

**SLOVAK BUSINESS AGENCY**

**REPORT ON THE STATE  
OF SMALL AND MEDIUM-SIZED ENTERPRISES  
IN THE SLOVAK REPUBLIC IN 2017**



**EURÓPSKA ÚNIA**  
Európsky fond regionálneho rozvoja





**Európska únia**  
Európsky fond regionálneho rozvoja



# **Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2017**

**Bratislava**

# Table of contents

<b>List of Tables</b> .....	4
<b>List of Charts</b> .....	5
<b>List of Acronyms</b> .....	6
<b>1 Introduction</b> .....	9
1.1 Brief history of the Report on the State of SMEs in SR on the occasion of its 25th publication.....	10
<b>2 Executive Summary</b> .....	13
<b>3 Attitude of the European Union and of the Slovak Government to SME support</b> ...	17
<b>4 Development of the economic environment of SMEs</b> .....	18
4.1 Macroeconomic framework .....	18
4.2 Quantitative SME indicators .....	21
<b>5 Support programmes</b> .....	26
5.1 Overview of the financial support provided to SMEs from the point of view of the forms of financing and the sources of funds .....	26
5.2 Description of the aid provided .....	27
5.2.1 State institutions .....	27
5.2.2 Non-state institutions.....	56
5.2.3 Financial institutions .....	61
5.2.4 Universities.....	67
5.2.5 Slovak Business Agency .....	69
<b>6 Survey conclusions</b> .....	85
6.1 Attitude of the population to entrepreneurship - Global Entrepreneurship Monitor (GEM) .....	85
6.2 Survey of Export Aspirations of Small and Medium-Sized Enterprises.....	87
6.3 Slovak Family Business Survey .....	88
6.4 Slovak Start-ups Survey .....	91
6.5 Survey on the Access to Finance of Enterprises (SAFE).....	92
6.6 Business perceptions of regulation.....	94
6.7 Perceived independence of the national justice systems in the EU among companies	96
<b>7 Legislative development and proposals for decreasing the regulatory burden</b> .....	99
7.1 Summary of the most significant legislative changes which had an effect on the business environment in 2017 .....	99
7.2 Summary of conclusions from the business environment analyses performed.....	115
7.3 Proposals for improving the regulation in favour of SMEs .....	119
<b>8 Conclusion</b> .....	122
<b>Annexes: Infographics</b> .....	124

## List of Tables

Table 1: General and demographic SME indicators.....	22
Table 2: Number of business entities operating in Slovak regions in 2017 .....	22
Table 3: Economic and financial indicators of SMEs .....	23
Table 4: Amounts allocated to SMEs in 2017, divided as per their source.....	26
Table 5: Direct credits in 2014-2017 (provided to SMEs) .....	29
Table 6: Bank guarantees in 2014-2017 (provided to SMEs as of 31 December 2017) .....	30
Table 7: Development of assets exposures of EXIMBANKA SR in 2016-2017 (in EUR thousand).....	30
Table 8: Share of exposures towards SMEs in the total exposures of EXIMBANKA SR as of 31 December for 2016 – 2017, broken down according to insurance of marketable and non-marketable risks.....	31
Table 9: Receivables from the provided direct credits and guarantees to SME clients as of 31 December for 2013-2017 (in EUR thousand).....	32
Table 10: Percentage of the export support by insurance products to EU countries and other countries, broken down according to client size .....	32
Table 11: Summary of the allocated funds as per individual programmes and sub-programmes.....	38
Table 12: State aid provided in 2017 as per individual state aid schemes .....	38
Table 13: Implementation of selected ALMM tools in 2017 for all business entities .....	42
Table 14: Employment support aid for SMEs.....	43
Table 15: Amount of the aid provided in 2017 as per the enterprise type .....	44
Table 16: Amount of the aid provided in 2017 as per the enterprise type .....	44
Table 17: Amount of the aid provided in 2017 as per the enterprise type .....	44
Table 18: Investment aid provided to investors in 2017 from national resources (state budget of SR) .....	45
Table 19: Representation of the private sector in 62 approved AfNRFCs .....	49
Table 20: Calls under the OP QE in 2017 for business entities (as of 31 December 2017).....	53
Table 21: Credits from EIF sources .....	61
Table 22: Information on sales of EU MIKROcredits .....	62
Table 23: Basic information on individual types of OTP EÚ MIKROcredits .....	62
Table 24: Basic information on investment credits from SlovSEFF III.....	63
Table 25: Basic conditions of commonly provided credits .....	66
Table 26: SBA results within the BISS Slovakia 2017 project .....	76
Table 27: Selected indicators of implementation of the Microcredit Programme.....	82
Table 28: Funds provided for microcredits as per individual industries .....	82
Table 29: Numbers and amounts of investments approved as per individual funds .....	83
Table 30: Numbers and amounts of investments made as per individual funds .....	83
Table 31: Life-cycle stage of companies when making investment proposals .....	84
Table 32: Summary of the number and amount of partial and complete divestments made in 2017 .....	84
Table 33: Summary of amendments of key entrepreneurship legislation .....	115

## List of Charts

Chart 1: Year-on-year GDP development in SR and EU .....	19
Chart 2: Development of the average number of employed persons and of the unemployment rate in SR .....	20
Chart 3: Development of average interest rates of corporate loans and of the inflation in SR .....	21
Chart 4: Gender structure of NPs - entrepreneurs in 2016-2017 .....	22
Chart 5: Age structure of NPs - entrepreneurs in 2016-2017 .....	23
Chart 6: The development of gross production, added value and pre-taxation profit of SMEs in 2008-2017 (in EUR million) .....	24
Chart 7: Development of the number of persons employed by SMEs in 2008-2017 .....	25
Chart 8: Development of SMEs' export and import in 2008-2017 (in EUR million) .....	25
Chart 9: SME financing forms structure in 2017 .....	26
Chart 10: Proportion (%) of the state aid provided to SMEs in 2017 as per the provider .....	28
Chart 11: Selected attitudes of the Slovak population to entrepreneurship according to GEM (% of affirmative responses) .....	86
Chart 12: Missing form of support for foreign-trade activities of SMEs .....	87
Chart 13: Use of support programmes for foreign-trade activities of SMEs .....	88
Chart 14: Main challenges of Slovak family businesses when starting their business activities .....	89
Chart 15: Main obstacles preventing Slovak family businesses from expanding their business .....	90
Chart 16: Relevant sources of financing SMEs in Slovakia and in the EU .....	93
Chart 17: Purpose of use of the acquired financial means by SMEs in Slovakia and in EU-28 .....	94
Chart 18: How respondents know the origin of the legislation applicable to their business .....	94
Chart 19: Advantages of the EU legislation for Slovak SMEs .....	95
Chart 20: Disadvantages of the EU legislation for Slovak SMEs .....	96
Chart 21: Opinions of companies on the independence of courts and judges in Slovakia and in the EU in 2017 .....	97
Chart 22: Perception of independence of courts and judges in individual EU countries .....	98

## List of Acronyms

TEAs	Temporary employment agencies
ALMMs	Active labour market measures
ALMP	Active labour market policy
SRDA	Slovak Research and Development Agency
ASPEK	Association of Industrial Ecology in Slovakia
BSK	Bratislava Self-Governing Region
CEB	Council of Europe Development Bank
CIP	Competitiveness and Innovation Framework Programme
BRC	Better Regulation Centre
COSME	EU Programme for the Competitiveness of Small and Medium-Sized Enterprises
CRIF	Slovak Credit Bureau s.r.o.
CCPC	Contentious Civil Procedure Code
LTU JSS	Long-term unemployed job seekers
LTUs	Long-term unemployed population
EaSI	Employment and Social Innovation Programme
EBRD	European Bank for Reconstruction and Development
ECB	European Central Bank
EEN	Enterprise Europe Network
EFQM	European Foundation for Quality Management
ERDF	European Regional Development Fund
EIB	European Investment Bank
EIF	European Investment Fund
EIT	European Institute of Innovation & Technology
EC	European Commission
EMAS	Eco-Management and Audit Scheme
ECo	Enforcement Code
ERDF	European Regional Development Fund
ESIF	European Structural and Investment Funds
ETC	European Territorial Cooperation
EU	European Union
FLPG	First loss portfolio guarantee
FM UK	Faculty of Management, Comenius University in Bratislava
NP	Natural person
GEM	Global Entrepreneurship Monitor
GEW	Global Entrepreneurship Week
GDP	Gross Domestic Product
INKLUPOD	Project promoting inclusion in entrepreneurship of selected disadvantaged groups in Slovakia
IROP PA3	Integrated Regional Operational Programme, Priority Axis 3

SAS	Simplified joint stock company
SPC	Single Point of Contact
MH SR	Ministry of Economy of the Slovak Republic
MK SR	Ministry of Culture of the Slovak Republic
MPRV SR	Ministry of Agriculture and Rural Development of the Slovak Republic
MPSVR SR	Ministry of Labour, Social Affairs and Family of the Slovak Republic
SMEs	Small and medium-sized enterprises
MŠVVaŠ SR	Ministry of Education, Science, Research and Sport of the Slovak Republic
YJSs	Young job seekers
MZ SR	Ministry of Health of the Slovak Republic
MZVaEZ	Ministry of Foreign and European Affairs of the Slovak Republic
MŽP SR	Ministry of Environment of the Slovak Republic
SBA	Slovak Business Agency
NBS	National Bank of Slovakia
NCP	National Contact Point
NEET	Not in employment, education or training
NRFC	Non-repayable financial contribution
NP	National project
NBC	National Business Centre
NUTS	Nomenclature of Units for Territorial Statistics
OECD	Organization for Economic Co-operation and Development
OP	Operational Programme
OP R&I	Operational Programme Research and Innovation
RES	Renewable energy sources
p.p.	percentage point
JP	Job positions
LP	Legal person
POCE	Business Centre
APA	Agricultural Paying Agency
PRSL	Portfolio Risk Sharing Loan
OHS	Occupational health service
R&D	Research & Development
RAIC	Regional Advisory and Information Centre
SAFE	Survey on the Access to Finance of Enterprises
SARIO	Slovak Investment and Trade Development Agency
SBA	Slovak Business Agency
SBAfE	Small Business Act for Europe
SCTF	Slovak Centre for Training Firms
SLSP	Slovenská sporiteľňa bank
IB	Intermediate Body

SCCI	Slovak Chamber of Commerce and Industry
SR	Slovak Republic
STU	Slovak University of Technology
SEP	Self-employed person
SZRB	Slovenská záručná a rozvojová banka, a. s.
SASTCW	Slovak association of self-employed trade and craft workers
SO	Specific Objective
SHDF	State Housing Development Fund
SOSR	Statistical Office of the Slovak Republic
TUK	Technical University of Košice
UCITT	University Centre for Innovation, Technology Transfer and Intellectual Property Protection
SOSMT	Slovak Office of Standards, Metrology and Testing
JS	Job seeker
COLSAF SR	Central Office of Labour, Social Affairs and Family
IPO SR	Industrial Property Office of the Slovak Republic
InQb	University Technology Incubator of the Slovak University of Technology in Bratislava
USP	University Science Park
R&D	Research & Development
HTU	Higher Territorial Unit
SOSR HRSD	Selective detection of human resources of the Statistical Office of SR
VAT Act	Act on the Value Added Tax
TFEU	Treaty on the Functioning of the European Union
YEAS	Young Entrepreneurs Association of Slovakia
EAS	Entrepreneurs Association of Slovakia
ROSR	Representative Office of the Slovak Republic
AfNRFC	Application for non-repayable financial contribution

## 1 Introduction

From the point of view of creating jobs, supporting local economy and balancing of the disparities in regional development, the position of small and medium-sized enterprises (hereinafter referred to as "SMEs") in the national economy is significant from a long-term perspective in Slovakia. In 2017, the conditions for business activities of SMEs were affected positively not only by the macroeconomic development or by a stable rate of the economic growth, driven in particular by a growth of the national demand but also by a growth of the foreign demand. A year-on-year rise in the investment demand creates favourable preconditions for a further growth of economic activities in the future as well for a further growth of consumer demand. A growth in industrial production, building production as well as in trade, transport and storage or in market services was demonstrated in an increased employment rate, lower unemployment rate and a higher average monthly wage of employees in the economy.

However, it was accompanied by a gradually deteriorating access to qualified labour force, marking the limit of an extensive growth of the Slovak economy. For a second year in a row, the average number of employed persons in SR was higher than pre-crisis values not only thanks to good economic conditions but also thanks to a currently high number of the working-age population on the labour market. The growing lack of labour force is currently rather a result of an asymmetry in the structure of the offer and demand on the labour market or of an absence of basic work habits or soft skills of the unemployed population. As a result of the expected demographic evolution, the Slovak Republic will face the challenge of improving the conditions in order to enable an intensive growth of the economy with a decreasing number of available labour force sources (increasing the labour productivity as a result of a higher-quality education system, its connection with employers and the connection of employers with research, as well as improvement of work organization by a more flexible employment policy and regulation or by more efficient integration of labour force from abroad).

The first demonstrations of inflation growth seen in the last 3 years with an unchanged trend of maintaining relatively low interest rates of corporate loans currently confirm positive outlooks of the economic development in SR for the following year as well. The question remains why SMEs cannot use the positive conditions in the area of foreign trade and in implementing innovation in the economic practice. The weak position of Slovak SMEs, not only compared to larger enterprises but also compared to SMEs in EU countries, deteriorated compared to the previous year and an absence of necessary policy reforms or a failure to create a legal and support environment which considers the needs of SMEs in order to improve their position not only on the single market but also on the global market considerably decreases the rate of the social and economic development in Slovakia.

The submitted publication follows up on the series of reports with current information about the positions and trends observable in the Slovak SMEs environment that have been elaborated since 1993. The aim of the submitted Report on the State of SMEs in SR in 2017 is to provide information on the current development of SME support in both EU and in SR (chapter 3), on development of the economic environment and the position of SMEs in SR (chapter 4), on measures and initiatives focused on supporting SMEs in Slovakia (chapter 5), on significant changes in the legislative environment with an impact on SMEs, opinions of SMEs on selected aspects of the business environment (chapter 6) and, last but not least, to provide relevant recommendations for their future improvement (chapter 7).

The evaluation of SMEs' business activities in Slovakia in 2017 also includes interpretations of the development of relevant statistical indicators as well as results of surveys focused on entrepreneurship and SMEs including presentation of the results of the Global Entrepreneurship Monitor (GEM) representing an important global study on business dynamics. The report contains also several tables and charts presented in the text part itself. Their role is to illustrate and document the stated information and trends. They represent a selection of more detailed evaluations of individual SMEs aspects presented within separate thematic analyses and studies published by SBA. A cross-sectional, but detailed view of the current development trends is provided by a statistical document entitled "SMEs in Numbers in 2017" presenting the results of statistical indicators of SMEs, including their demography (number), established and disestablished SMEs, their sectoral and regional structure, employment rate, position of SMEs in the economy and in foreign trade.

The evaluation of the state and development trends of SMEs is used as a basis for an analysis of the state of the Slovak business environment that is submitted to the Slovak government annually as a part of the Report on the State of the Business Environment in the Slovak Republic under the Resolution No. 792 of the Government of SR of 17 July 2002. The Report is used as a basis for activities of the SME Envoy. The document is also used as a data base for informing EU institutions, OECD and other entities and for preparation of analyses and studies of the Slovak business environment.

Similarly to previous years, the Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic in 2017 is available to the public through the SBA website. Authors of the document thank to their collaborators from state and public administration organizations, business unions and associations as well as non-governmental organizations for the submitted documents which helped elaborate the Report in the required scope and quality.

## **1.1 Brief history of the Report on the State of SMEs in SR on the occasion of its 25th publication**

In **1993**, the Resolution of the Government of SR No. 331 adopted a Comprehensive SME Support Programme which included **establishment of a National Agency for Development of Small and Medium-Sized Enterprises** (NADSME). Through a network of 12 regional advisory and information centres and 4 business innovation centres, it started to provide advisory, educational and information **services** to SMEs.

In **1994**, NADSME (the institutional forerunner of the current Slovak Business Agency) published the **first Report on the State of SMEs** called the "State of Small and Medium-Sized Enterprises 1993". The Reports on the State of SMEs in SR were elaborated annually and so the Report of 2017 which is **published in 2018** is its **25th issue**.

Already in 1993, the Report stated that "in spite of all problems of the Slovak economy, there is already an **SME** sector which **significantly contributes to production and employment in the Slovak economy**." There were 261,349 sole traders, 23,828 small enterprises and 2,847 medium-sized enterprises - legal persons registered in SR in 1993.

Since the beginning, the **aim** has been to monitor and present the current importance of SMEs, the economic environment they operate in, their scope and structure, institutional support network, evaluation of support programmes for SME establishment and development as well as proposed measures for their further development due to the need to create a possibility for relevant public administration authorities to "take measures to **eliminate any barriers preventing further development or to correct the development seen until now**".

After it was discussed by the Government, the second Report from 1994 should have served *inter alia* as a "data base for informing EU institutions when preparing comparative analyses", later also OECD, while since the above-stated year it has been available also in English. The Government Resolution No. 740/1994 formally laid down the need to evaluate the SME development; such need was updated by the Government Resolution No. 726/2000 or the Government Resolution No. 792/2002 and the Report became a part of a Slovak Business Environment Analysis.

**Any milestones seen in the Slovak history have always been included in the Report** (adoption of the Act No 100/1995 on the State Support of SMEs, establishing a system of state support programmes, adoption of the Medium-Term SMEs State Support Policy by the Government in 1997). Certain recommendations related to SMEs presented in the Report of 1998 are also included in the Association Agreement, a crucial document focused on preparation and preparedness of Slovakia for joining the EU.

In the subsequent years, the Report dealt with **admission of Slovakia to OECD** or to the club of economically developed countries of the world in 2000, signing the Accession Treaty with EU in 2002 and **admission of SR to the European Union** as of 1 May 2004. According to the Report, consequences of such milestones included the necessity of Slovak enterprises to compete with EU enterprises on the single market more intensively, or to use its advantages as well as to intensify the effort to catch up with the economies of the Member States, along with an increasing regulatory burden in relation to approximation of the Slovak legislation with the EU law.

The Report of 2009 evaluated **adoption of the common Euro currency** with all its positive and negative effects, as well as consequences of the global economic crisis which in Slovakia were first demonstrated in the form of a steep drop in external demand, later also in other areas of economy. Not only SMEs were recovering from the above-mentioned consequences at least until 2012.

Since already in 2008 Slovakia joined the **initiative of the Small Business Act for Europe** (SBAfE) which the European Commission presented as a tool for monitoring the implementation of SMEs development policies, emphasizing application of the "Think Small First" principle, the State of Small and Medium-Sized Enterprises 2010 was the first Report that presented selected information to relevant state administration authorities in the structure according to the 10 SBAfE principles (*recommendations for further improvement of the business environment and SMEs development*, in the subsequent years *the most important legislative changes and evaluation of SMEs development programmes* were added).

In connection to publication of the Amendment to the **Small Business Act for Europe** by the European Commission (EC) in 2011, reflecting the goals laid down in the EU reform strategy Europe 2020, i.e. smart, sustainable and inclusive economic growth, the **Entrepreneurship 2020 Action Plan** in 2013 and on the occasion of establishing a structure of SME Envoys (in SR occupied by the NADSME Director), in 2013 the structure of the Report was adopted to the need to evaluate application of SBAfE principles with the aim to simplify the supporting documents for SME policy makers as well as for activities of the SME Envoy. The Report became a comprehensive tool for monitoring the SBAfE initiative. This issue includes a separate part containing evaluation of application of SBAfE principles from the EU perspective, already under the Slovak Business Agency (SBA).

In the meantime, SBA was also involved in preparation of the **National Research and Innovation Strategy for Smart Specialization of SR (the so-called "RIS3")** in 2013, a strategic document approved by the government representing a starting point for ensuring SME support at least until 2020 with the aim to contribute to a growth based on enhancing

the innovativeness of SR. The current legislative framework for supporting SMEs was adopted in the form of the **SME Support Act No. 290/2016**.

A summary of evaluation of application of SBAfE principles by the Report authors was added to the Report of 2015. In the effort to extend their own evaluation, a separate document entitled **SBAfE Principles Application Evaluation Audit** was prepared in 2018 as a part of implementation of the national project named Monitoring the Business Environment in accordance with the "Think Small First" principle, and assumed the role of an assessment tool.

Since the beginning, the authors of the Report have had to deal with a lack of high-quality primary statistical and economic information when preparing the Report. By defining the problem areas or by focusing their attention on the **missing information and thanks to their proactive attitude** when prompting the SOSR, tax authorities and other institutions to collect it in order to be able to carefully map SMEs and its contributions in real time, the **authors helped gradually increase its availability**. In 2018, they are also facing the challenge to deepen the information value of the Report by ever new entrepreneurship aspects and to look for new sources of information which would reflect the development and the challenges that SMEs are facing in real world.

In 2017, there were 323,947 active sole traders and 218,805 SMEs - legal persons in Slovakia. **What may SMEs expect in the next 25 years?** We hope for the economic and legal freedom to conduct business regardless of the composition of the geopolitical group Slovakia will be a member of. We also hope for a certain **progress of the current setting of business conditions for SMEs** which, in spite of their high number, depend on operation of a few companies in the automotive industry, in the shared services centres sector or traditional industrial companies in the regions. We hope that the current start-ups and well-established technological SMEs will develop together with family businesses. We expect SMEs to be more successful in services; nonetheless, they will mainly be under a stricter scrutiny of public administration authorities as well as of customers, and thus also evaluated not only according to their financial performance but also according to their attitude in the area of **social responsibility**. We hope that business conditions created by relevant public administration authorities will support the SMEs development not only in the entrepreneurship support policy but also with their overall economic policy and political culture compatible with an adequate quality of life for Slovak nationals living at home and still less abroad.

We wish that the Report accompanies them on that journey and that the goal set by the Report authors at the beginning, i.e. "to establish a tradition of providing current information on SMEs" may continue to be met during the subsequent 25 years. **Let us thank** for the possibility to learn from our own past not only to a number of coordinators, providers of supporting documents from numerous SME support institutions and co-authors of the Report who have contributed to its preparation during the last 25 years but also to SMEs themselves which have been operating in Slovakia for several years, those which have at least tried it or those which are starting now. We wish every success to all co-authors of the Report but mainly to SMEs!

## 2 Executive Summary

The submitted Report on the State of Small and Medium-Sized Enterprises in the Slovak Republic presents a comprehensive view of the state and development of the business environment in the SME sector and of the forms of its support in 2017; it also points out to the existing problems - and offers proposals and possibilities of dealing with them - as well as to development trends.

The importance of small and medium-sized enterprises in the Slovak economy may be described using several indicators. In 2017, they represented 99.9% of the total number of business entities in the Slovak economy, employed approximately three quarters (73.8%) of the active labour force in corporate economy and helped to create more than a half of the added value (53.6%). Positive development of the national economy had also a positive impact on the development of the above-stated indicators: compared to 2016, the employment in SMEs increased by 1.4%, the added value by 8.9% and the pre-taxation profit by 7.5%. And 2017 saw the highest added value growth in the SME sector in the last seven years. On the contrary, SMEs did not see any improvement in foreign trade. According to preliminary results, the export of SMEs remained almost unchanged compared to the previous year and the proportion of SMEs in the total export even dropped.

According to records of the Statistical Office of SR (hereinafter referred to as "SOSR"), the number of active<sup>1</sup> business entities in 2017 reached 567,793, while SMEs represented 567,131 out of the above-stated figure. Compared to 2016, the number of active SMEs increased by 1.8%. Out of the total number of enterprises, microenterprises represented 97.0% (550,016), small enterprises 2.5% (14,159) and medium-sized enterprises 0.5% (2,956). The number of registered active large enterprises amounted to 662 and their share represented 0.1%.

Looking at the development of the total number of active SMEs in the period of 2008-2017, the number of microenterprises rose slightly, particularly before 2010. After 2010, the development of the number of microenterprises became stable and it currently oscillates at 97% out of the total number of business entities. An opposite trend was seen in the category of small enterprises. In 2017, the proportion of small enterprises dropped by more than a half compared to 2008. The most dynamic year-on-year drop in the proportion (by 3.2 p.p.) was seen between 2009 and 2010. In the case of other size categories of enterprises, there is a stable development without any major oscillations.

From 2009 to 2015, the total number of SMEs was characterized by different development tendencies seen in individual legal forms. While the number of SMEs - legal persons would rise every year, the number of natural persons - entrepreneurs would decrease. A change in the development occurred after 2016 when the total number of natural persons - entrepreneurs as well as of SMEs - legal persons was rising. The data available for 2017 confirms the change in the development trends seen in the previous year in the number of the monitored legal forms, i.e. the rise in the number of natural persons - entrepreneurs (by 0.38 p.p.) and of SMEs - legal persons (by 4.12 p.p.) compared to 2016.

From the point of view of the industrial structure of SMEs, the core business line of more than a quarter (25.2%; 142,906) of active SMEs included business services (SK NACE section K to N) in 2017. SMEs were slightly less represented (21.2% or 120,178) in the trade sector,

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<sup>1</sup> According to SOSR, an 'economically active entity' is an entity which had employees, generated revenues or made investments in the reference period under review. In order to determine their activeness, SOSR used also data on health insurance payers from administrative sources.

followed by the building industry (16.7% or 94,694 SMEs). Industrial activities were performed by 75,670 SMEs (13.3%). Representation of SMEs in other industries did not exceed 10%. In a long-term perspective, SMEs have been least represented in agriculture (4.4%) and in accommodation and catering (3.5%). In 2017, more than three quarters (76.3%) of SMEs operated in the following four sectors: business services, trade, construction and industry.

The evolution of main economic indicators characterizing the SME development was positive in 2017 as well. The added value of (non-financial) SMEs increased by 8.9% to EUR 21,774.6 million compared to the previous year. Almost three quarters of the added value of SMEs were created by business entities operating in industry, trade and business services. After the proportion of SMEs in the total created added value had been decreasing for six years, it rose again to 53.6%. However, compared to other EU countries, the Slovak SMEs still lag behind as for their proportion in the created added value. In absolute terms, other economic indicators increased as well: gross production (by 7.1%), pre-taxation profit (by 7.5%) and gross fixed capital (by 34.4%). The labour productivity per 1 employed person in SMEs represented EUR 16,700.

Compared to other EU countries, Slovakia is characterized by a high business activity and the highest representation of microenterprises. In comparison with EU-28, the SMEs in Slovakia have a significantly higher representation in industry and construction. On the contrary, they are least represented in services.

The position of women in the business sector in Slovakia has not changed significantly. The proportion of women in the total number of natural persons - entrepreneurs amounted to 29.0%, thus increased by 0.2 p.p. compared to 2016.

2017 saw a positive trend in the number of established and disestablished business entities. Compared to the previous year, the number of established SMEs increased by 11.2% to 65,404 business entities (according to data from the SOSR's Register of Organizations) and the number of disestablished business entities dropped by 2.4% to 52,599 entities. In 2017, the net increase of the number of business entities amounted to 12,805.

As for foreign-trade exchange of goods, large enterprises have maintained their long-term dominant position. According to preliminary results of SOSR, the export of SMEs increased only slightly (by 0.1%) in 2017. The share of SMEs in the total export reached 27.9%, representing the lowest level in the last eight years. The territorial structure of the export of SMEs has long been marked by dominance of the common EU market. Only 9.1% of the total export of SMEs went to non-EU countries. Compared to other EU countries, Slovak SMEs are characterized by the lowest proportion of export to markets of third countries. At the same time, the passive balance of SMEs' foreign trade increased by 13.8% compared to the previous year.

The number of SMEs operating in high-tech sectors increased also in 2017 (to 21,772); the proportion of the above-stated entities represented 4.9% in the total number of SMEs. In a long-term perspective, the development of the number of SMEs in high-tech industries is characterized by growing dynamics, particularly as a result of a growth of SMEs in high-tech services. The proportion of SMEs in revenues and gross investments in high-tech sectors is higher than one third and in the total employment it is higher than one half.

The business environment in the Slovak Republic is characterized by frequent changes of legislative and legal conditions related *inter alia* to obligations and requirements applicable to SMEs. The year 2017 saw changes mainly in tax legislation, in electronic communication with public administration authorities and in the social and health insurance systems. A new Act No. 290/2016 Coll. on Supporting Small and Medium-Sized Enterprises became effective on 1 January 2017, indicating a positive change. The aim of the Act is to foster the "Think Small

"First" principle in the Slovak legal environment. The Act regulates the form of providing support to SMEs, direct support in the form of an independent financial contribution, subsidies and a financial tool, and forms of indirect support such as education, consultancy, supporting participation in internships, exhibitions, competitions, etc. Based on the new Act, the Ministry of Economy of SR or the support provider is obliged to perform a test of impacts on microenterprises, small enterprises and medium-sized enterprises in accordance with the methodology for performing such tests of impacts on SMEs approved by the Government of the Slovak Republic with a view to better regulation.

Introduction of a system of interconnecting information in central registers, trade registers and company registers was seen positively as well. Such change should help to decrease the administrative burden and increase the legal security. Entrepreneurs welcomed a decrease in the corporate income tax for the 2017 taxation period by one per cent, from the original 22% to 21%. On 1 January 2017, an amendment to the Act No. 341/2016 Coll. brought an increase in the percentage of the flat-rate expenditures from the original 40% to 60% of the total income. The annual limit of the amount of flat-rate expenditures increased from the original EUR 5,040 to up to EUR 20,000. Flat-rate expenditures could thus be applied by entrepreneurs whose annual turnover did not exceed EUR 33,333. This advantageous tool for applying deductibles, used particularly by sole traders, should help to improve the conditions for entrepreneurs. An increase in social security contributions and health insurance contributions had a negative impact on the business development in Slovakia. The amendment No. 285/2016 Coll. changed the amount of the maximum basis of assessment from the original 5 times the average wage (EUR 4,290) to 7 times the average wage. Such change in the form of increased contributions affected a certain number of employees with earnings in the above-stated range, employers and sole traders with high incomes. The amendment No. 356/2016 cancelled the limit for calculation of health insurance contributions; if the basis of calculation for 2017 exceeds EUR 52,980, sole traders, employees and their employers will pay higher contributions than before 2017.

In 2017, SMEs were supported mainly from resources of the state budget and of the European Structural and Investment Funds (hereinafter referred to as "ESIF"). Non-repayable assistance in the form of grants prevailed. Similarly to previous years, innovative financial tools (venture capital funds) were not successful. Based on the documents received from individual institutions, the amount of funds disbursed through SMEs amounted to EUR 400,900,815.10. Non-financial form of assistance included providing business-related information and consultancy, business education, organizing and supporting participation in exhibitions, national, international or cooperation events or other activities focused on promoting enterprising. A more detailed overview of the assistance provided to SMEs in the previous year may be found in the Chapter 5 - Support programmes.

In 2017, SBA continued providing comprehensive assistance and support focused on SMEs and people interested in enterprising. It met the goals it had set, in particular to increase the survival rate of businesses on the market, to increase the employment in the private sector, to enhance the innovation performance of Slovak businesses, to stimulate the spirit of enterprise, to stop businesses from being marginalized and to increase the competitiveness of the Slovak business environment and Slovak businesses. In 2017, SBA launched several national projects focused on promoting enterprising. As a part of such national projects financed from OP Research and Innovation, it offers a broad portfolio of information and additional services, both in Bratislava and in individual Slovak regions.

SBA also actively assessed materials and provided its opinions and commentaries through the Better Regulation Centre ("BRC"). BRC provided 87 partial opinions as a part of impact assessment, where it evaluated the submitted materials from both the formal and procedural

point of view, thus directly helping increase the quality of the prepared analysis of impacts on the business environment and improve the explanatory value of objectively calculated or otherwise documented impacts and at the same time to correctly explain the Unified Methodology. BRC was actively involved in 24 consultations while in 15 of them it submitted particular content-related commentaries, e.g. it tried to achieve simplified modes for SMEs or simplified transfer pricing, an exception to be granted to small enterprises as a part of extending higher-level collective agreements. BRC prepared an ex-ante SME Test in relation to the occupational medical service which helped to discover significant gold-plating, foster alternative adjustments in favour of SMEs and calculate annual savings of SMEs resulting from simplification of the occupational medical service in the amount of EUR 8.3 million. BRC submitted 60 proposals of which dozens have been included in the government draft measures for improving the business environment (the so-called First Anti-bureaucratic Package).

The submitted report contains also comprehensive proposals and recommendations for further improvements of the business environment in the SME sector the main goal of which is to support positive trends and to contribute to a growth of the SME sector in Slovakia and its dynamics and in particular to enhance its competitiveness.

However, a coordinated approach of all stakeholders is needed for systematic, comprehensive and sustainable support of the business environment in general and particularly of the SME sector. Such support must reflect the current needs and problems of SMEs (frequent legislation changes, protracted legal proceedings, etc.) and also stem from an expert discussion at both the Slovak and the European level.

### 3 Attitude of the European Union and of the Slovak Government to SME support

On 9 January 2013, the European Commission adopted an **Entrepreneurship 2020 Action Plan** - Reigniting the Entrepreneurial Spirit in Europe with the aim to increase the number of entrepreneurs in order to achieve priority goals, i.e. to restore the economic growth and to increase the employment rate.

The **Small Business Act for Europe Initiative** is an overarching framework for the EU policy related to SMEs. It is focused on improving the access to entrepreneurship in Europe, simplifying the regulatory and political environment for SMEs and eliminating the remaining obstacles hampering their development.

The most important EU investment policy is the **Cohesion Policy**. It has set 11 thematic growth-promoting objectives for 2014-2020. Enhancing the competitiveness of small and medium-sized enterprises is one of its priorities. Investments are directed also at promoting growth in areas such as strengthening research, technological development and innovation, improving the access to information technology and increasing its use and quality, or supporting the transition to low-carbon economy.

Financial resources of the European Structural and Investment Funds are a significant tool of such Policy, helping strengthen the economic, social and territorial cohesion and decrease the persistent regional disparities. In the new programme period 2014-2020, SMEs may be supported through several operational programmes (hereinafter referred to as "OPs") financed by ESIF, such as OP Research and Innovation, OP Quality of Environment, OP Integrated Infrastructure, OP Human Resources, OP Efficient Public Administration, Integrated Regional OP and Rural Development Programme.

At the national level, in its **Programme Statement for 2016-2020 the Slovak Government** undertook to adopt a new act on SMEs the aim of which is to create a better business environment for SMEs and appropriate conditions for active application of the SBaFE principles and of the Entrepreneurship 2020 Action Plan.

On 1 January 2017, the **Act on Supporting Small and Medium-Sized Enterprises No. 290/2016 Coll.** entered into force, creating a framework for supporting SMEs. The Act fosters the "Think Small First" principle in the Slovak legal environment.

The **National Reform Programme of the Slovak Republic 2017** describes structural measures which the Slovak government plans to implement mainly in the next two years. The measures planned for the business environment would have a positive impact on SMEs. Changes related to the Business Register will decrease the administrative burden of entrepreneurs and courts during registration of business companies. Fees will decrease and electronic services for entrepreneurs will improve. Availability of the services will be extended by extending the number of external registrars who will be able to register entities in the Business Register.

In the near future, a coherent and conceptual **Economic Policy Strategy of the Slovak Republic by 2030** is supposed to be adopted. The Economic Policy Strategy is focused on a key area, i.e. business development. In relation to the fact that SMEs represent a significant element in creation of new jobs, the Strategy is focused on looking for solutions which would increase the growth of their labour productivity and overall competitiveness. It is the recommendation of the Strategy to focus on promoting the export of SMEs as well as their internationalization and involvement in global value chains. SMEs should thus be supported both during their establishment and development.

## 4 Development of the economic environment of SMEs

### 4.1 Macroeconomic framework

In 2017, the business sector was again developing in the environment of an increasing performance of the Slovak economy. Although the growth dynamics of the economy increased only slightly compared to the previous year, Slovak growth was higher than the EU average. However, half of the EU countries was growing faster than or similarly to Slovakia in 2017.

According to preliminary data of SOSR, the **Slovak gross domestic product increased by 3.4% in 2017 compared to the previous year**. The achieved economic growth was slightly higher than in 2016 (3.3%). From the point of view of individual quarters, the economic growth dynamics was accelerating from 3.2% in 1Q to 3.7% in 3Q of 2017. In the last quarter, the GDP growth rate decreased to 3.4%.

