chart No. 42

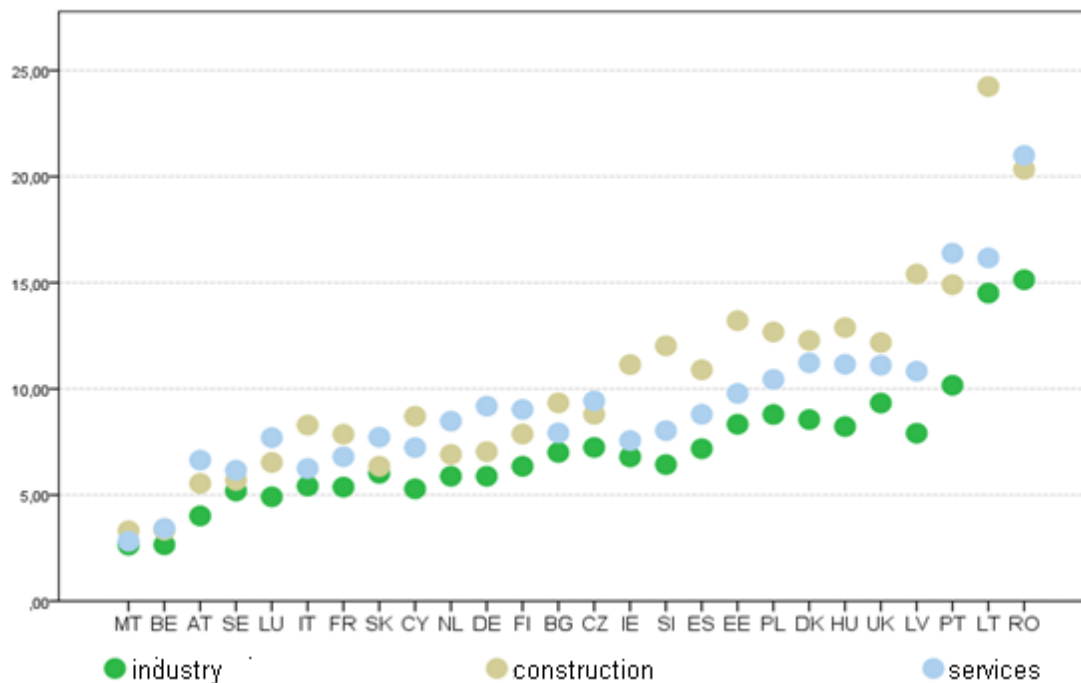
**Share of legal entities and natural persons – entrepreneurs being active two years after their establishment in selected sectors and countries in 2012**



Source: Eurostat, processed by SBA

Chart No. 43

**Share of defunct legal entities and natural persons – entrepreneurs in selected sectors and countries in 2010**



Source: Eurostat, processed by SBA



Chart No. 44

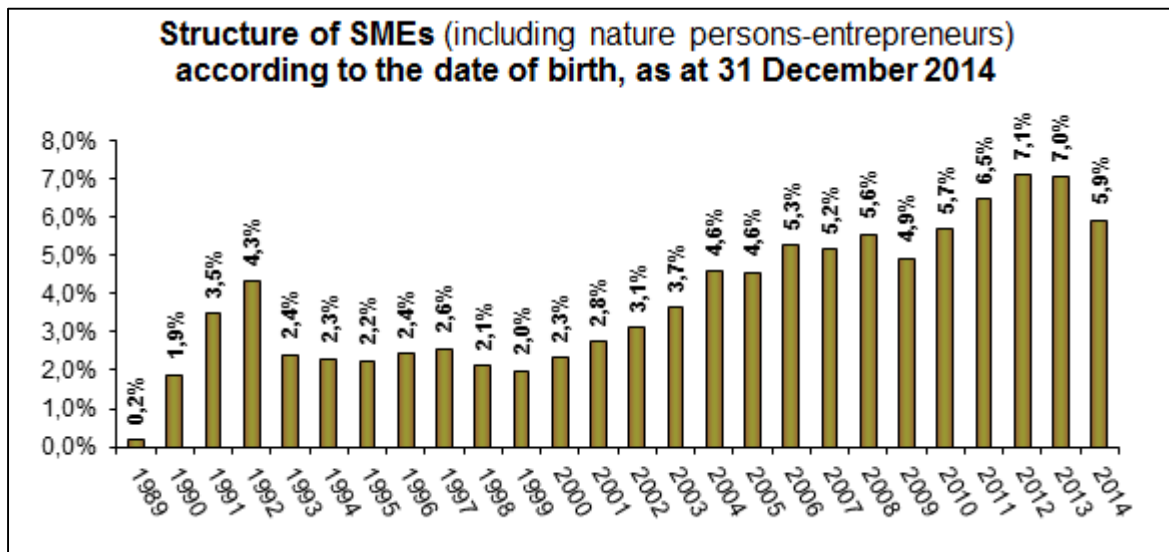


Chart No. 45

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

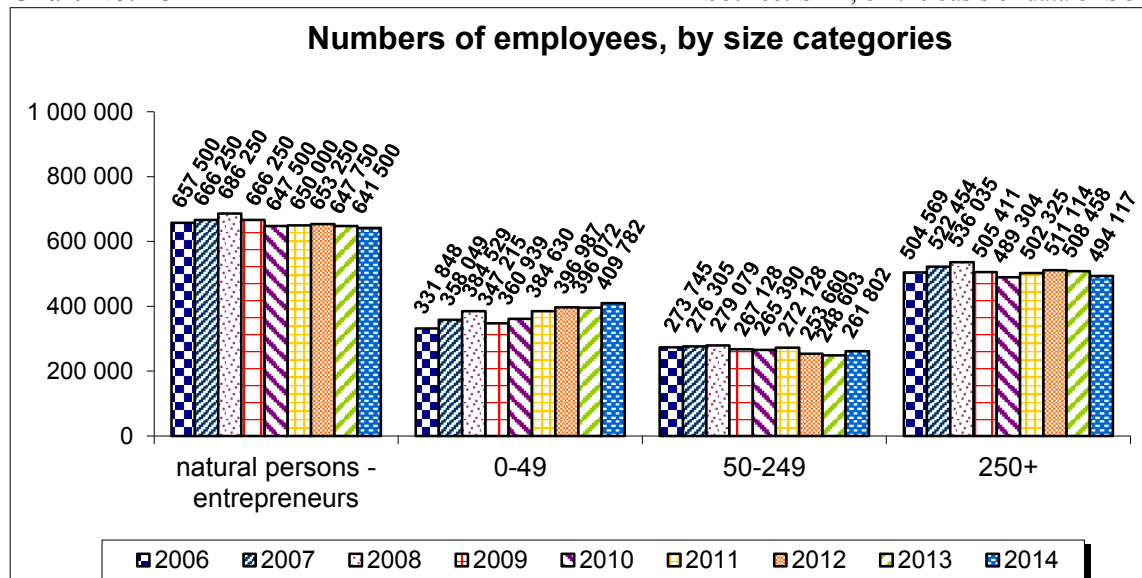
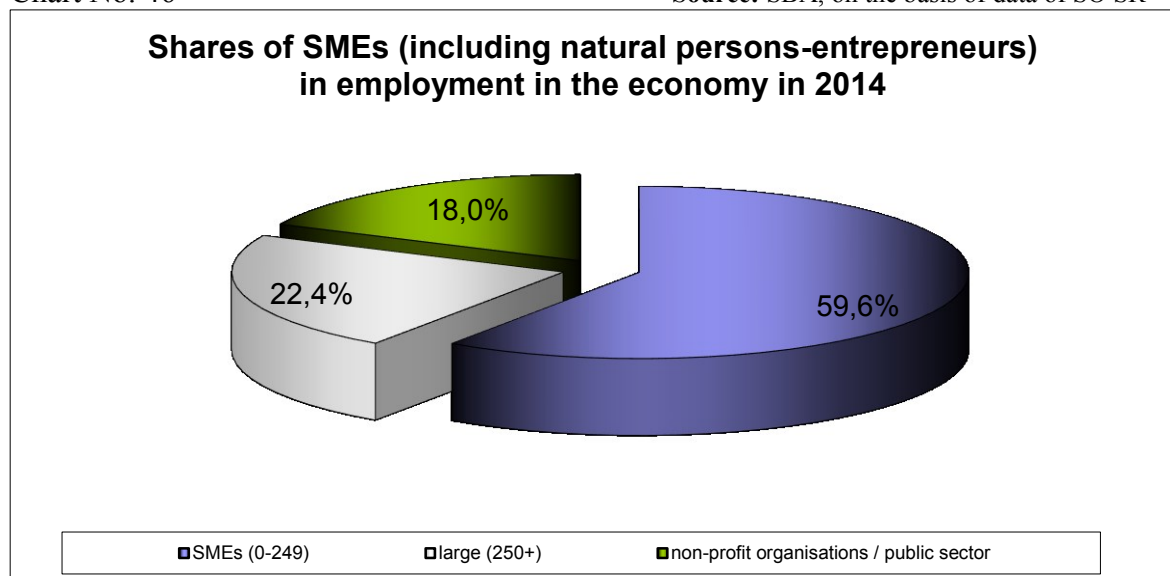


Chart No. 46

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



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

Chart No. 47

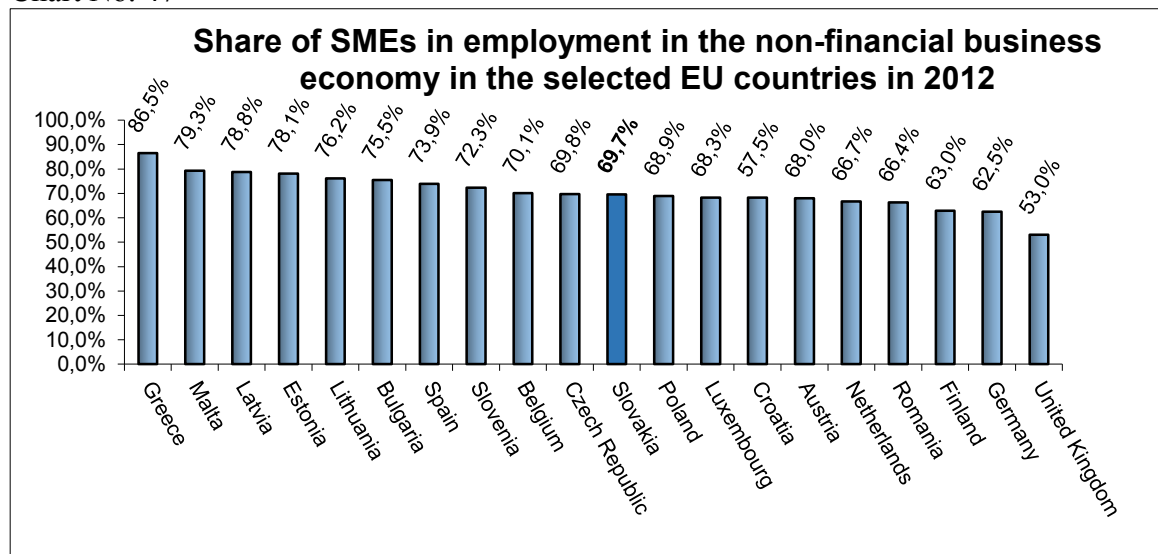


Chart No. 48

Source: Eurostat, processed by SBA

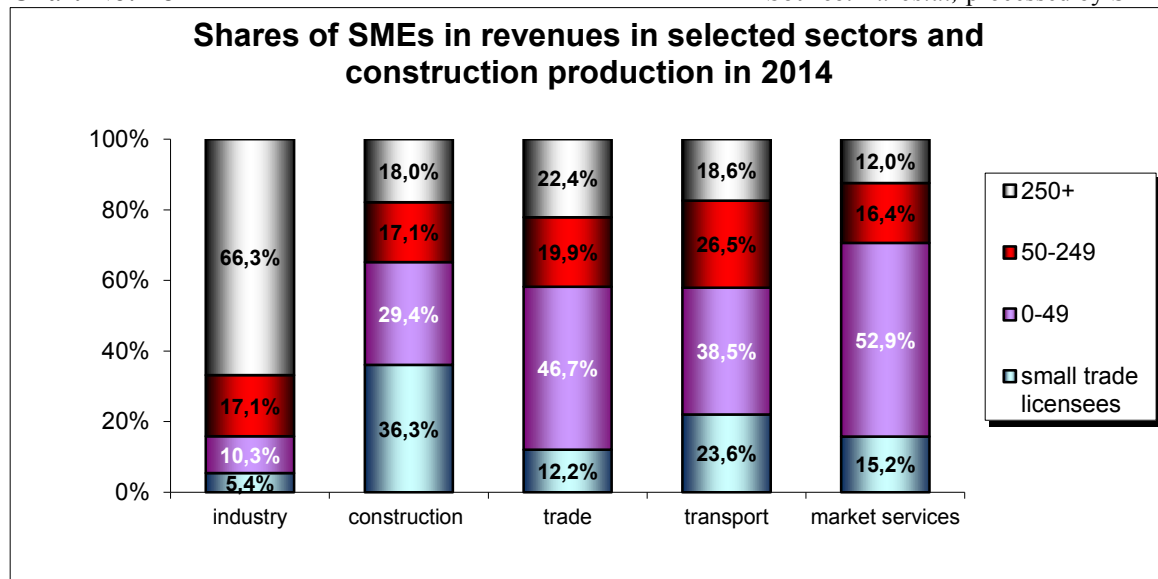
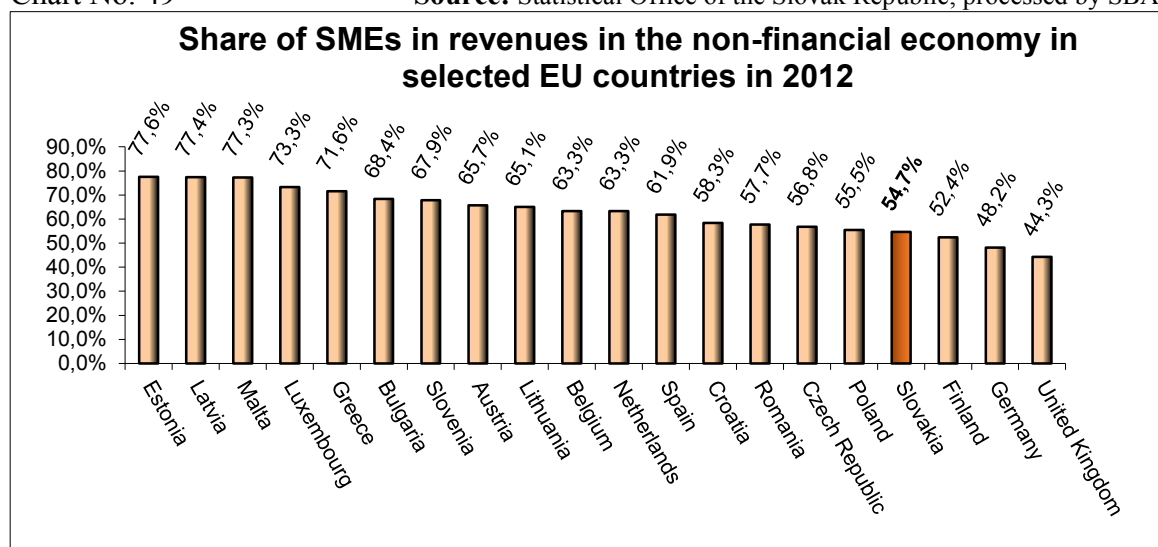