The achieved economic growth dynamics was positively affected by a growth of the foreign and national demand. **The amount of exported goods and services increased by 4.3% compared to the previous year**, particularly as a result of a higher external demand for machinery, devices and equipment (export increase by 6.4%). From the territorial point of view, export to the most important business partners increased to Germany by 0.7%, Czech Republic by 3.9%, Poland by 7.1%, France by 8.9%, Italy by 32.8%, Hungary by 14.4% and Austria by 12.3%. The year-on-year slowdown of the growth dynamics of external demand from 6.2% to 4.3% was caused mainly by a decreased demand of Germany. In major economic groupings, the export of goods to EU countries increased by 7% and to OECD countries by 6.6%. Compared to the previous year the total foreign trade balance of goods and services increased as a result of a higher growth of the export (4.3%) than of the import (3.9%) and rose to EUR 2,912.0 million.

The export performance of the economy which expresses the proportion of the export of goods and services in GDP amounted to 96.3% in 2017. The proportion of the import of products and services in GDP represented 92.9%.

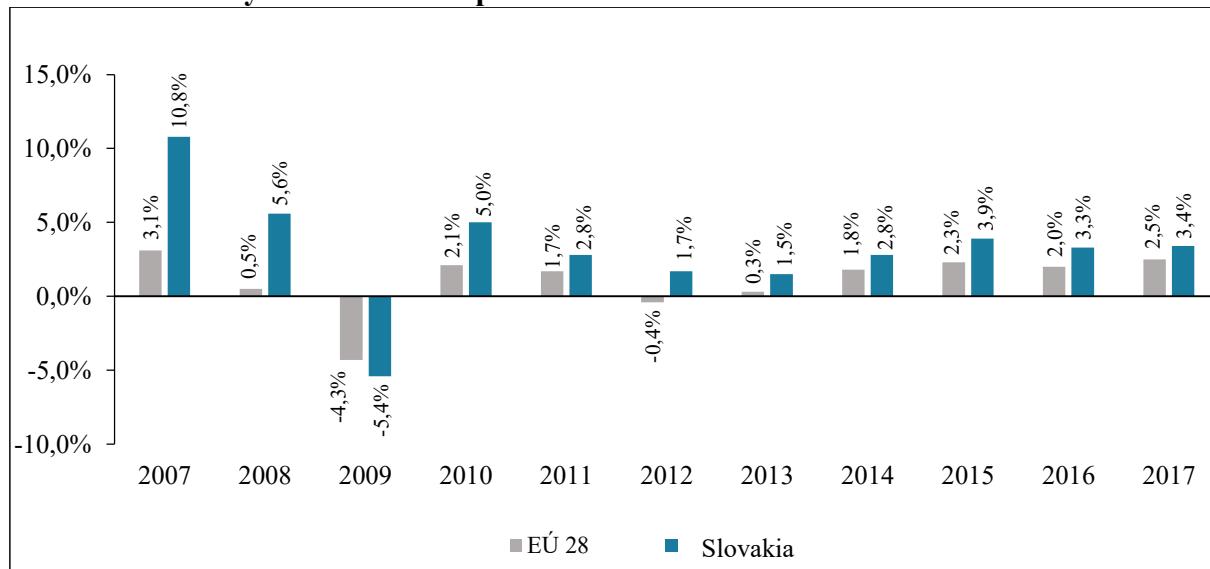
**The domestic demand growth dynamics amounted to 2.7% in 2017.** Both the investment and consumer demand contributed to the growth of the domestic demand. The end consumption of households resulting from a favourable situation in the labour market and rising wages saw the largest increase since the pre-crisis year 2008 (by 3.7%). Gross capital formation increased by 2.6%. The end consumption of public administration was stagnating. As for individual elements of the domestic demand, only the end consumption of non-profit institutions serving households dropped (by 1.1%).

**After a prior decrease, the investment activity expressed by gross fixed capital formation increased again by 3.2%;** however, the achieved growth could not compensate the decrease seen in 2016 (by 8.3%). The business recovery seen in 2017 was mainly related to investments in the sector of non-financial corporations (rise by 6.1%). The more intensive investment activity creates favourable preconditions for a further growth of the economic activity in the future. From the point of view of individual industries, a positive investment development was obvious mainly in trade, services and construction. Formation of gross fixed capital in industrial production was stagnating. The investment activity of the public sector increased only slightly, mainly as a result of a slow start of drawing of EU funding in the new programme period.

As for individual V4 countries, the GDP volume increased in the Czech Republic by 4.3%, in Poland by 4.6% and in Hungary by 4.0% compared to the previous year.

In the EU-28 countries as a whole, the performance of the economy increased by 2.5%, out of that the growth in Germany reached 2.2%. Compared to other V4 countries, Slovakia saw the lowest growth dynamics of the national economy in 2017.

Chart 1: Year-on-year GDP development in SR and EU



Source: Eurostat, processed by SBA

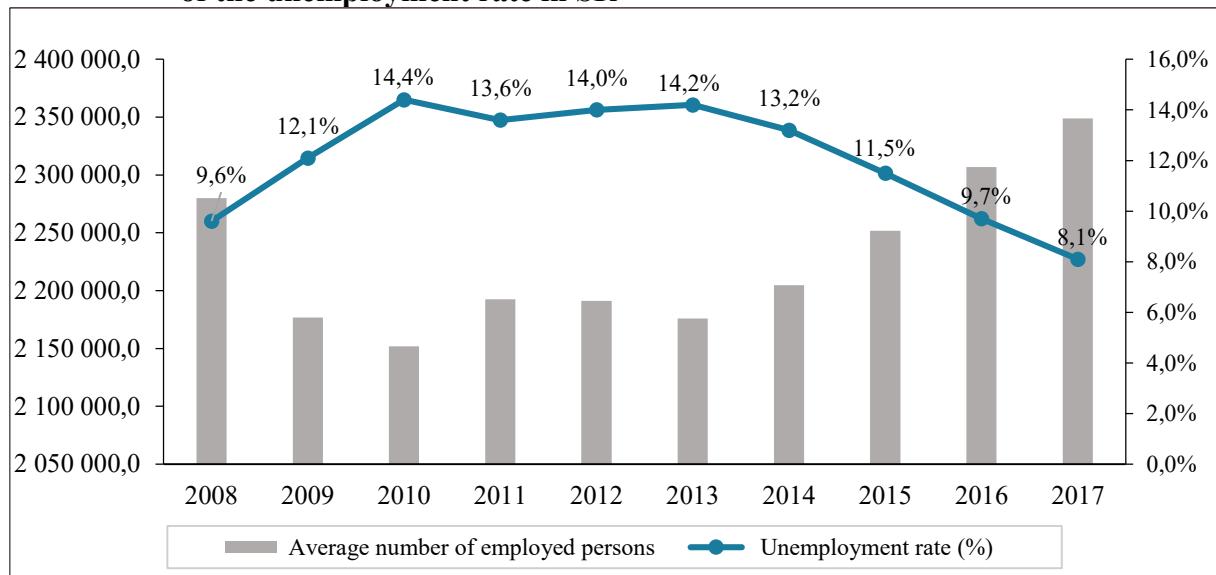
From the point of view of the sectoral structure of the economy, the achieved growth of the Slovak economy was related mainly to **higher industrial production** (increase by 4.1%), driven by a rising production of metals and metal structures (increase by 13.0%), electronic equipment (increase by 5.8%) or machinery and equipment (increase by 4.5%). On the contrary, the important sector of automotive manufacturing saw only a slight increase (by 1.1%), mainly as a result of production change. Production of computer, electronic and optical products continued dropping also in 2017 (by 8.5%). **Building production rose by 3.0% compared to the previous year.** Compared to the previous year, revenues increased also in trade (by 5.1%, or by 6.0%), transportation and storage (by 4.4%) or market services (by 5.1%).

The achieved economic growth had a positive impact on the situation on the labour market. Last year, the Slovak economy created 42,000 new jobs (according to SOSR's quarterly corporate reporting). The increase in the number of new persons employed in the SME segment amounted to 19,000. The overall employment rate increased by 1.8% compared to the previous year. The increase in the employment rate was reflected in a **decrease in the unemployment rate which dropped by 1.6 p.p. to 8.1%** (according to the SOSR HRSD methodology). The number of the unemployed dropped by 15.8% to 224,000 compared to the previous year. As a result of a lack of qualified labour force, companies are increasingly more forced to hire employees from abroad.

**The average monthly wage in the economy increased by 4.6%; in absolute terms it amounted to EUR 954.** The increase in the nominal wage was higher than in 2016. In real terms the wage increased by 3.3%. The increase in wages was driven mainly by a lack of free capacities on the labour market which is related to a growth of the economy and of employment on the one hand and to an unfavourable demographic situation which is demonstrated by ageing of the population and by an insufficient influx of new labour force to the labour market on the other one. From the sectoral point of view, the highest wage was seen in the area of financial and insurance activities (EUR 1,748), information and communication activities (EUR 1,719) and energy supplies (EUR 1,626). On the contrary, the lowest wage is seen

in the areas of accommodation and catering (EUR 576), other activities (EUR 618) and construction (EUR 670). Compared to the previous year, the average wage increased in almost all sectors with the exception of information and communication activities.

**Chart 2: Development of the average number of employed persons and of the unemployment rate in SR**

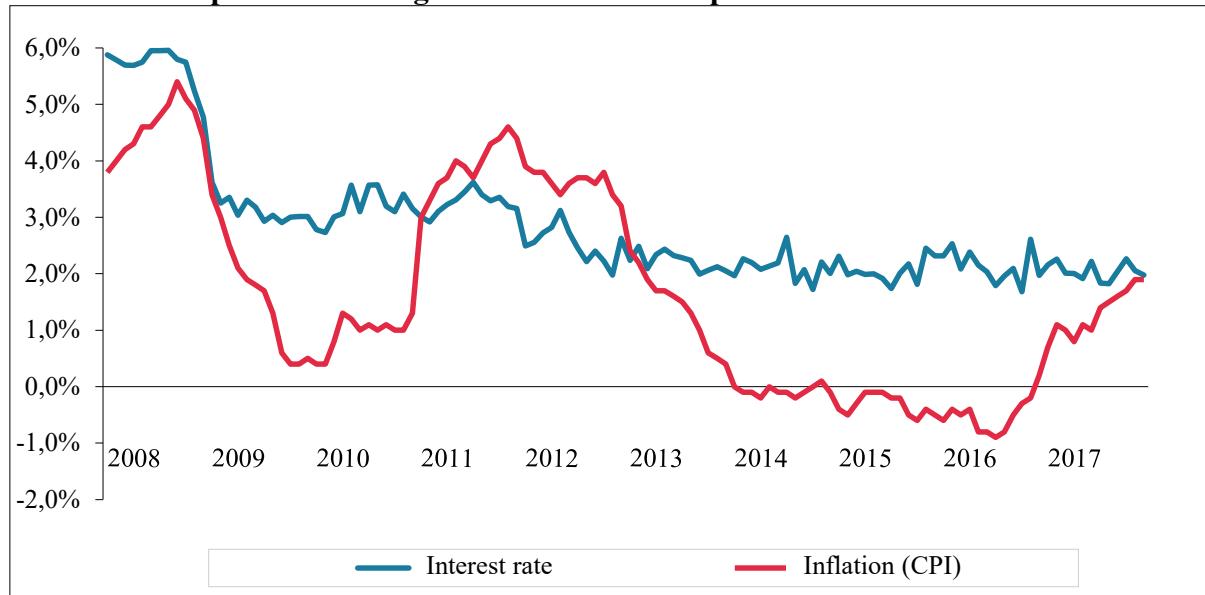


**Source:** Statistical Office of SR, processed by SBA

The inflation environment characterized the price evolution in 2017 since after the prices had been decreasing for three years, they started rising again. **The average inflation rate amounted to 1.3%** while in 2016 it amounted to -0.5%. The inflation development was related significantly to a rise in food prices (by 4.0%). The core inflation reached 2.0%. Compared to the previous year, regulated prices dropped by 1.9%. Prices of industrial producers increased as well compared to 2016 (by 2.5%). The building industry was characterized by a rise in prices of building works (by 3.0%) as well as of building materials (by 3.5%).

Based on data of the National Bank of Slovakia, there was an **increase in the use of bank loans by businesses** in 2017 while the increased use was obvious in all major sectors of the economy. The most striking loan growth dynamics was seen in industry, energy supply and commercial real-estates. The favourable economic environment as well as optimistic outlooks of the corporate sector were the main factors influencing the offer and demand for loans. All categories of corporate loans, including investment loans or working capital, saw an increase compared to the previous year.

In 2017, loan standards were changing only through a drop in interest margins. Mainly large companies saw an increase in interest rates. The internal bank criteria or the loan parameters themselves did not change in general. The proportion of failed loans remained at acceptable levels. Compared to other EU countries, the indebtedness of the Slovak corporate sector is one of the lowest ones. However, the Slovak corporate sector was marked by a high indebtedness growth dynamics in 2017.

**Chart 3: Development of average interest rates of corporate loans and of the inflation in SR**

Source: NBS, SOSR, processed by SBA

**In 2018, the Slovak economy should increase its growth dynamics.** According to national institutions or the European Commission, the gross domestic product growth is expected to oscillate at 4.0% in 2018. The production start of a new car manufacturer, highway construction as well as more intensive use of EU funds should be the main factors promoting the growth of the Slovak economy. The continuing economic growth and employment rate increase will keep decreasing the availability of free labour force on the labour market, thus increasing the pressure on the wage increase.

## 4.2 Quantitative SME indicators

### General and demographic indicators

Compared to 2016, quantitative results improved in almost all of general and demographic indicators in 2017. The number of SMEs increased by 1.8% compared to the previous year (by 10,009 business entities) from 557,122 to 567,131 active business entities.<sup>2</sup> Indicators of the number of established and disestablished SMEs saw a positive trend as well. Such positive trend was demonstrated in a year-on-year increase in the number of the established SMEs by 11.2% and at the same time in a drop of disestablished business entities by 2.4%. This had a positive impact on the net increase in the SME number that more than doubled compared to the previous year. In spite of a slight increase (by 4.4%) in the number of bankruptcies declared by SMEs, the number of permitted restructurings of SMEs decreased considerably, by as much as 32.4%.

<sup>2</sup> According to SOSR, an 'economically active entity' is an entity which had employees, generated revenues or made investments in the reference period under review. In order to determine their activeness, SOSR uses also data on health insurance payers from administrative sources.

Table 1: General and demographic SME indicators

Indicator	2016	2017	Change
Number of SMEs	557,122	567,131	↑ 1,8 %
Number of established SMEs	58,838	65,404	↑ 11,2 %
Number of disestablished SMEs	53,878	52 599*	↓ 2,4 %
Net increase in the number of SMEs	4,960	12 805*	↑ 258,2 %
Number of SMEs bankruptcies	273	285	↑ 4,4 %
Number of permitted restructurings of SMEs	68	46	↓ 32,4 %

Source: Statistical Office of SR, CRIF, processed by SBA

\*Note: Since 2017, it has not been possible to determine the size category of the disestablished business entities.

From the regional point of view, SMEs were located mainly on the territory of the Bratislava region where more than a fifth (22.3%) of the total number of active SMEs operated. The second highest proportion (13.4%) of the number of SMEs was seen in the Žilina region. The smallest number of SMEs were operating in the Trenčín region (9.6%). Compared to the previous year, the number of SMEs increased in all Slovak regions while the highest increase was seen in the Bratislava region (by 3.0%, i.e. by 3,690 business entities).

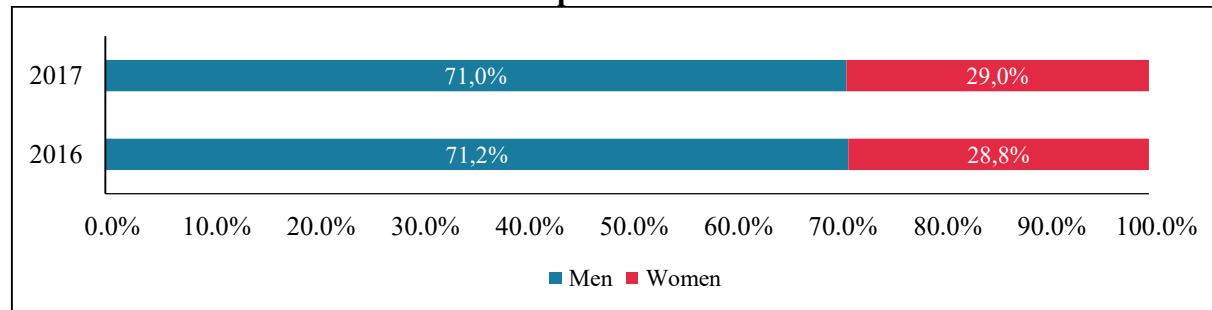
Table 2: Number of business entities operating in Slovak regions in 2017

Region	2016	2017	Change
Banská Bystrica region	55,856	56,650	↑ 1,4 %
Bratislava region	122,774	126,464	↑ 3,0 %
Košice region	56,394	57,423	↑ 1,8 %
Nitra region	68,103	68,947	↑ 1,2 %
Prešov region	69,404	70,616	↑ 1,7 %
Trenčín region	53,677	54,273	↑ 1,1 %
Trnava region	55,528	56,559	↑ 1,9 %
Žilina region	75,386	76,199	↑ 1,1 %
<b>Total</b>	<b>557,122</b>	<b>567,131</b>	<b>↑ 1,8 %</b>

Source: Statistical Office of SR, processed by SBA

As for the gender structure of NPs - entrepreneurs in SR, the position of women in the business sector in Slovakia did not change significantly. In a long-term perspective, more than two thirds of NPs - entrepreneurs are men. The proportion of women in the total number of NPs - entrepreneurs amounted to 29.0%, representing an increase by 0.2 p.p. compared to 2016.

Chart 4: Gender structure of NPs - entrepreneurs in 2016-2017

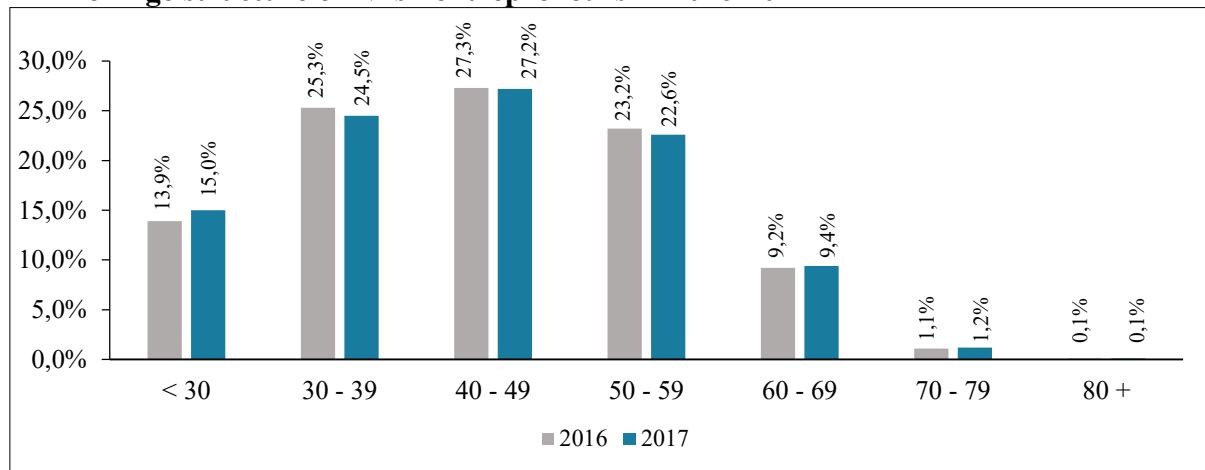


Source: SBA based on data from the SOSR's Register of Organizations

In 2017, individuals aged 40-49 had the highest proportion (27.2%) in the total number of NPs - entrepreneurs, representing a drop by 0.1 p.p. compared to the previous year. The second largest age group was formed by entrepreneurs aged 30-39, while their proportion in the total number of NPs - entrepreneurs represented almost one quarter. Persons aged 50-59

may also be included in the group of active entrepreneurs, while their proportion in the total number of NPs - entrepreneurs reached 22.6%. Compared to 2016, young entrepreneurs (aged <30) saw the most significant increase, namely by 1.1 p.p. to 15.0%. After entrepreneurs turn 60 their business activities decrease. Entrepreneurs aged 60-69 represented 9.4% of the total number of NPs - entrepreneurs and those aged 70-79 represented "only" 1.2%. The age structure of NPs - entrepreneurs in 2016 and 2017 is shown in the following chart:

Chart 5: Age structure of NPs - entrepreneurs in 2016-2017



Source: SBA based on data from the SOSR's Register of Organizations

### Economic and financial indicators

In 2017 the economic and financial indicators of SMEs saw a positive trend as well. Compared to the previous year the results of all macroeconomic indicators of SMEs improved - the gross production increased by 7.1%, the added value by 8.9%, pre-taxation profit by 7.5% and employment by 1.4%. SMEs' foreign-trade activities saw an increase as well, particularly in the amount of import which increased by 4.2% to EUR 26,622.0 million. The amount of export increased only slightly - by 0.1% to EUR 17,978.1 million. Based on such development, we may state that the export activities of Slovak SMEs is lagging behind slightly. According to preliminary estimates, the amount of credits provided to SMEs was lower (by 3.5%) compared to 2016, mainly as a result of a drop in the amount of long-term bank credits for SMEs. In 2017, the interest rates of credits provided to SMEs dropped by 0.1 p.p. compared to the previous year, what was caused by a gradual and stable trend of loosening the credit terms for SMEs.

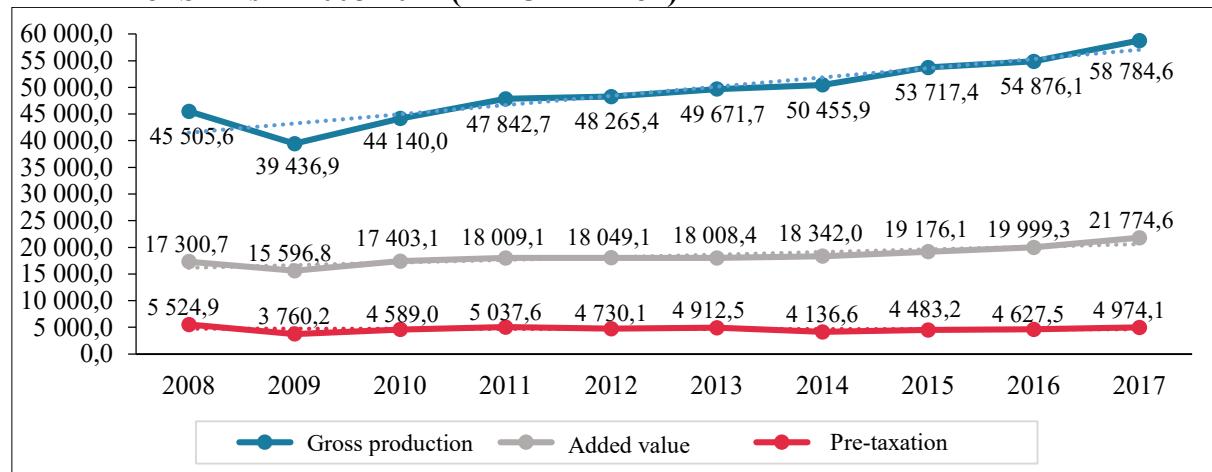
Table 3: Economic and financial indicators of SMEs

Indicator	Unit of measurement	2016	2017	Change
<b>Gross production</b>	EUR million	54,876.1	58,784.6	↑ 7,1 %
<b>Added value</b>	EUR million	19,999.3	21,774.6	↑ 8,9 %
<b>Employment</b>	number of persons	1,368,782	1,387,848	↑ 1,4 %
<b>Pre-taxation profit</b>	EUR million	4,627.5	4,974.1	↑ 7,5 %
<b>Export</b>	EUR million	17,957.7	17,978.1	↑ 0,1 %
<b>Import</b>	EUR million	25,554.7	26,622.0	↑ 4,2 %
<b>Bank loans provided to SMEs</b>	EUR million	13,523.0	13,051.0	↓ 3,5 %
<b>Short-term bank loans provided to SMEs</b>	EUR million	5,394.0	5,442.0	↑ 0,9 %
<b>Long-term bank loans provided to SMEs</b>	EUR million	8,129.0	7,609.0	↓ 6,4 %
<b>Interest rate for SMEs</b>	%	3.1	3.0	↓ 3,2 %
<b>Delays in B2B payments of SMEs</b>	days	19	19	=

Source: Statistical Office of SR, NBS, EOS, processed by SBA

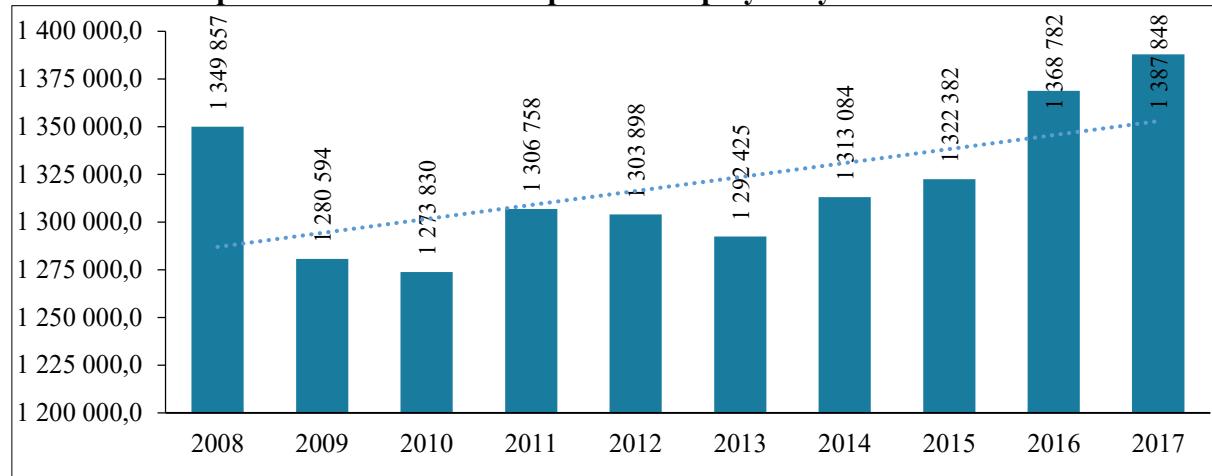
The SMEs' indicators of gross production and added value had an increasing trend in 2008-2017. In 2017, the proportion of SMEs - LPs in **gross production** in the non-financial corporate sector reached 44.3%, i.e. by 0.5 p.p. more than in 2016. In absolute terms, the gross production of SMEs increased by EUR 3,908.5 million (or by 7.1%) to amount to EUR 58,784.6 million. The proportion of SMEs - LPs in the created **added value** in the non-financial corporate sector increased by 0.9 p.p. to amount to 53.6%. In absolute terms, the amount of the added value of SMEs saw an increase by EUR 1,775.3 million (or by 8.9%) compared to the previous year and reached EUR 21,774.6 million. In the period under review the development of SMEs' **pre-taxation profit** was stable. In 2017, the proportion of SMEs - LPs in pre-taxation profit in the non-financial corporate sector reached 48.7%, i.e. by 4.4 p.p. more than in 2016. In spite of a year-on-year increase in SMEs' pre-taxation profit by EUR 346.6 million (or by 7.5%) to EUR 4,974.1 million, the absolute amount still did not reach the pre-crisis level. The development of gross production, added value and pre-taxation profit of SMEs in 2008-2017 is shown in the chart below:

**Chart 6: The development of gross production, added value and pre-taxation profit of SMEs in 2008-2017 (in EUR million)**



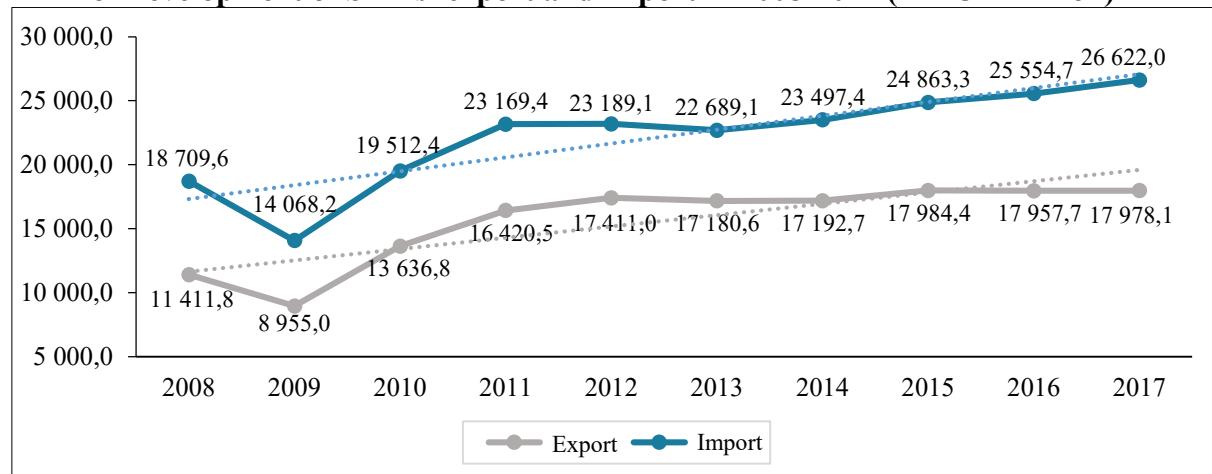
Source: SBA based on SOSR data

From the point of view employment, SMEs have an irreplaceable position in Slovakia. In 2017, their proportion in employment reached 73.8% in corporate economy and 59.1% in the entire economy. Compared to 2016, the proportion of SMEs in employment in corporate economy decreased by 0.3 p.p., particularly as a result of a more dynamic employment growth in large enterprises. In absolute terms, the number of persons employed by SMEs increased by 1.4% in 2017 (or by 19,066 persons) to 1,387,848 persons, representing the highest number since 2008. The development of the number of persons employed by SMEs in 2008-2017 is shown in the chart below:

**Chart 7: Development of the number of persons employed by SMEs in 2008-2017**

Source: SBA based on SOSR data

As for export and import activities, the Slovak SMEs focus mainly on import. In the total period under review, the volume of import of SMEs was higher than the volume of export of SMEs. Although the volume of SMEs' export and import has had a growing tendency since 2013, import was growing faster what was demonstrated in an increase in the SMEs' trade balance deficit by 13.8% (or by EUR 1,046.9 million). In 2017, the proportion of SMEs in the total **export** amounted to 27.9%, representing the lowest value in the last 8 years. Compared to the previous year, the volume of SMEs' export rose only slightly, i.e. by 0.1% to amount to EUR 17,978.1 million. The proportion of SMEs in the total **import** reached 40.5%, what is by 1.6 p.p. less than in 2016. The volume of SMEs' import increased by 4.2% compared to the previous year to amount to EUR 26,622.0 million. The development of SMEs' export and import in 2008-2017 is shown in the chart below:

**Chart 8: Development of SMEs' export and import in 2008-2017 (in EUR million)**

Source: SBA based on SOSR data

## 5 Support programmes

### 5.1 Overview of the financial support provided to SMEs from the point of view of the forms of financing and the sources of funds

Regarding the structure of the financing forms, credits from the state budget dominated in 2017 with a proportion of 30.05%, followed by grants from the state budget with 19.44% and active labour market policy measures with 19.31%. EU-supported credits had also a significant share (15.39%) in financing SMEs in the monitored period, supporting SMEs with an amount of EUR 61.69 million.

Table 4: Amounts allocated to SMEs in 2017, divided as per their source

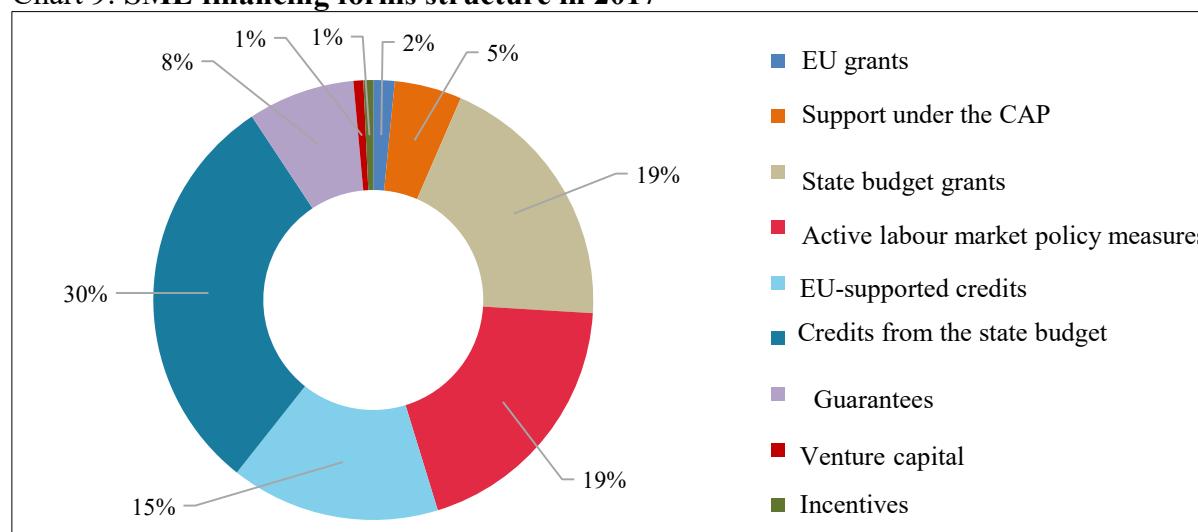
Form of financing	Amount (EUR)	Percentage
<b>Credits from the state budget</b>	120,469,500.0	30.05%
<b>Active labour market policy measures</b>	77,400,000.0	19.31%
<b>EU-supported credits</b>	61,690,422.0	15.39%
<b>Support as a part of the Common Agricultural Policy</b>	19,837,143.1	4.95%
<b>Guarantees</b>	31,491,000.0	7.86%
<b>EU grants*</b>	6,274,939.3	1.57%
<b>Grants from the state budget*</b>	77 940 597,6	19.44%
<b>Venture capital</b>	2,907,075.0	0.73%
<b>Incentives*</b>	2,890,138.0	0.72%
<b>Total</b>	<b>400,900,815.1</b>	<b>100,00%</b>

Source: SBA, processed by SBA based on supporting documents submitted by cooperating institutions

\*Note: EU grants (ESIF resources), grants from the state budget (state aid), incentives (incentives for R&D)

The support under the Common Agricultural Policy represented 4.95% of the SME support. Guarantees represented 7.86% of the amount allocated to SMEs, while the proportion of EU grants reached 1.57%. In 2017, the proportion of SME financing through venture capital funds amounted to 0.73% and through incentives to 0.72%.

Chart 9: SME financing forms structure in 2017



Source: SBA

Looking at a year-on-year comparison of the total amount allocated to SMEs from public financial tools, in 2017 we may see a decrease in the amount of the allocated funds by 42.95% to EUR 400.90 million. From the point of view of negative development, there was a significant change mainly in the support within EU grants which dropped by as much as 97.35% compared to the previous year (- EUR 230.56 million) due to the fact that a new programming period for EU funds is starting.

## 5.2 Description of the aid provided

Description of activities of institutions in the form of support programmes that had an impact on SMEs in 2017 is contained below, divided as follows:

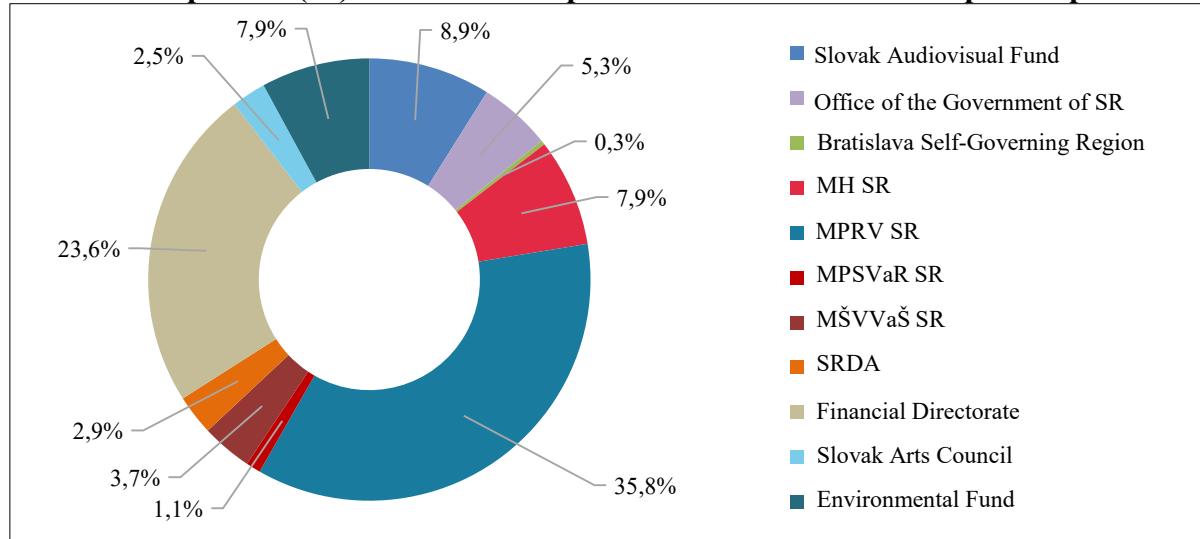
- State institutions
- Non-state institutions
- Financial institutions
- Universities
- Slovak Business Agency

### 5.2.1 State institutions

#### State aid provided to SMEs in the Slovak Republic

Based on the data published in the Report on the State Aid Provided in the Slovak Republic for 2017, the proportion of SMEs in the total amount of state aid (EUR 301.59 million) amounted to 25.99%, representing EUR 78.37 million. Compared to the previous year, the proportion of SMEs in the total amount of state aid decreased by 37.01 p.p. The highest proportion of state aid (amounting to 100%) was provided to SMEs by the Slovak Audiovisual Fund (EUR 6.99 million), the Office of the Government of SR (EUR 4.15 million) and the Bratislava Self-Governing Region (EUR 0.25 million). The proportion of state aid provided to SMEs by MH SR in 2017 represented 8.07% (EUR 6.18 million) of the total state aid provided. In 2017, MPRV SR provided state aid to SMEs in the total amount of EUR 28.09 million, representing 47.59% of the total state aid provided. In the case of MPSVR SR, the proportion for SMEs represented 9.87% (EUR 0.84 million). The total proportion of state aid provided in 2017 to SMEs amounted to EUR 2.90 million, i.e. 9.24% of the total state aid provided by MŠVVaŠ SR. The total proportion of state aid provided to SMEs by SRDA in 2017 amounted to 82.16% (EUR 2.30 million) out of the total state aid provided; in the case of tax authorities, it represented 2.32% (EUR 0.73 million) and in the case of customs offices it was 33.33% (EUR 17.76 million). In 2017, the Slovak Arts Council provided state aid to SMEs in the amount of EUR 1.96 million, representing 91.58% of the total state aid provided. The total amount of state aid provided to SMEs in 2017 as a part of the Environmental Fund amounted to 62.16% (EUR 6.22 million) of the total state aid provided.

Chart 10: Proportion (%) of the state aid provided to SMEs in 2017 as per the provider



Source: SBA, based on data from the Report on the State Aid Provided in SR for 2017

## **Ministry of Finance of SR**

### **State aid provided by the Ministry of Finance of SR**

As stated in the Report on the State Aid Provided in the Slovak Republic for 2017, the financial administration authorities provided aid through tax authorities as well as customs authorities.

In 2017, **tax authorities** provided state aid in the total amount of EUR 31.55 million. Compared to 2016, the provided state aid increased by EUR 4.00 million, i.e. by 14.52%. In 2017, the state aid was provided to 31 beneficiaries. 98% of the state aid provided by tax authorities in 2017 was allocated in the form of investment aid. With regard to an increasing number of companies for which state aid in the form of investment aid has been approved, allocation of the state aid in this form may be expected to increase in the future with regard to the number of aid beneficiaries as well as the amount of the aid allocated. Any state aid allocation approved under Section 35a of the Income Tax Act is gradually ending and for the vast majority of companies it has already finished. The total proportion of state aid provided to SMEs by the Tax Administration in 2017 represented 2.32% of the total state aid provided.

In 2017, **customs authorities** provided state aid in the total amount of EUR 53.29 million. Compared to 2016, the provided state aid increased by EUR 30.39 million, i.e. by 132.71%. The total proportion of state aid provided to SMEs in 2017 represented 33.33 % of the total state aid provided.

## **SZRB Asset Management, a. s.**

No new SMEs were supported in 2017 through **JEREMIE** financial tools as a part of operational programmes of the programming period 2007-2013 (OP Competitiveness and Economic Growth, OP Research and Development, OP Bratislava Region). The reason is termination of financing of the support within programmes of the programming period 2007-2013; the loans are being repaid only gradually by SMEs and exits from the performed equity investments are being prepared.

Similarly, no SMEs were supported in 2017 through any of the financial tools which are going to be implemented as a part of the operational programme Research and Innovation of the programming period 2014-2020 through Slovak Investment Holding, a. s. In June and July 2017, financial intermediaries were being chosen in public procurement for selected financial tools - Portfolio Risk Sharing Loan (PRSL) in the amount of EUR 24 million and First Loss Portfolio Guarantee (FLPG) in the amount of EUR 12 million, while such process was not finished by the end of 2017.

### **Slovenská záručná a rozvojová banka, a. s.**

In 2017, SZRB continued supporting SMEs with its products. It provided:

- credits to SMEs;
- bank guarantees for credits to entrepreneurs who do not have sufficient security for the credits;
- deposit products to entrepreneurs;
- electronic banking.

- **Direct credits**

In 2017, the bank approved 450 direct credits for SMEs in total sum of EUR 111.21 million, while the average credit amount was EUR 247.13 thousand. The amount of the provided (allocated) direct credits reached a sum of EUR 80.79 million. By the end of 2017, the portfolio of direct credits without the influence of amortization amounted to EUR 273.34 million.

Table 5: Direct credits in 2014-2017 (provided to SMEs)

Period	2014		2015		2016		2017	
Indicator	Amount in EUR thousand	Amount in EUR thousand	Amount in EUR thousand	Number	Amount in EUR thousand	Number	Amount in EUR thousand	Number
Approved	103,017.0	103,017.0	109,397.0	556	98,348.0	529	111,209.0	450
Granted	110,169.0	110,169.0	110,212.0	636	102,119.0	621	80,786.0	525
Portfolio	318,414.0	318,414.0	318,476.0	1422	295,407.0	1469	273,336.0	1310

Source: SZRB

- **Guarantee programmes**

In 2017 the bank approved 271 guarantees in the total amount of EUR 27.6 million, out of which more than 87% represented quick guarantees for commercial bank credits. The amount of the provided guarantees reached EUR 27.6 million, while the average amount of a provided guarantee was EUR 101.84 thousand. As of 31 December 2017 the total amount of the bank guarantee portfolio reached EUR 87.71 million.

Table 6: **Bank guarantees in 2014-2017 (provided to SMEs as of 31 December 2017)**

Period	2014		2015		2016		2017	
Indicator	Amount in EUR thousand	Number						
<b>Approved - total</b>	25,275.0	273	34,809.0	253	32,708.0	224	27,600.0	271
- out of that:								
<b>quick guarantees</b>	21,127.0	262	n/a	n/a	n/a	n/a	n/a	n/a
<b>SHDF</b>	—	—	—	—	—	—	—	—
<b>other</b>	4,148.0	11	n/a	n/a	n/a	n/a	n/a	n/a
<b>Granted - total</b>	25,275.0	273	34,889.0	253	32,708.0	224	27,599.0	271
- out of that:								
<b>quick guarantees</b>	n/a	n/a	22,309.0	242	20,683.0	217	24,031.0	260
<b>SHDF</b>	—	—	—	—	—	—	—	—
<b>other</b>	n/a	n/a	12,580.0	11	12,025.0	7	3,568.0	11
<b>Portfolio</b>	112,703.0	1,045	108,644.0	899	103,563.0	792	87,706.0	709

Source: SZRB

## Export-Import Bank of the Slovak Republic

EXIMBANKA SR supports the exports of exporters of all categories through both direct and refinancing credits, while in accordance with its strategy for the next few years it is focused mainly on providing direct loans to exporters. As for the acquisition activities focused on the SME segment, 22 SMEs were supported in 2017. In 2017, the proportion of SME clients represented 55.55% of the total number of clients of the bank division of EXIMBANKA SR. The support was focused on increasing the competitiveness on both the domestic and foreign markets, enhancing the production capacity, entering into new territories, acquiring new customers, improving the economic situation (higher turnover) and strengthening the job creation. The actually drawn amount was EUR 16,559 thousand (out of that: EUR 8,780 thousand for microenterprises, EUR 4,229 thousand for small enterprises and EUR 3,550 thousand for medium-sized enterprises).

### • Bank credits

In 2017, EXIMBANKA SR focused primarily on providing direct credits to exporters, while from the point of view of the structure of receivables, the largest proportion of credits was formed by credits provided in the form of pre-export financing, financing the investments of Slovak exporters abroad and financing investments in technologies. The proportion of credits provided to SME clients reached 25.76% of the total client exposures of the bank division of EXIMBANKA SR.

The total **proportion of SMEs in assets exposures in 2017 reached 18.07% and amounted to EUR 41.925 million. Compared to the previous year, there is an increase by 10.38% (EUR 3.934 million).**

Table 7: **Development of assets exposures of EXIMBANKA SR in 2016-2017 (in EUR thousand)**

Bank products	31 Dec 2016	Out of that SMEs as of 31 Dec 2016	SME share (%)	31.12.2017	Out of that SMEs as of 31 Dec 2017	SME share (%)
<b>Issued guarantees</b>	83,723.0	1,263.0	1.51	84,292.0	3,891.0	4.61
<b>Direct credits</b>	159,982.0	36,719.0	22.95	147,674.0	38,034.0	25.76
<b>Refinancing credits</b>	0.0	0.0	0.00	0.0	0.0	0.00
<b>Export consumer credits</b>	0.0	0.0	0.00	27.0	N/A	N/A
<b>Exposures</b>	<b>243,705.0</b>	<b>37,982.0</b>	<b>15.59</b>	<b>231,993.0</b>	<b>41,925.0</b>	<b>18.07</b>

Source: EXIMBANKA SR

- **Bank guarantees**

Non-payment bank guarantees for export contracts are particularly suitable for SMEs. In 2017, SMEs used exclusively non-payment bank guarantees (100%) for contracts performed abroad by Slovak exporters. As of 31 December 2017, the proportion of guarantees issued for the SME segment represented 4.62% of the total amount of the guarantees issued.

- **Insurance and reinsurance of export credits**

The insurance products provided by EXIMBANKA SR provide exporters with the possibility to eliminate their risks resulting from the failure to pay their receivables, from short-term receivables from risky territories through medium-term and long-term projects, to lower the risk of a failure to repay their credits for financing production intended to be exported; they also offer the possibility to insure the risk of inability to repay a credit related to their own investment abroad as well as the possibility to insure consumer credits provided by commercial banks to foreign debtors and other advantages.

A new special eSME insurance product intended for small and medium-sized enterprises extended the insurance possibilities for such target group of Slovak exporters. The product is used mainly by microenterprises and it is gradually becoming the core product in relation to a planned focus of short-term insurance on supporting SMEs. The advantages of the eSME insurance include simplified conditions of credit insurance, criteria and parameters adapted to the **needs** of SMEs and the possibility to submit policy applications online 24/7.

In addition to providing non-marketable risks insurance products, EXIMBANKA SR offers insurance of the risk of a failure to pay mainly export receivables for SMEs. The development of the share of exposures towards SMEs in the total exposures of EXIMBANKA SR as of 31 December for 2016 – 2017, broken down according to insurance of marketable and non-marketable risks, is shown in the Table below.

**Table 8: Share of exposures towards SMEs in the total exposures of EXIMBANKA SR as of 31 December for 2016 – 2017, broken down according to insurance of marketable and non-marketable risks**

Share of exposures towards SMEs in the total exposures of EXIMBANKA SR for 2016 – 2017 (in EUR thousand)	2016			2017		
	Total exposures as of 31 December 2016	Out of that SMEs as of 31 December 2016	SME share (%)	Total exposures as of 31 December 2017	Out of that SMEs as of 31 December 2017	SME share (%)
<b>Insurance of short-term marketable risks</b>	203,156.0	66,587.0	32.78	228,562.0	74,054.0	32.40
<b>Insurance of short-term non-marketable risks</b>	19,427.0	11,666.0	60.05	33,425.0	30,030.0	89.84
<b>Insurance of medium-term and long-term risks</b>	447,646.0	220,792.0	49.32	400,922.0	190,852.0	47.60
<b>Total</b>	<b>670,228.0</b>	<b>299,045.0</b>	<b>44.62</b>	<b>662,909.0</b>	<b>294,936.0</b>	<b>44.49</b>

Source: EXIMBANKA

The total proportion of SMEs in insurance exposures in 2017 reached 44.49% and amounted to EUR 294.936 million. Compared to the previous year, there is a decrease by 1.37% (EUR 4.109 million).

- **Financing exports and providing guarantees**

As a part of the assets and insurance exposures, in 2017 EXIMBANKA supported exports in the total amount of EUR 913,933 thousand. In 2017, SME clients received export credits to support their exports within two years (EUR 19,732 thousand) and continued investing in technological development in the form of investment credits amounting to EUR 9,970 thousand (31 December 2017), which is confirmed by their ability to respond to new market requirements.

**Table 9: Receivables from the provided direct credits and guarantees to SME clients as of 31 December for 2013-2017 (in EUR thousand)**

Receivables from the provided direct credits and guarantees to SME clients as of 31 December for 2013-2017 (EUR thousand)	2013	2014	2015	2016	2017
<b>Export credits</b>	23,071.0	25,278.0	24,587.0	20,454.0	19,732.0
<b>Investment credits</b>	8,641.0	8,528.0	16,397.0	10,184.0	9,970.0
<b>Discount credits</b>	10,799.0	9,947.0	10,057.0	6,081.0	8,332.0
<b>Bank guarantees</b>	2,405.0	998.0	3,283.0	1,263.0	3,891.0
<b>Total receivables towards SME clients</b>	<b>44,916.0</b>	<b>44,751.0</b>	<b>54,324.0</b>	<b>37,982.0</b>	<b>41,925.0</b>

Source: EXIMBANKA

The percentage of the export support by insurance products to EU countries and other countries, broken down according to client size, is shown in the Table 10.

**Table 10: Percentage of the export support by insurance products to EU countries and other countries, broken down according to client size**

2017	SMEs	Large clients
<b>EU countries</b>	79.41%	84.79%
<b>Other countries</b>	20.59%	15.21%
<b>Total</b>	<b>100.00%</b>	<b>100.00 %</b>

Source: EXIMBANKA

## **Ministry of Economy of SR**

- **Operational Programme Research and Innovation**

MH SR is the intermediate body within the OP R&I. Its activities are focused on enhancing the research and development and innovation ability of companies, with an emphasis on increasing the competitiveness of the business sector, as well as activities focused on supporting micro, small and medium-sized enterprises. The above-stated activities are supported through aid schemes, national projects and financial tools. The support provided under OP R&I is targeted at R&D in the business sector and cooperation with academia. As a part of the programme, 280 SMEs were supported in 2017 (63 microenterprises, 137 medium-sized enterprises and 80 large enterprises). With regard to the ongoing implementation of projects of SMEs supported until now, it is not currently possible to assess the efficiency of the provided aid. The actual effect of the provided aid will be assessed after termination of the projects through the achieved values of measurable indicators. In 2017, the total allocation of funds within the OP R&I amounted to EUR 179,484,663.28 (out of that EUR 64,092,020.63 for microenterprises, EUR 75,067,974.70 for small enterprises, EUR 58,324,667 for medium-sized enterprises), while EUR 5,870,360 was actually drawn (out of that EUR 3,508,008.80 for microenterprises, EUR 743,325 for small enterprises and EUR 1,618,702.20 for medium-sized enterprises).

- **Investment aid as referred to in the Act No. 561/2007 Coll. on Investment Aid**  
In 2017, funds for procurement of long-term tangible and intangible assets in the amount of EUR 309,455.62 were granted to four entities qualified as SMEs.
- **State aid scheme to support international cooperation in the area of industrial research and experimental development**

The subject of the scheme is provision of state aid for industrial research and experimental development projects focused on innovation in the form of grants from the state budget. The aim of the aid is to support solutions of joint industrial research and experimental development projects as a part of bilateral international cooperation of contracting parties in areas of common interest, and thus to increase the number of results in industrial research and experimental development applicable in practice, to improve the access to knowledge, development of modern technologies and processes and to strengthen the competitiveness of the Slovak Republic. One project was supported in 2017 with an amount of EUR 234,210 under a call for submitting grant requests.

- **Innovation Fund, n. f.**

Innovation Fund, a non-investment fund, is a standalone non-profit, non-state legal person operating in the Slovak Republic established by the Ministry of Economy of SR under the Act No. 47/1997 Coll. on Non-Investment Funds. In accordance with its statute, Innovation Fund provides repayable financial aid with the aim to support creation of appropriate conditions for use of the outcomes of research, development, innovation, patents, industrial and utility models. The purpose of providing repayable financial aid is to support entities dealing with projects in research, development and innovation, while the outcomes of the projects are supposed to be innovative products and services with a higher added value and with a real chance that they will succeed on the domestic, European or global market. Repayable financial aid is provided for projects which met specified conditions and it should facilitate the access to financial resources with advantageous interest rates. In 2017, the Innovation Fund provided repayable financial aid to 3 business entities in the total amount of EUR 212,000.

- **Clusters development support**

The aim is to enhance the competitiveness of members of industrial clusters by increasing the efficiency of their cooperation as well as to strengthen industrial clusters internationally. In 2017, MH SR did not launch any call for submitting applications for grants to support industrial cluster organizations.

- **Innovation vouchers**

In order to intensify direct cooperation between SMEs and selected science and research workplaces, MH SR created the so-called Innovation vouchers. The intention was to create a simple support tool for direct connection of the business sector (mainly SMEs) with selected expert R&D workplaces in order to increase the competitiveness of the enterprises through innovation of their own products, services or technology. In 2017, MH SR did not launch any call for submitting applications for provision of aid to support cooperation between business entities and science and research workplaces in the form of Innovation vouchers.

## ***Slovak Investment and Trade Development Agency***

SARIO provides its services free of charge to both Slovak and foreign small, medium-sized (but also to large) enterprises which are interested in investments or internationalization. The Agency receives financing from resources of the state budget and from EU resources (national project "Promoting the internationalization of SMEs"). The SARIO national project supports exclusively Slovak SMEs.

- **SME support activities performed in 2017**

On 8 September 2017, MH SR as the intermediate body under the managing authority for the OP Research and Innovation, entered into a contract with SARIO on provision of a non-repayable financial contribution for implementation of the national project "Promoting the internationalization of SMEs" for 2017 to 2023. Through the national project, the Slovak SMEs may receive support for their activities in the form of grants from EU resources and from resources of the state budget of SR. SMEs domiciled outside the Bratislava Region could apply for support. In order to implement the project, SARIO teamed up with the Slovak Business Agency (SBA).

26 SMEs applied for the support from September until the end of 2017 (out of that 8 micro, 10 small and 6 medium-sized enterprises), while EUR 102,496.22 was actually drawn in the above-stated period of time. The main objective of the project is to strengthen the internationalization capacities of SMEs, including presentation of their business potential, and to provide free presentation, cooperation and advisory services to SMEs in order to increase their involvement in international cooperation.

SMEs are supported through the following activities:

- supporting the participation in national stalls at foreign fairs and exhibitions;
- enhancing the effectiveness during performance of business activities through participation in business missions both in Slovakia and abroad;
- enhancing the cooperation with foreign partners which would lead to strengthening the position, sustainability and competitiveness of SMEs through participation in sourcing and cooperation events;
- increasing the expert capacities of SMEs through participation in seminars of the Export Academy;
- pre-event advisory briefings, i.e. provision of basic information about the territory, instructions regarding the event, relevant contacts of partners in the territory, advisory regarding financing and insurance of the exported goods or services in the particular territory, advisory regarding verification of the financial standing of the business partner in the territory, etc.;
- clarifying the situation in supplier chains in individual areas of industry and services in Slovakia by creating a comprehensive interactive system.

## *Slovak Innovation and Energy Agency*

- **Operational programme Research and Innovation, priority axis 1- Research and Innovation**

SIEA acts as an intermediate body and implementing agency for EU Structural Funds. As a part of the specific goal Growth of research and development and innovation capacities in industry and services (OPVaI-MH/DP/2016/1.2.2-02), two SMEs were supported in 2017, while the aim of the support was to increase the quality and efficiency of production and technological processes, to support (technological and non-technological) research, development and innovation activities in companies and/or company clusters. The efficiency of the measure was assessed in the following areas: product innovation, process innovation, reducing the technological gap of SR, technology transfer from science and research organizations and strengthening the competitiveness and growth of SMEs. Support was provided nationwide, with the exception of the Bratislava Region, for areas such as the automotive industry, consumer electronics, information and communication products and services, and iron production and processing. The target group of the support included legal persons registered in the Commercial Register, persons performing their business activities based on a Trade License in the above-stated areas in the entire territory of the Slovak Republic

with the exception of NUTS II - Bratislava Region. Total funds allocated for 2017 amounted to EUR 300,000 thousand, while EUR 286 thousand was actually drawn.

- **National project inovujme.sk**

In 2017, SIEA started implementing a national project called Inovujme.sk the aim of which is to raise awareness of the importance of innovation among Slovak micro, small and medium-sized enterprises and also among high school and university students in all regions. Its main task is to increase the innovation potential of Slovakia. It spreads expert information about innovation through tools focused on individual target groups:

- Regional consultation centres – consultants in Bratislava, Košice, Žilina, Nitra and Banská Bystrica are available for Slovak entrepreneurs, who mentor the entrepreneurs in implementing their innovative ideas.
- All-day Inovujme.sk conference focused on various topics from the world of innovation;
- Seminars and workshops;
- Analyses and forecasts with the aim to identify any barriers preventing development and to compare the innovation culture of Slovakia with other countries.

## **Ministry of Culture of SR**

### **Grant system 2017**

In 2017, the grant system of the Ministry of Culture of SR supported 85 SMEs in the form of grants from the state budget in the total amount of EUR 837,582. The entities were supported through the following programmes of the Grant System:

- **Let's renovate our house**

27 SMEs (owners and administrators of national cultural monuments and organisers of public cultural events) were supported within the programme in the form of grants totalling EUR 399,600 with the aim to improve their access to financing and to promote employment. The following activities of the SMEs were supported: preparing projects of systemic approach to protection of national cultural monuments, preparing and performing restoration and recovery of national cultural monuments, presenting and supporting restoration projects of national cultural monuments in accordance with their conservation values and promoting restoration projects of national cultural monuments labelled as the European Cultural Heritage.

- **Culture vouchers**

The programme supported 53 SMEs (organizers of public cultural events) in the form of grants totalling EUR 411,482 with the aim to increase the active involvement of cultural institutions in education of pupils and in cultural activities and services held or provided at elementary or secondary schools which are of a cultural or cultural and educational nature.

- **Culture of disadvantaged groups**

The programme supported 5 SMEs (organizers of public cultural events, publishers) in the form of grants totalling EUR 26,500 with the aim to improve their access to financing. It supported equal treatment and opportunities in culture and facilitating the access of disadvantaged population groups to culture with the aim to fulfil the cultural rights of people threatened by poverty and social exclusion; their integration into society; cultural activities focused on preventing and eliminating all forms of violence, discrimination and xenophobia; supporting tolerance and acceptance of differences; strengthening of social cohesion and inter-cultural dialogue as well as strengthening the gender equality policy.

## **Integrated Regional Operational Programme, priority axis 3 (IROP PA3) - Mobilizing creative potential in the regions**

As the intermediate body for IROP PA3, in 2017 the Ministry of Culture of SR organized performance of tasks related to implementation of the specific goal 3.1. - Stimulating the promotion of sustainable employment and job creation in the cultural and creative industry by creating a conducive environment for the development of creative talent and non-technological innovation. On 12 April 2017 a call coded IROP-PO3-SC31-2016-5 for submitting applications for non-repayable financial contributions was closed; it was focused on supporting the access to tangible and intangible assets of SMEs in the cultural and creative sector for the purpose of creating jobs (decentralized support). The IB for IROP PA3 continued performing its activities in relation to AfNRFCs until the end of 2017, while the expert evaluation stage is going to finish in 2018.

### ***Slovak Film Institute***

- **Eurimages**

The aim of the programme is to support the film art and film and audiovisual sector. Five small enterprises were supported in the form of a state aid; as a result, active participation of cultural institutions in education at elementary or secondary schools has increased. The amount granted to the SMEs reached EUR 598,000.

- **Creative Europe - Culture and MEDIA sub-programmes**

The programme supports theatre and visual arts, cultural heritage, film and audiovisual sectors and the inter-sectoral area. 20 SMEs (6 small and 14 medium-sized enterprises) were supported as a part of the state aid. The amount granted to SMEs reached EUR 1,221,000 (out of that EUR 336,000 for small enterprises and EUR 884,000 for medium-sized enterprises).

Thanks to Eurimages and Creative Europe programmes, active involvement of cultural institutions in education at elementary or secondary schools increased, while the target group of the support included limited liability companies and sole traders around the whole country.

### ***Audiovisual Fund***

In 2017, the Audiovisual Fund awarded grants to 87 SMEs totalling EUR 7,194,385. The enterprises were supported through the following programmes:

- **Creation and performance of Slovak audiovisual works**

61 SMEs, particularly microenterprises - producers of Slovak audiovisual works - were supported by the programme in the form of grants totalling EUR 6,011,900, while the actually drawn amount reached EUR 55.8 thousand.

- **Distribution and other display of audiovisual works in the public**

40 SMEs (33 micro, 6 small and 1 medium-sized enterprise) – distributors of audiovisual works and organisers of public audiovisual cultural events - were supported by the programme in the form of grants totalling EUR 1,067,685 (out of that EUR 873.6 thousand for microenterprises, EUR 102.1 thousand for small enterprises and EUR 92.0 thousand for the the medium-sized enterprise).

- **Research, education and editorial activities in the field of audiovisual culture**

7 SMEs (6 micro and 1 small enterprise) – publishers and organisers of educational and training events - were supported by the programme in the form of grants totalling EUR 52.8 thousand (EUR 33.3 thousand for the microenterprises and EUR 19.5 thousand for the small enterprise), while the actually drawn amount reached EUR 47.6 thousand (EUR 30.0 thousand for the microenterprises and EUR 17.6 thousand for the small enterprise).

- **Development of audiovisual technology in the Slovak Republic**

4 SMEs (3 micro and 1 small enterprise) – operators of technical equipment for cinema projection (cinemas) - were supported by the programme in the form of grants totalling EUR 62.0 thousand (EUR 52.0 thousand for the microenterprises and EUR 10.0 thousand for the small enterprise), while the actually drawn amount reached EUR 55.8 thousand (EUR 46.8 thousand for the microenterprises and EUR 9.0 thousand for the small enterprise).

The effectiveness of the provided programmes is evaluated from the point of view of increasing the competitiveness and supporting the development, production, distribution and promotion of audiovisual works and promoting cultural events, supporting expert research, training, education and editorial activities in the area of audiovisual culture and industry as well as preserving the cultural heritage. The target group of the support included limited liability companies and sole traders nationwide.

### ***Slovak Arts Council***

The Slovak Arts Council has been established based on the Act No. 284/2014 Coll. on the Slovak Arts Council and on amendments and supplements of the Act No. 434/2010 Coll. on Provision of Grants in the Competence of the Ministry of Culture of the Slovak Republic, as amended by the Act No. 79/2013 Coll., as a public institution promoting artistic activities, culture and creative industry.

In 2017, it was for the first time that the Council provided funds to support artistic activities, culture and creative industry as well as to create material conditions for their public presentation and spreading in the Slovak and/or international cultural or artistic context. The Council provides funds based on written requests of applicants, in the form of grants as non-repayable financial aid, in the form of credits as repayable financial aid which the applicants must repay within 5 years, or in the form of scholarships provided only to natural persons to develop creation, education and expert research in the area of art, culture and creative industry, while the Council's financial resources come from statutory contributions which MK SR annually pays to the Council together with a specific contribution from the state budget. The funds were allocated within the following programmes and sub-programmes: Art, Cultural events, activities and magazines, Research and educational activities, Folk culture and cultural and public enlightenment activities and Memory institutions and councils.

Table 11: Summary of the allocated funds as per individual programmes and sub-programmes

Programme	2017					
	Micro		Small		Medium-sized	
Number of applications	Amount granted EUR	Number of applications	Amount granted EUR	Number of applications	Amount granted EUR	
<b>1. Art</b>	761	3,917,390.0	15	58,830.0	26	77,700.0
<b>2. Events, cultural centres and magazines</b>	84	2,685,000.0	7	143,500.0	1	7,000.0
<b>3. Research and educational activities</b>	124	465,550.0	5	15,000.0	12	35,900.0
<b>4. Traditional culture and cultural and public enlightenment activities</b>	147	475,800.0	20	49,300.0	3	14,500.0
<b>5. Memory institutions and councils</b>	21	33,000.0	110	399,940.0	8	14,700.0
<b>Total</b>	<b>1,137</b>	<b>7,576,740.0</b>	<b>157</b>	<b>666,570.0</b>	<b>50</b>	<b>149,800.0</b>

Source: MK SR

It is not possible to calculate the amount actually drawn in 2017 since not all projects have been closed for which grants were provided in the particular year.

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

### **State aid**

In 2017, MPRV SR provided state aid totalling EUR 59.03 million. EUR 40.61 million was provided from EU resources, representing 68.8% of the total amount of state aid provided by the Ministry. Compared to 2016, the provided state aid decreased by EUR 3.73 million, i.e. by 5.94%. The slight decrease in the amount of funds provided by the Ministry as state aid in 2017 compared to 2016 was caused by a slight change in the structure of supported measures. The percentage proportion of state aid provided according to state aid schemes under the responsibility of MPRV SR represents 100% of the total state aid provided by the Ministry. The total proportion of state aid provided to SMEs in 2017 represented 47.59% (EUR 28.09 million) of the total state aid provided by the Ministry.

Table 12: State aid provided in 2017 as per individual state aid schemes

Scheme No	Scheme name	Aid provided (EUR million)	Proportion (%)
<b>SA.46818 (2016/XA)</b>	State aid scheme for prevention and eradication of animal diseases as amended by the Amendment 1	0.44	0.75
<b>SA.46904 (2016/XA)</b>	State aid scheme for securing the participation of farmers and breeders in exhibitions as amended by the Amendment 1	0.09	0.15
<b>SA.46903 (2016/XA)</b>	State aid scheme for establishing and keeping a herd book and herd record as amended by the Amendment 1	0.44	0.75
<b>SA.46905 (2016/XA)</b>	State aid scheme for production checking and for testing and assessing the breeding value of farm animals as amended by the Amendment 1	1.30	2.20
<b>SA.46931</b>	State aid scheme for hiring disadvantaged workers in the form of wage grants as amended by the Amendment 1	0.06	0.10
<b>SA.42876</b>	State aid scheme for supporting investments for processing/launching agricultural products (sub-measure 4.2 of the Rural Development Programme of SR 2014 –2020)	4.08	6.91

<b>SA.42551</b>	State aid scheme for supporting investments in creation and development of non-agricultural activities (sub-measure 6.4 of the Rural Development Programme of SR 2014 –2020)	6.36	10.77
<b>SA.41971 (2015/XA)</b>	State aid scheme for supporting prevention from damage to forests caused by forest fires and natural disasters and catastrophic events (sub-measure 8.3 of the Rural Development Programme of SR 2014 – 2020)	23.42	39.68
<b>SA.42265 (2015/XA)</b>	State aid scheme for forestry and environmental and climate services and forest preservation according to the measure 15 of the Rural Development Programme of SR 2014 –2020	1.05	1.78
<b>SA.42264 (2015/XA)</b>	State aid scheme for disadvantages related to forest areas of Natura 2000 according to the sub-measure 12.2 of the Rural Development Programme of SR 2014 –2020	0.97	1.64
<b>N 165/2010</b>	State aid scheme for first reforestation of farmland according to the measure 5.3.2.2.1 of the Rural Development Programme of SR 2007-2013 (sub-measure 8.1 PRV SR 2014-2020)	0.09	0.15
<b>SA.46932 (2016/XA)</b>	State aid scheme for forestry advisory services and for transfer of forestry knowledge and information actions as amended by the Amendment 1	0.02	0.03
<b>SA.43460 (2015/N)</b>	State aid scheme for preparing forestry plans as amended by the Amendment 1	1.34	2.27
<b>SA.41947 (2015/XA)</b>	State aid scheme for supporting investments in infrastructure related to forestry development, modernization, and/or adaptation – investments related to infrastructure and access to forest land (sub-measure 4.3 PRV SR 2014-2020)	12.83	21.74
<b>SA.42026 (2015/XA)</b>	State aid scheme for supporting restoration of forests damaged by forest fires and natural disasters and catastrophic events (sub-measure 8.4 of the Rural Development Programme of SR 2014 –2020)	5.98	10.13
<b>SA.43041 (2015/XA)</b>	State aid scheme for supporting investment recovery for improving the resistance and environmental value of forest ecosystems (sub-measure 8.5 of the Rural Development Programme of SR 2014 –2020)	0.56	0.95
<b>Total</b>		<b>59.03</b>	<b>100,00</b>

Source: MPRV SR

### Operational Programme Fisheries 2014-2020

No activities supporting SMEs under OP F 2014-2020 were performed in 2017.

### Integrated Regional Operational Programme

As a part of the Specific Objective 3.1 of the Integrated Regional Operational Programme "3.1 Stimulating the promotion of sustainable employment and job creation in the cultural and creative industry by creating a conducive environment for the development of creative talent and non-technological innovation", a call was published for submitting applications for non-repayable financial contributions on 17 October 2016 with an emphasis on supporting the access to tangible and non-tangible assets of SMEs in the cultural and creative sector for the purpose of job creation (call code: IROP-PO3-SC31-2016-5). The call was published as a part of the De Minimis Aid Schemes to support access to tangible and intangible assets of SMEs in the cultural and creative sector for the purpose of job creation No. DM - 6/2016. The aid is provided by the Ministry of Culture of SR as the intermediate body under the managing authority of the Integrated Regional Operational Programme. The following

amounts were earmarked for the call: EUR 2 million for more developed regions (Bratislava Region) and EUR 65,860,548 for less developed regions (other Slovak regions with the exception of the Bratislava Region). The call was closed on 12 April 2017. 619 AfNRFCs were submitted under the call, while the total amount of the requested funds of EUR 94,804,252.79 (EU resources + state budget). 466 AfNRFCs proceeded to the expert assessment stage the end of which was postponed until 1Q 2018.

## ***Agricultural Paying Agency***

### **Rural Development Programme of SR 2014 – 2020**

- ***Measure 4.2 - Aid for investments for processing/launching and/or developing agricultural products***

The support was targeted at property investments related to marketing and processing agricultural products in relation to launching the production of new as well as traditional products, new equipment/technology as well as building small consumption points where agricultural products and products resulting from processing primary agricultural production are supplied. 44 SMEs were supported as a part of the Programme (out of that 12 micro, 18 small and 14 medium-sized enterprises) with 15 new jobs (2 in the micro, 7 in the small and 6 in the medium-sized enterprises). The impact on SMEs was seen in the development of business activities in the countryside what will offer new work opportunities for the unemployed and particularly for young people; this will boost the economic growth, help stabilize and strengthen the rural economy and create new jobs. The support was targeted at NPs and LPs performing their business activities in the area of processing the products of primary agricultural production and/or food production (with the exception of fish products) and at NPs and LPs performing their business activities in the area of primary agricultural production as well as processing their own production, namely in the entire Slovak Republic. The amount of EUR 13,606,630.7 was actually drawn in 2017.

- ***Measure A6.4 Aid for investments in the creation and development of non-agricultural activities***

The support was targeted at the following activities:

- **Activity 1**: activities related to rural tourism and agrotourism focused on creating conditions for recreational and relaxation activities, including creation of conditions for providing education and creating conference premises.
- **Activity 2**: activities related to provision of services for the target groups: children, the elderly and persons with reduced mobility, including therapies (hippotherapy, animal assisted therapy), forest education, etc. which contribute to recovery, better integration in the social life or improvement of the target group's mobility.
- **Activity 3**: processing and launching such products on the market the processing output of which does not fall under the Annex I of the Treaty on the Functioning of the European Union (TFEU).

22 SMEs were supported as a part of the Programme (out of that 14 micro, 7 small and 1 medium-sized enterprise) while 3 new jobs were created (1 in the micro, 1 in the small and 1 in the medium-sized enterprise). The support was targeted at the development of business activities in the countryside what will offer new work opportunities for the unemployed and particularly for young people; this will boost the economic growth, help stabilize and strengthen the rural economy and create new jobs. The target group of the support included NPs and LPs performing their business activities in the area of primary agricultural production, NPs and LPs managing forests owned by private owners and associations, municipalities and associations

and the church as well as NPs and LPs performing their business activities in the area of farm fishing (aquaculture).