Chart No. 49

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



Source: Eurostat, processed by SBA

Chart No. 50

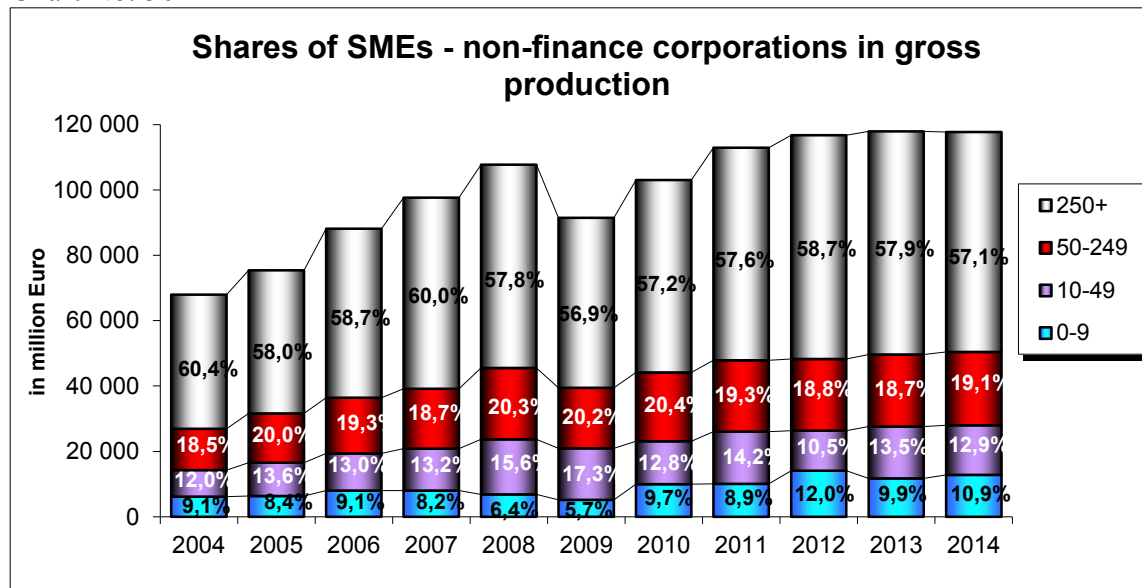


Chart No. 51

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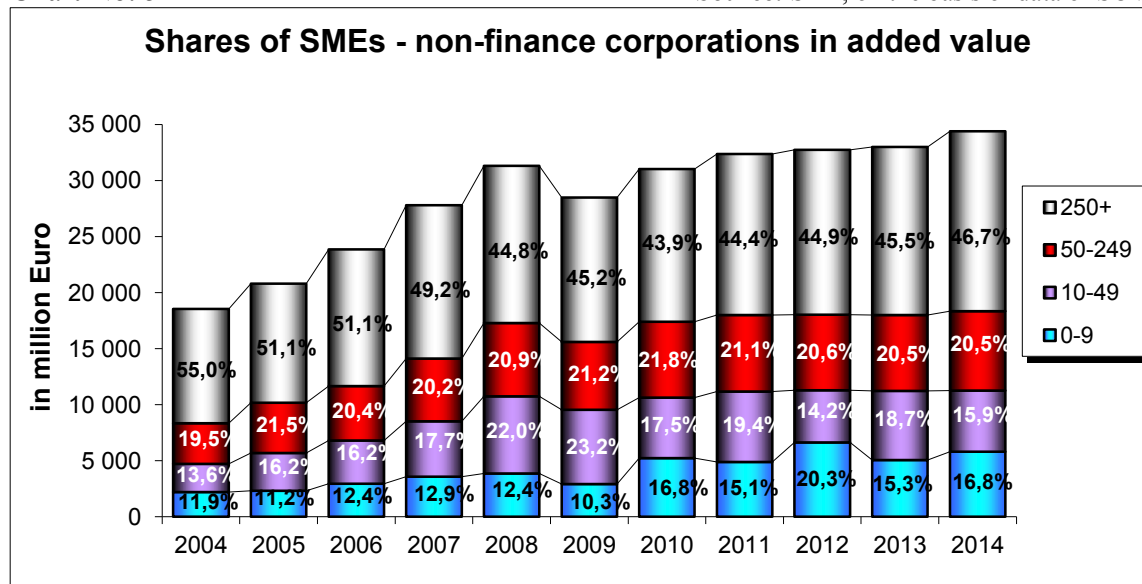
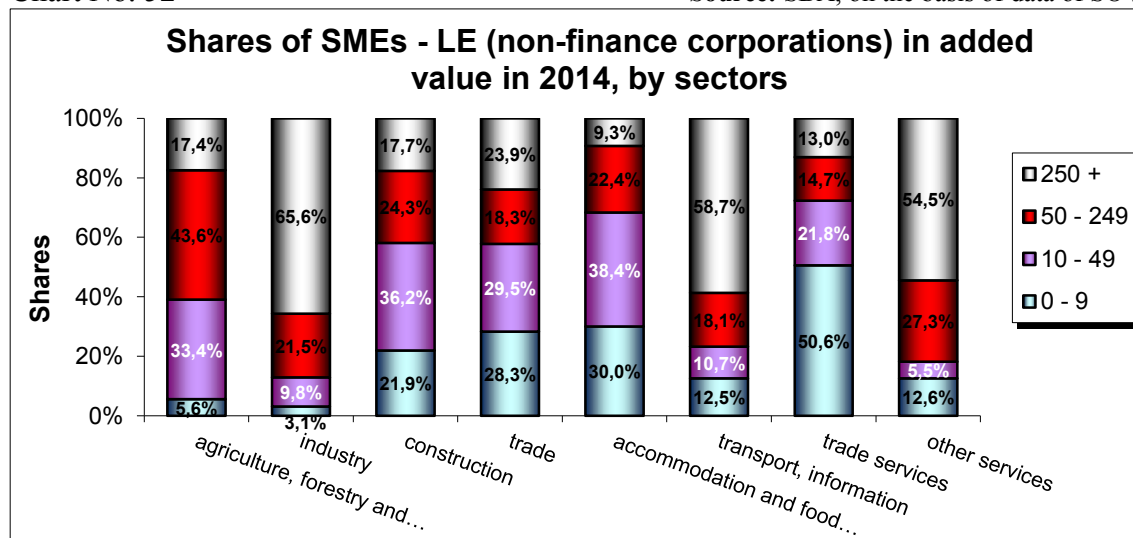


Chart No. 52

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



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

Chart No. 53

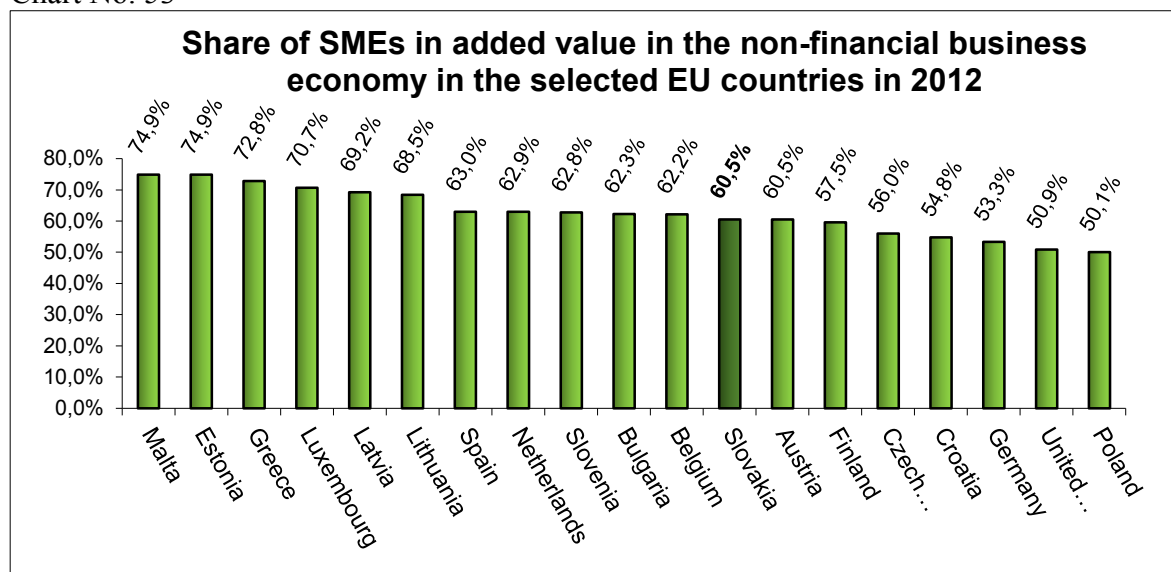


Chart No. 54

Source: Eurostat, processed by SBA

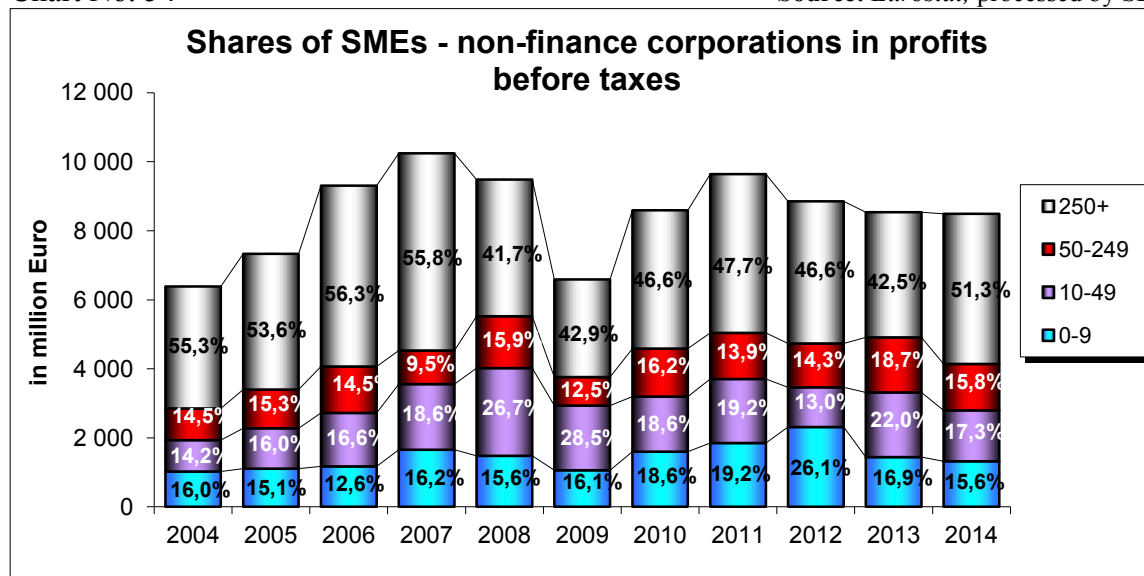
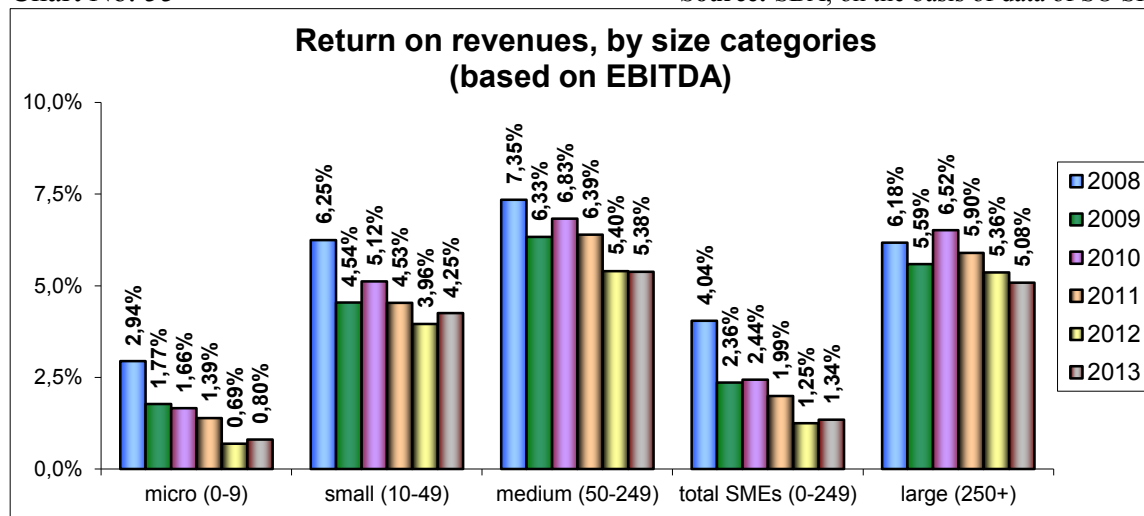


Chart No. 55

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



Source: Available financial statements, prepared by SBA

Chart No. 56

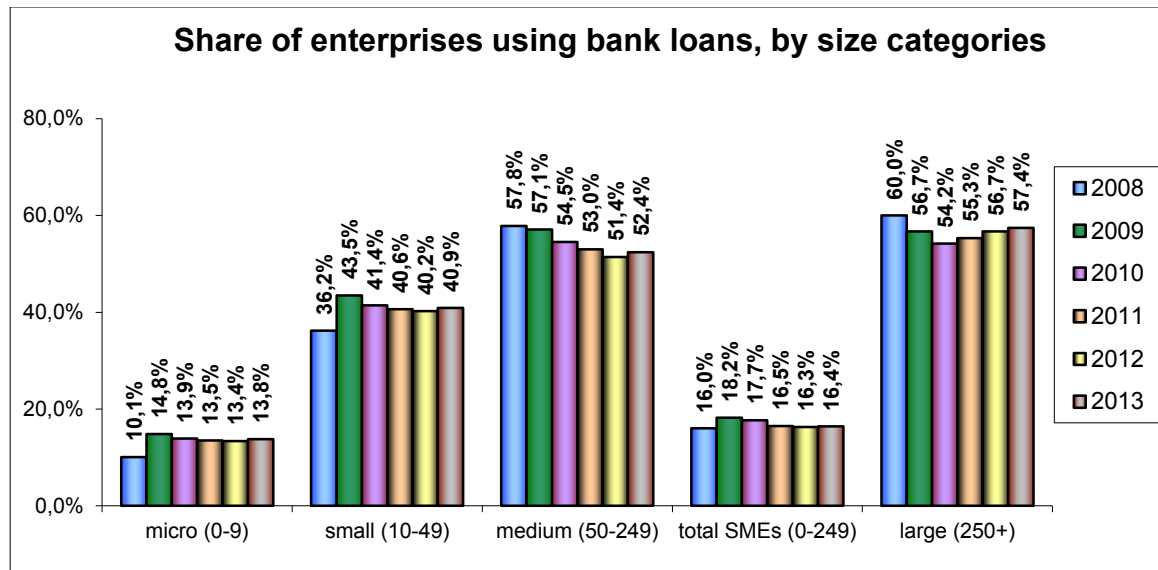


Chart No. 57

Source: Available financial statements, prepared by SBA

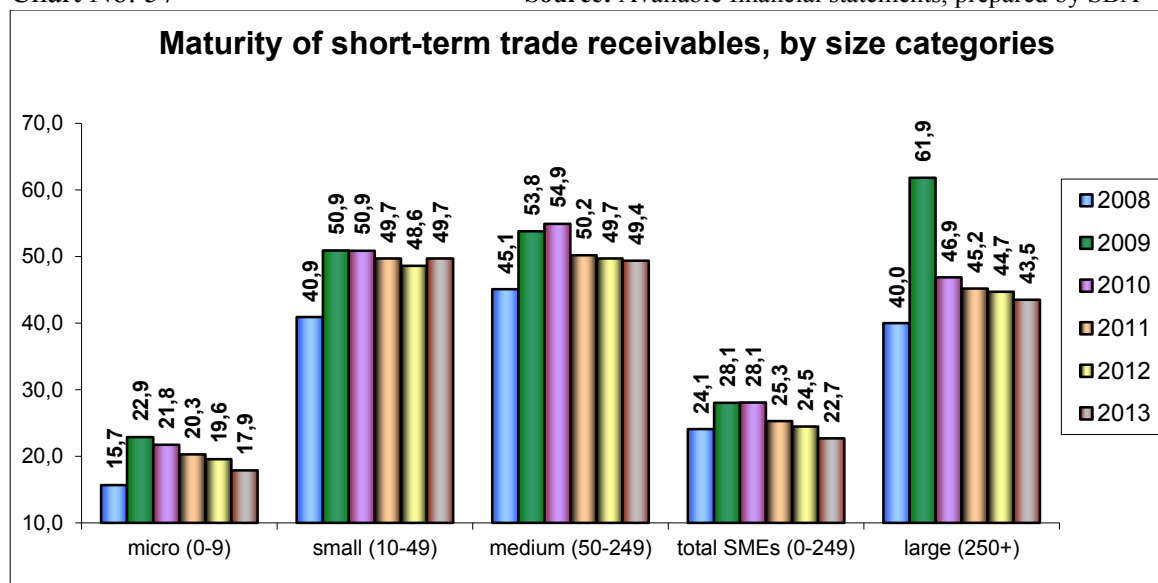
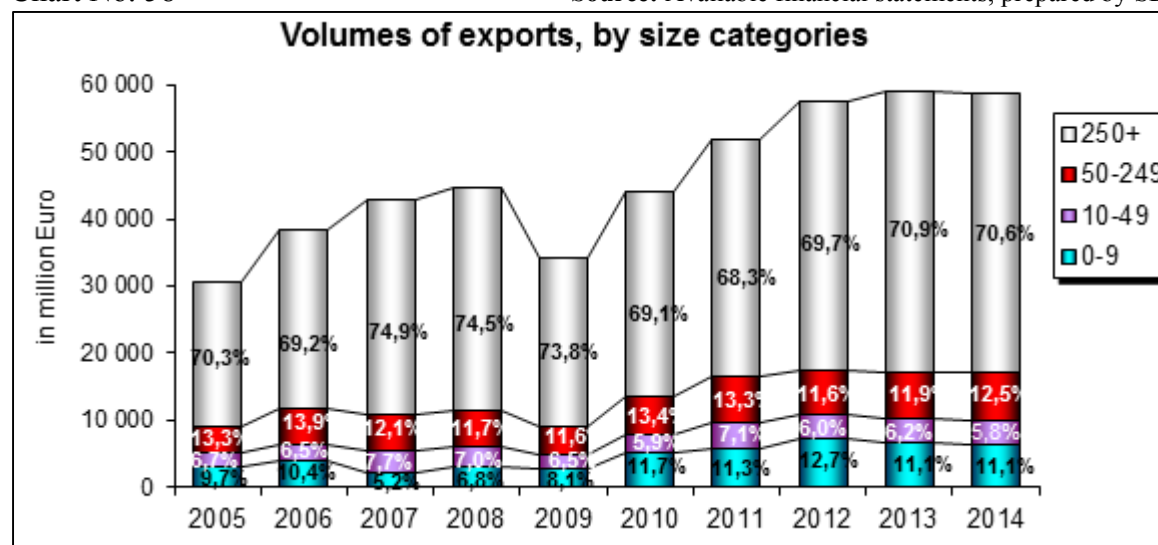