The allocation amounted to EUR 50.222 thousand, while the amount of EUR 6,230.512 was actually drawn in 2017 (out of that EUR 3,565.601 thousand for microenterprises, EUR 2,257.162 thousand for small enterprises and EUR 407.750 thousand for medium-sized enterprises).

Eligible applicants (end beneficiaries) are enterprises as referred to in the Article 107 of TFEU, i.e. NPs and LPs - microenterprises and small enterprises in rural areas as referred to in the Annex I of the EU Commission Regulation No. 651/2014 performing their business activities in the area of forestry production, farm fishing - aquaculture and primary agricultural production.

### ***Agroinštitút Nitra***

According to a framework contract concluded between Agroinštitút Nitra and MPRV SR for 2017, an amount of EUR 39,310 was allocated to Agroinštitút Nitra from the state budget and fully drawn.

The support was focused on development of the domestic market, informatization and job creation. 837 SMEs were supported within the programme and 71 new jobs were created.

The impact on SMEs could be seen in the following areas:

- ensuring the transfer of knowledge and information related to the system of the geo-spatial form of application for aid;
- providing basic knowledge and information to young farmers starting primary agricultural production who have no agricultural, food or veterinary education.

## **Ministry of Labour, Social Affairs and Family of SR**

### ***Central Office of Labour, Social Affairs and Family***

#### **• Tools for active labour market measures**

Under ALMP such measures, programmes, projects and activities are implemented and supported which facilitate integration and reintegration of JSs, particularly groups of persons disadvantaged on the labour market, through active labour market measures (hereinafter referred to as "ALMMs"). In addition, ALMMs also contribute to development of business activities by supporting creation of new jobs and maintaining the existing ones as well as employees in such supported jobs, and by supporting the investment aid for investors. They also provide help to support education of JSs and employees.

Table 13: **Implementation of selected ALMM tools in 2017 for all business entities**

Year	2016		2017	
ALMM tool	Number of employed JSs/persons or number of supported jobs/JSs/persons	Drawn funds (EUR)	Number of employed JSs/persons or number of supported jobs/JSs/persons	Drawn funds (EUR)
Allowance for self-employment (Section 49)	1,951	8,249,299.0	2,677	9,543,242.0
Allowance for employment of disadvantaged job seekers (Section 50)	1,739	7,054,949.0	2,699	5,807,186.0
Allowance for creation and maintenance of jobs in social enterprises (Section 50c)	0	0.0	0	0.0
Contribution to job creation in the first regularly paid employment (Section 51a)	3,086	12,978,320.0	1,986	9,976,281.0
Allowance for creation of new jobs (Section 53d)	2,090	3,381,145.0	452	4,589,322.0
Projects and programmes (Section 54)	30,408	73,320,345.0	112,164	72,743,230.0
Allowance for establishment of sheltered workshops or sheltered workplaces (Section 56)	368	1,310,103.0	242	607,551.0
Allowance for self-employment for persons with disabilities (Section 57)	75	385,398.0	77	393,154.0
<b>Selected tools for increasing employment</b>	<b>39,717</b>	<b>106,679,559.0</b>	<b>120,297</b>	<b>103 659 966,0</b>
Contribution to education and training of employees for the labour market (Section 47)	208	61,212.0	249	925,103.0
Allowance for maintaining low-paid workers employed (Section 50a)	0	0.0	0	0.0
Allowance for maintaining jobs (Section 50k)	0	0.0	178	47,895.0
Allowance for maintaining disabled persons employed (Section 56a)	28	39,544.0	21	31,180.0
Allowance for activities of a work assistant (Section 59)	990	4,206,871.0	1077	4 916 625,0
Allowance for settlement of operating costs incurred by sheltered workshops or sheltered workplaces and for settlement of transport expenses of employees (Section 60)	9 723,	26,633,613.0	9,763	28,467,161.0
<b>Selected tools for maintaining the existing jobs</b>	<b>10,949</b>	<b>30,941,240.0</b>	<b>11,288</b>	<b>34 387 964,0</b>
<b>Total</b>	<b>50,666</b>	<b>137,620,799.0</b>	<b>131,585</b>	<b>138 047 930,0</b>

Source: COLSAF SR

- **State aid provided**

Employment support aid

The aid provided to SMEs to support employment in 2017 was compliant with the EU legislation, in particular:

- Commission Regulation (EU) No. 1407/2013 which is the legal basis of the de minimis aid scheme to support employment;
- Commission Regulation (EU) No. 1408/2013 which is the legal basis of the de minimis aid scheme to support employment in the area of primary agricultural production;
- Commission Regulation (EU) No. 651/2014 which is the legal basis of the state aid scheme to support education and help in hiring and employing disadvantaged and disabled employees.

The state aid and de minimis aid was provided from public financial resources, mostly from the European Social Fund and, to a lesser extent, from the state budget of the Slovak Republic. The total amount of the state aid granted by the Central Office of Labour, Social Affairs and Family in 2017 reached EUR 85.38 million, out of which EUR 77.40 million was granted to SMEs, representing 90.65% of the total state aid granted. The state aid was implemented through active employment and labour market policies within which the measures, programmes, projects and activities facilitating integration and re-integration of JSSs, especially of disadvantaged persons on the labour market, are implemented through ALMM tools and contributions. Moreover, ALMMs also contribute to business development by supporting the creation of new jobs and maintaining the existing ones and employees occupying them.

Table 14: Employment support aid for SMEs

Support for companies	Total state aid	EUR 85.38 million	Proportion (%)
	Out of that SMEs		
	Microenterprises	EUR 57.69 million	65.57
	Small enterprises	EUR 14.71 million	17.23
	Medium-sized enterprises	EUR 5.00 million	5.85
	SMEs - total	EUR 77.40 million	90.65
	Aid for large enterprises	EUR 7.98 million	9.35

Source: COLSAF SR

Aid granted in accordance with the de minimis scheme 16/2014

Similarly to the previous years, in 2017 the employment support aid was mainly provided as de minimis aid through several programmes and projects, including:

- National projects approved by the Ministry and implemented by the Central Office or Office;
- Projects aimed at improvement of the position of job-seekers on the labour market, approved by the Ministry and implemented by the Central Office;
- Projects aimed at improvement of the position of job-seekers on the labour market, approved by the Central Office and implemented by the Office;
- Projects aimed at improvement of the position of job-seekers on the labour market, approved by the Ministry or by the Central Office and implemented by the Office or a legal person or a natural person;
- Pilot projects aimed at verifying active measures on the labour market, approved by the Ministry and implemented by the Central Office;
- Pilot projects or pilot programmes aimed at supporting the development of regional or local employment, approved by the Central Office and implemented by the Office.

In 2017, the Central Office granted state aid to SMEs under the de minimis scheme 16/2014 in the total amount of EUR 75.31 million, representing 88.21% of the total aid granted.

17,388 jobs were created on the labour market as a part of the scheme. The largest part of state aid was granted to microenterprises in the Prešov Region.

Table 15: Amount of the aid provided in 2017 as per the enterprise type

State aid granted in accordance with the de minimis scheme 16/2014	Enterprise type		EUR 75.31 million	Proportion (%)
	Out of that SMEs		Microenterprises	EUR 57.69 million
			Small enterprises	EUR 14.12 million
			Medium-sized enterprises	EUR 4.28 million
	SMEs - total		EUR 74.59 million	99.04
	Aid for large enterprises		EUR 0.72 million	0.96

Source: COLSAF SR

Aid granted in accordance with the de minimis scheme 7/2015

The de minimis aid to support employment in the area of primary agricultural production was first provided in 2016. The fact that it is a new scheme and the total amount of de minimis aid to be granted to a single enterprise must not exceed EUR 15,000 during a period of three fiscal years is also reflected in lower figures than in the case of aid according to the de minimis scheme 16/2014. In 2017, the Central Office granted aid to SMEs under the de minimis scheme in the total sum of EUR 1.66 million, representing 1.94% of the total aid granted. 317 jobs were created on the labour market as a part of the scheme. The largest part of the aid was granted to microenterprises in the Košice Region.

Table 16: Amount of the aid provided in 2017 as per the enterprise type

State aid granted in accordance with the scheme 7/2015	Enterprise type		EUR 1.66 million	Proportion (%)
	Out of that SMEs		Microenterprises	EUR 1.39 million
			Small enterprises	EUR 0.22 million
			Medium-sized enterprises	EUR 0.05 million
	SMEs - total		EUR 1.66 million	100.00

Source: COLSAF SR

State aid granted within the employment scheme

In 2017, the Central Office provided state aid under a state aid scheme for employment in the amount of EUR 75.31 million, representing 88.21% of the total state aid granted by the Central Office. Compared to 2016 when state aid was provided under the state aid scheme in the amount of EUR 4.96 million, the state aid provided in 2017 decreased by EUR 1.13 million, particularly as a result of termination of agreements on provision of contributions to education and preparation of employees for the labour market.

Table 17: Amount of the aid provided in 2017 as per the enterprise type

State aid granted under the employment scheme	Enterprise type		EUR 3.82 million	Proportion (%)
	Out of that SMEs		Microenterprises	EUR 0.11 million
			Small enterprises	EUR 0.37 million
			Medium-sized enterprises	EUR 0.08 million
	SMEs - total		EUR 0.56 million	14.66
	Aid for large enterprises		EUR 3.26 million	85.34

Source: COLSAF SR

State aid granted for hiring disadvantaged and disabled employees

In 2017, the total amount of the state aid provided under the state aid scheme reached EUR 0.56 million. State aid was provided to 80 eligible beneficiaries. The state aid was implemented through an active labour market policy within which such programmes, projects and activities are implemented and supported which facilitate the integration and reintegration of JSs, especially groups of disadvantaged persons on the labour market, through ALMM tools and contributions. The state aid granted under ALMM was based on the Employment Services Act and it helped mainly create and maintain new jobs with an emphasis on groups of disadvantaged

JSs on the labour market and disabled persons, mainly contributions according to Section 50 (Allowance for employment of disadvantaged job seekers), Section 59 (Allowance for activities of a work assistant), Section 60 (Allowance for settlement of operating costs incurred by sheltered workshops or sheltered workplaces and for settlement of transport expenses of employees). 481 jobs were supported under the above-stated state aid scheme as referred to in the Articles 32 and 34 of the Commission Regulation. Out of that 20 jobs for disadvantaged job-seekers (JSs) were supported in the form of wage subsidies and 461 jobs for disabled persons were supported in the form of contribution to compensation of additional costs related to employing disabled employees. The highest number of supported jobs represented jobs for disabled persons in the Prešov region - 160 jobs in total.

#### Granted regional investment aid and employment support aid

Regional investment aid and employment support aid in the form of contributions for creation of new jobs was provided by the Ministry of Labour, Social Affairs and Family of SR through the Central Office as referred to in Section 2 (5) (d) of the Act No. 561/2007 Coll. on Investment Aid and on amendments and supplements of certain acts, as amended. In 2017, investment aid was provided to investors from the state budget of SR.

**Table 18: Investment aid provided to investors in 2017 from national resources (state budget of SR)**

<b>Regional investment aid</b>	Out of that SMEs	Microenterprises	EUR 0.00 million	0.00
		Small enterprises	EUR 0.00 million	0.00
		Medium-sized enterprises	EUR 0.59 million	13.00
		SMEs - total	EUR 0.59 million	13.00
		Large enterprises	EUR 4.00 million	87.00

Source: COLSAF SR

The effectiveness of the aid provided based on relevant employment support state aid schemes may be evaluated mainly from the point of view of implementing measures for maintaining employment, creating new jobs and maintaining the existing jobs. The benefit of the state aid provided to support education is enhancement of the expertise and qualifications of employees, mainly in the area of introducing innovative procedures, new technical and technological equipment and lines as well as from the point of view of preventing lay-offs, maintaining employment and preventing potential unemployment. At the same time, educating employees helped increase the quality of the labour force and the flexibility of employment of such persons.

#### **National projects of the ALMM Department implemented in 2017 and focused on supporting SMEs**

##### **National project “From internship to full-time job”**

The national project is targeted at obtaining or improving and extending the professional skills, knowledge, and practical experience of young people aged < 29 in form of mentored induction and internship at an employer who will create a job in order to place and maintain the young person on the labour market. The national project was implemented in all self-governing Slovak regions with the exception of the Bratislava Self-Governing Region. The target group are JSs aged < 25 who have been registered in the JS records for at least three months and are not in employment, education or training (NEET).

### **National project “From internship to full-time job in BSK”**

The national project is targeted at obtaining or improving and extending the professional skills, knowledge, and practical experience of young people aged < 29 in form of mentored induction and internship at an employer who will create a job in order to place and maintain the young person on the labour market. The national project was implemented in the Bratislava Self-Governing Region and it was financed exclusively from the Slovak state budget.

### **National project “Internship Starts Employment”**

The aim of the national project is to increase the employment and employability of young people on the labour market and involvement of young people, particularly NEETs, and the possibility of subsequent creation of a job for a young person with the employer where the young person did the internship. The target group are NEETs aged < 29 who fall under the definition of school graduates in accordance with the Employment Services Act when entering the project: persons aged < 26 who finished continuous vocational preparation in the form of full-time training with an appropriate degree no longer than two years ago and since their graduation they have not had any regularly paid employment and are registered in the JSs records at Offices of Labour, Social Affairs and Family in the eligible project territory. The project is implemented through two main activities as an active measure on the labour market as referred to in Sections 51 and 54 of the Employment Services Act.

### **National project "Successful on the Labour Market"**

The goal of the national project is to improve the position of young people aged < 29 on the labour market and to improve their employability and employment. The target group are NEETs aged < 25 (25 years minus 1 day) registered in JSs records for at least 3 months and NEETs aged < 29 (29 years minus 1 day) registered in JSs records for at least 6 months, with an emphasis on the long-term unemployed (as referred to in the Youth Guarantee in the Slovak Republic). The project is implemented through two main activities as an active measure on the labour market as referred to in Sections 51 and 54 of the Employment Services Act.

### **National project "Involvement of the Unemployed in Cultural Heritage Recovery - 3"**

The project supported creation of short-term jobs for JSs and disadvantaged JSs. 36 entities (municipalities, civic associations, foundations and LPs) were involved in the cultural heritage recovery project in 2017 under the responsibility of 23 Offices of Labour, Social Affairs and Family. Only entities whose subsidies had been approved by the Ministry of Culture of the Slovak Republic as a part of a call under the "Let's renovate our house" programme, sub-programme 1.4. "Renovation and conservation of ruins" could be involved in the project.

### **National project "Chance for Employment"**

It has been implemented since 25 September 2015 in all Slovak regions except for the Bratislava Self-Governing Region. The target group are disadvantaged JSs with a particular focus on long-term unemployed JSs. Financial contributions are provided to employers if they have created a job in any of the specified areas of public employment for a period of at least 3 months.

### **National project "Chance for Employment for BSK"**

It has been implemented since 11 January 2016 in the Bratislava Self-Governing Region. The target group are disadvantaged JSs with a particular focus on long-term unemployed JSs. Financial contributions are provided to employers if they have created a job in any of the specified areas of public employment for a period of at least 3 months.

### **National project "We want to be active on the labour market (50+)"**

The aim is to improve the position of disadvantaged JSs as referred to in Section 8 (1) (b) of the Employment Services Act - persons aged 50+ (hereinafter referred to as "JSs aged 50+"), to increase their employability and employment through provision of financial contributions to support creation of jobs in less developed regions. The target group are disadvantaged JSs as referred to in Section 8 (1) (b) of the Employment Services Act.

### **National project "Chance for the Youth"**

The aim is to improve the position of JSs - NEETs on the labour market, to increase employment and employability, to decrease long-term unemployment by supporting job creation. The eligible target group are JSs - NEETs aged < 29 registered in JSs records for at least 12 consecutive months. The main activity of the NP is to provide financial contributions to employers who will hire JSs from an eligible target group to newly-created full or half time jobs for a period of at least 3 months or for an indefinite period of time.

### **National project "The Road to the Labour Market"**

The aim of the national project is to improve the position of JSs on the labour market, to increase the employability and employment of JSs and disadvantaged JSs by supporting creation of jobs, to decrease unemployment, particularly long-term unemployment, and to support the development of local and regional employment in the least developed districts with long-term high unemployment.

**Activity 1** - Supporting the creation of jobs for JSs

**Activity 2** - Supporting the creation of jobs for disadvantaged JSs with a particular focus on JSs registered in social work integration agencies for a long time

**Activity 3** - Supporting the creation of jobs with public providers

**Activity 4** - Supporting the creation of jobs through self-employment (I will employ myself, even in primary agricultural production)

**Activity 5** - Providing financial contributions for commuting to work

**Activity 6** - Providing customized services to JSs - the aim of the activity is to support JSs in finding employment through an intensive and customized advisory process which takes into account the individual social situation of the JSs.

## **Ministry of Education, Science, Research and Sport of SR**

- R&D incentives**

As referred to in the Act No. 185/2009 Coll. on research and development incentives and on amendments of the Act No. 595/2003 Coll. on the Income Tax, as amended, R&D incentives may be provided to legal persons - entrepreneurs with the aim to enhance R&D and to increase the employment of experts in R&D. 6 SMEs were supported within the programme with the purpose to create conditions for R&D development, cooperate with academia, introduce innovation and transfer of new knowledge into practice, create the preconditions for increasing the competitiveness on both domestic and foreign markets. The target group included preferably SMEs. EUR 2,890,138 was drawn in 2017 as a part of the state aid scheme (EUR 2,262,122 for small and EUR 628,016 for medium-sized enterprises).

- Grants for scientific and technical services in accordance with the Act No. 172/2005 Coll.**

In 2017, MŠVVaŠ SR provided a grant to one SME amounting to EUR 49,700 to finance the operation of a ground station of SkCube, the first Slovak satellite.

- **Development projects**

MŠVVaŠ SR allocated special-purpose funds for financing development projects supporting the organization of training for the teaching staff in the field of financial literacy and entrepreneurship in education in 2017 in the total amount of EUR 44,000.

***Continuous education of the teaching staff***

There are several accredited continuous education programmes for the teaching and expert staff:

- Rural tourism, intended for teachers and trainers at secondary vocational schools;
- Business ethics;
- Tourism business and creation of business plans;
- SMEs in Slovakia within economic subjects;
- Rural development intended for teachers at secondary vocational schools.

***State Vocational Education Institute***

- **Training firm**

To support the business, economic and financial education at all secondary vocational schools, it is possible to teach vocational subjects such as economic exercises in a training firm, training firm and training firm – practice. The aim of the training firm is to enhance the quality of education in the area of business competences and financial literacy, consumer protection and combating corruption in accordance with the National Financial Literacy Standard. In 2017, the activities of the Slovak Training Firms Centre included distance education - training firms in Kenya are mentored by SCFT, contract days of training firms 2017, finals of the 6th year of the national Best Business Plan competition and the International Training Firms Fair 2017 held in Slovakia.

***Research Agency***

- **Operational Programme Research and Innovation**

As the intermediate body for the OP Research and Innovation, the Research Agency supports SMEs within an R&D support scheme (state aid scheme) based on the Act No. 358/2015 Coll. In relation to the specific objective 1.1.3 Increasing the research activity through better coordination and consolidation of the R&D potential of research institutions, on 11 April 2017 a call was launched for supporting international teaming research centres outside the Bratislava Region, code OPVaI-VA/DP/2017/1.1.3-03, with EUR 18 million to be allocated. Two applications for a non-repayable financial contribution (AfNRFC) were delivered for EUR 19,893,087.94, out of what ERDF resources amounted to EUR 17,630,875.82.

As a part of the specific objective 2.1.1 Increasing the research activity of the Bratislava Region through revitalisation and strengthening the research and education, innovation and business capacities, on 11 April 2017 a call was launched for supporting international teaming research centres in the Bratislava Region, code OPVaI-VA/DP/2017/2.1.1-03, with EUR 15 million to be allocated, One AfNRFC was delivered for EUR 29,910,680.21, out of what ERDF resources amounted to EUR 14,999,539.61.

The evaluation process of AfNRFCs within the call for supporting industrial R&D centres was finished in early 2017. Altogether 62 AfNRFCs were approved in the amount of EUR 320,253,139.41, out of what ERDF resources amounted to EUR 299,801,431.90. Out of the total number of 62 approved AfNRFCs, 46 were for small and 14 for medium-sized enterprises. Small enterprises have the largest proportion in NRFC, i.e. over EUR 147 million,

representing as much as 72.26% of the approved support for the entire private sector. A summary is shown in the Table below.

Table 19: Representation of the private sector in 62 approved AfNRFCs

Enterprise size	Number	ERDF resources	State budget resources	NRFC resources
<b>Small enterprises</b>	46	141,031,947.73	6,205,056.45	147,237,004.18
<b>Medium-sized enterprises</b>	14	28,653,602.42	540,901.89	29,194,504.32
<b>Large enterprises</b>	15	26,616,408.54	711,744.82	27,328,153.36
<b>Total amount</b>	<b>75</b>	<b>196,301,958.69</b>	<b>7,457,703.17</b>	<b>203,759,661.86</b>

Source: Research Agency

58 NRFC contracts were entered into in total, worth EUR 298,525,004.17 (ERDF resources amounting to EUR 279,855,467.26). Five projects were terminated early in the course of the year in the amount of EUR 24,702,728.63 (ERDF resources amounting to EUR 22,783,085.54). No project was financially supported as of 31 December 2017. 53 projects in which small, medium-sized and large enterprises are involved were delivered within the call for supporting industrial R&D centres as of 31 December 2017. The support approved (including the state and the public sector) amounted to EUR 273,822,275.48, out of which ERDF resources amounted to EUR 257,072,381.72. Following a notification of the European Commission, in March 2017 the processing of preliminary payments was suspended, and payment periods and processes in relation to 4 calls for supporting industrial R&D centres, long-term strategic R&D and to a call for supporting international teaming research centres in Bratislava and outside the Bratislava Region were suspended by the European Commission. On 18 September 2017 the call for supporting long-term strategic R&D, code OPVaI-VA/DP/2016/1.2.1-03, was cancelled. All implementation processes within the call for supporting industrial R&D centres were suspended. As a result, no financial support was provided to SMEs in 2017.

### ***Slovak Research and Development Agency***

In 2017, the Slovak Research and Development Agency performed activities aimed at supporting SMEs in the form of non-repayable financial aid for R&D projects and for a bilateral cooperation project.

In 2017 the Agency supported 23 entities in the SME category (5 micro, 6 small and 12 medium-sized enterprises). The total amount allocated to SMEs reached EUR 2,301,198 (out of that EUR 606 thousand for micro-enterprises, EUR 624 thousand for small enterprises and EUR 1,071 thousand for medium-sized enterprises). Financial support was provided for 35 R&D projects (EUR 2,299,198) and 1 bilateral cooperation project (EUR 2,000). Financial support in the total amount of EUR 2,301,198 was provided to SMEs according to the State Aid Scheme N 702/2007 (EUR 126,912), State Aid Scheme SA.42450 (EUR 2,172,286) and in the form of de minimis ad hoc aid (EUR 2,000).

Geographically speaking, the support was allocated as follows: Bratislava Region EUR 1,446,025; Košice Region EUR 93,663; Nitra Region EUR 183,730; Prešov Region EUR 39,986; Trenčín Region EUR 277,430 and Žilina Region EUR 260,364.

The total amount of the aid provided by the Agency in 2017 represented EUR 2,800,285; out of that the support provided to SMEs represented 82.18% (EUR 2,301 thousand). The actually drawn amount was EUR 2,295 thousand (out of that: EUR 605 thousand for microenterprises, EUR 623 thousand for small enterprises and EUR 1,067 thousand for medium-sized enterprises).

## ***Slovak Centre of Scientific and Technical Information***

**Horizon 2020** joins all existing sources of EU financing focused on research and innovation (including the 7th Framework Programme), activities related to innovation within the Competitiveness and Innovation Framework Programme (CIP) and activities of the European Institute of Innovation and Technology (EIT). Horizon 2020 integrates the support of research and innovation, laying emphasis on the support of SMEs. The Horizon 2020 budget amounts almost to EUR 80 billion.

One of the tools of financing SMEs within the Horizon 2020 is the so-called SME Instrument in which EUR 3 billion has been allocated for the period of 2014-2020. The aim of the tool is to support the most innovative small enterprises with a great growth potential which are able to survive independently in the market environment. It provides grants in a simple and quick form through several stages. SME Instrument Phase 1 - for concept and innovation feasibility studies, and SME Instrument Phase 2 - for product development, testing, validation and launching.

The so-called Access to Risk Finance is a non-grant tool for supporting SMEs within the Horizon 2020 through InnovFin tools. The main purpose of the programme is to support and facilitate access of innovative companies of all sizes as well as research centres and universities, public-private partnerships, special-purpose companies or projects and joint ventures to sources of debt and capital financing. Overall, the Horizon 2020 has earmarked approximately EUR 2.6 billion for the Access to Finance programme (2014-2020). The financing is going to be administered by the European Investment Fund (EIF) and the European Investment Bank (EIB).

## **Ministry of Interior of SR**

- **Activities performed by the Trade Business Department in 2017**

The Ministry of Interior of SR is implementing a national project named "Optimizing the processes in public administration". With regard to the above-stated project, the processes at Trade Business Departments at district authorities were monitored as well. During the monitoring, informatization-related business requirements were proposed, focused on decreasing the administrative burden for entrepreneurs as well as for state administration authorities in the area of trade business. The business requirements are going to be implemented until 2020. The number of business entities which used services of SPC in 2017 reached 165,959 (out of that NPs – 138,964 and LPs – 26,995).

## **Ministry of Health of SR**

- **Grants for drug prevention activities**

Pursuant to the Act No. 525/2010 Coll., as amended, on the provision of subsidies to support drug prevention activities, in 2017 the Ministry of Health supported 24 entities with an amount of EUR 537,763.14. Out of that one SME entity received a grant for a project in the total amount of EUR 49,880.00.

- **Structural Funds**

Implementation of projects from Structural Funds (OP Health) finished in 2016. As a part of IROP projects, on 24 May 2017 MZ SR launched a call for submitting applications for a non-repayable financial contribution for modernizing the infrastructure of institutions providing curative healthcare in order to enhance their productivity and efficiency - IROP-PO2-

SC213-2017-20 - which was closed on 11 September 2017; however, the applicants for non-repayable financial contributions whose applications were approved are not from the SME category.

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

### **• Activities of the Business Centre**

In 2017 the Business Centre ("POCE") of MZVaEZ SR provided the business public with information necessary for promoting their business projects and activities in the field of exporting products and services, creating cooperation relations and establishing enterprises abroad. Information was provided free of charge directly (by telephone or e-mail) via the Let's Do Business Abroad portal and by sending a "Weekly summary of economic news from abroad" (economic information from representative offices, information about fairs, exhibitions, tenders, business missions and new business opportunities abroad to the business public).

### **• Economic diplomacy project scheme**

POCE continued implementing the economic diplomacy project scheme. In 2017, grants from the state budget were provided to 21 new economic diplomacy projects, i.e. investment projects, export projects, scientific and research and educational projects, tourism projects, etc. in 18 countries with participation of representative offices and partners from the business sector. The grants supported the internationalization of SMEs by facilitating their entry into foreign markets and helped Slovak SMEs establish contacts with foreign partners. The total amount to be allocated within the project scheme in 2017 was EUR 90,000, while EUR 63,128.63 was actually drawn in 2017.

POCE also represented a qualified communication partner for businesses in 2017. It dealt with an increasing number of direct enquiries through a telephone hotline for exporters, providing "first aid" while resolving problems of companies (in 2017 POCE attended to 430 inquiries of the business public using the hotline).

As a part of computerization of public services in relation to development of the central public administration portal, MZVaEZ in cooperation with SARIO and other 10 state institutions continued centralising information for Slovak exporters at one place, i.e. on [www.slovensko.sk](http://www.slovensko.sk). The aim of the portal is to integrate the information and services and to provide them to users in a clear and accessible form.

In 2017 the Business Centre processed approximately 40 twinning circulations and 20 TAIEX requests which through SPC (Single Point of Contact) help build institutional capacities of beneficiary countries, implement the legislation and introduce EU standards and practices and they assist in performing structural reforms in different areas (public finance, trade, public procurement, agriculture, environment, energy, etc.).

Through its expert units or through a network of diplomatic missions abroad, MZVaEZ SR continued providing a broad range of free basic services for the business public in the area of economic diplomacy. Consultations days of economic diplomats with companies, held in cooperation with regional SCCI representations, helped businesses significantly as well.

- **Supporting and stimulating SMEs, when entering international markets, particularly those of third countries**

In 2017 MZVaEZ SR offered new commercial and investment opportunities abroad via the following activities:

- Organizing smaller business missions led by representatives of MZVaEZ SR;
- Organizing or co-organizing numerous professional territorially oriented events with an economic and commercial focus, or business forums with foreign partners;
- Events encouraging Slovak business entities to participate in international public procurement;
- Supporting the knowledge economy and international cooperation in the field of science, research, and innovation. Innovation forums continued to be organized both in SR and abroad.
- Activities focused on pro-investment goals – in 2017 pro-investment activities were performed by presenting Slovakia as an attractive country open to foreign investments and preferring investments in sectors with a higher added value;

Numerous seminars about commercial and investment opportunities as well as about institutional cooperation (e.g. in the field of dual education) were organized in cooperation with SARIO and with regional chambers of commerce both in Slovakia and abroad.

- **Activities of representative offices of SR abroad**

- Attended to 3,796 enquiries and offers of Slovak and foreign business entities regarding import/export of goods and services. The enquiries and offers were processed either directly or through SARIO and SCCI information portals or through the MZVaEZ SR's Business Centre Division;
- Mediated information on launching 775 public procurements in countries with accredited or appointed representations;
- Performed 474 presentation events in countries with accredited or appointed representations;
- Actively participated in 376 exhibitions and fairs abroad and supported the participation of Slovak business entities;
- Arranged 223 business missions or business forums directly or in cooperation with SCCI and/or SARIO;
- As a part of the MZVaEZ SR economic diplomacy project scheme, 21 new economic diplomacy projects were implemented which had been initiated by representative offices of SR, e.g. investment projects, export projects, scientific and research and educational projects, tourism projects, etc.

## **Ministry of Environment of the Slovak Republic**

- **Support in the form of grants from the Environmental Fund**

- **Activity E1:** Environmental education, training and promotion. No grants were awarded to any business entities in relation to the Activity in 2017.
- **Activity F1:** Survey, research and development aimed at identification and improvement of the status of the environment. No grants were awarded to any business entities in relation to the Activity in 2017.

- **Operational Programme Quality of Environment**

Resources from the European Structural and Investment Funds and from the state budget granted through investment priorities and specific objectives of the OP QE, particularly in the area of air protection, waste management, and power engineering, help support the small and medium-sized enterprises in SR. Enterprises of relevant size categories represent one

of the main groups of beneficiaries in the above-stated areas of economy, although the purpose of the aid itself is usually something else than direct support of SMEs.

SMEs may be supported mainly within the below-stated specific goals ("SG") of OP QE:

- ***SG 1.1.1 Increasing the degree of waste recovery while focusing on preparing them for re-use and recycling and supporting prevention of waste generation*** – from the subject-matter point of view it covers projects focused on building equipment for preparing waste to be re-used and recovered.
- ***SG 1.4.1 Reducing air pollution and improving its quality*** - from the subject-matter point of view it covers projects focused on reducing air pollution, e.g. in the form of installing technological equipment enabling to reduce the pollutants discharged in excess of the valid standards.
- ***SG 4.1.1 Increasing the share of RES in the final gross energy consumption*** – from the subject-matter point of view it covers projects focused on building equipment for producing or using renewable energy sources (RES).
- ***SG 4.2.1 Reducing the energy intensity and increasing the use of RES in enterprises*** - from the subject-matter point of view it covers projects focused on preparing energy audits and supporting the implementation of measures resulting from energy audits, aimed exclusively at SME beneficiaries.
- ***SG 4.5.1 Developing more efficient systems of centralized heat supply based on the demand for usable heat*** - from the subject-matter point of view it covers projects focused on construction, reconstruction and modernization of heat distributors and equipment.

Table 20: Calls under the OP QE in 2017 for business entities (as of 31 December 2017)

SG	Call code	Allocated amount (EUR)	Contracted amount (EUR)	Contracted for SMEs (EUR)	Free allocation (EUR)	State of the call
1.4.1.	OPKZP-PO1-SC141-2015-7	46,000,000.00	30,143,289.62	0.00	8 815,194,63	open
1.4.1.	OPKZP-PO1-SC141-2016-14	89,250,000.00	68,038,127.61	0.00	0.00	closed
1.1.1.	OPKZP-PO1-SC111-2016-15	40,000,000.00	1,258,895.37	0.00	38 741 104,63	open
1.1.1.	OPKZP-PO1-SC111-2016-16	100,000,000.00	1,520,376.27	0.00	86,738,733.73	open
4.5.1.	OPKZP-PO4-SC451-2017-20	130,000,000.00	16,919,595.43	0.00	86,234,538.69	open
4.2.1.	OPKZP-PO4-SC421-2017-30	40,000,000.00	0.00	0.00	40,000,000.00	open
1.1.1.	OPKZP-PO1-SC111-2017-32	25,000,000.00	0.00	0.00	25,000,000.00	open
1.1.1.	OPKZP-PO1-SC111-2017-33	25,000,000.00	0.00	0.00	25,000,000.00	open
4.1.1.	OPKZP-PO4-SC411-2017-36	22,500,000.00	0.00	0.00	22,500,000.00	open

Source: MŽP SR

No aid (concluded contract on provision of a non-repayable financial contribution) has been granted so far to any SME business entity under the launched calls. The above-stated is mainly related to the fact that within the calls 7 and 14 contracts were entered into with companies which did not fall under the definition of SMEs, i.e. with large enterprises. In the case of the call 15, no contract on provision of NRFC was entered into in 2017, although 4 AfNRFCs had been submitted (3 applicants declared themselves to be small enterprises and 1 medium-sized enterprise), out of that 1 AfNRFC of a small enterprise with the total contribution amounting approximately to EUR 1.03 million was approved. Calls 16, 20 and 30 are focused on all size categories of enterprises, while SMEs are particularly favoured; however, MŽP SR has no separate records for individual size categories of enterprises so the stated figures represent data for all submitted and approved AfNRFCs or contracts entered into. No project was

approved under the call 32 and first AfNRFCs under the calls 33 and 36 are expected to be submitted only in 2018.

- **Activities performed through the Slovak Environment Agency in 2017**

- Arranging the awarding and supervision processes within the Eco-Labelling Scheme and the Eco-Management and Audit Scheme (EMAS);
- Raising awareness of the importance and benefits of voluntary environmental policy tools (Eco-Management and Audit Scheme - EMAS, eco-labelling and green public procurement) in the area of environment through promotional and educational materials (leaflets, information sheets, brochures);
- Free advisory and consultancy related to voluntary environmental policy tools to SMEs interested in such schemes.

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

In 2017, SOSMT continued applying the principle of mutual recognition and provision of information on technical requirements for products in SR and in individual EU Member States in relation to SMEs. In 2017, the National Point of Contact for Products, established at SOSMT, provided business entities with information on technical regulations and requirements for products, including regulations governing the requirements of previous approval in 47 cases.

As a coordinator of the state quality policy, in 2017 SOSMT again gave a chance to SMEs to participate in competitions related to quality and social responsibility organized by SOSMT. The National Quality Award of the Slovak Republic enables to verify the management approaches of an organization in accordance with the EFQM Excellence Model recognized in Europe, to prove the organization's exceptional business achievements and thus strengthen its position on domestic and foreign markets. The Top Quality Managers competition evaluates and acknowledges the work and contribution of quality managers to better performance of an organization. The National Social Responsibility Award of SR evaluates the application of social responsibility principles in organizations and thus contributes to development of such crucial topic in the Slovak business environment.

As far as technical normalization is concerned, in 2017 SOSMT continued performing the following measures:

- Making information available through the STN-online service. The measure helps increase the competitiveness, facilitates the transition to technical and innovative literacy at schools and guides through the European or worldwide accepted state of science and technology. By cooperating with professional unions and civil associations, hundreds of SMEs had access to the STN-online service. STN is offered to SMEs for more advantageous prices.
- Comprehensive information is provided to general technical public by the Infocentre and Standards Portal with the aim to improve the access to information about technical standards for SMEs. Basic information about standards, their validity, the form of acceptance in the STN system, their structure, classification and abstract is provided free of charge on the web page of the Office [www.unms.sk](http://www.unms.sk) in the "Standards Portal" section.