Chart No. 58

Source: Available financial statements, prepared by SBA



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

Chart No. 59

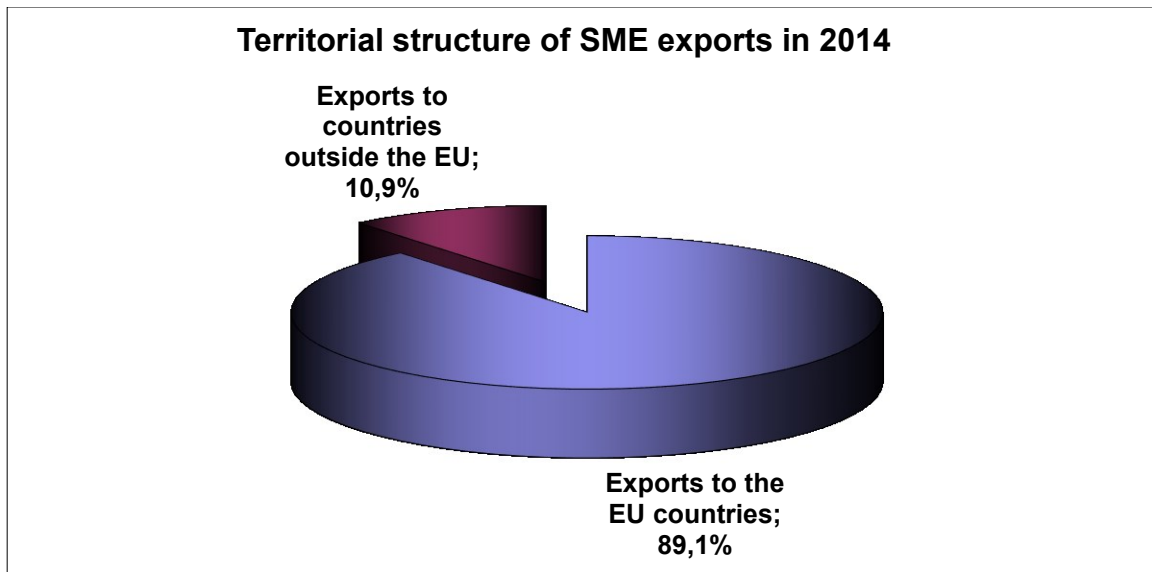


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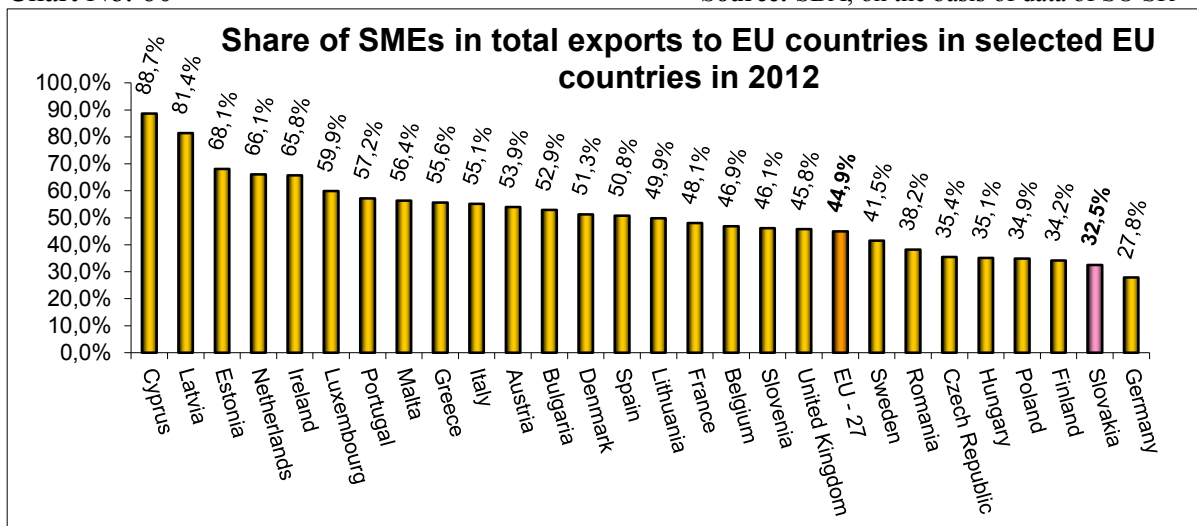
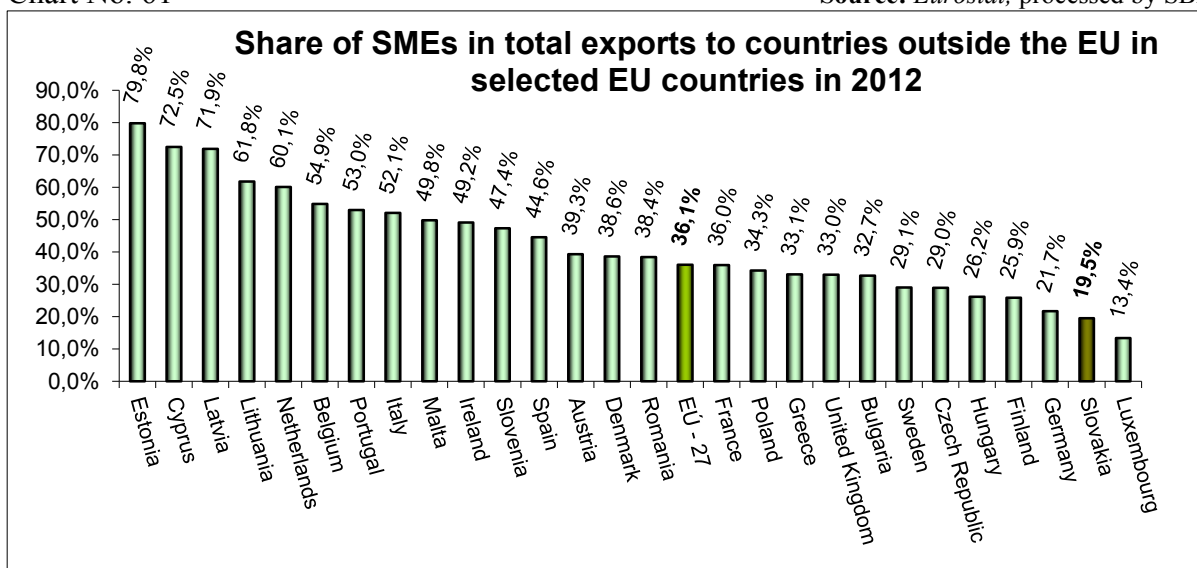


Chart No. 61

Source: Eurostat, processed by SBA



Source: Eurostat, processed by SBA

Chart No. 62

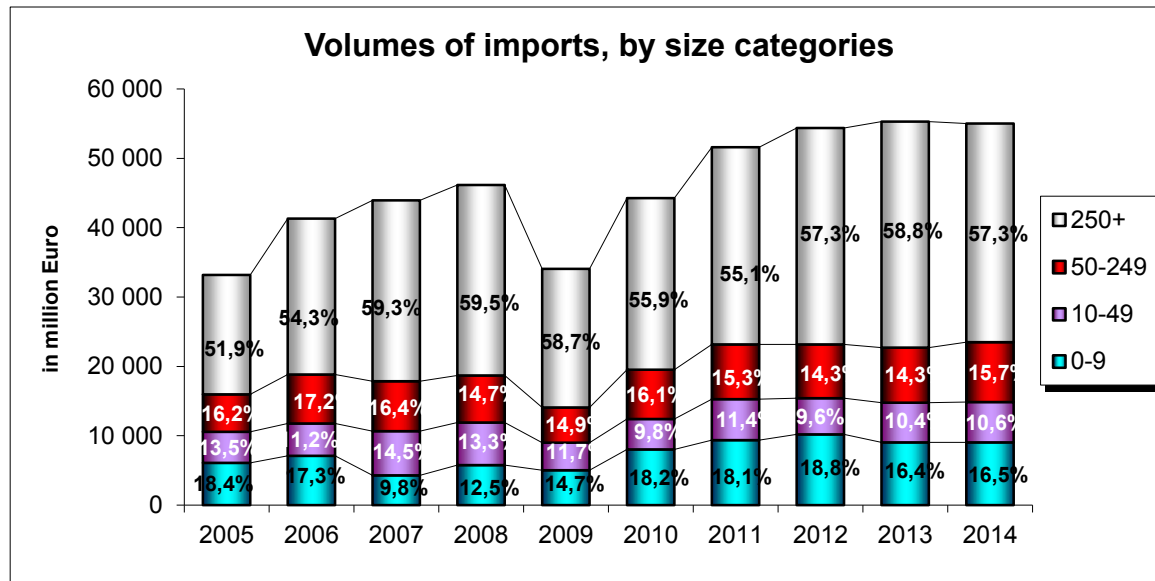


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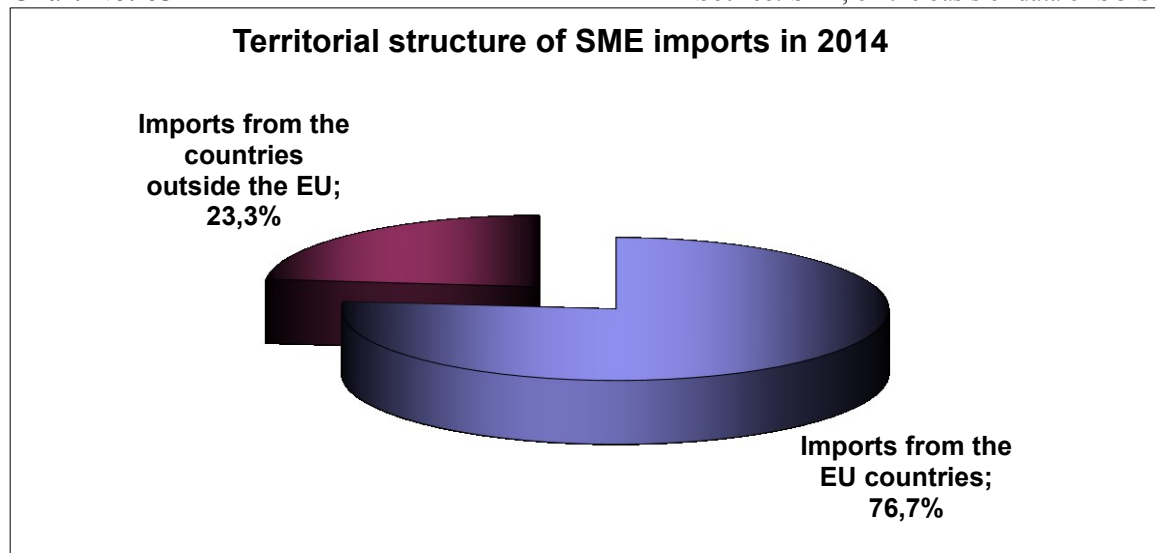
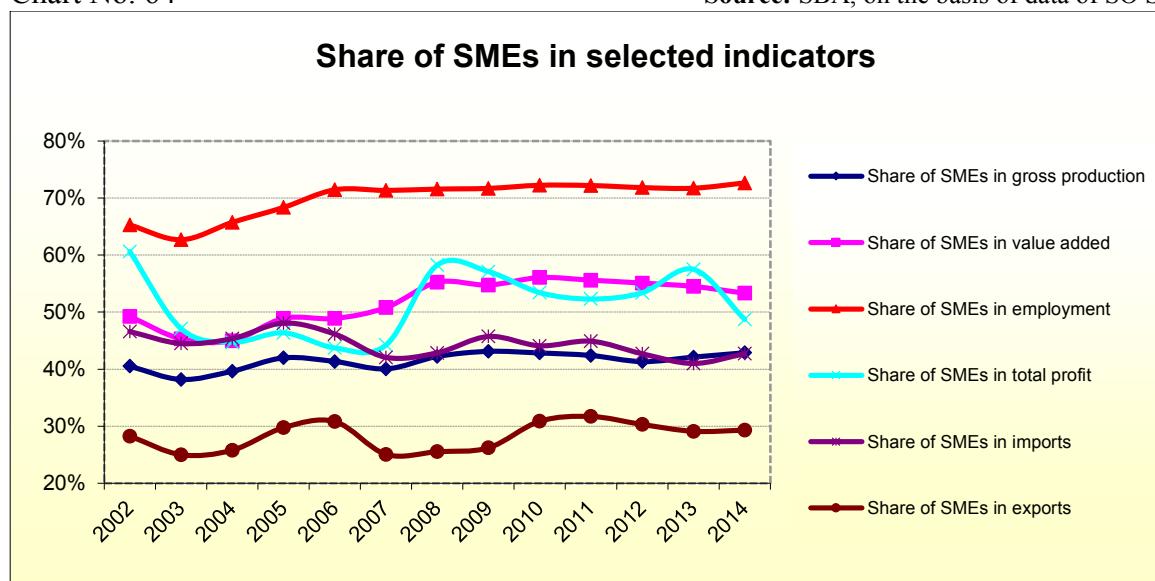