## **Industrial Property Office of the Slovak Republic**

IPO SR provides a service named 'Pre-diagnostics of industrial property rights' to SMEs. The aim of the pre-diagnostics is to provide basic information from the area of industrial property rights protection so that the companies can create a basic strategy in this area as well. It is a free tailor-made advisory service, i.e. protection of technical solutions, designs, trademarks, collision of domain names with trademarks, searching in free patent databases, license policy basics, etc. The participating company representatives will become familiar with the industrial property rights protection in Slovakia and abroad, its benefits and, under certain circumstances, also its drawbacks, and they will be advised on the most advantageous form of protection (from the financial point of view as well). The suggested recommendations are not binding and they are supposed to reflect the needs of the company with regard to production and trade interests in individual countries. 32 SMEs from around the whole country were provided the service in 2017. Through its partners – information and advisory points of the Office for Innovation, INNOINFOs, IPO SR tries to make SMEs familiar with industrial property rights protection. INNOINFOs are established in business incubators, regional advisory and information centres, in regional departments of the Slovak Chamber of Commerce and Industry and in technical universities. Within INNOINFOs it currently cooperates with five regional SCCI departments – Bratislava, Trenčín, Banská Bystrica, Prešov and Košice. IPO SR actively cooperates also with other regional departments which are not included in the network but they expressed their interest in becoming its members in the future, i.e. regional SCCI departments in Trnava and Žilina.

## **Office of the Deputy Prime Minister of the Slovak Republic for Investments and Informatization**

- Pilot scheme supporting projects of experimental research and innovation for building smart cities and municipalities in the Slovak Republic DM - 3/2017 (de minimis aid scheme)**

The project support focuses on innovation and better access to financing. 2 small enterprises were supported under the state aid. The impact on the SMEs was seen in establishing international cooperation of Slovak enterprises in research and innovation in the area of smart cities and establishing new contacts and cooperation in development and innovation between Slovak enterprises and foreign technology companies as well as improving the access of SMEs to knowledge of modern technology and technological processes and enhancing the innovativeness of the supported companies. The contracted amount of aid for the two small innovative companies for 2017 reached EUR 226,952; out of which EUR 49,980 was actually paid by the end of 2017. The efficiency of the provided aid is going to be assessed during the first clearance of grants in 2018. The support was provided to companies in the Bratislava Region. In June 2017 the Office invited SMEs, IT experts, startupists and employees of public administration institutions to an IDEA-HACK workshop the topic of which was "Enhancing the innovativeness of SMEs in digital economy". The participants discussed projects which will enable SMEs to gain access to electronic state services or which will bring new services that will decrease the administrative burden; they also discussed interactive solutions for public administration registers and for innovative solutions in the government cloud. The results of the workshop will be used for preparing new calls and high-quality projects. The discussion on the submitted proposals will be focused on creating topics for national and demand-based projects within the Operational Programme Integrated Infrastructure, priority axis 7. In cooperation with SCCI, the Central Coordination Authority section prepared a brochure for entrepreneurs named "Entrepreneurs and EU funds for 2014-2020". The aim

of the publication is to provide entrepreneurs with clear information about the focus of operational programmes and to inform them about the possibilities of involvement in implementation of the projects. At the same time, the brochure will help them become familiar with the processes involved in obtaining support from the European Structural and Investment Funds, with important deadlines for project implementation and also with control mechanisms, financing rules and public procurement. The brochure was distributed to entrepreneurs at the "Expected development of the Slovak economy in 2017" conference as well as through regional SCCI departments, managing authorities of individual operational programmes and information and consultancy centres. The activity was financed from the OP Technical Support 2014-2020.

## 5.2.2 Non-state institutions

### Entrepreneurs Association of Slovakia

The Entrepreneurs Association of Slovakia (EAS) is an interest group of private entrepreneurs from the Slovak Republic. The Entrepreneurs Association of Slovakia protects entrepreneurs against restrictions of their rights and freedoms and prevents any political and economic measures leading to deterioration of an equal market business environment. In 2017 EAS performed the following activities:

- **On-line EAS franchising seminar**

On 28 March 2017 the Entrepreneurs Association of Slovakia organized an on-line seminar in Bratislava from the "Busting the myths about business" series named "How to start a successful business with a famous brand". Slovak Business Agency, Sitel and Aktuality.sk were partners of the event. The main topic of the seminar included two views of franchising. On the one hand, there was a view of starting entrepreneurs who do not often consider doing business under a famous brand as an alternative to building their own business from the scratch. On the other hand, there was a view of a company planning to expand and the franchising model may be a suitable form of its expansion.

- **Bureaucratic Absurdity 2017**

EAS again conducted the Bureaucratic Absurdity 2017 project the aim of which is to identify legislative measures or bureaucratic obligations that entrepreneurs struggle with the most. The purpose of the competition is to try to remove the competition "winner" from the legislation and thus to help improve the business environment in Slovakia. Almost 300 bureaucratic absurdities have been identified since the project start and a few of them have been dealt with successfully and removed from the legislation.

- **Young Innovative Entrepreneur 2017**

For several years, EAS in cooperation with Junior Chamber International has been organizing and announcing the results of competitions the aim of which is to find and honour young entrepreneurs. One of them is also a competition named "Young innovative entrepreneur" which is a part of the global "Creative Young Entrepreneur Award" competition. It is a national competition of young entrepreneurs using innovative approaches in their companies. Its aim is to encourage young people to start a business in Slovakia on the one hand, and to support creativity and application of new approaches on the other one. Winners are nominated to the international "Creative Young Entrepreneur Award" competition.

- **Student Business Award 2017**

EAS helped launch a nationwide "Student Business Award 2017" project organized by the Junior Chamber International-Slovakia. The project is a part of the Global Student

Entrepreneur Awards. The aim of the project is to support competitiveness, independence, creativity, education and preparation of students for their future professions. The main goal of the project is to show the general public that it is possible to start one's own company during university studies and at the same time to acquire new knowledge and skills by studying at the university. The absolute winner represents Slovakia at the Global Student Entrepreneur Award.

## **Slovak association of self-employed trade and craft workers**

- **Support programmes and measures implemented in 2017**

- In 2017, SASTCF organized the Craft of Slovak Roofers in cooperation with the Slovak Business Agency and the Craft Days at different places around Slovakia. Their goal was to promote the roofer draft and further education.
- In June 2017 representatives of SASTCF participated in the General Assembly of the European Builders Confederation representing the interests of SMEs in the building industry.
- In autumn 2017 SASTCF participated in a survey of the impact of industry 4.0 on SMEs in cooperation with IPOSZ, a Hungarian partner organization, and business associations from Poland and from the Czech Republic. The results of the survey were presented at an international conference in Budapest held on 17 November 2017 where representatives of the Hungarian Ministry of National Economy and Hungarian Ministry of Foreign Affairs participated as well.

## **Young Entrepreneurs Association of Slovakia**

Young Entrepreneurs Association of Slovakia (YEAS) was established in 2010 as an organisation associating Slovak entrepreneurs aged < 40. The mission of YEAS is to activate young people, to introduce entrepreneurship as a lifestyle, and at the same time to help with implementation of their original and innovative business ideas.

### **Activities of the Association performed in 2017**

- **National and foreign networking**

On 9 February 2017 and 11 October 2017 two networking events from the Business Walks series were held. YEAS established internationally significant contacts during a traditional kick-off congress for the Global Entrepreneurship Week (GEW) called Global Entrepreneurship Congress which was held in the period of 13-16 March 2017 in Johannesburg, South Africa. On 24 April 2017 a YEAS representative participated in the Young Entrepreneurs' Day held in the European Parliament, Brussels. As a part of the event, the General Assembly of JEUNE (Young Entrepreneurs Organization of the European Union) was held as well.

- **Inspiring to do business**

As an official holder of a license of the format for Slovakia (Global Entrepreneurship Week Host), YEAS together with its partners organized various events as a part of the Global Entrepreneurship Week. Its main part was a two-day event focused on doing business on YouTube; it was prepared by YEAS in cooperation with the Slovak Business Agency during the Global Entrepreneurship Week 2017: the first event held on 14 November 2017 was called "How to become a YouTuber" and the second event was held on 15 November 2017 and it was focused on YouTube - "Personal brand (also) via YouTube". Both events also dealt with the issue of youtubing from the point of view of taxes and accounting. Experts

in the above-stated topic presented also the possibility to cooperate with brands looking for influencers on YouTube.

- **Education and expansion**

The Young Entrepreneurs Association of Slovakia organizes and co-organizes events focused on further education and on extending the knowledge and practical experience. On 13 March 2017 YEAS organized a workshop in Bratislava named "Making your way abroad" which was focused on development of business activities abroad. On 7 April 2017 an educational conference named E-commerce Summit was held, while YEAS was its partner. More than 20 e-commerce professionals gave lectures on topics such as online marketing, building the identity of a fashion e-shop, the latest trends in logistics, 10 most common UX mistakes in e-shops, etc. The SelectUSA 2017 workshop on which YEAS cooperated with the US embassy was focused on doing business in the USA. The workshop was held on 11 April 2017 and it brought responses to questions regarding investing in the USA, explained the regulation, tools and resources in the USA as well as the visa process and how to attend a session intended mainly for investors and for economic developers coming to the US for the first time. For its members who are already experienced in business, YEAS organized a pilot project called "Boost your business to the next level". The workshop held on 26 June 2017 was intended for entrepreneurs who wish to extend their business, enter new markets, increase the efficiency of the processes in their companies, support the company culture with regard to planned changes, etc. Together with METRO and the Slovak Business Agency, YEAS co-organized a business day full of workshops and information focused on supporting entrepreneurship which was held on 4 October 2017. On 10 October 2017 an Entrepreneurship Day was held when entrepreneurs could create and register special offers for their customers in the form of presents, discounts, special services or other benefits. For their involvement in the Entrepreneurship Day, METRO arranged an advertising campaign. All entrepreneurs who registered before 31 August 2017 participated in a competition for PR talks and other promotion. The aim of the project was to appreciate the work of entrepreneurs, to highlight their everyday efforts and to support their activities.

- **Business angels and investments**

On 15 June 2017 a unique conference was held which YEAS was a partner of. It was named 0100 Conferences and was focused on Venture Capital and Private Equity. More than 200 participants attended the conference, particularly senior managers, family investment entities, business angels, VC and PE funds and various limited partners. In cooperation with the Slovak Business Agency and SLOVCA, YEAS continued operating a network of angel investors named the Club of Slovak Business Angels which has been operating since 2011 and currently associates more than 20 investors. 102 projects sent their financing applications to the network in 2017.

## **Association of Industrial Ecology in Slovakia**

ASPEK is non-governmental, independent and non-profit association, founded with the aim to help reduce the impact of production and other activities on the environment with its activities. ASPEK affiliates:

- Industrial enterprises that wish to decrease the adverse impact of their activities on the environment;
- Research, production, consulting, design and other entities, universities and natural persons focused on dealing with the environmental impact related to industrial production and other economic activities.

- **Industrial Emissions 2017 conference**

The conference was held on 10-11 October 2017 and it was focused on the most topical issues for which representatives of industry as well as of various municipal organizations together with state administration representatives were looking for answers and solutions in joint discussions. For state administration representatives, the conference is a source of knowledge about application of their proposals in practice and it gives them an unbiased and immediate feedback with the possibility to use the knowledge acquired from the attendees in practice, in the legislative proposals which are being prepared. Every year the organizers of the conference intentionally extend the topics trying to show that the notion of 'industrial emissions' is not related only to air but also to waste water, generated waste and to application of progressive technology and procedures aimed at addressing such issues. In 2017 the conference was extended in accordance with the current trends by a section dealing with eco-innovation and for a second subsequent year PhD students were also given the opportunity to present their research projects.

- **Slovak National Business Award for Environment 2017**

At its General Assembly session held in 2017, ASPEK launched a sixth Slovak National Business Award for Environment which was co-organized together with the Slovak Chamber of Commerce and Industry. The awards ceremony took place on 10 October 2017 on the occasion of the seventh Industrial Emissions 2017 conference.

## **Slovak Chamber of Commerce and Industry**

- **SCCI's contribution to improvement of the business environment**

The Slovak Chamber of Commerce and Industry lays emphasis on the following areas contained in its approved programme:

- Enhancing the competitiveness of the Slovak economy;
- Increasing the quality of the business environment with emphasis on the legislative environment and adopting measures focused on combating corruption;
- Increasing the efficiency of activities in cooperation with EU;
- Supporting the Slovak production and exports;
- Strengthening the position and increasing the quality of SCCI's activities.

- **SCCI's business missions in 2017**

- ***Missions to EU countries***

In 2017 one business mission was performed to the EU country at the level of the SCCI Office:

- Portugal - 13 March 2017.

- ***Missions from EU countries***

In 2017 SCCI, SCCI EU body, received missions of entrepreneurs or their representative organizations and prepared partner meetings with Slovak entrepreneurs from the following countries:

- Austria - 26 April 2017 - on the occasion of an official visit of the Austrian President;
- Monaco - 2-3 May 2017 - on the occasion of an official visit of the prince Albert II in Slovakia;
- Great Britain - 18 May 2017
- Germany - 24 October 2017

- ***Missions to non-EU countries***

No missions of Slovak entrepreneurs to non-EU countries were performed at the level of the SCCI Office in 2017.

- ***Missions from non-EU countries***

No missions of entrepreneurs from non-EU countries were received at the level of the SCCI Office in 2017.

• **SCCI's educational activities**

SCCI regional departments and sections held 146 seminars, conferences and courses in 2017. They were attended by 2,487 participants, in particular representatives of business entities, both SCCI members and non-members.

## **American Chamber of Commerce in the Slovak Republic**

The American Chamber of Commerce in the SR (AmCham) represents more than 330 member companies. With its activities it also supports small and medium-sized enterprises, mainly in the form of non-financial support, i.e. organizing professional and educational events (seminars, workshops, etc.) for its members from the category of small and medium-sized enterprises. In 2017 the following events were performed, focusing mainly or also on the target group of SMEs.

**Support type:** expert events – know-how transfer (non-financial support)

**Target group:** AmCham members from the SME category

**Event names:**

- Tax Seminar (31/1/2017)
- Digital Committee meeting (15/2/2017)
- Innovation Day (27/3/2017)
- Inspiring Stories by Local Heroes (16/10/2017)

**Support type:** non-financial support – platform for establishing personal contacts

**Target group:** AmCham members from the SME category

**Event name:**

- Speed business meeting 7/2/2017, 14/3/2017 (Košice), 9/5/2017, 14/6/2017 (Košice), 27/9/2017, 18/10/2017 (Košice), 13/11/2017,

## **Union of Slovak Clusters**

• **Interreg Danube Transnational Programme**

The Danube Transnational Programme is a financing tool of the European Territorial Cooperation (ETC), better known as Interreg. ETC is one of the goals of the EU Cohesion Policy and provides a framework for performing joint actions and exchanging policies among national, regional and local stakeholders from various Member States. The aim of the support was to help in the area of export, domestic market and innovation as well as networking, building partnerships and R&D activities. 15 SMEs were supported within the programme in total (out of that 7 micro, 4 small and 4 medium-sized enterprises). The impact on SMEs was seen in improvement in establishing contacts of Slovak companies with foreign partners as well as in identifying the needs and challenges through innovation audits and provision of relevant information. The target group of the support included clusters and their members - SMEs in the area of bio-economy and agriculture from around the entire country.

### 5.2.3 Financial institutions

#### Česko-slovenská obchodná banka

- **Credits from EIF sources – COSME program**

On 24 October 2016 ČSOB and the European Investment Fund (EIF) launched a support programme for SMEs within the EU programme for competitiveness of SMEs (COSME).

Table 21: Credits from EIF sources

Parameter	EU Investment loan	EU Investment loan	EU Investment loan
Minimum credit limit	EUR 4,000.0	EUR 4,000.0	EUR 4,000.0
Maximum credit limit	EUR 500,000.0	EUR 300,000.0	EUR 500,000.0
Collateralisation	deed of guarantee, pledge of a residential or business property		
Repayment form	regular linear repayment, monthly		monthly, last day of particular calendar month
Repayment period	15	10	4

Source: ČSOB

Since autumn 2016, more than 750 SMEs in Slovakia have used more accessible ČSOB credits from the COSME programme which is a part of the so-called Juncker Plan. Those are credits with guarantees of the European Investment Fund (EIF) which make financing more accessible to businesses. COSME provides guarantees for SME credits in the total amount of EUR 100 million, while in 2017 the Bank provided credits totalling almost EUR 30 million and the companies financed within the programme employ over 4,000 employees. So far the highest number of credits was provided to companies in regions with above-average unemployment. Companies were mostly interested in investment credits which represented as much as 70% of the portfolio. From the point of view of sectors, the sector of services dominated with about a half of credits with EIF guarantees provided. Almost 15% of the provided amount was targeted at supporting retail and about one tenth at supporting transport and agriculture.

#### OTP Banka

In 2017 OTP Banka Slovensko, a.s. continued providing credits to SMEs which were supported from EU programmes and funds through European financial institutions:

- **Credits supported by the European Investment Fund (EIF)**

In August 2016 OTP Banka entered into a contract with EIF on a portfolio guarantee within the EU Programme for Employment and Social Innovation focused on supporting microenterprises and young entrepreneurs. Thanks to the contract the Bank gained support for providing credits with EIF guarantee in the amount of up to EUR 10 million for the period until September 2019, while the credits have been offered under the name of OTP EÚ MIKROcredits since September 2016. Such credits are intended for financing the operational and investment needs of sole traders and microenterprises with less than 9 employees and annual revenues not exceeding EUR 1 million.

Table 22: **Information on sales of EU MIKROcredits**

Period	from 09/2016 - 12/2016	from 01/2017 - 12/2017
Number of supported clients	118	264
Number of provided credits	132	309
Total amount of provided credits (EUR)	2,056,640.0	4,355,291.0

Source: OTP Banka

Table 23: **Basic information on individual types of OTP EÚ MIKROcredits**

	Otp EU MIKROcredit (operational)	Otp EU MIKROcredit (investment)
Credit amount	<ul style="list-style-type: none"> <li>- minimum amount: EUR 3,000</li> <li>- maximum amount: EUR 25,000</li> </ul>	<ul style="list-style-type: none"> <li>- minimum amount: EUR 3,000</li> <li>- maximum amount: EUR 25,000</li> </ul>
Purpose	<ul style="list-style-type: none"> <li>- financing the operational needs of clients (e.g. payments for goods, material and services)</li> </ul>	<ul style="list-style-type: none"> <li>- financing the investment/development needs of clients (e.g. purchase of machinery, equipment, technology/modernization of real estates intended for business)</li> </ul>
Credit type	<ul style="list-style-type: none"> <li>- current account advance or instalment credit</li> </ul>	<ul style="list-style-type: none"> <li>- instalment credit</li> </ul>
Minimum repayment period	<ul style="list-style-type: none"> <li>- 3 months</li> </ul>	<ul style="list-style-type: none"> <li>- 3 months</li> </ul>
Maximum repayment period	<ul style="list-style-type: none"> <li>- current account advance for a period of 1 year and the possibility to be extended for the following year</li> <li>- instalment credit for a period of 3 years</li> </ul>	<ul style="list-style-type: none"> <li>- up to 6 years</li> </ul>
Form of disbursement	<ul style="list-style-type: none"> <li>- in the case of current account advances - continuous/repeated disbursement</li> <li>- one-off disbursement, no need to prove the purpose</li> </ul>	<ul style="list-style-type: none"> <li>- one-off or gradual special-purpose disbursement based on submitted invoices</li> <li>- no need to prove the clients' own resources</li> <li>- the possibility to refund suppliers' invoices no older than 6 months</li> </ul>
Repayment form	<ul style="list-style-type: none"> <li>- continuously in the case of current account advances</li> <li>- annuity or linear repayment in the case of instalment credits</li> </ul>	<ul style="list-style-type: none"> <li>- annuity or linear repayment</li> </ul>
Interest rate	<ul style="list-style-type: none"> <li>- 3/6/12 M EURIBOR + individual interest premium from 3.97% p.a.</li> </ul>	<ul style="list-style-type: none"> <li>- 3/6/12 M EURIBOR + individual interest premium from € 3.97 p.a.</li> </ul>
Collateralisation	<ul style="list-style-type: none"> <li>- without collateralisation with intangible/tangible property</li> <li>- in the case of Lts - majority owners' deed of guarantee</li> <li>- in the case of sole traders - spouse's deed of guarantee not needed</li> </ul>	<ul style="list-style-type: none"> <li>- without collateralisation with intangible/zangible property</li> <li>- in the case of Lts - majority owners' deed of guarantee</li> <li>- in the case of sole traders - spouse's deed of guarantee not needed</li> </ul>

Source: OTP Banka

- **Credits for financing projects from the SlovSEFF III programme**

In October 2016 OTP Banka entered into a contract with EBRD based on which it obtained EUR 10 million from the SlovSEFF III programme. The Bank has been offering such credit resources since January 2017 to entrepreneurs and private legal persons and apartment owners to finance their investment projects focused on renewable energy sources and/or energy

effectiveness providing that the investment will decrease the energy consumption and/or CO2 emissions compared to the situation prior to implementation of the investment project.

Table 24: Basic information on investment credits from SlovSEFF III

Target segment	Business/legal entities		Associations of apartment owners, apartment owners represented by an administrator
Purpose of the project	renewable energy sources	energy efficiency in industry	energy efficiency in residential construction
Credit amount	minimum amount: EUR 100 thousand up to 100% of the investment amount	up to 100% of the investment amount	minimum amount: EUR 20 thousand up to 100% of the investment amount
Credit type	instalment credit (with linear or annuity repayment)		instalment credit (with linear or annuity repayment)
Maximum repayment period	10 years		20 years
Interest rate	individual interest rate depending on the customer evaluation and credit maturity		individual interest rate premium depending on the customer evaluation and credit maturity
Collateralisation	intangible/tangible property		charge over funds or pledge of receivables of the operation, maintenance and repairs fund
Advantages for the client	non-repayable contribution amounting to 5-20% of total eligible costs determined based on the energy audit (depending on the CO2 emissions decrease)		non-repayable contribution amounting to 10% or 15% of total eligible costs determined based on the energy audit (depending on the CO2 emissions decrease)

Source: OTP Banka

In 2017 the Bank provided credits totalling EUR 2,746,84, of which one microenterprise was supported with a credit amounting to EUR 93,938.

### Slovenská sporiteľňa

In 2017 Slovenská sporiteľňa was providing special credit and guarantee programmes to SMEs in cooperation with both international and Slovak financial institutions.

- **Credits from the EIB credit line to support SMEs, large enterprises as well as public and non-profit sector entities**

Since 2013 SLSP, in cooperation with the European Investment Bank (EIB), has been offering advantageous credits to finance investment projects and operational needs of SMEs, large enterprises as well as public and non-profit sector entities from an EIB credit line. The original amount of EUR 100 million was increased by another EUR 100 million in October 2017. The credit criteria differ according to the client type, while credits may be granted to SMEs employing fewer than 250 employees, large enterprises employing from 250-2,999 employees, business entities employing more than 3,000 employees as well as public and non-profit sector entities - municipalities, cities, HTUs, organizations or business companies owned and administered by municipalities, cities, HTCs or the state, non-profit organizations. The credits may be used to purchase both tangible and intangible assets and also as working capital necessary for business development. The maximum credit amount is EUR 12.5 million and the total project costs must not exceed EUR 25 million. The minimum credit maturity ranges from 2 to 5 years depending on the client type, and the project needs to be implemented

within 3 or 5 years, also depending on the client type. The advantage of credits from the EIB credit line is a lower interest rate compared to common credits by at least 0.25% per year. The credit may also be combined with other EU sources under specified conditions. In 2017 SLSP provided 23 credits worth EUR 20,209,643 from the EIB credit line, out of that 14 credits totalling EUR 10,061,643 for SMEs, thus supporting 14 SMEs.

- **Credits from a CEB line to support SMEs, public and non-profit sector entities and energy efficiency of residential houses**

Since 2017 SLSP, in cooperation with the Council of Europe Development Bank (CEB), has been offering advantageous credits to finance investment projects and operational needs of SMEs, public and non-profit sector entities and energy efficiency projects in residential houses from a CEB credit line. The credit sources amounting to EUR 40 million are intended for SMEs (up to 250 employees), state, regional or local administration entities (including municipalities, cities, HTUs, schools, universities, hospitals, non-profit organizations or business companies owned and administered by municipalities, cities, HTUs or the state) and also for residential houses administered by associations of owners of apartments and non-residential premises and apartment administrators to finance projects aimed at decreasing the energy efficiency. The maximum credit amount for SMEs per one project is EUR 1 million.

The advantage of credits from the CEB credit line is a lower interest rate compared to common credits by at least 0.25% per year. The credit may also be combined with other EU sources under specified conditions. Since the programme is going to be launched only in December 2017, resources from the first trench amounting to EUR 20 million are going to be allocated by the end of 2018.

- **Credits from an EBRD credit line to support energy efficiency in the private sector and residential houses**

In cooperation with the European Bank for Reconstruction and Development (EBRD), in 2014 SLSP joined the third stage of the SLOVSEFF programme. The credit line amounting to EUR 20 million was increased by EUR 15 million in November 2016 and it is intended for financing projects focused on improving energy efficiency in industry, residential houses and on using RES with regard to reducing greenhouse gas emissions. Credits may be granted to enterprises registered and performing their business activities in Slovakia, including SMEs, and also to residential houses administered by associations of owners of apartments and non-residential premises or apartment administrators. The advantage of the credit is the possibility to receive a non-repayable financial contribution after successful implementation of a project, from 5% to 20% of the credit amount, depending on the achieved reduction of CO<sub>2</sub> emissions in the case of the private sector or on the achieved energy saving in the case of residential houses. In 2017 SLSP provided 24 credits from the EBRD credit line, totalling EUR 4,396,111, out of that 1 credit to SME amounting to EUR 800,000.

- **Credits secured with a fast SZRB guarantee**

In cooperation with Slovenská záručná a rozvojová banka, a.s. (SZRB), SLSP has been offering credits secured with a fast SZRB guarantee to support SMEs since 2009. SZRB provides guarantees of up to 55% of the credit provided. The maximum credit amount is EUR 340,000. The guarantee may secure any current account advance with maturity of up to 12 months (may be prolonged) and any instalment credit with maturity of up to 7 years. Fast SZRB guarantees cannot be used for any existing credits as an additional security. No more than two fast SZRB guarantees may be granted to one client. In 2017 SLSP provided 4 credits totalling EUR 610,000 and 30 prolongations of the existing credits totalling EUR 6,608,550, supporting 33 SMEs.

- **Credits from a programme intended for entrepreneurs starting their own business**

In 2015 SLSP introduced a Programme intended for entrepreneurs starting their own business to help those who want to start their own business but also to entrepreneurs who are starting with a new subject of their business activities. Investment credits for entrepreneurs starting their own business are provided in cooperation with the European Investment Fund (EIF) thanks to a portfolio guarantee programme within EaSI (joint initiative of the European Commission and EIF as a part of the European Investment Bank Group (EIB Group) for improving the access of microenterprises and social enterprises to financing) and support in the area of employment and social innovation in the amount of EUR 20 million under more advantageous conditions compared to common financing. EIF provides a guarantee to the Bank in the amount of up to 80% of the credits granted, increasing the attractiveness of the financing conditions and extending the group of entrepreneurs whose project may be supported by the Bank. By sharing a part of the credit risk, EIF enables to decrease the Bank's requirements for securing the credit as well as the interest rate. The maximum credit amount is EUR 50 thousand. The credit repayment period ranges from one year to six years. The portfolio guarantee secures credits with up to 80% and enables to considerably decrease the risk premium compared to common credits.

As a part of the Programme intended for entrepreneurs starting their own business, in 2017 SLSP provided 281 credits in the amount of EUR 3,190,000, thanks to which 227 jobs were created in Slovakia. During the period under review 6,300 business accounts were also opened free of charge for 12 months after establishment of the company and 240 individual consultations related to preparation and validation of business plans/financial plans by reviewing the business partners and by mentoring were provided free of charge.

## **Tatra banka**

- **Credits for entrepreneurs - supporting SMEs**

Enterprises may choose the following credits from the product range of business credit provided through Tatra banka branches: BusinessÚverTB Expres, BusinessÚverTB Hypo or BusinessÚverTB Variant. The Bank offers pre-approved limits up to EUR 300,000 for each of the above-stated products. Clients are provided pre-approved credits under more advantageous conditions (minimum number of submitted documents, lower rate or fee for providing the credit).

Table 25: Basic conditions of commonly provided credits

	BusinessÚver <sup>TB</sup> Express	BusinessÚver <sup>TB</sup> Hypo	BusinessÚver <sup>TB</sup> Variant
Target segment	entrepreneurs with at least 24-month business history	entrepreneurs with at least 15-month business history	entrepreneurs with at least 24-month business history
Credit amount	from EUR 3,500 to EUR 135,000	from EUR 10,000 to EUR 200,000	from EUR 100,000 to EUR 1,000,000
Purpose	no special purpose	no special purpose/special purpose	special purpose
Credit form	instalment credit/current account advance	instalment credit	instalment credit/current account advance
Interest rate	instalment credit: from 7.0% p.a.; current account advance: from 8.5% p.a.;	from 3.45% p.a.	determined on a case-by-case basis
Collateralisation	guarantee agreement	the guarantee agreement and the real estate is owned by the debtor, partners, close persons or the selling owner of the real estate whom the applicant is acquiring the real estate from	variable, securities, financial means of the client on a savings or investment account in Tatra banka, guarantee provided by a different legal person; a combination of the above-stated securing possibilities is also possible

Source: Tatra banka

- **Supporting start-ups**

Tatra banka supports the development of innovative companies by investing in the *Slovak venture fund* which is a part of the EU support of SMEs. Private Banking is a partner of *Crowdberry*, a platform supporting start-ups. It represents a form of direct equity holding in newly established or rapidly growing enterprises.

- **Current account for entrepreneurs**

Tatra banka offers Tatra BusinessTB and TatraBusinessTB Premium business accounts with service packages to entrepreneurs and companies. It provides a Start-Up Discount to entrepreneurs starting their own business through which the clients will obtain an account with a service package free of charge for the first 12 months. The Discount applies to the basic fee for the service package for both accounts with the service package provided by Tatra banka. In the case of the Tatra BusinessTB Premium service package, the clients will obtain a 100% discount of the fee for newly provided credit cards for the first 12 months. The service packages are adapted to the needs of corporate clients, they decrease the costs of using the bank services, prefer digital banking and innovation which facilitate and increase the efficiency of everyday operations with corporate means.

## UniCredit Bank

In order to support SMEs in Slovakia, UniCredit Bank currently uses only the InnovFin SME Guarantee facility programme.

- **InnovFin SME Guarantee facility**

UniCredit Bank participates in implementation of the programme in cooperation with the European Investment Fund. 10 SMEs were supported within the programme with the aim to improve their access to financing. Thanks to the programme, the interest rate for SMEs applicable to guaranteed credits decreased and SMEs had the possibility not to use their own tangible and intangible assets for securing. The target group of the support includes limited liability companies and joint-stock companies from the entire Slovak Republic, though

only in the area of innovative investments. The amount to be allocated to SMEs in 2017 reached EUR 9,914 thousand (out of that: EUR 390 thousand for microenterprises, EUR 5,485 thousand for small enterprises and EUR 4,039 thousand for medium-sized enterprises). The amount of EUR 5,971 thousand was actually drawn in 2017 (out of that: EUR 280 thousand for microenterprises, EUR 4,705 thousand for small enterprises and EUR 985 thousand for medium-sized enterprises).

## **European Bank for Reconstruction and Development**

EBRD performs a SLOVSEFF credit programme in Slovakia to support the development of energy efficiency with benefits also for SMEs.

- **Current SLOVSEFF III programme**

In 2014 EBRD decided to build on the success of the SLOVSEFF I and SLOVSEFF II programmes and thus to continue increasing the support of investments in sustainable energy in the Slovak Republic. Under SLOVSEFF III the EBRD provided funding in the amount of EUR 40 million. As a result of its great success, the resources available within SLOVSEFF III were fully drawn already at the beginning of 2016. Therefore, EBRD decided to extend the resources by EUR 60 million, increasing the total amount of SLOVSEFF III resources to EUR 100 million. In 2016 the trend of high interest of Slovak banks in participation in SLOVSEFF III continued and a part of the added resources was divided among three banks: Slovenská sporiteľňa (EUR 7.5 million), VUB (EUR 5 million) and OTP (EUR 2 million). In the first half of 2017 a repeated increase of the credit line for OTP Banka was signed in the total amount of EUR 8 million. Increases of credit lines for the existing partner banks in the amount of EUR 10 million for VUB and EUR 7.5 million for Slovenská sporiteľňa were planned for the second half of 2017. EBRD is currently discussing involvement of another partner bank in the SLOVSEFF III with the planned amount of allocated resources totalling EUR 20 million.

### **5.2.4 Universities**

#### **University of Economics in Bratislava**

The Department of Pedagogy at the Faculty of National Economy of the University of Economics in Bratislava has long been teaching the "Training firm" subject. In addition, the Department provides continuous education of secondary school teachers who subsequently disseminate and use their knowledge in their work when preparing students of Business Academies. In 2017 the first continuous education was performed with the name: 'Methodology for preparing business plans of secondary school students'.

At the Faculty of Commerce of the University of Economics in Bratislava it is the Services and Tourism Department which focuses on SMEs, specializing in the education for business, education of entrepreneurs and cooperation with companies:

- in accordance with the Memorandum of Cooperation of the University of Economics in Bratislava with the Slovak Business Agency (National Business Centre) under which the Department provides a mentoring programme for entrepreneurs who are starting their own business. At least three workshops were held with 3 lecturers from the Faculty of Commerce in Bratislava;
- together with Poštová banka, the Department participates in preparation of a methodological guideline named 'Financial Literacy for Secondary School Teachers'

the aim of which is to prepare secondary school teachers for their working life also from the point of view of economy.

In 2017 the Faculty of Commerce of the University of Economics in Bratislava continued pursuing new forms of cooperation with practice through building dual education principles on the basis of a professional experience system, performed in the structure of the so-called expert clubs, i.e. platforms for an interdisciplinary interconnection of economic, marketing and technical study and research fields. Such innovation was driven by various forces – by SMEs, to a large extent by on-line businesses, by start-ups as well as by students and teachers themselves.

A special Talentway™ programme was prepared during several terms for actions of expert clubs in relation to the existing fields of study and interdisciplinary cooperation in application of business and marketing studies to technical, natural-science and social areas. An important element of the system is the fact that it has direct connection to SMEs which actively participate in the education process in two ways - by assigning tasks and by providing experts to lead student teams.

## **Slovak University of Technology**

- **University technology incubator STU**

9 enterprises used the support of the incubator in the InQb programme, out of that 4 new companies which joined the incubator in the same year. In 2017, the incubator was developing a network of mentors who are available for expert consultations for the companies involved in InQb and for those who visit the Start-up Office. In 2017, UTI STU organized 43 events (business breakfast, expert seminars, workshops, excursions, TECH INNO DAY) for entrepreneurs, students as well as the general public.

## **Technical University of Košice**

- **Accelerating the innovation business at TUKE**

In November 2017, the University Centre for Innovation, Technology Transfer and Intellectual Property Protection (UCITT) became a part of a new organizational unit in the TUKE structure - TECHNICOM University Science Park - USP TECHNICOM). The mission of USP TECHNICOM and its units includes organization, coordination, information and management activities focused on connecting R&D with the business practice, particularly in relation to SMEs, on development of scientific and research activities, supporting innovation, technology transfer and intellectual property protection at TUKE and its partner organisations. Through its internal organizational parts USP TECHNICOM ensures also performance, development and support of efficient cooperation with national and foreign social and economic practice in R&D, corresponding to both professional and technical focus of TUKE and its partner organisations. With regard to the value chain model, the concept of the USP TECHNICOM's mission is focused mainly on increasing the efficiency of research, development and innovation (RDI) in the academic environment through its direct and active connection to the needs and requirements of industrial practice, particularly SMEs and the social area.

- **Commercializing technology by establishing spin-offs**

Motivating environment aimed at more intensive business behaviour is systematically created at TUKE. The ecosystem of the TECHNICOM University Science Park is being built within which specific business acceleration tools and procedures are implemented, such as the TUKE Start-up Centre and TUKE Incubator.

## 5.2.5 Slovak Business Agency

### National projects

In 2017 SBA started implementing four national projects financed within OP RaI and worth EUR 94,153,104.76 in total.