Chart No. 64

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



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

Chart No. 65

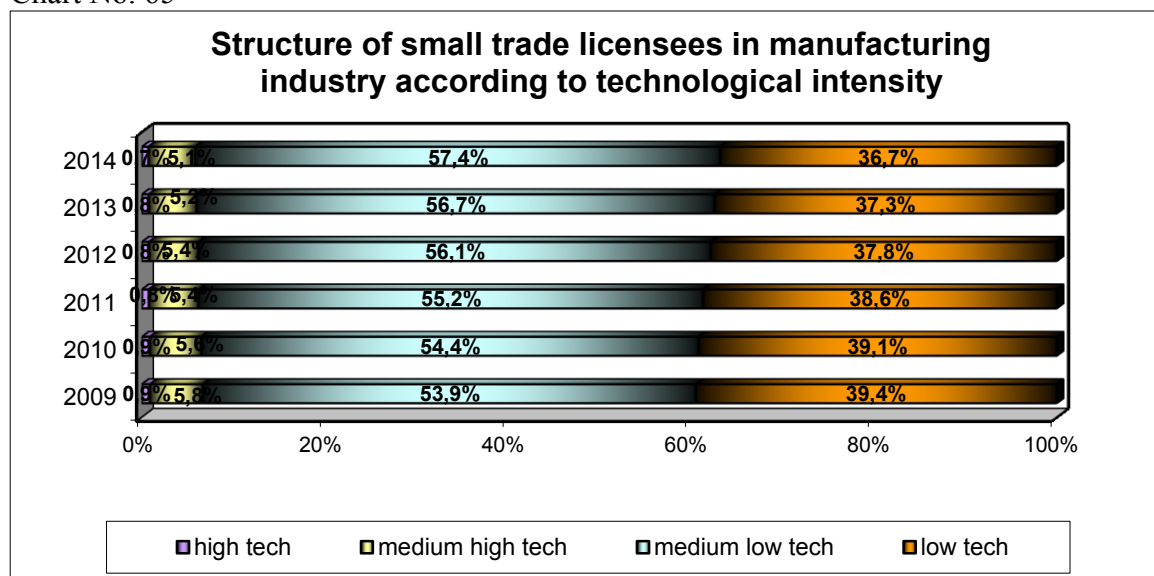


Chart No. 66

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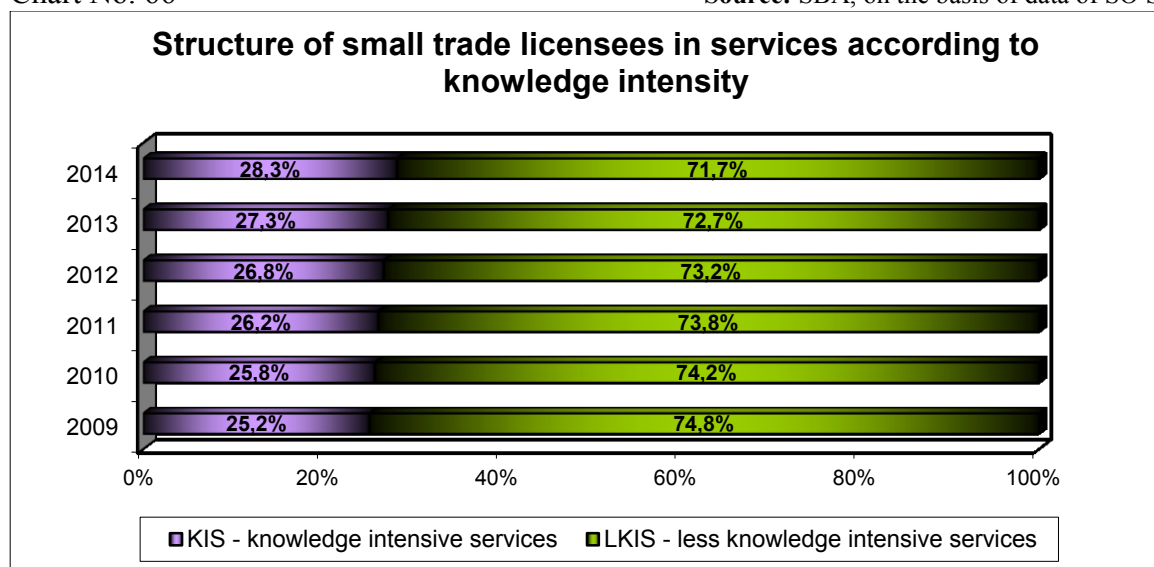
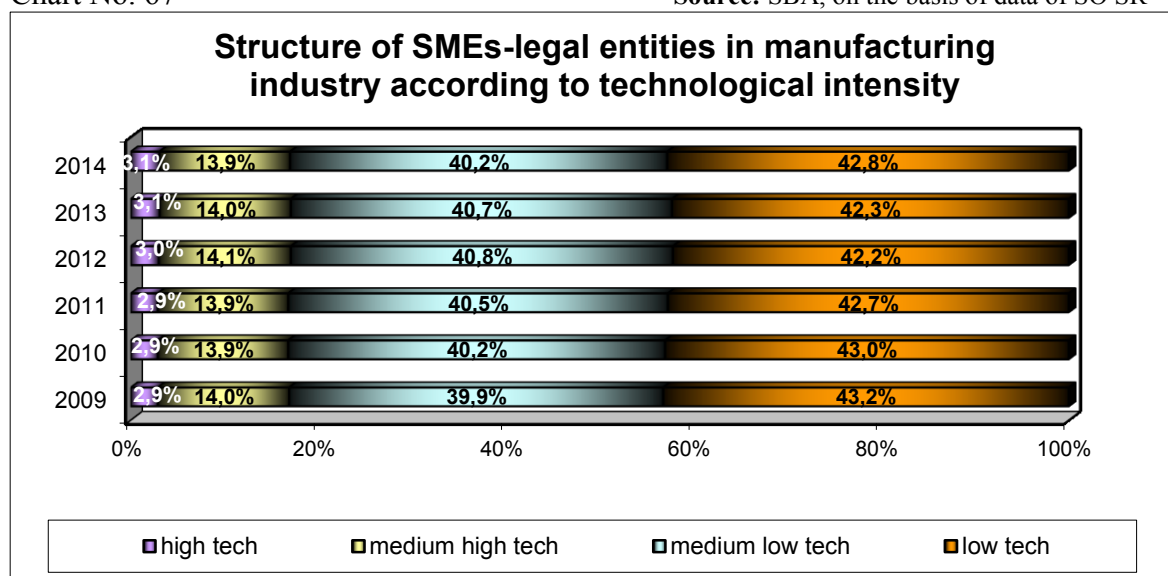


Chart No. 67

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



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



Chart No. 68

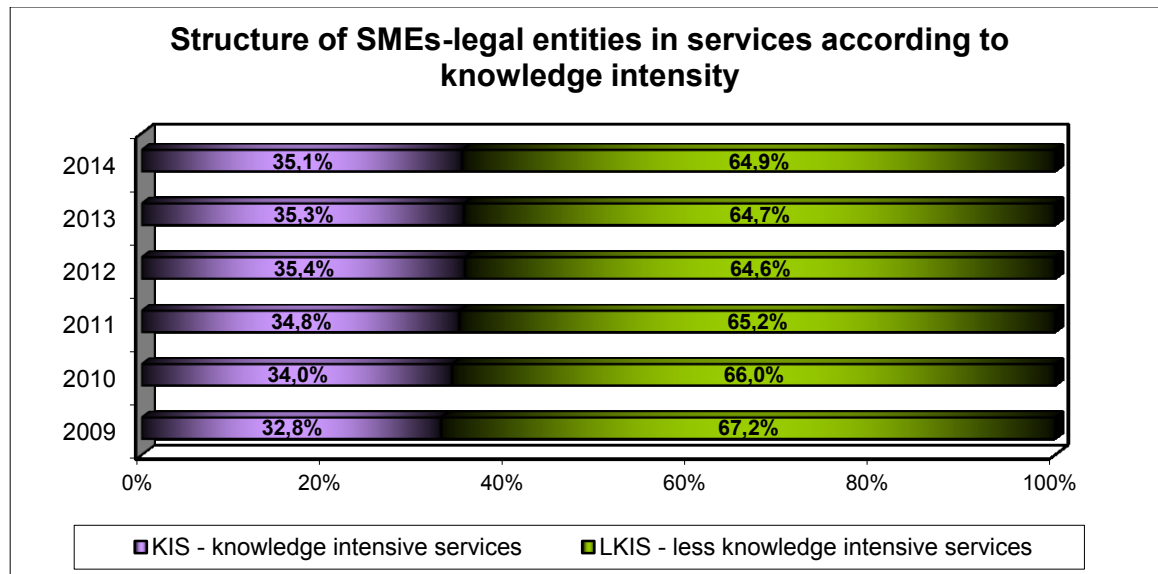
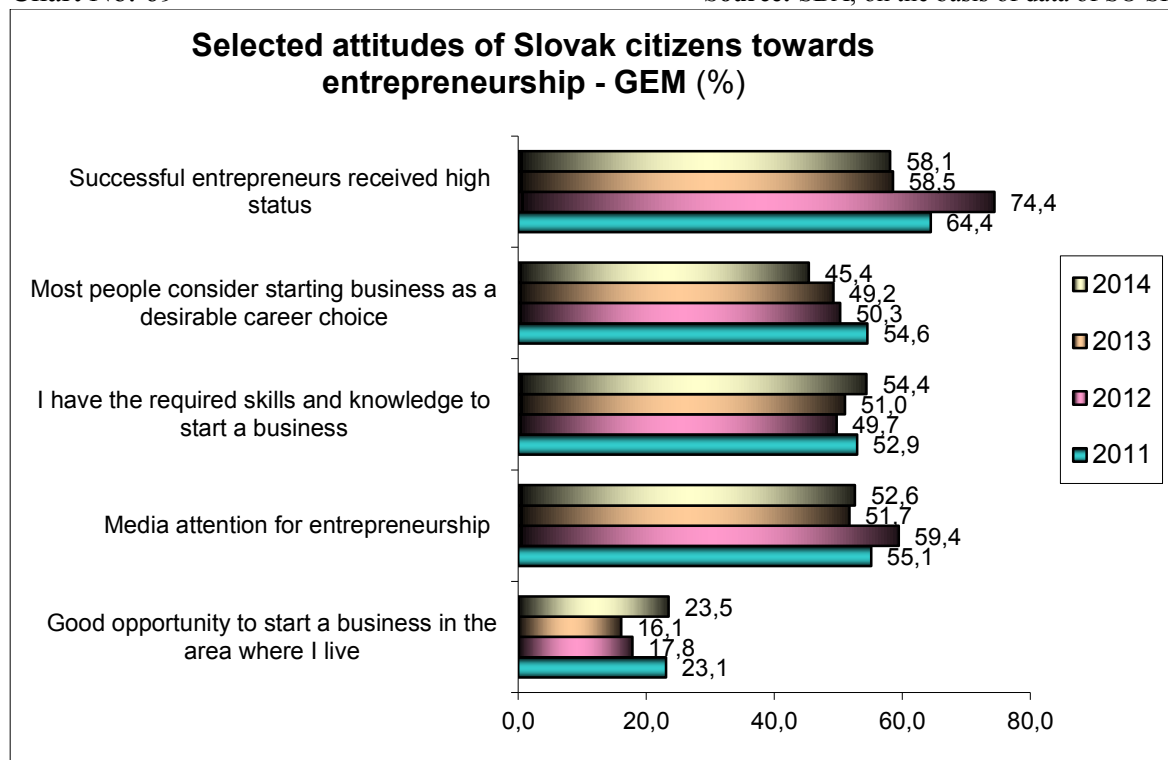


Chart No. 69

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



Source: GEM, processed by SBA

Chart No. 70

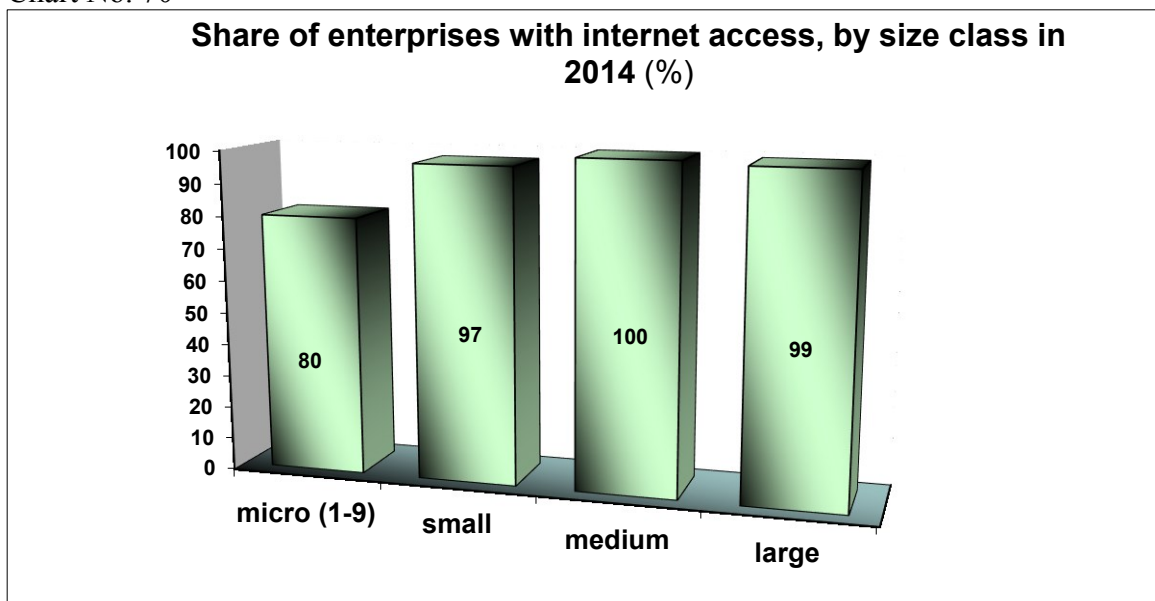
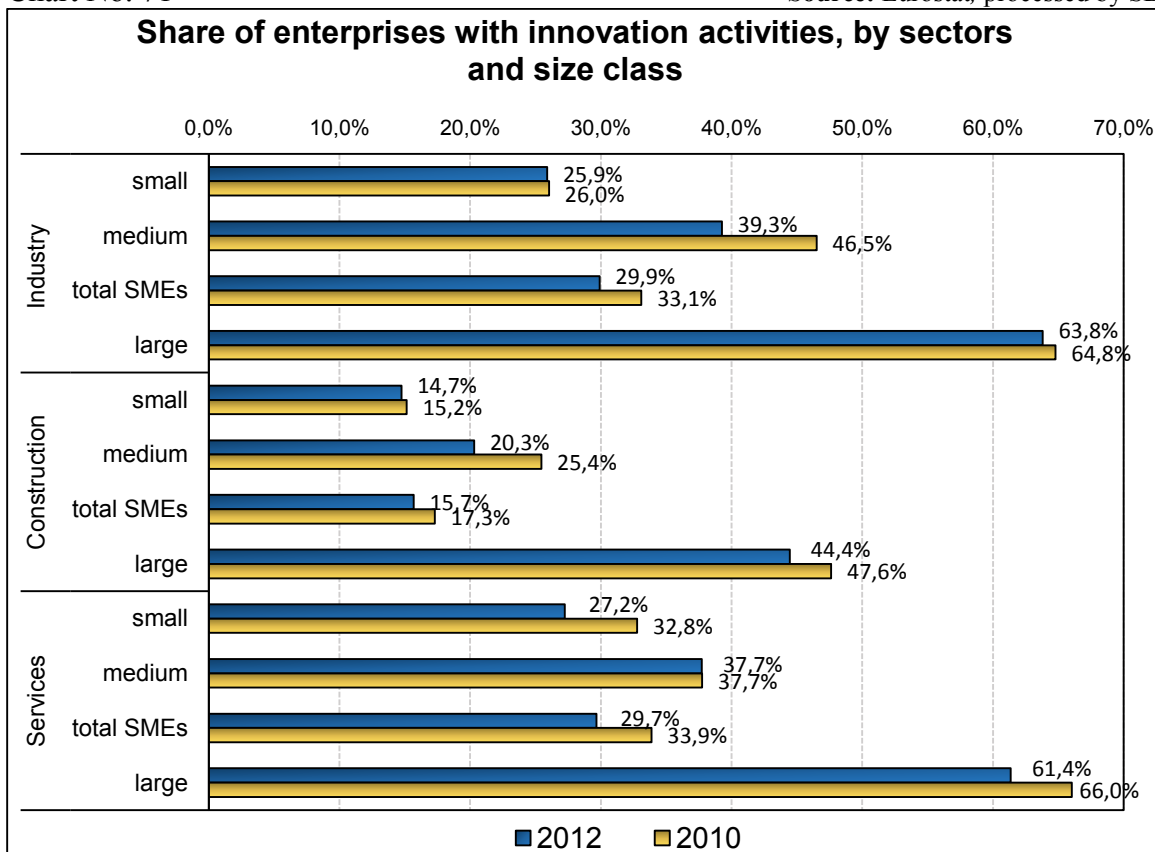