- **National project "NBC II - BA Region"**

After a Contract on Non-Repayable Financial Contribution was signed, the national project "NBC II - BA Region" started to be implemented in August 2017. Its aim is to provide a comprehensive and systemic support and expert consultancy for SMEs as well as for persons interested in establishing their own business in the Bratislava Self-Governing Region, as a part of activities of the National Business Centre in Bratislava ("NBC"). Its foundations were laid in the previous programming period since it directly builds on the successful implementation of the national project "Supporting the establishment and development of the National Business Centre in Slovakia – stage I" (hereinafter referred to as "NBC stage I") under the OP Research and Development in the programming period 2007-2013. The aim of the national project NBC II - BA Region is to put all outputs of the 'NBC - stage I' project into practice, to turn them into standard and efficiently used support elements in the lives of both small and medium-sized enterprises and persons interested in starting their own business within BSK. On 1 June 2016 a Front Office client centre was opened for small and medium-sized enterprises and for persons interested in starting their own business as the point of first contact with clients. Qualified representatives of several contractual partners and of the Slovak Business Agency provide information at individual workplaces. The clients thus have the possibility to acquire information about the most demanded products and services focused on supporting SMEs and persons interested in starting their own business and to be advised when selecting financial and non-financial support at one place on working days. After the state aid scheme was approved, the project started providing services not only to natural persons but also to the target group of SMEs.

**Front Office** is the point of first contact and the client centre within the NBC in Bratislava, providing information to both entrepreneurs and non-entrepreneurs. The NBC client centre provides information about business support possibilities through particular financial and non-financial tools from the portfolios of SBA, NBC or partner organisations. The Front Office includes also a Creative Point, a creative workshop open both for entrepreneurs and for persons interested in starting their own business. Creative Point offers customized advisory services to clients, including the possibility to rent the technological equipment of the Creative Point, and advisory services provided by professional technical staff when creating prototypes. The aim of such activities is to enable both entrepreneurs and natural persons to acquire new experience in rapid prototyping and modelling, and thus to strengthen their potential on the market thanks to creating their own products and designs in the Slovak Republic.

The **internship programme** supports innovation, employment and acquiring experience through participation in internships and foreign events. It also supports newly established companies in the form of participation in a business incubator. 8 SMEs were supported within the programme in 2017. The impact on enterprises was seen in improved economic situation (higher turnover) and in certain cases strengthened job creation, establishment of contacts of Slovak companies with foreign companies/institutions in the form of participation in international expert events abroad (SBA). The target group of support included companies established 3 years before at the latest (sole traders, limited liability companies, joint-stock companies) in various areas. The call was open in the last four months of 2017

(from 1 September 2017 to 31 December 2017) and the amount of EUR 16,407.10 was actually drawn in the above-stated period of time.

The services provided by the project include services related to provision of incubator premises, group events for SME growth, short-term advisory services for companies, participation in international events, etc.

47 SMEs and more than 800 non-entrepreneurs from the Bratislava Self-Governing Region were attended to in 2017 within the NBC II - BA Region project during events such as 'It has never been easier to have a cool ad on Facebook or Instagram!', but also by sending 8 participants to various international expert events.

- **National project "NBC in Regions"**

The aim of the national project NBC in Regions is to provide comprehensive and systemic support and professional advisory services to SMEs as well as to persons interested in starting their own business (including disadvantaged social groups such as women, the elderly/generation 50+, socially and physically disabled, etc.) operating in the territory of the Western, Central and Eastern Self-Governing Regions with the exception of the Bratislava Self-Governing Region (BSK).

The main idea of the NP NBC in Regions is to build and operate National Business Centres - one-stop-shop type institutions - situated in Slovak regions outside BSK in which the persons interested in starting their own business or SMEs may acquire information and services, similarly to NBC BA.

As a part of the sub-activity 1.4 the Acceleration Programme, in November and December 2017 publicity activities were performed in all Slovak regions with the exception of the Bratislava Self-Governing Region which is not a part of the NBC in Regions project. Altogether 164 natural persons - non-entrepreneurs participated in events focused on motivational activities within the Programme. 20 hours of professional advisory services were provided. The average participation in events was 24 clients. The events were held from 30 November 2017 to 14 December 2017.

The growth programme started its activity by providing short-term individual advisory services for NBC clients in early December 2017. Entrepreneurs who started their business earlier and later than 3 years before were involved in the activities. 29 business entities were involved in the activities during the period under review by the end of 2017 and they were provided professional advisory services according to their individual needs. Altogether 109 hours of professional advisory services were provided to clients in all Slovak regions outside BSK (Bratislava Self-Governing Region).

- **National project "Promoting the Internationalization of SMEs"**

The main goal of the national project "Promoting the Internationalization of SMEs" is to strengthen the internationalization capacities of SMEs, including presentation of their business potential, and to provide free presentation, cooperation and advisory services to SMEs in order to increase their involvement in international cooperation. Such cooperation will stimulate their further development and growth, strengthen their competitiveness and position in the national economy and at the same time create preconditions for successful foreign markets penetration.

The national project is implemented mainly through creation of a comprehensive system of promoting the internationalization of SMEs when promoting themselves and penetrating foreign markets, creation of a tool for competitive and innovative SMEs to enhance their export potential and stimulate mutual cooperation and involvement of SMEs in the highest possible number of EU projects. At the same time, it is necessary to ensure high quality of the submitted

projects and motivate SMEs. It will be facilitated through the so-called Trade Point as a comprehensive support point with a broad portfolio of services where SMEs may acquire a consistent support when penetrating foreign markets. The NP should also meet long-term expectations of the expert public and to set a currently non-existing systemic approach to development of supplier chains which is primarily focused on improving the clarity and efficiency of supplies of goods and services closer to final consumers.

At the end of 2017 a call was launched for submitting applications for non-financial aid within the NP - short-term customized advisory services. The call offers natural persons and legal persons - entrepreneurs a possibility to be provided aid in the form of 10 hours of short-term customized advisory services.

- **National project "Monitoring the business environment in accordance with the 'Think Small First' principle"**

In August 2017 a national project "Monitoring the business environment in accordance with the 'Think Small First' principle" was approved with the aim to monitor the business environment in SR and in other EU countries (mainly for comparison) in the context of the Small Business Act for Europe. A major part of analytical activities started to be performed as a part of the project.

The aim is to provide comprehensive information about business environment with an emphasis on SBAfE, and supporting documents for applying the "Think Small First" principle in Slovakia. Based on the obtained data, regular and/or irregular reports on SME environment as well as special reports and studies and other supporting documents are prepared for the SME Envoy, the Working Group for Implementation of SBA principles, MH SR, other ministries as well as for academia and for informing the general public. Conferences, discussions and consultations focused on regular surveys of entrepreneurs' opinions will also be organized. The following is going to be performed as a part of the project:

- continuous monitoring of the business environment;
- processing analyses and surveys, creating and maintaining a data base of SME indicators;
- mapping the actual SME condition and situation from the point of view of applying the SBA initiative principles;
- identifying and analysing the barriers hampering the development of SMEs' business activities;
- comparing the situation in SR with business conditions in other countries (with an emphasis on the neighbouring EU countries);
- identifying suitable examples of measures to be transferred to the environment of SR.

In 2017 several reports, analyses and information materials were prepared which were focused on assessing the qualify of doing business in Slovakia from the point of view of the SBAfE agenda and application of the Think Small First principle. The outputs serve primarily for the business public (SMEs themselves and business organizations) and secondarily for public administration entities, but also as a knowledge basis to be used by educational institutions and research entities as well as for the needs of the general public.

## International projects

In 2017 SBA participated in continuous implementation of international projects in different areas related to opening pilot topics within the Small Business Act.

- **CENTRAL EUROPE Regional Innovation Ecosystems Network (CERIEcon)**

It is financed from EU funds under the Interreg Central Europe programme, and its aim is to improve the business skills of persons interested in starting their own business, young

entrepreneurs, especially SMEs, and their employees in the field of new technology, innovative products, services, processes and social innovation. This aim will be pursued through new regional innovation ecosystems, the so-called Playparks, which are going to be established in each of the partner regions, including Bratislava, and they are going to be interconnected in an international network. The first half of 2017 was focused on settings and preparatory works necessary for launching the Playpark Bratislava. The first training cycle (6-month period) was launched successfully on 12 and 13 September 2017 with an introductory workshop for generating business ideas ("Idea Generation Lab") and will continue until April 2018. In autumn 2017, 6 practical workshops were held as a part of it for 8 participants and more than 150 other persons interested for whom the workshops were open. During two weeks in November and December 2017 an international exchange was carried out during which the Playpark Bratislava welcomed the participants of the first period of the Playpark Vienna and subsequently sent participants to the Playpark Brno. The activities included joint workshops, visits of fablabs, mutual introduction of business ideas, networking and also the possibility for Slovak participants to hold presentations at regional pitching finals in Brno.

- **MOVECO**

MOVECO is a response to the EU strategy and Action Plan focused on supporting the transition from linear economy (linear treatment of materials according to the production-consumption-waste model) to circular economy (production-consumption-recycling/reuse). The project is performed thanks to the INTERREG DANUBE TRANSNATIONAL PROGRAMME and supported by EU through the European Regional Development Fund (ERDF) and the Instrument for Pre-accession Assistance II (IPA). The aim of MOVECO is to improve the framework conditions for innovation, to create a sustainable cooperation model and a partner network with the aim to improve the framework conditions and political tools focused on supporting eco-innovation, to contribute to transition of the countries of the Danube Region to circular economy as well as to diminish the differences between individual countries by cooperation of project partners from different countries and to contribute to development of the entire region. In 2017 the works within the project were focused on preparing an analysis of the potential of the existing extended producer liability schemes to contribute to development of eco-innovation in the area of supporting the transition of SMEs to circular economy, and on monitoring the research activities in the area of circular economy in the Danube Region. The results of the qualitative survey were used for preparation of 2 reports which served as supporting documents for elaboration of a multinational report focused on the existing extended producer liability schemes and a multinational report focused on activities of R&D institutions in the area of circular economy.

- **Strengthening Social Entrepreneurial Landscape through involving socially responsible corporate Practices in Entrepreneurial Competences and Skills enhancement in the DANUBE region (SENSES)**

The project is performed by a joint venture of 8 partners and 5 associated partners from 8 countries in the Danube Region. The goal of the project is to create an international network of social enterprises, socially liable enterprises, financial investors, policy makers, academic institutions and non-profit organizations in the Danube Region, to ensure better integration of social enterprises in the current market environment by using the knowledge of corporate social liability policy, to support the experience sharing among social enterprises and socially liable enterprises, to support the coordination and cooperation of social enterprises with companies in which the social liability policy is applied as well as with policy makers and the public area and to create a Social Entrepreneurship Strategy in the Danube Region countries. In 2017, the activities of the project were focused on raising awareness of SENSES among crucial stakeholders of the project with the aim to gain support for developing innovative social

entrepreneurship models. A survey was conducted within the social entrepreneurship ecosystem with the aim to explore the needs in the area of skills of social enterprises and existence of public services. "3 Best Practice Examples" of social enterprises in Slovakia and 1 case study were elaborated as well. Four visits of social enterprises abroad were also performed. At the national level, 2 meetings with main project stakeholders, the so-called "stakeholders meetings", were organized at which news in the area of social entrepreneurship were presented, e.g. a new Social Entrepreneurship Act.

- **Introducing Service Innovation into product-based manufacturing companies (THINGS+)**

THINGS+ project is going to be performed as a part of the INTERREG CENTRAL EUROPE programme from June 2017 to mid-2020 and its aim is to introduce service innovation (or the servitization concept) in order to increase the competitiveness of SMEs on both domestic and international markets. The idea of the servitization concept is to connect the offer of core products with additional customer services and to offer solutions of customers' "issues" instead of delivering the goods intended for such purpose. Trainers are going to be trained as a part of the project who will use the methodology and manuals representing the main output of the project to help selected SMEs identify suitable areas and products and subsequently implement the servitization concept. The main goal of the project is to create a methodology and manual through which the trained consultants will help selected companies introduce the servitization concept in their portfolios. In 2017, the THINGS+ project was in its preparatory stage in which the existing methodologies were monitored focusing on different areas of product creation and sales, while works on creating such project methodology were also being performed in which suitable parts of the monitored methodologies will be integrated. Partial outputs were finalized at work meetings of project partners which were held in October 2017 in Rijeka, Croatia, and in December 2017 in Bratislava. The project methodology is going to be finalized in the course of 2018.

- **Promoting the entrepreneurship inclusiveness of selected disadvantaged groups in Slovakia: pragmatic approach (INKLUPOD)**

The INKLUPOD (Promoting the entrepreneurship inclusiveness of selected disadvantaged groups in Slovakia: pragmatic approach) project is financed by the Slovak Research and Development Agency. The project is going to be performed during four years (July 2015 – June 2019). The project leader is the Faculty of Management of the Comenius University in Bratislava, while the Slovak Business Agency acts as a partner organization. The main goal of the project is to prepare a comprehensive methodology of development of entrepreneurship inclusiveness in Slovakia at both the national and regional level for selected disadvantaged groups (women, young people, the elderly and immigrants). The goals are also to verify and test selected parts of the methodology in the form of pilot projects and to prepare an analysis of quantification of potential impacts of selected methodology attributes. In 2017, INKLUPOD proceeded to the stage II in which the development of the entrepreneurship inclusiveness was monitored from the point of view of individual disadvantaged groups using the Global Entrepreneurship Monitor and then compared with EU countries as well as with relevant countries around the world. At the same time, barriers hampering the inclusive entrepreneurship of disadvantaged groups were identified and evaluated, as well as the most and the least successful practices in the area of entrepreneurship inclusiveness and evaluation of its efficiency. In 2017, INKLUPOD proceeded also to the stage III in which the teams from FM UK and SBA started creating a comprehensive methodology for development of entrepreneurship inclusiveness of disadvantaged groups at both the national and regional levels; this also involves preparation of a case study of potential impacts of the methodology. The main output of the project for 2017 is an expert publication called the Positioning Paper

which provides a comprehensive view of the current status and level of entrepreneurship inclusiveness of disadvantaged groups in Slovakia. In addition to the above-stated activities, a survey was conducted as a part of the project which was focused on the possibilities available for supporting the business activities of a disadvantaged group of immigrants in Slovakia.

- **ONLINE S3**

ONLINE-S3 is a project implemented as a part of the Horizon 2020 programme and it was created as a response to a call within the "Science with and for the society" (ISSI-4-2015) pillar named "Call for integrating Society in Science and Innovation". Its intention is to create an electronic platform which will contain an overview of online services and tools for supporting the institutions and entities involved in implementation of smart specialisation strategies (RIS3) in EU regions. The project includes a pilot testing of services and tools developed within the platform. A 2-year project has been performed since 1 May 2016 by an international consortium of 12 partners from selected EU countries. The aim of the project is to create an online S3 platform extended by a panel of tools, applications and online services which will facilitate and help both national and regional EU bodies to prepare, update, improve or implement the agenda. Key project activities were performed in 2017: an e-platform was created, including online tools and applications and e-services. All partner organisations were involved in testing of the tools which took several months, while testing in 4 pilot regions was crucial. Based on the results of the call, SBA cooperated with a Dutch partner - Samenwerkingsverband Noord-Nederland (SNN) which consultations were provided to. Dutch stakeholders, including policy makers, representatives of the business environment, students, professionals from the area of science and research and expert public were involved in the testing. The role of the Dutch partner was to ensure project presentation to Dutch stakeholders, to motivate others to participate in testing of the tools and online services and to participate in a workshop.

- **Slovak-Austrian-German-Alliance for Vocational Education and Training (SAGA for VET)**

The aim of the SAGA for VET project, financed from the ERASMUS+ programme, was to contribute to systemic and programme-based reconstruction of the Slovak educational environment while using direct knowledge and proved learning programmes from German-speaking countries (Germany and Austria). The project was implemented from October 2015 to September 2017. The main goals of the project include meeting the needs of SMEs and of the industry in areas or professions which are lacking according to COLSAF SR's analyses, closing a gap quickly and efficiently in vocational training in such areas where, given the current conditions, it is not possible to expect any improvement in the near future, as well as exchanging and verifying the acquired knowledge in all stages of project implementation. The activities performed in 2017 were focused on performing educational courses for an educational programme named "Workers in Water Management Companies" and on preparing proposals for such accredited educational programme in accordance with the Act No. 568/2009 Coll. on Lifelong Learning. A survey of expert requirements for workers in water management companies and for similar professions was conducted as well. Another activity was the so-called comparative analysis as a part of which new Slovak educational programmes were compared to the existing ones in Austria and Germany. The last activity was focused on processing examples of best practices which represent the most important elements and processes necessary for a suitable transfer of parts of dual education from Austria and Germany to Slovakia. In July 2017, a final conference named "Lifelong Education Perspectives" was held where information about new accredited educational programmes in Slovakia, the methodology of transfer of dual education elements from Austria and Germany to Slovakia as well as recommendations for national authorities in Slovakia, Austria and Germany were presented.

- **EEN (Enterprise Europe Network)**

The European Commission has created a large number of tools to support the development of SMEs and to accelerate their efficient operation on the single European market. One of the tools supporting the development of internationalization and international cooperation of SMEs is also an international network supporting entrepreneurship - Enterprise Europe Network (EEN) - which operates in over 60 countries around the world. In Slovakia it is represented by the BISS Slovakia 2020 project (Business and Innovation Support Services in Slovakia 2020), while project partners include BIC Bratislava, Slovak Business Agency, Slovak Chamber of Commerce and Industry and Regional and Advisory Information Centre Prešov (RAIC Prešov).

The aim of EEN is to provide SMEs and organizations which have a competitive and innovation potential with comprehensive services and support in the area of international cooperation and foreign markets penetration, to help develop their innovation potential and to improve their knowledge about the EU market and Commission policies. Such initiative of the European Commission provides "one stop shop" points of contact to entrepreneurs where they may acquire information and advice and use a broad range of easily accessible services focused on promoting entrepreneurship.

Its activities include:

- Advisory, support, and information activities or - regional information seminars and trainings focused on various topics; answers to questions of entrepreneurs (access to markets and doing business on foreign markets, EU directives and regulations, EU programmes and access to finances, eco-innovation and green entrepreneurship, innovation and transfer of technology and know-how, intellectual property rights); visits of clients; deep consulting; business and technological audits.
- International partnership activities – searching for partners abroad or international business events, the so-called cooperation events and business missions; database of partnership opportunities – business, technological, and R&I profiles (cooperation in EU programmes).
- SMEs' feedback for EC or collection of SMEs' commentaries on the EU legislation and regulations related to entrepreneurship; - informing the European Commission about SMEs' problems through various tools such as the SME Feedback database, online consulting, panels for SMEs, etc.
- Innovation support for Horizont 2020 or - improving the innovation management; upgrading the innovation processes and innovation control and implementation.

Partners of EEN (Enterprise Europe Network) provided information and assistance services focused on development of international cooperation of SMEs in the area of entrepreneurship, innovation and research. In 2017, 40 contracts on international cooperation of SMEs were entered into, 21 regional events (seminars) were organised as a part of which 812 participants were supported. Specific deep internationalization and innovation services were provided to 128 SMEs. The services were focused on improving the access of SMEs to foreign markets. Moreover, 55 international cooperation events were organized at which 541 participants established contacts (SMEs but also large enterprises) and participated in 1,319 business meetings.

Table 26: SBA results within the BISS Slovakia 2017 project

	Services provided to SMEs and their indicators	Number
1.	<b>International partnership activities – searching for partners abroad:</b> ▪ international business events, the so-called cooperation events and business missions (19) ▪ database of partnership opportunities – business, technological and R&I profiles (cooperation in EU programmes) (10)	
	Number of (co-)organized cooperation events and business missions	19
	Number of SMEs participating in cooperation events and in business missions	167
	Number of established contacts/meetings at such cooperation events and missions	393
	The number of profiles of Slovak companies registered in POD <sup>3</sup>	10
	Contacts of Slovak companies provided to foreign companies	49
	Contacts of foreign companies provided to Slovak companies	16
2.	<b>Innovation support for Horizon 2020:</b> ▪ improving the innovation management ▪ upgrading the innovation processes, innovation control and implementation	
	The number of analyses of the needs of new clients	N/A

Source: SBA

Comprehensive information about activities and services of the Enterprise Europe Network in Slovakia is available on <https://www.een.sk/>.

All the above-stated services (activities) related to international cooperation, advisory and information services, identification of companies' innovation potential or other services are aimed at one goal - to improve the competition and innovation potential of our SMEs. Based on the services provided by SBA, 6 contracts on international cooperation were entered into between Slovak and foreign SMEs in 2017.

### Other activities of the Slovak Business Agency aimed at supporting SMEs

- **Start-up support scheme 2017-2020**

Support type:

- As a part of the Component 1 indirect support is provided in the form of organizing educational activities, arranging the participation of persons interested in starting their own business and those who have just started their own business in both national and international events focused on innovation, technology and start-ups, and customized expert advisory services.
- As a part of the Component 2 indirect support is provided in the form of consultancy and expert advisory services related to preparing a feasibility study; finishing product development or preparing a functional prototype, including testing and introductory presentation; programming, marketing, campaign for arranging testing of the idea and prototype with real potential clients; pricing, marketing research, creating a product team and other related activities.
- As a part of the Component 3 indirect support is provided in the form of consultancy, advisory services related to internships and expert evaluation of applications (projects) and in the form of foreign internships provided to entrepreneurs who have just started their own business.

The programme is intended for natural persons - non-entrepreneurs in accordance with Section 4 (2) of the Act No. 290/2016 Coll. The scheme is intended for entrepreneurs who

<sup>3</sup> International cooperation is supported also through assistance provided to SMEs when looking for business or technological partners as well as partners for R&D projects, namely through a Database of partnership offers which is connected to databases of other 64 partners of the Enterprise Europe Network.

have just started their own business, particularly start-ups, primarily in the first five years of their business activities, and who meet the conditions of the SME definition according to the Annex I of the Commission Regulation (EU) No. 651/2014. In 2017, the Component 1 was performed and, as a part of it, a call was opened for national and international events focused on innovation, technology and start-ups. The call offers Slovak persons interested in establishing their own business and Slovak entrepreneurs the possibility to participate in national and international events focused on innovation, technology and start-ups. Participants are provided an indirect form of aid - reimbursement of 100% costs related to their participation in national and international events focused on innovation, technology and start-ups (all participants' fees for participation in the national and international events focused on innovation, technology and start-ups, including travel costs, accommodation costs, participation fees or exhibition stand costs are reimbursed in advance). Participants shall pay any costs incurred subsequently. 46 beneficiaries attended 30 events in the budget year 2017. The total aid provided in the budget year 2017 amounted to EUR 399,273.18.

In 2017, the Component 2 was performed within which assistance was provided to 25 start-ups from different areas in the form of mentoring. Applicants could apply under a call intended for consultancy and expert advisory services. As a part of the initiative, SMEs and NPs had a possibility to use the so-called mentoring during a three-month period of time with the aim to prepare a feasibility study, to finish a product development or to create a functional prototype, for programming, marketing, pricing, etc. 25 beneficiaries were provided an indirect form of aid - 100% reimbursement of costs related to the consultancy and expert advisory services. The beneficiaries included 3 NPs and 22 SMEs. All beneficiaries met the goal they had set when registering for the activity. The total aid provided in the budget year 2017 amounted to EUR 423,975.90.

In 2017, the Component 3 was performed as well, where aid was provided to entrepreneurs who have just started their own business in the form of internships in an international scientific and technological centre. Applicants could apply for a monthly internship in the Cambridge Innovation Centre. 5 successful applicants (SMEs) received support and sent two representatives to an internship in the period of 20 January 2018 to 18 February 2018. The internship included a possibility to use a workplace, mentoring and consultancy services, numerous workshops and intensive networking directly in Massachusetts. The total aid provided in the budget year 2017 amounted to EUR 143,677.20.

- Activity - supporting successful business practice and entrepreneurship in education**

The aim is to participate in creating an advantageous business environment enabling the existing companies and start-ups to grow and to reward them for their business effort, to promote establishment of not only new companies but also start-ups and to understand entrepreneurship as an attractive and advantageous alternative to employment. The activities performed with an aim to support successful business practice are an efficient public motivation tool and help create a favourable environment stimulating the establishment of start-ups, mainly in the area of technology and innovation.

Activities carried out in 2017 in which SBA was a partner or performed them itself include:

- Business Walks event intended for persons interested in establishing their own business. During the event the participants had a chance to meet successful entrepreneurs and companies from the Poprad region, to establish new contacts, to draw inspiration from their success or expansion to foreign markets.
- SBA was a partner of the Craft Days 2017 held in different Slovak towns.
- The Agency organized a meeting for both the expert and general public with Rony Zarom, a businessman and founder of the Unistream project.

- SBA also supported an annual conference of the Slovak Women Platform named "4 years after... or how the position of women in Slovakia has changed". The conference was focused on identification and evaluation of the position of women in Slovakia four years after the White Paper was published.
- SBA was also a partner of a three-day Metro ON Line 2017 conference the main goal of which was to support starting a business and sharing information of successful businessmen and professionals with persons interested in establishing their own business.
- In the period of May-October, Startitup s.r.o. organized a set of unique events named UP Stage which SBA was a partner of. The main purpose of the events was to promote selected businesses in Slovakia through public discussions with guests invited from individual business areas.
- During several days in August, SBA organized a number of activities and workshops on the Magio beach which were intended for persons interested in starting their own business with the aim to make entrepreneurship more attractive and to motivate them to establish their own businesses.
- The Agency supported an exhibition named "Do your business with franchising" and an event named "Startup or Shutdown Slovakia" the aim of which was to connect the young generation of CFOs and CEOs from major companies on the Slovak market with innovative Slovak start-ups.
- SBA was also a partner of the CEE CSR Summit organized in November 2017 by the Pontis Foundation. The CSR Summit involved also the so-called Sustainable Solutions HUB the main goal of which was to present success stories in business to visitors, i.e. to the general public, which may inspire them for their own future responsible entrepreneurship.
- On 1 December 2017, a conference focused on supporting family business named Family Businesses 2017 - Variable Paths to Truly Good Family Business was organized with the support of SBA. Its main goal was to boost public interest in family business and to show various challenges that family businesses have to face. With stories of successful family businesses the conference helped promote the idea to establish one's own business among the general public.

- **Activities supporting the digital economy**

With its activities supporting the digital economy, the Slovak Business Agency intends to convince the beneficiaries of advantages of the Internet, to teach people basic knowledge necessary for doing business on the Internet and to intermediate support for new projects or implementation of innovative approaches and tools in business. The aim of the activity is to improve the conditions for using online tools. For such a purpose, SBA conducts information activities, activities promoting and increasing the popularity of digital , prepares educational guidelines for digital topics (e-shop business, content marketing, social networks, crowdfunding) and organizes educational events training people in important online skills. Thanks to the activities the general public will have the possibility to increase the chance to introduce their innovative and competitive ideas on the market, including international markets, mainly thanks to online procedures and tools. The target group of the digital economy support is the general public. Events and workshops for the general public were organized and co-organized in 2017 and they were attended by over 600 persons. The amount of EUR 65,000 was allocated to the programme supporting the digital economy in 2017, while EUR 10,011.28 was drawn.

Preparing educational materials and raising awareness through online tools:

- preparing e-books and printed publications, e.g. Alternative Social Networks in a Nutshell (e-book summarizing the operation of social networks such as Instagram, LinkedIn, Pinterest and Snapchat, including their advertising possibilities) and How to Use

Crowdfunding (e-guide for gaining funds to start a business thanks to online crowdfunding platforms);

- project focused on digitalized awareness-raising of the general public of entrepreneurship legislation changes through a BIZNIS INFO application which informs entrepreneurs and the general public in a clear form through notifications when any act has been approved, entered into force, amended, or may be commented so that the people need not monitor it on their own.

## Better Regulation Centre

Better Regulation Centre ("BRC") is a specialized analytical department of the Slovak Business Agency, established with the aim to perform the better regulation agenda for microenterprises and SMEs. The agenda is dealt with by the European Commission's "Small Business Act for Europe", together with the "Better Regulation" recommendation and the Recommendation of the Council of the OECD on Regulatory Policy and Governance, while the motto accompanying the agenda is to create regulation rules according to the "Think Small First" principle, i.e. that the public administration authorities should respond to the needs of SMEs and adapt the public policy tools to their needs.

Such procedure is possible mainly through regulation not only from the point of view of content, set in such a manner that it takes into account the specific features of SMEs (simplified rules, e.g. in the form of exceptions from obligations, transition periods, lower rates, simplified forms, etc.), but also from the point of view of procedures, i.e. such regulation adoption procedure in which also representatives of SMEs or the SMEs themselves may be involved (not only representatives of associations of large employers). The mission of BRC is to represent the interests of SMEs by active involvement in regulation creation from the point of view of both procedures and content.

2017 was the second calendar year when BRC has been in operation. Its activities were performed by an expert team consisting of 2 lawyers and 2 analysts who cooperated with the secretariat of the Permanent Working Committee for Assessing Selected Impacts operating under the Legislative Council of the Government of SR (hereinafter referred to as the "Permanent Working Committee"), with state and public administration authorities proposing new regulation and with representatives of business organizations during consultations held as a part of preparation of the new legislation.

In addition to the common agenda consisting in assessment of correctness of the identified and factually discovered impacts of submitted materials in the attached analyses of impacts on the business environment during the preliminary commentary procedure, BRC conducted also a SME Test (ex ante) if detailed quantitative and qualitative assessment and evaluation of presence of the gold-plating effect was needed, and a cost-benefit analysis (ex post) for any existing excessively burdening regulations.

BRC is also involved in consultations held between representatives of the business environment and sponsors of a bill as well as in the interministerial commentary procedures, and submits its own content-related proposals for regulation improvement in favour of SMEs. In addition, last year it cooperated with the Business Environment Department of the Ministry of Economy of SR and participated in preparation of explanatory opinions regarding the Unified Methodology for Assessing Selected Impacts, commented on RIA 2020 - Better Regulation Strategy - and with its 60 proposals it contributed to the government Draft Measures for Improving the Business Environment.

BRC also cooperated with representatives of businesses - it assessed the collected bureaucratic absurdities' in an annual Bureaucratic Absurdity of the Year survey organised

by Young Entrepreneurs Association and SBA. Moreover, it regularly notified businesses in a clear and practical form of any regulation changes under preparation at the moment when any preliminary information was disclosed the clarification or supplementation of which BRC requested from the authority which had submitted it, with the aim to raise awareness of the affected business entities and, eventually, to increase their involvement in the consultation process.

Although BRC currently operates in very restricted conditions compared to its plan, in 2017 it negotiated several compromises in regulation in favour of SMEs and became a kind of "bridge" between SMEs and authorities proposing new regulation.

BRC's major achievements in 2017 include in particular:

- preparing an ex-ante SME Test in relation to the occupational medical service which **helped discover significant gold-plating, foster alternative adjustments** in favour of SMEs and **calculate annual savings of SMEs** resulting from simplification of the occupational medical service **in the amount of EUR 8.3 million**;
- submitting **60 proposals of which dozens have been included in the government draft measures for improving the business environment** (the so-called first anti-bureaucratic package);
- launching its own web page <http://lepsiezakony.sk> which, together with promotion on social networks (Facebook and LinkedIn), enables BRC to present the outputs of its activities in an interactive and understandable manner as well as to simplify regulation monitoring for SMEs and to explain them important changes which they may expect in a clear and understandable manner;
- participation of a BRC representative in a press conference related to the INESS - Bureaucracy Index 2017 project with the aim to inform the public about the condition of better regulation in Slovakia and to present BRC activities;
- cooperation of BRC in quantification of **impacts of harmonization of the Slovak Personal Data Protection Act with GDPR** as a part of an ex ante assessment.

The added value of BRC's operation includes in particular:

- **providing 87 partial opinions** as a part of impact assessment, where it evaluated the submitted materials from both the formal and procedural point of view, thus directly **helping increase the quality of the prepared analysis of impacts on the business environment and improve the explanatory power of objectively calculated or otherwise documented impacts** and at the same **correctly explain** the Unified Methodology;
- BRC participated actively in **24 consultations**, while in **15 of them it submitted particular content-related commentaries**, e.g. it strived for **simplified modes for SMEs or simplified transfer pricing**, for **exceptions for small enterprises within extension of collective agreements of a higher level**, it **expressed its disagreement with the obligation to provide both technical and emission checks at one workplace**, it **fought for more transparent and also less administratively burdening public procurement**, and it successfully proposed a solution for liberalization of strict liability for illegal employment as well as mitigation of sanctions. For a second time it tried to eliminate strict conditions for operating crèches and also submitted several proposals aimed at simplifying the processes related to **VAT payment or obligations of employers towards the Social Insurance Agency**;
- participating in preparation of explanatory opinions regarding the Unified Methodology as well as **updating the Unified Methodology** the second major update of which is required by the practice and experience resulting from daily work of members of the Permanent Working Committee;
- incorporating BRC's commentaries in **RIA 2020 - Better Regulation Strategy**;
- expert evaluation of "meaningfulness/meaninglessness" of the received as well as its own ideas in the **Bureaucratic Absurdity of the Year** survey. In this respect, it prepared proposals of material measures aimed at optimization of the regulatory burden.

## Financial support of SMEs

- **Microcredit programme**

The programme implemented by the Slovak Business Agency is intended for small enterprises employing fewer than 50 employees. Microcredits can be used to buy movable and immovable investment assets, to reconstruct operational areas and to purchase the necessary reserves, raw materials or goods as well as for other investment projects. The microcredit amount may range from EUR 2,500 to EUR 50,000. Credits are provided with an interest rate amounting to the reference rate as referred to in the Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C 14/02). The amount of the reference rate is determined as the basic ECB rate increased by a margin the amount of which depends on the rating of the particular applicant and on the level of relevant security, while the method of "credit margins in basis points" is applied. The repayment period ranges from 6 months to 4 years and it is possible to postpone repayment of the principal by no more than 6 months. The Resolution of the Government of SR No. 64/2010 approved the current Microcredit Programme, and the criteria for its implementation, which is based on the wording of the programme for supporting SMEs 07K 02 1E the Microcredit Programme announced by the Ministry of Economy of SR on 17 February 2010 in the Trade Journal (OV 32A/2010).

SBA started to implement the new Microcredit Programme in April 2013 with cooperating organizations of RAIC Poprad, RAIC Prievidza, RAIC Prešov, RAIC Dunajská Streda, National Holding Fund, RAIC Trebišov and RAIC Komárno.

The status of claims from the "old" programme which were transferred from individual cooperating organizations during 2012 and 2013 are as of 31 December 2017:

- transferred claims: EUR 2,771,687.31
- settled: EUR 1,381,880.76
- the balance of claims from the old programme as of 31 December 2017 amounts to EUR 1,389,806.55.

The status of claims from the "new" current programme which were provided from April 2013 to 31 December 2017:

- microcredits provided: EUR 8,016,700
- settled claims in the principal: EUR 4,745,122.47
- the balance of claims from the new programme as of 31 December 2017 amounts to EUR 3,271,577.53.

In 2017 the Microcredit Programme Implementation Department ensured consultation and training for entrepreneurs in several Slovak regions, including Bratislava. They presented the Microcredit Programme within the Horizon 2020 seminars and for the Integrated Network of Regional Development Agencies. They were involved in AZU projects focused on supporting business activities. As a part of the International Exhibition for Business and Franchising, they presented the Microcredit Programme and lectured about financing of SMEs. They also held lectures and presentations at schools which were focused on financing and microcredits. They provided expert opinions to magazines regarding financing and provision of microcredits. They cooperated in preparation of reports with successful entrepreneurs drawing microcredits. Through the Microcredit Programme they were involved in the European SME Week coordinated by the European Commission. In 2017 they organized drawing of 55 microcredits in the amount of EUR 1,437,500. Since the start of implementation of the Microcredit Programme 2,098 microcredits have been provided in the total amount of EUR 39,210,766.

Table 27: Selected indicators of implementation of the Microcredit Programme

Indicators	2017		Cumulative total as of 31 December 2017	
	Number	Amount (EUR)	Number	Amount (EUR)
<b>Number of processed requests</b>	-	-	-	-
<b>Number of provided microcredits</b>	55	1,437,500.0	2,098	39,210,766.0
<b>Average microcredit amount</b>	-	26,136.0	-	18,690.0
<b>Number of newly created jobs</b>	38	-	3,196	-
<b>Number of maintained jobs</b>	154	-	5,926	-

Source: SBA

Table 28: Funds provided for microcredits as per individual industries

Industry	2017	Cumulative total as of 31 December 2017
Tourism	0	214
Trade	10	450
Other	2	270
Agriculture, hunting and forestry	3	222
Services	20	432
Production	20	510
<b>Total</b>	<b>50</b>	<b>2098</b>

Source: SBA

- **Venture capital funds**

The Slovak Business Agency supports growth-oriented business projects by providing venture capital (deposit in the share capital of companies) through a specialized subsidiary, Národný holdingový fond, s.r.o. A long-term mission of the company is to guide the activities of individual funds in such a manner as to stimulate the development of the SMEs sector across Slovakia, to increase the value of the financial means of individual funds and to use the profits made to pursue the long-term goal of supporting SMEs.

The following funds were administered through Národný holdingový fond (National holding fund) in 2017:

- Start-up facility;
- Regional start-up facility;
- SISME fund;
- Fond inovácií a technológií, a. s.;
- Slovenský Rozvojový Fond, a. s.;
- Slovenský rastový kapitálový fond, a. s.

The numbers and amounts of investments approved for individual funds are contained in the Table 29.

**Table 29: Numbers and amounts of investments approved as per individual funds**

Fund name	Investments approved in 2016		Investments approved in 2017		Investments approved since establishment of the funds	
	Numb er	Amount (EUR)	Numb er	Amount (EUR)	Numb er	Amount (EUR)
Start-up facility	0	0.0	0	0.0	71	21,465,463.0
Regional start-up facility	0	0.0	0	0.0	37	3,715,004.0
SISME fund	0	0.0	0	0.0	10	1,490,330.0
Fond inovácie a technológií, a.s.	8	2 930 0000,0	2	950,000.0	24	6,700,000.0
Slovenský Rozvojový fond, a.s.	0	0.0	0	0.0	27	24,225,422.0
Slovenský rastový kapitálový fond, a.s.	1	2,000,000.0	1	2,500,000.0	27	57,552,074.0
FOND SEED CAPITAL, k.s. (terminated)	0	0.0	0	0.0	34	11,336,407.0
<b>Total</b>	<b>9</b>	<b>4,930,000.0</b>	<b>3</b>	<b>3,450,000.0</b>	<b>230</b>	<b>126,484,701.0</b>

Source: SBA

Compared to the previous year, the amount of approved investments decreased by EUR 1,480,000. A positive trend was seen in the average amount of approved investments which increased from EUR 547,777.78 to EUR 1,150,000 compared to the previous year.

**Table 30: Numbers and amounts of investments made as per individual funds**

Fund name	Investments made in 2016		Investments made in 2017		Investments made in target enterprises since establishment of the funds	
	Numb er	Amount (EUR)	Numb er	Amount (EUR)	Numb er	Amount (EUR)
Start-up facility	0	0.0	0	0.0	52	12,906,271.0
Regional start-up facility	0	0.0	0	0.0	33	2,611,963.0
SISME fund	0	0.0	0	0.0	8	1,204,830.0
Fond inovácií technológií, a.s.	8	772,925.0	8	1,407,075.0	26	4,115,000.0
Slovenský Rozvojový Fond, a.s.	0	0.0	0	0.0	25	22,750,232.0
Slovenský rastový kapitálový fond, a.s.	0	0.0	1	1,500,000.0	16	34,653,144.0
FOND SEED CAPITAL, k.s. (terminated)	0	0.0	0	0.0	48	12,889,111.0
<b>Funds - total</b>	<b>8</b>	<b>772,925.0</b>	<b>9</b>	<b>2,907,075.0</b>	<b>208</b>	<b>91,130,551.0</b>

Source: SBA

The amount of the investments made increased by EUR 2,134,150 compared to the previous year; from the point of view of the number of investments made it is an increase by 12.5%. As far as the average amount of investments made is concerned, it increased from EUR 96,615.63 to EUR 323,008 compared to the previous year, representing an increase by EUR 226,392.37.

**Table 31: Life-cycle stage of companies when making investment proposals**

Life-cycle stage of companies when making investment proposals	2016		2017	
	Number	Amount (EUR)	Number	Amount (EUR)
Seed	1	3,300.0	1	150,000.0
Start-up	7	769,625.0	7	1,257,075.0
Development	0	0.0	1	1,500,000.0
<b>Total</b>	<b>8</b>	<b>772,925.0</b>	<b>9</b>	<b>2,907,075.0</b>

Source: SBA

In 2017 the amount of partial divestments reached EUR 180,128 and their number was 45. Out of that, 30 divestments were made through the Start-up Facility, 14 through the Regional Start-up Facility and 1 through Slovenský rozvojový fond (Slovak Development Fund). In addition to the partial divestments, 1 complete divestment was made in the amount of EUR 400,000 by Slovenský rozvojový fond. A detailed summary of the number and amount of partial and complete divestments is shown in Table 32:

**Table 32: Summary of the number and amount of partial and complete divestments made in 2017**

Fund name	Number of partial divestments	Amount of partial divestments (EUR)	Number of complete divestments	Amount of complete divestments (EUR)	Number of divestments - total	Amount of divestments - total (EUR)
Start-up facility	30	43,135.0	0	0.0	30	43,135.0
Regional start-up facility	14	15,449.0	0	0.0	14	15,449.0
SISME fund	0	0.0	0	0.0	0	0.0
Fond inovácií a technológií, a.s.	0	0.0	0	0.0	0	0.0
Fond Seed Capital, k.s.	0	0.0	0	0.0	0	0.0
Slovenský Rozvojový Fond, a.s.	1	121,544.0	1	400,000.0	2	521,544.0
Slovenský rastový kapitálový fond, a.s.	0	0.0	0	0.0	0	0.0
<b>Total</b>	<b>45</b>	<b>180,128.0</b>	<b>1</b>	<b>400,000.0</b>	<b>46</b>	<b>580,128.0</b>

Source: SBA

## 6 Survey conclusions

A broad portfolio of research approaches and methodologies is applied in the research of the business environment. Qualitative and quantitative surveys form their inseparable parts. Thanks to them we may have a more relevant view of different areas and specific features of the business environment. Therefore, the following part contains a **brief summary of six quantitative and one qualitative survey** which at least partially dealt with the issue of business environment in Slovakia and in other EU Member States from the point of view of SMEs in 2017.

In cooperation with its partners, the Slovak Business Agency conducted three quantitative surveys (**Global Enterprising Monitor - GEM; Survey of Export Aspirations of Small and Medium-Sized Enterprises; Family Business Survey**) and a qualitative survey (**Slovak Start-up Survey**). Other three quantitative surveys (**Perceiving independence of the national justice systems in the EU among companies; Business perceptions of regulation; Access to finance of enterprises**) were performed by the European Commission with its partners.

### 6.1 Attitude of the population to entrepreneurship - Global Entrepreneurship Monitor (GEM)

**Global Entrepreneurship Monitor (GEM)** is an international initiative associating more than 300 researchers from around the world. It represents one of the most important global studies about entrepreneurship dynamics. The goal of GEM is to explore the role of entrepreneurship in the national economic growth by revealing the features and characteristics of entrepreneurial activities. **GEM has three priority goals:** to measure the differences at the level of business activities among the countries, to reveal factors which have an effect on the level of business activities in individual countries and to propose policies which may increase the national level of business activities. The information is updated annually at two levels. The first one is the Adult Population Survey (APS) with a representative sample of at least 2,000 respondents. The second level is the National Expert Survey (NES). Slovakia joined the initiative in 2011.

The following part summarizes key findings of the Adult Population Survey (APS) conducted in Slovakia in 2017. The survey results show a **slight increase in self-confidence of the adult population (aged 18-64) in business activities**. It is based on a more positive perception of **suitable business opportunities** as a significant element determining entrepreneurship. 25.8% respondents perceive good business opportunities in their surroundings, representing an increase by 2.5 p.p. compared to 2016. In spite of the increase, in terms of perception of favourable opportunities Slovakia has long been one of the EU countries with the most pessimistic views.

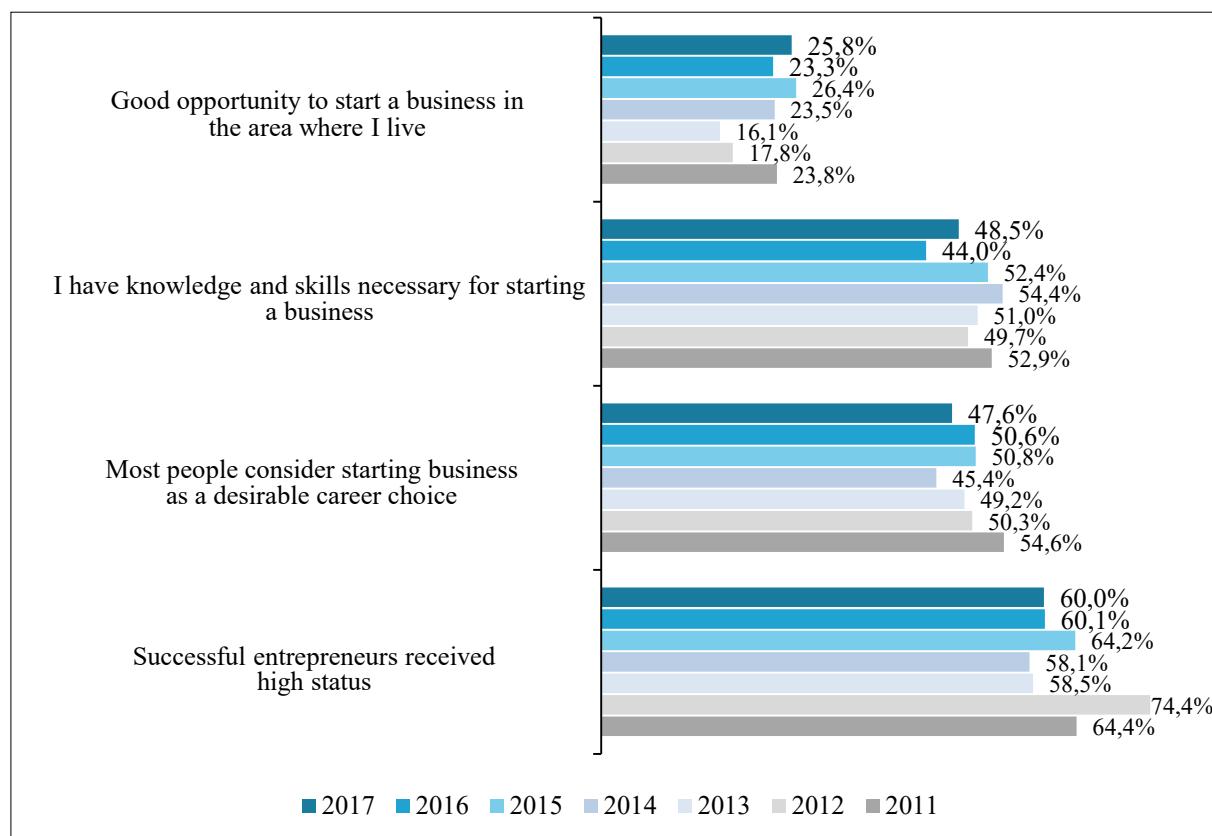
At the same time, the respondents perceive also their **knowledge and skills necessary for starting a business** more positively, while almost a half of them (48.5%) thinks that they have sufficient skills to start their own business. Compared to 2016, there was an increase by 4.5 p.p. The perceived ability to start a business was higher in Slovakia in 2017 than the EU average. **The fear of failure of the business** developed positively as well compared to the previous year. The number of persons who expressed their worries about the failure of their business decreased from 39.7% to 32.8% compared to 2016.

**Social attitudes to entrepreneurship** are quite stable in Slovakia. According to the survey conducted in 2017, almost half of the population (47.6%) **perceives entrepreneurship as a suitable career choice**. Compared to the previous year, the proportion of the population

perceiving entrepreneurship as a suitable career choice dropped by 3 p.p. The **perception of successful entrepreneurs** and of their social status did not change in 2017. 60% of the surveyed respondents think that entrepreneurs are recognised in Slovakia. However, compared to other EU countries, successful entrepreneurs are still perceived less positively in Slovakia (the EU average reached 67%).

The results evaluating individual stages of entrepreneurship demonstrate positive signs. **Compared to the previous year, the proportion of adults who are interested in starting their own business in the next 3 years** increased from 8.4% to 9.4%. In spite of the positive increase, it is less than the average of 2011-2015 representing 15.4%. Compared to the previous year, the indicator of the **total early-stage entrepreneurial activity (TEA)**, expressed as a percentage of adults (aged 18 to 64) who are just starting their own business or are owners-managers of new companies, increased from 9.5% to 11.8%. A year-on-year increase is also seen in the group of well established entrepreneurs, i.e. entrepreneurs performing their business activities for longer than 42 months. **The proportion of well established entrepreneurs increased** by 3.9 p.p. to 10.0% in 2017.

**Chart 11: Selected attitudes of the Slovak population to entrepreneurship according to GEM (% of affirmative responses)**



**Source:** Global Entrepreneurship Monitor, prepared by SBA

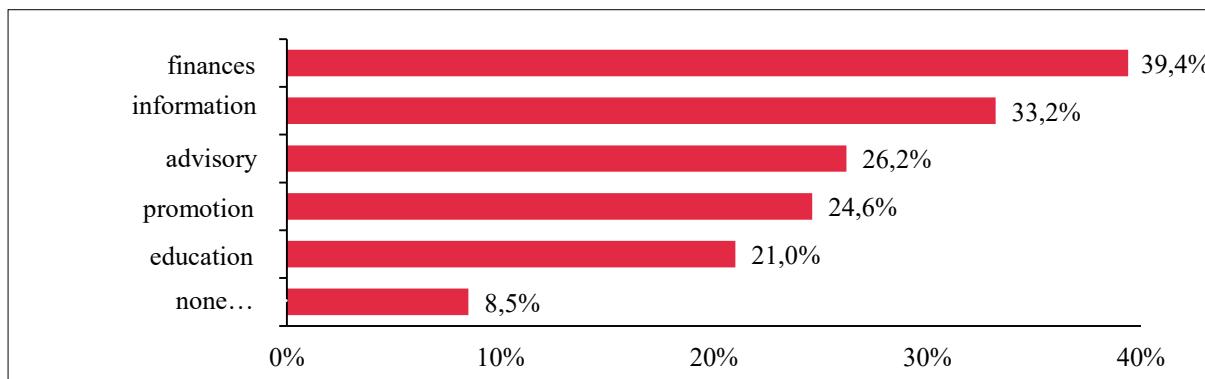
## 6.2 Survey of Export Aspirations of Small and Medium-Sized Enterprises

In 2017 the Slovak Business Agency conducted a survey focused on export aspirations of SMEs in Slovakia. **The aim of the quantitative survey was** to look into the experience and opinions of SMEs regarding the conditions determining the foreign-trade activities and the use of support measures in such area. The survey was conducted with a representative sample of 1,000 SMEs. Detailed results of the survey may be found in the [Survey Report](#).

The results of the survey show that **44.3% of SMEs perceive the current conditions for foreign-trade activities quite positively**. More than a quarter of respondents (26.9%) has a rather negative opinion on the current conditions. Only 4.4% of SMEs consider the current conditions of foreign-trade activities to be very good. **Almost half (49.6%) of SMEs has not seen any changes in export conditions in the last two years**. Only 8.1% of the respondents see improvements in the conditions compared to the past. On the contrary, twice as much respondents (16.6%) considers the changes performed to be rather negative.

In 2017 the SMEs in Slovakia feel major shortcomings mainly in the area of financial and information support of their export activities. **Almost 40% of SMEs feel a lack of financial support and one third (33.2%) feels a lack of information-related support**. Other missing or insufficient forms of support were also identified in foreign-trade activities; they are summarized in the Chart 11 below. They are related mainly to advisory services which over a quarter of SMEs (26.5%) is not satisfied with; and the same applies to promotion (24.6%). 21.0% of the surveyed SMEs would welcome more educational activities as a part of export support.

Chart 12: Missing form of support for foreign-trade activities of SMEs



Source: Export Aspirations of SMEs, prepared by SBA

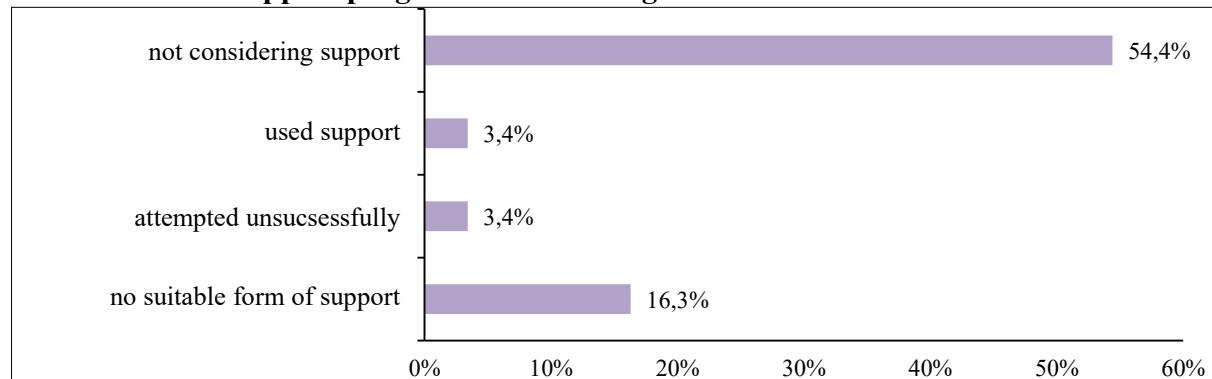
It also results from the survey that **over two thirds of all SMEs (67.4%) feel a lack of relevant information about possible uses of support programmes** for their foreign-trade activities. 26.0% of the surveyed SMEs expressed a full or partial satisfaction with the amount of information.

Almost half of the surveyed respondents (44.1%) representing Slovak SMEs declared that they did not export their goods and services. **One third of the SMEs involved in the survey (32.3%) has exported their goods or services regularly in the last two years**. 17.5% of the enquired SMEs perform foreign-trade activities occasionally. 6.2% of the SMEs which have not performed any foreign-trade activities until now are preparing for export.

Based on the survey results, the **exporting SMEs focus mainly on the internal EU market where 94.6% of all exporting SMEs export their goods and services**. As for countries outside the single EU market, SMEs mostly export to countries of the Commonwealth of Independent States, Balkan countries, Asia, USA, Canada and South America.

**When performing their foreign-trade activities (real or planned), the Slovak SMEs mostly do not use any public support.** More than a half (54.4%) of SMEs exporting abroad are not thinking of using any support programmes for export activities. **Only 3.4% of the surveyed SMEs have actually used support when exporting their products and services.** An equal part (3.4%) of SMEs tried to use some form of support but they were not successful. 16.3% of SMEs feel a lack of a suitable form of support when developing their foreign-trade activities.

Chart 13: Use of support programmes for foreign-trade activities of SMEs



Source: Export Aspirations of SMEs, prepared by SBA

Slovak SMEs are most interested in the following forms of export support. More than a half (54.1%) of respondents would appreciate **advisory services** for their foreign-trade activities. 39.2% SMEs would use a **more favourable credit or loan**, and a **more favourable participation in fairs or exhibitions abroad** seems to be an interesting form of support to 37.8% SMEs. SMEs consider the **provision of guarantees** (26.7% respondents) or **insurance** (which 19.1% of those who are interested in support would use) as other suitable forms of support.

**Administrative burden related to obtaining support** has been identified as the **main problem why public support is not used** within foreign-trade activities of Slovak SMEs. Almost a half (47.8%) of the surveyed SMEs consider this to be a challenge. **Other barriers hampering the use of export support include: lack of information (30.1%) and worries about low effectiveness of the support (30.0%).** The SME representatives also expressed certain worries that obtaining support might be costly and time-consuming, and rarely also distrust in the support activities system.

### 6.3 Slovak Family Business Survey

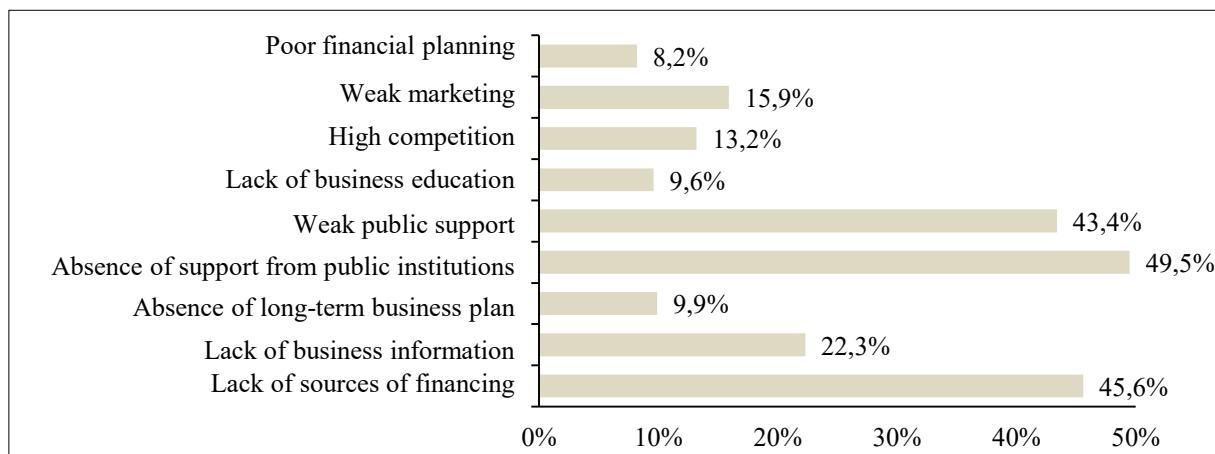
At the turn of 2017 and 2018 the Slovak Business Agency prepared a [Slovak Family Business Survey](#) which also included a representative quantitative survey conducted with 364 family businesses. **The aim of the survey was to identify the structure of family businesses in more detail, determine the main challenges for Slovak family businesses and specify the preferred possibilities of support to solve the identified problems.**

It results from the survey that as many as **66% of the surveyed family businesses were established more than 10 ago**. We may thus think they are stable and well established on the Slovak market. This indicates that also Slovak family businesses may provide stability which is higher than with other types of companies. The structure of Slovak family businesses is complemented by younger enterprises which have been active on the market from five to ten years (27%), from one to five years (6%) and new companies operating for a period shorter than one year (1%).

The survey results also point out to **several dominant areas in which family businesses are formed**. Such areas include particularly **wholesale, retail, repair of motor vehicles and motorcycles** (22.3%); **industrial production** (15.7%); **construction** (11.8%); **accommodation and catering services** (8.6%); expert consultancy, scientific and technical services (8.3%) or administrative and support services (6.3%).

It results from the survey that new family businesses consider the following to be their main challenges: **insufficient support from public institutions** (49.5%) - either an absence of public services or their low quality. When starting their business activities, family businesses also feel an **absence of alternative sources of financing** (45.6%) and a **lack of business information and problems related thereto** (43.4%).

**Chart 14: Main challenges of Slovak family businesses when starting their business activities**



**Source:** Slovak Family Business Study, prepared by SBA

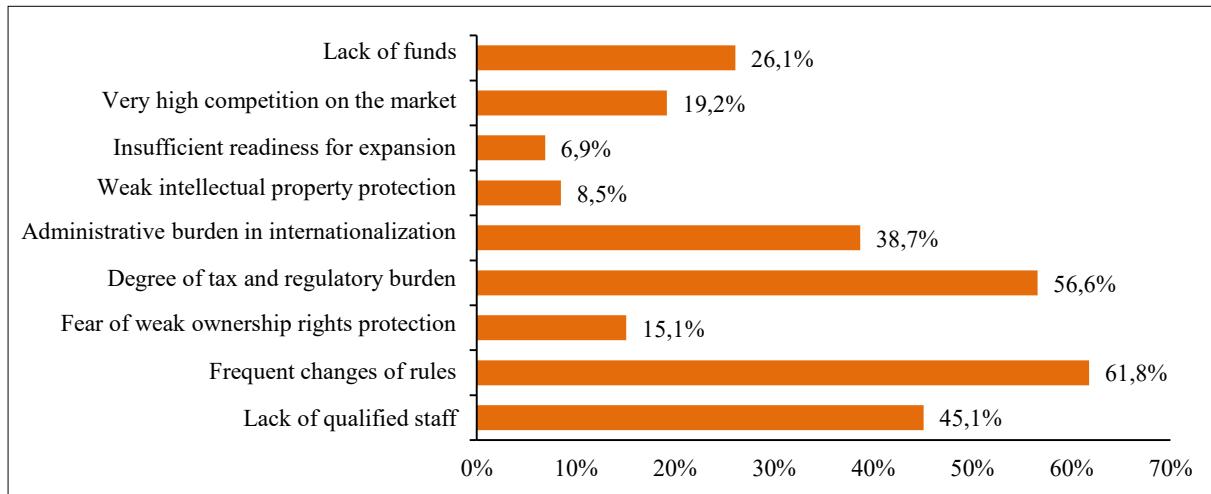
Succession seems to be the most frequently discussed topic in relation to family businesses. The results point out to the fact that **29% of family businesses have undergone or are just undergoing the succession processes**. According to the survey, it is usually the second generation (27%) and in some cases even the third generation (1%) which manages such companies. Other 30% of the surveyed family businesses are planning to undergo the succession process and 41% are not planning to take any steps related to the succession process in their company. **The effort to pass the business onto a direct descendant absolutely dominates** in the surveyed family businesses. 60% of the Slovak family businesses prefer such possibility. The above-stated findings indicate that the **succession process will be crucial** for other long-term well established family businesses **in the years to come**.

Slovak family businesses may be characterized by a relatively intensive involvement of families in businesses activities. **At least two family members are involved in company activities in one third of the surveyed family businesses. Almost 28% of family businesses involve at least three family members** and almost 20% of the surveyed companies involve more than three family members.

**When establishing and developing their business, the Slovak family businesses are mostly reliant on their own sources of financing which are used by as many as 89% of the surveyed companies.** According to the respondents, bank credits (44%) and loans from the family (29%) are an alternative or rather an additional source of financing. Only 8.5% respondents had used the European Structural Funds to finance the development of their family businesses. Modern forms of financing, such as crowdfunding or venture capital, financing through bonds or sales of shares, are absent.

**Further growth of well-established family businesses is affected mainly by frequent changes of legislative rules for businesses** (61.8%). Another challenge identified by family businesses are **costs related to the degree of tax and regulatory burden**, as stated by 56.6% respondents. In addition, the development of family businesses is challenged also as a result of a **lack of qualified staff** (45.1%) and **high administrative burden related to internationalization of entrepreneurship** (38.7%). The results show that family businesses feel to be limited more by settings of rules or by an absence of support than by their own shortcomings which would limit their ability to expand.

**Chart 15: Main obstacles preventing Slovak family businesses from expanding their business**



Source: Slovak Family Business Study, prepared by SBA

The surveyed **family businesses are planning new investments mainly in its core business (60%)**. Their investment plans contain also investments in extending the offer of their products and services (43%), in purchasing real estates, means of transport and machinery (35%) and in extending and developing human resources (33%). **Investing in digitalization and innovation is considerably lacking in the plans**. In view of the current trends, it might constitute a problem for the Slovak family businesses when trying to stay competitive. 14% family businesses are not planning any investments.

As far as regulation is concerned, the surveyed **representatives of family businesses usually mentioned an urgent need to adjust regulation in two areas, namely in relation to the degree of administrative burden and the degree of tax burden**. As many as 86% of the surveyed family businesses suggested they decrease. However, the family businesses suggest changes or adjustments also in other areas of the business environment which would improve the potential of the businesses. As many as 69% businesses suggest decreasing the tax burden, 51% better law enforcement and 58% would appreciate adjustment and simplification of tax rules. Approximately 33% also suggest simplifying the process of hiring and dismissing employees and a comprehensive reform of the education system.

At the same time, the surveyed family businesses also suggested certain measures which should support the family business in Slovakia. More than a half mentioned the need to define family businesses (51%) and the availability of specific financing tools (52%). Information and advisory services (29%) focused on family business would also be appreciated by family businesses.

## 6.4 Slovak Start-ups Survey

The Slovak Start-ups Analysis prepared in 2017 by the Slovak Business Agency contained also a qualitative survey conducted in the form of personal interviews with individual start-up representatives. Altogether eight start-ups were interviewed which had received at least one of the offered forms of SBA support in 2015. The following parts briefly summarize the attitude to start-ups in Slovakia.

Similarly to family businesses, **no uniform approach to defining start-ups has been adopted in Slovakia so far**. Such elementary problem is also confirmed by representatives of Slovak innovative businesses. In their own perception of attributes of such kind of business, they emphasized its various aspects - innovation in the product or service being developed, innovation in the business model itself, reliance on external financing or short period of operation of such enterprise on the market. It also resulted from the survey that certain innovative enterprises falling under the start-up definition intentionally avoid such identification, worrying about negative perception of the 'start-up' notion. Prospective customers do not find them trustworthy.

At the beginning of their business activities, start-ups have to face numerous more or less significant obstacles complicating their business start and subsequent development. Respondents say that **bureaucracy was the major obstacle at the beginning of their business activities**. Most young entrepreneurs starting their own business do not expect such high bureaucratic burden which they actually encounter in practice. According to certain start-up representatives, some of the most significant bureaucratic obstacles include: **relatively difficult establishment of a company, complicated, unclear and frequently changing tax regulations or filling in tax returns**. In addition, most start-ups are characterized by a lack of experience with the business environment and an absence of practical business skills, what results from the nature of start-ups itself.

Start-ups often successfully overcome the above-stated obstacles related to starting their business. **After they acquire the first experience, they usually adapt to the obligations and administration related to business activities**. However, with regard to high dynamics of the current business environment and to high requirements for flexibility, start-ups constantly face certain obstacles and challenges. Acquiring business skills and presentation of companies at foreign events is still a long-term challenge for many start-ups. **However, start-ups often face also problems with financing, in particular during key stages of introduction of their products or services on the market**. Vigorous start-up projects should therefore be supported more with a certain form of state support, according to respondents. **At the same time, the education and support centres should better prepare start-ups in the area of financial literacy and clear definition of goals**. Moreover, Slovak start-ups also face other specific obstacles, such as small domestic market, high fees related to product certifications on markets of third countries or a lack of qualified labour force.

When starting their business, start-ups use **mainly their own funds** to finance their activities. After they run out of their resources, in most cases they **try to obtain investments from private investors**. It is very encouraging to hear that they did not find it extremely difficult to acquire such type of investment. Start-ups finance certain activities through bank products or SBA support schemes.

According to their experience, the **representatives of the surveyed start-ups would clearly welcome any state measures focused on lowering the tax burden for start-ups**. As almost all respondents state, the above-stated measure would have the most favourable impact on supporting the business activities of start-ups in Slovakia. The state should improve also other areas of start-up support. **Respondents feel the need for a more intensive support**,

**e.g. when presenting their start-ups at global fairs** where they may establish contacts with prospective business partners. Similarly, they would welcome **raising awareness of the existing support programmes for entrepreneurs**, together with extending the offer of support tools.

Although the majority of the surveyed start-ups do not feel to be a part of the Slovak start-up community, it is useful for them to be a part of it mainly due to the possibility to share their experience and know-how and to establish new contacts. Nonetheless, there is certain caution and fear of competition as well. The current problem of the Slovak start-up scene is its small size and excessive concentration in the capital city of Bratislava.

There is a wide range of reasons for which certain start-ups are not successful on the market. According to representatives of the Slovak start-ups, the **most frequent causes of failure include a lack of financial resources, broken relationships in the company** resulting from different opinions on the heading of the company, **inability to find a suitable business model** for the product or service being developed or a **loss of motivation**.

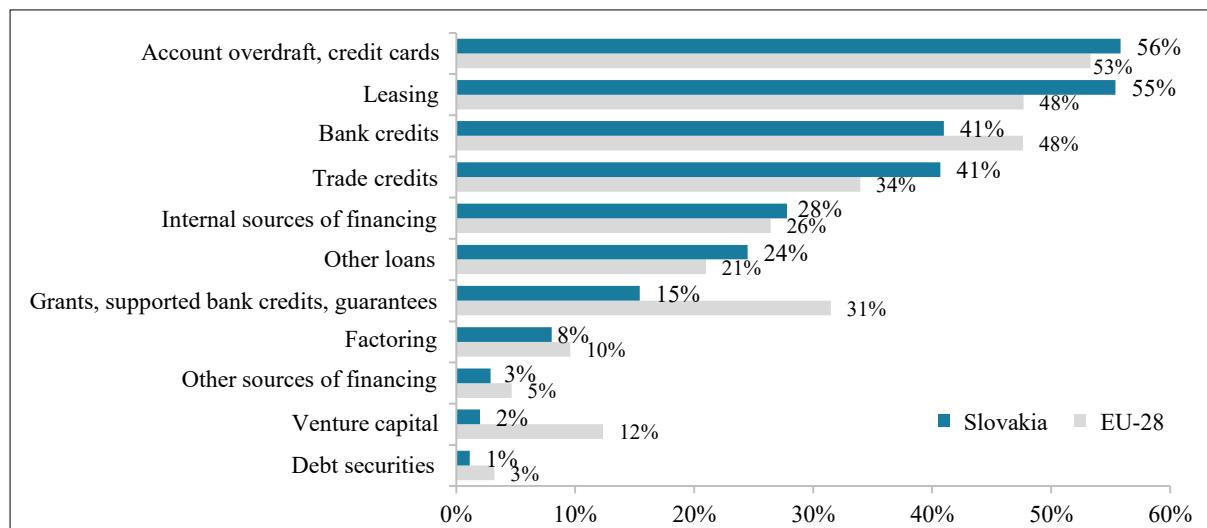
## 6.5 Survey on the Access to Finance of Enterprises (SAFE)

Since 2008 the European Commission has been monitoring the development of access of SMEs to financing through a joint survey of the European Commission and of the European Central Bank named **Survey on the Access to Finance of Enterprises (SAFE)**. The survey has been performed annually since 2013 and it currently covers 34 countries: all EU-28 Member States, Iceland, Turkey, Montenegro, Albania, Serbia and Macedonia. The latest survey was conducted in the period of September to October 2017 in all size categories of SMEs. 17,532 SMEs were involved in the survey, while Slovakia was represented by 475 SMEs.

Based on the current survey results, the **access to financing is the most serious problem for 5% Slovak SMEs** (compared to 7% at the EU level). Since 2013 when almost one fifth of SMEs (18%) considered access to financing to be the most serious problem, there has been a **gradual decrease, what is indicated by a continuous improvement of the access of SMEs to sources of financing**. The current value (5%) also represents the historically lowest level since 2009. In the 2017 survey the Slovak SMEs mention problems also in other areas. More than one third (38%) of the total number of Slovak SMEs involved in the survey identified the **availability of qualified labour force and experienced managers as the most significant problem** encountered when doing their business. It is by 15 percentage points (p.p.) more than in the case of EU-28 respondents (23%). 14% of SMEs identified intensive competitive environment and other issues as the most significant problem in their business activities.

The Slovak SMEs most intensively use or consider using four sources for financing of their business activities. For 56% of SMEs, the most relevant source of financing is **permitted overdraft of their bank accounts or credit cards**. According to the survey results, the above-stated source is the most relevant also at the EU level (53%). **Leasing** is an important source of financing for more than a half of Slovak SMEs (55%). 41% SMEs consider **bank or trade credits** to be suitable sources of financing. Compared to EU-28, the **Slovak SMEs are considerably lagging behind in the use of such forms of financing as grants or venture capital**.

Chart 16: Relevant sources of financing SMEs in Slovakia and in the EU



Source: Survey on the Access to Finance of Enterprises (SAFE)

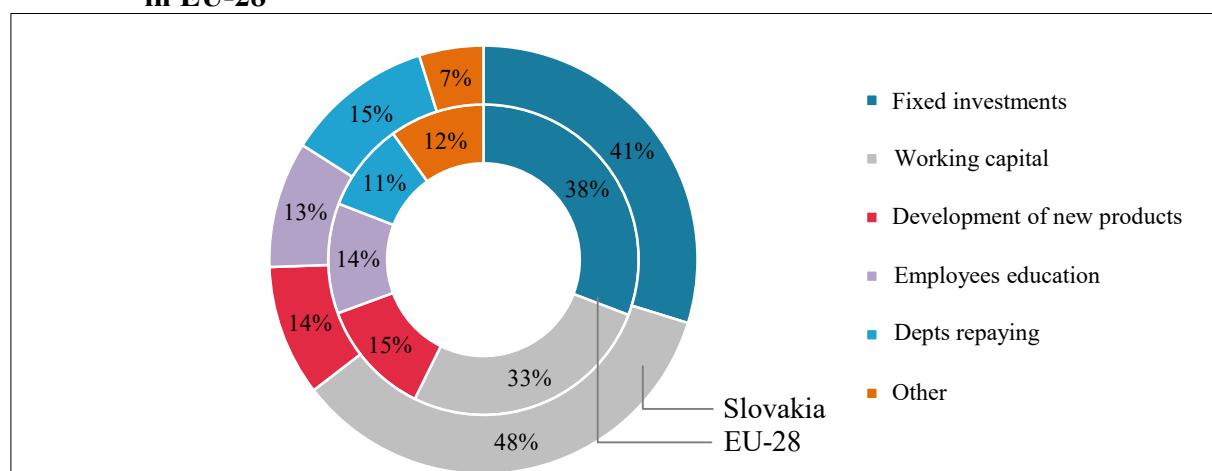
According to the survey results, **22% of SMEs residing in Slovakia applied for a bank credit from April to September 2017** (EU 26%). **7% of the surveyed SMEs did not ask for a bank credit due to fear of potential rejection** and one third of SMEs (33%) did not ask the bank for a bank credit as a result of sufficient internal sources. Out of the total number of Slovak SMEs who had asked their banks for a bank credit during the period of 6 months before the survey, **59% were fully satisfied**; it is by 14 p.p. less than in the case of EU-28 respondents. Applications for bank credits were **rejected in the case of 13% of Slovak SMEs** (5% in EU-28) and 18% SMEs were partially satisfied. 3% of enterprises rejected bank credits due to high costs (related to provision and repayment of the credits). It means that **34% of the Slovak SMEs could not receive the requested amount of bank credits**. For EU-28 it was 17%.