Chart No. 71

Source: Eurostat, processed by SBA

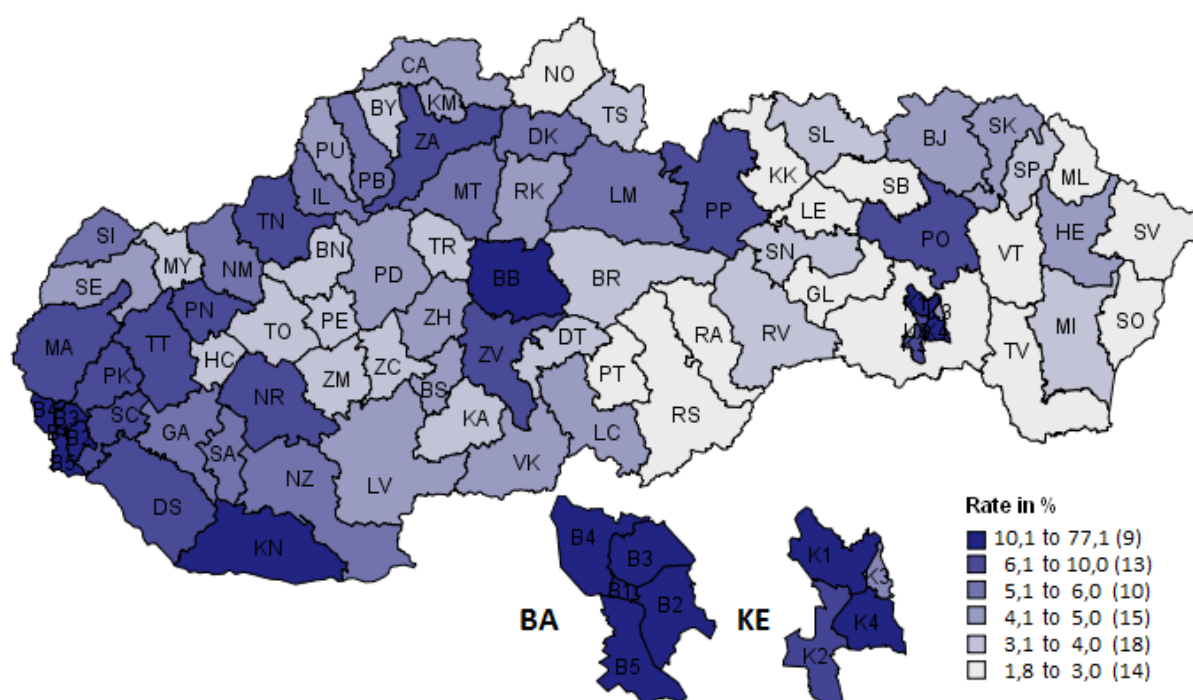


Source: Statistical Office of the Slovak Republic, processed by SBA

## Annex B: Maps

### Map no. 3

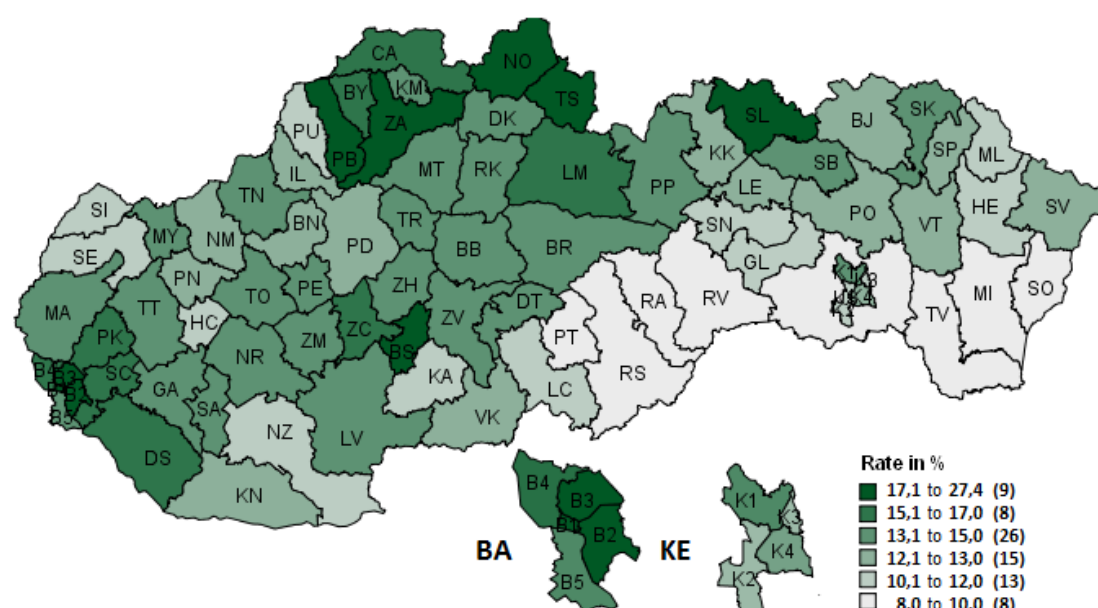
#### Rate of entrepreneurial activity of SMEs legal entities in Slovak districts in 2014



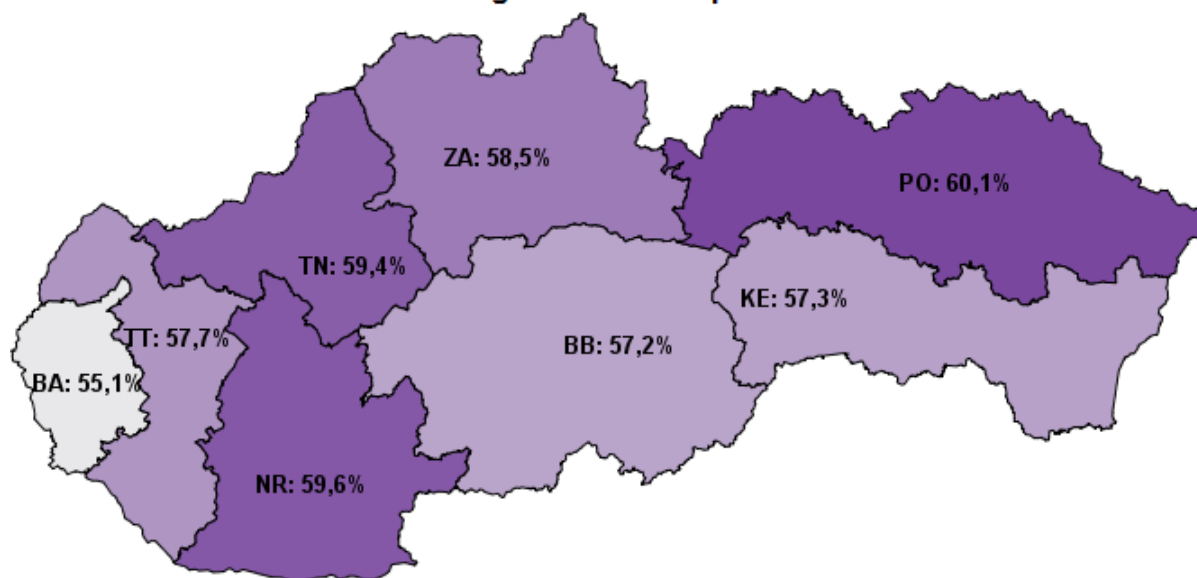
Base map © Geodesy, Cartography and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, based on data from the Statistical Office of the Slovak Republic and Office of Labour, Social Affairs and Family, processed by SBA. Rate of entrepreneurial activity is calculated as a proportion of the number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

### Map no. 4

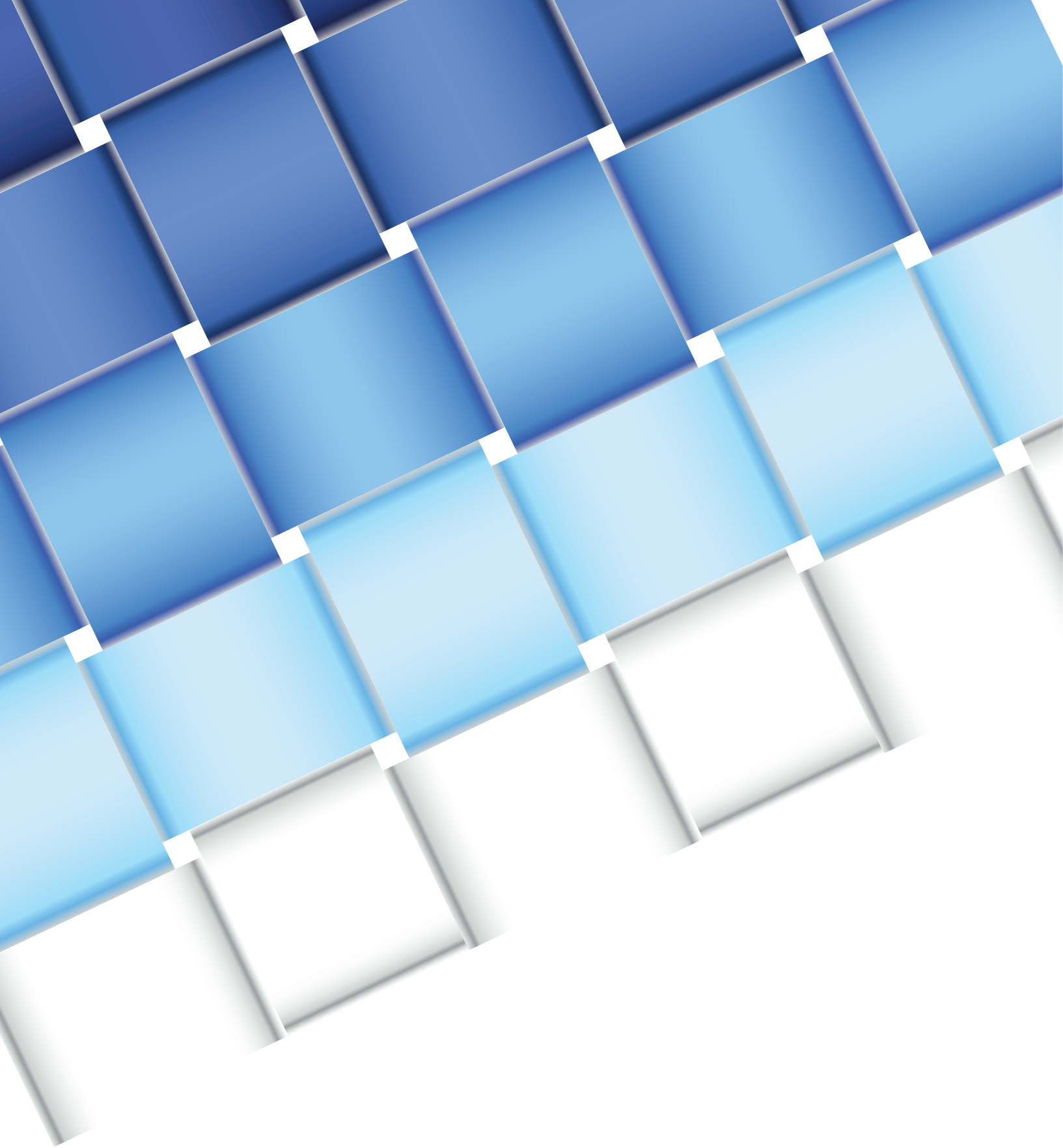
#### Rate of entrepreneurial activity of natural persons-entrepreneurs in Slovak districts in 2014



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 SBA. Rate of entrepreneurial activity is calculated as a proportion of the number of natural persons-entrepreneurs and economically active population in %.

**Map no. 5****Share of SMEs legal entities with profit in 2013**

Base map © Geodesy, Cartography and Cadastre Authority of Slovak Republic, no. 39-112-1788/2013, data from available financial statements of SMEs, processed by SBA.



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