Almost one fifth (19%) of Slovak respondents stated in the survey that in the previous 6 months they had noticed better accessibility of bank credit financing, what corresponds to results in the entire EU-28. 68% of representatives of Slovak SMEs and 62% of companies from EU-28 declared unchanged accessibility of bank credit financing.

42% of the surveyed Slovak SMEs think that there are no major obstacles hampering the access to financing. 17% of SMEs consider the costs related to financing, including interest rates and prices, to be the most important limiting factor. Insufficient guarantees (12%), followed by complicated administration (8%) and lower control over the company (3%) are the most significant barriers preventing the Slovak respondents from gaining access to financing.

During the period under review 41% of the surveyed SMEs used financing to invest in real estates, machinery or equipment. Almost half of SMEs (48%) used the acquired finances as the working capital. 13% of SMEs used the financial resources to develop new products or services and 14% used them to hire and educate employees. 15% of SMEs used the acquired financial means to repay their debts and 7% used them for other purposes.

**Chart 17: Purpose of use of the acquired financial means by SMEs in Slovakia and in EU-28**

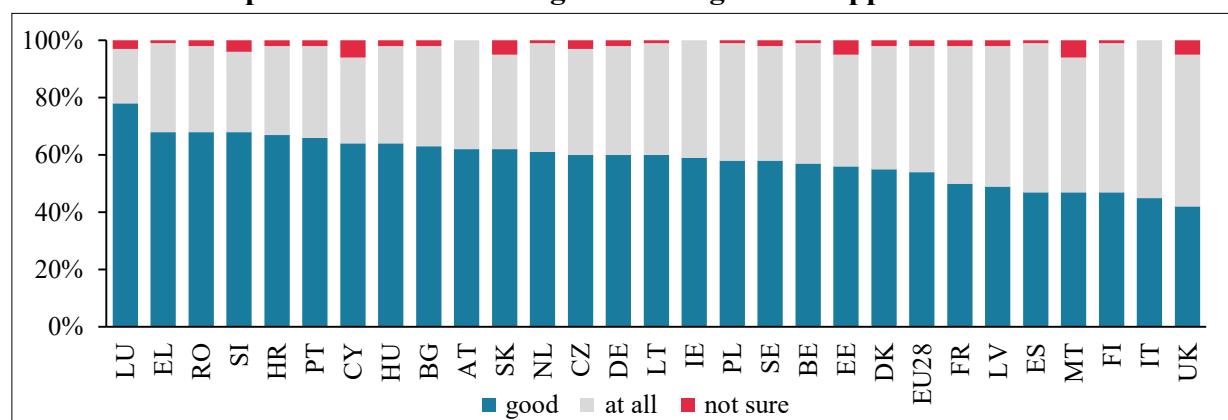


Source: Survey on the Access to Finance of Enterprises (SAFE)

## 6.6 Business perceptions of regulation

Within the Flash Eurobarometer group of surveys a quantitative survey focused on **perceiving regulation in the business environment** of individual EU Member States was conducted in 2017. This Flash Eurobarometer represents an integral part of a broadly prepared survey **monitoring how companies perceive the legal rules and regulations applicable to them**. The survey was conducted in all EU Member States in the period between 13-22 March 2017 with a sample of 10,614 companies of different size categories. **400 Slovak business entities participated in the survey, while 99.8% of them were SMEs**. Therefore, simplified survey results will be interpreted for the SME category in the following part. It results from the survey that **62% of Slovak SMEs know the legislation origin (national or EU) which applies to operation of their companies**. 33% of Slovak SMEs do not know the legislation origin and only 5% respondents could not comment on the issue. The awareness of the origin of national or EU legislation with a direct impact on SMEs increases with the size group of SMEs. **91% of medium-sized Slovak enterprises, 82% of small enterprises and 60% of microenterprises can identify the legislation origin**. Almost half of SMEs (54%) from the entire EU can correctly identify the origin of the legislation applicable to their business. Business entities from Luxembourg, Greece, Romania and Slovenia are best aware of the legislation origin.

**Chart 18: How respondents know the origin of the legislation applicable to their business**

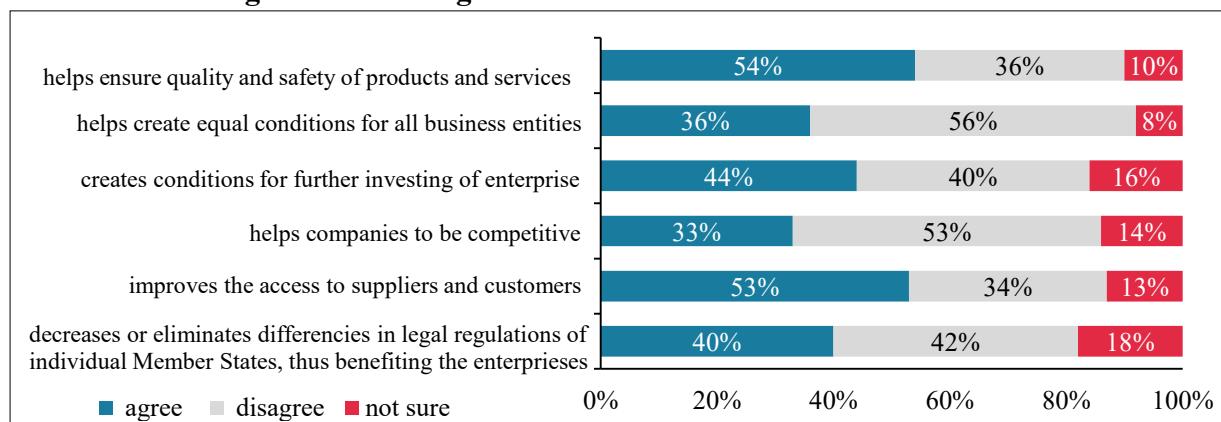


Source: Flash Eurobarometer 451; Business perceptions of regulation

The opinions of respondents from Slovakia and from other EU Member States on the common EU legislation differ significantly. According to **24% of Slovak SMEs, the EU legislation causes rather obstacles to their companies**. Only 2% of the Slovak SMEs stated in the survey that the EU legislation supports their business. The common EU legislation represents neither support nor obstacle for almost a third of SMEs (32%). Compared to other EU countries, Slovakia is in the group of countries which perceives the EU legislation rather as an obstacle in their business activities. Such group of countries includes also: Austria (39%), Czech Republic (34%) and Germany (29%).

The surveyed Slovak SMEs state that the **biggest advantage of the EU legislation is the quality and safety of products and services (54%)**. More than a half of SMEs (53%) thinks that the **common EU legislation improves the access to suppliers and customers**. Only 36% of the surveyed SMEs agree with the statement that the EU legislation helps create equal conditions for all business entities. Approximately one third of Slovak SMEs (33%) believes that the common EU legislation helps companies be competitive. When evaluating the advantages brought by the common EU legislation, the Slovak respondents share the opinion of the entire EU. Generally we may state that **Slovak SMEs have rather a negative view of the advantages resulting from the common EU legislation**. In the survey Slovak SMEs thus ranked among countries such as Italy, Czech Republic, France, Austria or Germany.

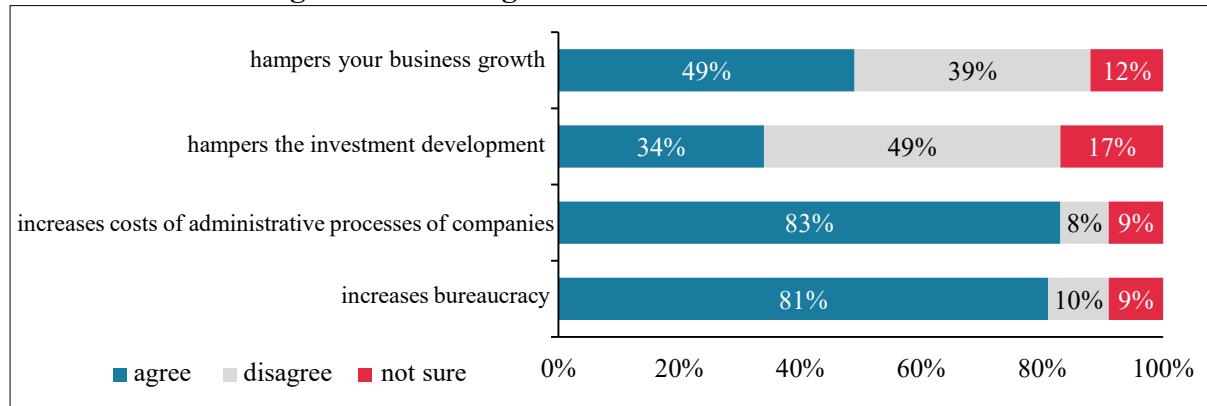
Chart 19: Advantages of the EU legislation for Slovak SMEs



Source: Flash Eurobarometer 451; Business perceptions of regulation

In relation to the EU legislation, the Slovak SMEs perceive also **several disadvantages**. According to 83% the surveyed SMEs, the most significant one is **a rise in the costs of administrative processes of companies**. The issue of increasing costs of administrative processes is the most serious in Slovakia compared to other EU countries. At the same time, as many as 81% of the surveyed Slovak SMEs agreed with the statement that the EU legislation increases bureaucracy. It is the third largest proportion in the EU countries, preceded only by the Czech Republic and Austria. For almost a half of the surveyed Slovak SMEs (49%), another disadvantage of the EU legislation is the fact that it **creates obstacles for the SMEs when their business is growing**.

Chart 20: Disadvantages of the EU legislation for Slovak SMEs



Source: Flash Eurobarometer 451; Business perceptions of regulation

**From the point of view of time, 77% of the Slovak SMEs find it the most challenging to correctly understand the requirements of the EU regulations.** Three quarters of SMEs (75%) also find it time-consuming to process the administrative agenda such as filling in forms, keeping records, acquiring certificates, authorizations, etc. Adoption of new legislation is often related to increased costs for SMEs.

During 2016 the **regulation costs increased for 49% of the surveyed Slovak SMEs due to environment-related legislation.** Legal regulations in the area of occupational health and safety led to increased costs of regulation in the case of 48% SMEs. Regulation costs resulting from application of legal regulations related to energy and climate increased for 45% SMEs during 2016. It also results from the survey that compliance with legal regulations became rather harder for SMEs in 2016.

## 6.7 Perceived independence of the national justice systems in the EU among companies

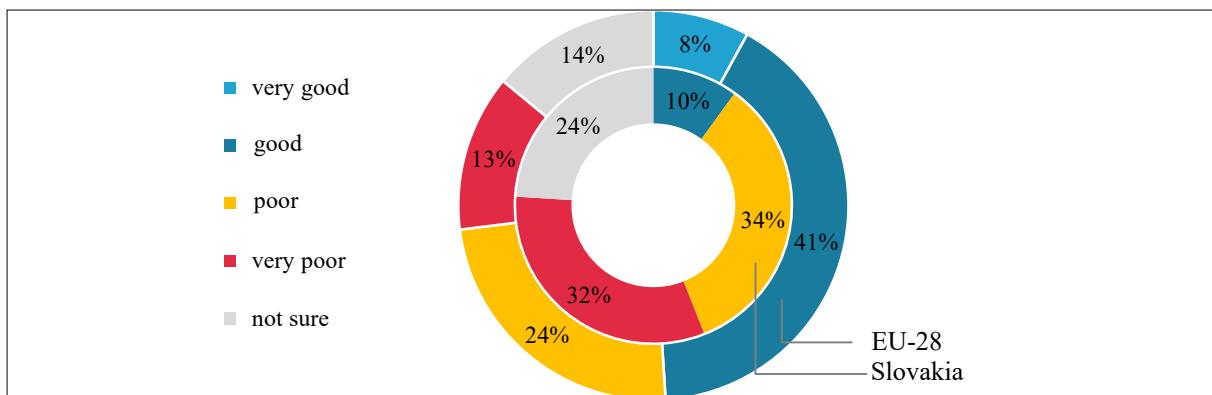
Within the Flash Eurobarometer survey portfolio 2017, the European Commission prepared a survey focused on the **perceived independence of the national justice systems in the EU among companies.** The survey builds on the previous surveys conducted in 2009 and 2016. The results may be applied broadly, while they provide an overview of the quality, independence and efficiency of the justice systems of individual EU Member States. **The primary aim of the survey is to answer two questions: what companies think of the independence of courts and judges in their countries and the reasons for their opinions.** The survey was conducted in 28 EU Member States in the period between 25 January and 3 February 2017 with a sample of 6,803 enterprises of different size categories. 200 business entities from Slovakia were involved in the survey, while 99.5% of them were SMEs.

According to the survey results, the companies from Slovakia and from other EU Member States have a completely different view of independence of courts and judges. **Only one out of ten Slovak business entities believes that the independence of Slovak courts and judges is good (10%).** Altogether two thirds of respondents perceive the independence of Slovak courts rather negatively - **approximately one third (34%) believes that the independence of courts is poor and another third (32%) thinks that the independence of courts is very poor.** Almost a quarter of the surveyed Slovak companies (24%) could not comment on the issue.

In the same period of time, the companies in the EU had a much more positive opinion on the independence of courts and judges, as seen in the Chart 20 below. **Almost a half (49%)**

**thinks that the independence of courts is good**, out of that only 8% considered the independence of the justice systems in their countries to be very good and the remaining 41% opted for the 'rather good' answer. **Altogether 37% of the business entities from the EU countries expressed dissatisfaction in their answers**, out of that 13% found the independence of courts in their countries to be poor.

**Chart 21: Opinions of companies on the independence of courts and judges in Slovakia and in the EU in 2017**



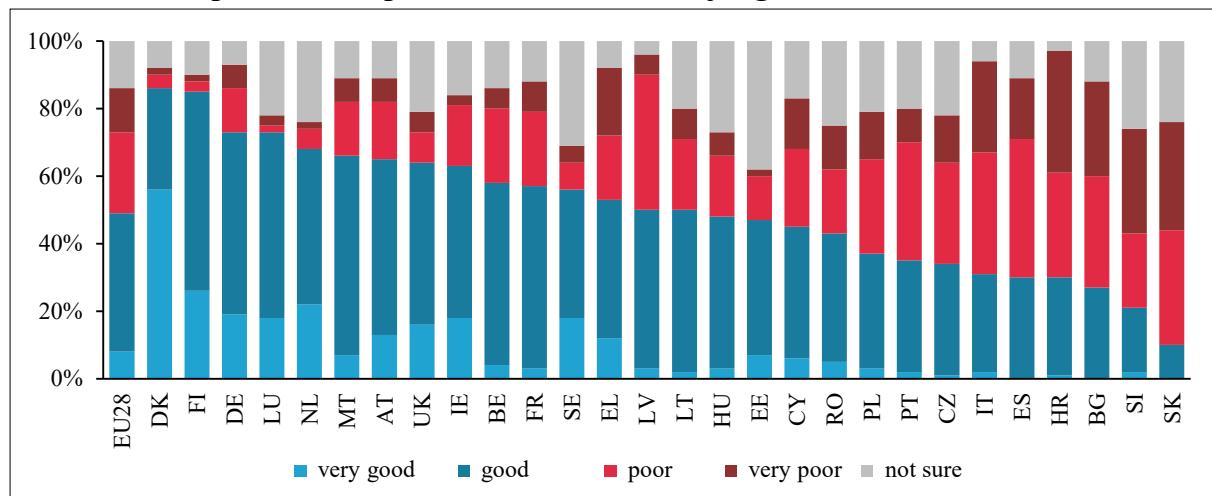
**Source:** Flash Eurobarometer 448; Perceived independence of the national justice systems in the EU among companies

From the point of view of individual size categories of SMEs, the **satisfaction grows with independence of the justice systems proportionally to the size category of the company**. Such statement is true both for the Slovak Republic and for the entire EU. **Only 8% microenterprises (1-9 employees) expressed a positive opinion on the independence of courts and judges in Slovakia**. With 47% positive answers, the microenterprises in the EU countries perceive the justice systems more positively. One quarter (20%) of **small enterprises with 10-49 employees is satisfied with the independence of Slovak courts**. To compare, in the EU countries it is more than a half (51%) of small enterprises. **Medium-sized enterprises (50-249 employees) expressed the highest degree of satisfaction with the independence of Slovak courts**. Approximately every third medium-sized enterprise (35%) expressed a positive opinion. 62% of the surveyed medium-sized enterprises appreciated the independence of the justice systems in the EU.

According to the survey results, the **independence of Slovak courts and judges is seen the most positively by companies focused on trade**. One quarter of such companies (25%) opted for the "good" answer. 10% of the surveyed business entities providing services expressed their satisfaction.

Opinions on justice systems at the national level of individual EU Member States differ considerably. **The proportion of Slovak companies which perceive the independence of courts positively is the lowest one from among all EU countries**. Slovakia thus belongs to the group of six countries where most enterprises consider the justice system (from the point of view of independence of their courts and judges) to be poor. Such group includes: Croatia (67%), Slovakia (66%), Italy (63%), Bulgaria (61%) and Slovenia (53%). On the contrary, enterprises from Denmark (86%), Finland (85%), Germany and Luxembourg (both 73%) spoke positively about the independence of courts.

Chart 22: Perception of independence of courts and judges in individual EU countries



Source: Flash Eurobarometer 448; Perceived independence of the national justice systems in the EU among companies

According to the survey results, **the main reason which affected the respondents when expressing their perception of independence of the Slovak justice system is interference and pressure exercised by the government and politicians**. 82% business entities had a negative opinion for the above-stated reason. For 67% business entities, it is a significant reason. Another reason which significantly (52%) or slightly (19%) influenced the negative perception of the independence of Slovak courts and judges was **interference and pressure related to economic or other specific interests**. The status and position of judges which does not guarantee their independence sufficiently had the smallest impact (50%) on the negative opinion of the business entities.

## 7 Legislative development and proposals for decreasing the regulatory burden

### 7.1 Summary of the most significant legislative changes which had an effect on the business environment in 2017

2017 saw several significant legislative changes to legal regulations which had a positive or negative impact on the business environment. In the present chapter of the Report on the State of the Business Environment we will focus on the most important **changes to legal regulations adopted in 2017** which influenced the legislation development in the Slovak Republic. To begin with, we will mention newly adopted acts and amendments of acts which entered into force in 2017, then we will deal with amendments of acts which were approved by the National Council of SR in 2017 but entered into force only after 1 January 2018.

#### Supporting SMEs in a separate act

On 1 January 2017 a new Act No. 290/2016 Coll. on Promoting Small and Medium-Sized Enterprises and on amendments of the Act. No. 71/2013 Coll. on the Provision of Subsidies in the Competence of the Ministry of Economy of the Slovak Republic, as amended. Since until then the Slovak legislation did not have any act which would create a legal framework to support SMEs and to support persons interested in starting their own business, on 11 October 2016 the National Council of SR approved such legal regulation with the aim to support the business environment, but particularly focused on SMEs.

The aim of the Act was to remove any barriers hampering the progress of SMEs and their fight in the competitive environment, and, last but not least, the Act should also improve creation of jobs. The aim of the Act is to **foster the "Think Small First" principle** in the Slovak legal environment. Application of such principle should help create a favourable business environment for SMEs and to foster SMEs' interests already during creation of legislation. In its wording the Act also identifies the obligations of the Ministry of Economy to perform activities focused on reducing the inappropriate regulatory burden of SMEs. The content of the Act also regulates the form of support provided by the Ministry of Economy of SR.

The Act regulates the form of providing support to SMEs, forms of **direct support** in the form of an independent financial contribution, subsidies and a financial tool, and forms of **indirect support** such as education, consultancy, supporting participation in internships, exhibitions, competitions, etc.

In addition, the Act defined the notion of a **start-up** for the first time as establishment and development of business enterprises with share capital, residing in the Slovak Republic, established no longer than 36 months ago and which are controlled by natural persons that are their founders, and they are an innovation enterprise, microenterprise, small enterprise or medium-sized enterprise. Start-ups may have a legal form of a limited liability company with share capital, joint-stock company and simplified joint stock company.

Based on the new Act the Ministry of Economy of SR or the support provider is obliged to perform a **test of impacts on microenterprises, small enterprises and medium-sized enterprises** in accordance with the methodology for performing such tests of impacts on SMEs approved by the Government of the Slovak Republic with a view to better regulation.

The ministry or the entity providing support incorporates the proposed measures aimed at decreasing the regulatory burden for micro, small and medium-sized enterprises, together

with findings on systemic monitoring and research of SMEs, in a **Report on the State of Small and Medium-Sized Enterprises in SR**.

### **New legal form of the company with share capital**

Already in 2015 the National Council of the Slovak Republic approved an **amendment of the Commercial Code** (Act No. 513/1991 Coll) published under the **No. 389/2015 Coll.**, enacting a new legal form of company with share capital - a simplified joint stock company. The amendment entered into force on **1 January 2017**. The purpose of the change adopted was to create a new form of business enterprise which would be more flexible in business transactions, particularly in venture investments in business enterprises. Such form of company should facilitate the beginnings of business activities mainly for start-up founders and thus support their development in SR. The major advantage of the simplified joint stock company is flexible setting of its property relationships, rules for investors joining and leaving the company. The provisions of Section 220h et seq. of the Commercial Code understand simplified joint stock company as a company the capital of which is divided into a certain number of shares with a certain nominal value. The minimum amount of capital needed for establishment of such company is EUR 1. The company is liable with all its assets for any violation of its obligations. Shareholders are not liable for company's obligations. The company may be established by one or several persons, both natural and legal persons.

Simplified joint stock company may be designated as a hybrid form of a company with share capital since with its nature it has certain elements of a limited liability company and certain elements of a joint-stock company. The disadvantage of a limited liability company compared to a simplified joint stock company is a less flexible setting of internal and external relationships of the company. At the same time, a limited liability company cannot efficiently use common tools enabling to set and plan putting and taking the capital into/out of the company. The advantage of a simplified joint stock company is the fact that it enables employees to participate in operation of the company in the form of a share in the company since the minimum amount of deposit of a partner in the case of a limited liability company is EUR 750 and in the case of a simplified joint stock company is it considerably lower, starting from 1 cent. On the other hand, with a higher number of shareholders a simplified joint stock company may become less flexible from the point of view of decision-making about the future of the company. Compared to a simplified joint stock company, a joint-stock company is a considerably more expensive company form since the minimum amount of capital is EUR 25,000. The legal regulation of transferability of shares in a simplified joint stock company is more flexible compared to shares of a joint-stock company.

One of the greatest advantages of a simplified joint stock company is certainly the possibility to determine what rights and obligations will be related to individual shares. A similar regulation of a simplified joint stock company may be found in provisions of Section 220h et seq. of the Commercial Code.

### **Introducing a system of interconnection of information in registers**

On 15 June 2017 the Act No. 141/2017 Coll. entered into force, amending the Act No. 530/2003 Coll. on the Commercial Register and on amendments and supplements of certain acts, as amended. The subject of the new legal regulation is introduction of a system interconnecting central registers, commercial registers and company registers through which it is possible to disclose the entered data and deposited deeds in a digital form and to communicate with commercial registers of EU Member States. Such change should help decrease the administrative burden and increase the legal security. The aim of the amendment is to provide better access to information related to companies. The previous legal regulation

did not contain **the legal obligation for registers to exchange data related to foreign branches**. Such situation led to a legal insecurity of third parties since it was not excluded that in spite of erasure of a company from a register its branch could continue with its activities abroad. The lack of cooperation of commercial registers was demonstrated also in cross-border mergers or acquisitions. The above-stated amendment introduced a provision Section 8c in the Commercial Register Act according to which **the court, even without a motion, will erase a company of a foreign person** or a branch of a company of a foreign person, of a foreign commercial register or other records where the foreign person is registered or in which the foreign person is obliged to store deeds, has informed through a system interconnecting central registers, commercial registers and company registers (hereinafter referred to as the "registers interconnection system") that the registered foreign person has been disestablished or erased; the above-stated shall not apply if the disestablishment or erasure of the foreign person from a foreign commercial register or other records where the foreign person is registered or in which the foreign person is obliged to store deeds has occurred as a result of a change to the legal form of the affected foreign person, merger, acquisition or division of the foreign person or cross-border relocation of its registered office recorded in the foreign commercial register or other records where the foreign person is registered or in which the foreign person is obliged to store deeds. A unique identification sign is going to be used for the purpose of data disclosure through the registers interconnection system for the registered persons. If a Slovak involved company has been disestablished during a cross-border merger or cross-border acquisition, the register court will record the changes related to the disestablished Slovak company only after receiving a notification that the cross-border merger or the cross-border acquisition has become effective.

### **Mandatory activation of an electronic box**

**On 1 July 2017 electronic communication became mandatory for legal persons registered in the Commercial Register and registered branches.** Initially companies were obliged to communicate with public administration authorities in an electronic form from 1 January 2017 though after a public pressure the effectiveness of the Act was postponed by half a year with a final effective date of 1 July 2017. Communication through an electronic box has replaced a common form of communication with public administration, while it is considered equal to written filings and delivery of written documents.

Electronic box is regulated in the Act No. 305/2013 Coll. on the Electronic Form of Governance Conducted by Public Authorities and on amendments and supplements of certain acts (e-Government Act). In accordance with the above-stated Act, **electronic box is understood as an electronic storage in which electronic messages and notifications are stored**. The idea of the electronic box is to enable business entities communicate in an electronic form with public administration (offices, institutions, public administration authorities). As referred to in provisions of Section 13 of the e-Government Act, activation of an electronic box is a process that will enable to use the electronic box for electronic delivery in accordance with the Act and which starts with an action of an administrator of electronic boxes module and finishes with the first access of an authorized person to the electronic box, in any case ten days after the administrator of electronic boxes module made the action.

## **Establishment of the Register of Public Sector Partners**

The Register of Public Sector Partners (hereinafter referred to as the Partners Register") was established by the Act No. 315/2016 Coll. **on the Register of Public Sector Partners** and on amendments and supplements of certain acts. The Act entered into force on **1 February 2017**. **The Register of Public Sector Partners is a public administration information system which contains data about public sector partners.** Simply said, public sector partner is a person who receives finances from the state budget or state property, has a liability towards the state, enters into contracts with the state or sub-suppliers and providers of healthcare. An exact list of the public sector partners is laid down in the provision of Section 2 (1) (a) of the above-stated Act. Registration of the public sector partners is justified for entities wishing to do business with the state and also to participate in public procurement. On the other hand, public sector partner is not a person who are supposed to receive a one-off financial amount not exceeding EUR 100,000 or not exceeding an aggregate amount of EUR 250,000 in a calendar year in the case of repeated performance; this shall not apply if the amount of the state aid or investment aid cannot be determined at the time of making an entry into the Register.

Before the Register of Public Sector Partners there was a so-called Register of End Beneficiaries. The original Register of End Beneficiaries has been replaced with the new Partners Register since the original register was limited only to public procurement. The Partners Register regulates a wider framework of access to public financing. Introduction of the Partners Register led to stricter conditions of the form of verification of end beneficiaries by the so-called verification document. The verification document contains: (a) ownership structure of the company; (b) list of public officials acting in the company; (c) justification based on what information the end beneficiary has been identified; (d) declaration that the identified facts correspond to reality. After the register replacement, the persons registered in the Register of End Beneficiaries were automatically registered in the Partners Register. As referred to in the new Act No. 315/2016 Coll. such persons had to perform the obligation to identify end beneficiaries by 31 July 2017, otherwise they would have been erased from the new Partners Register.

Public sector partners are registered only through a so-called **authorized person**, in electronic form at the District Court of Žilina. As referred to in the Act, authorized person may be an attorney, notary, bank, branch of a foreign bank, auditor, tax advisor who has a place of business or registered office in the territory of the Slovak Republic and who have undertaken, in the form of a written agreement, to perform obligations of the authorized person for the public sector partner. The authorized person is responsible for correctness of data provided to the Partners Register.

Sanctions resulting from a failure to provide true or complete data about an end beneficiary or to notify any change related to the end beneficiary are governed by the provisions of Section 13 of the above-stated Act. The amount of the sanctions depends on the economic profit which the public sector partner has gained. If it is impossible to discover the amount of the economic profit, the sanction may range from EUR 10,000 to EUR 1,000,000.

## **Issuing payment orders in electronic form**

With the aim to accelerate the process of issuing payment orders and thus to faster satisfy the demands resulting from monetary obligations, the National Council of SR adopted the Act No. 307/2016 Coll. **on the dunning procedure** and on amendments of certain acts. The above-stated Act entered into force on **1 February 2017**. The Act brings creation of an electronic alternative to the existing payment order mode (Section 265 et seq. of the Act No. 160/2015 Coll. the Code of Civil Procedure, hereinafter referred to as "CCP"). It is only up to the applicant what form of filing a motion for issuing a payment order they will

choose, either through the procedure rule of the Code of Civil Procedure or through the Act on the Dunning Procedure.

The Act on the Dunning Procedure knows only electronic procedure. It is positive that standardized electronic forms - motions for issuance of payment orders have been introduced; they are disclosed on the web page of the Ministry of Justice of SR named "Digitalized Dunning Procedure". The electronic form is simple, more understandable and clear for the applicants with easy orientation. Standardized forms are used in the entire procedure; this applies also to cases of **lodging an opposition** in an electronic form and also cases of filing a **request for reimbursement in instalments**.

If a motion for issuing a payment order has been filed, the **amount of the court fee is reduced to one half**. **Copies of filings are also made free of charge**. Such financial factors should motivate applicants to file motions for issuing a payment order in an electronic form. **For all motions, the District Court of Banská Bystrica is the competent court in accordance with the Act** (in procedures according to, the court of the accused is the competent court). If it is impossible to deliver a payment order to the relevant person or if an opposition has been filed against the payment order, the District Court of Banská Bystrica will ask the applicant to file a **motion for continuing with the procedure**. If the applicant has filed such motion, the District Court of Banská Bystrica will forward the matter to the court competent according to within 5 days which will further act in the matter. The entire communication between the court and the parties to the proceedings (the applicant and the accused) is performed via electronic means. In the case of the accused it is necessary that the entity has an active electronic mailbox.

If the procedural conditions have been met, and all fees are paid, and there are no reasons for rejecting the motion, **the court will issue a payment order no later than 10 working days after the conditions were met**. In the payment order, the **court will impose an obligation on the defendant to pay the relevant claim to the complainant as well as the costs of the proceedings within 15 days after the payment order was delivered** or to lodge an opposition in the above-stated period of time.

The Act also introduced a new concept of a **request for payment in instalments**. In the period for lodging an opposition, the complainant may file a request for payment in instalments. The court may comply with the request only after all conditions listed in Section 13 of the Act on the Dunning Procedure have been met.

### **Amendment of the Enforcement Code**

**On 1 April 2017** certain major changes to enforcement proceedings were introduced by the newly adopted Act No. 2/2017 Coll. amending and supplementing the Act of the National Council of the Slovak Republic No. 233/1995 Coll. on Court Enforcement Officers and Enforcement Procedures (Enforcement Code) and on amendments and supplements of certain acts, as amended, and amending and supplementing certain acts. Together with the above-mentioned amendment an Implementing Decree No. 68/2017 Coll. was adopted, implementing certain provisions of the Act of the National Council of the Slovak Republic No. 233/1995 Coll. on Court Enforcement Officers and Enforcement Procedures (Enforcement Code) and on amendments and supplements of certain acts, as amended.

The aim of the adopted amendment was to shorten the length of and to accelerate the enforcement proceedings and to decrease the burden of other courts by creating **one specialized court** with specialized judges. As referred to in Section 49 of the Enforcement Code (hereinafter referred to as the "ECo") the **District Court of Banská Bystrica** is the competent court in such cases.

The amendment introduced a **random selection of bailiffs**. Enforcement will be performed by a bailiff authorized by the court. The court assigns cases by issuing authorizations to enforcement equally to individual bailiffs by random selection through technical means and programme means approved by the Ministry of Justice of SR in such a manner that it is impossible to influence the assignment of cases. The aim of the above-stated measure is to disconnect any relations between the authorized bailiff and the court enforcement officer and thus to strengthen the independence of court enforcement officers. Assignment of all enforcement cases by technical means should also help **distribute cases among bailiffs within the particular region more evenly..** Thanks to the changes it is also **possible to join several enforcements against one debtor so that they will be handled by one bailiff**. Concentration of enforcement cases should thus decrease the costs and strengthen the debtor's legal certainty. The amendment introduces the possibility for the debtor to **ask for postponement of enforcement for social reasons** once during the enforcement procedure. 'Social reason' means occurrence of such a difficult life situation which will make it considerably difficult or impossible to the debtor to perform their obligations resulting from the enforcement.

As referred to in Section 61n (1) (c) and (d) of ECo, bailiffs may issue a **notification of enforcement suspension** if:

- in the case of a seizure of assets of a **legal person** it has not been possible to identify the assets or incomes which could be seized and which could be sufficient at least to cover the bailiff's costs **during a period of 30 months** after the enforcement start or after the last seizure of assets;
- in the case of a seizure of property of a **natural person** it has not been possible to identify the property or incomes which could be seized and which could be sufficient at least to cover the bailiff's costs **during a period of 5 years** after the enforcement start or after the last seizure of property.

The intention of the change is to finish recovering claims which were unrecoverable for a long time.

The above-stated amendment of ECo introduces **filing electronic motions for enforcement**. In accordance with Section 48 (7) of ECo, motions for enforcement need to be sent by electronic means to the electronic mailbox of the relevant court through a specialized electronic form disclosed on the web page of the Ministry. **Any motion must be authorized, otherwise it will not be taken into consideration**. Any documents which need to be attached to a motion for enforcement must be sent by electronic means to the electronic mailbox of the court together with the motion for enforcement.

The Implementing Decree amending **changes in introducing flat-rate bailiff costs** in the amount of EUR 60. If the obliged person has satisfied the enforced claim before expiry of the period for filing a motion for enforcement discontinuation (i.e. within 15 days after delivery of an enforcement start notification), the flat-rate bailiff costs will amount to one half of the above-stated sum, i.e. EUR 30. The Decree abolished the minimum bailiff remuneration.

## **Changing the conditions of debt discharge of natural persons**

On 29 November 2016 the National Council of SR approved an amendment No. 377/2016 Coll. amending and supplementing the Act No. 7/2005 Coll. on Bankruptcy and Restructuring. The above-stated amendment brought several changes related to bankruptcy and restructuring which became effective on 1 March 2017. Major **changes were made in the concept of debt discharge of natural persons** as referred to in the Part IV of the Bankruptcy and Restructuring Act. Debt discharge has become more accessible for debtors - natural persons. At the same time, debtors - natural persons have gained protection against a loss of housing as a result of introduction of a new concept of the so-called **imponderable housing value** which amounts to EUR 10,000. At the same time, several measures have been adopted in relation to restructuring the aim which is to prevent speculation, e.g. a random choice of trustees. The amendment has also led to changes in the restructuring plan the approval or rejection of which determines the future of the debtor. In order to avoid any fraudulent conduct of debtors who would try to use the debt discharge concept to avoid repayment of their debts, the amendment of the Bankruptcy and Restructuring Act enables creditors who have been affected by debt discharge to seek **cancellation of debt discharge** by filing a motion to the court (within 6 years after the bankruptcy has been declared or a repayment schedule has been determined); the above-stated applies also in relation to debtor's heirs. The court will comply with the motion if it has been proved that the **debtor did not have a fraudulent intention with the debt discharge. As a result of cancellation of the debt discharge, the debt discharge will become ineffective in relation to all creditors and the original enforceability and repayability is reinstated for all claims (or their parts) not recovered until then.**

## **Compensation for withholding excess VAT during tax inspection**

On 1 January 2017 the Act No. 297/2016 amending the Act No. 222/2004 on the Value Added Tax, as amended (hereinafter referred to as the "VAT Act") introduced a new concept of **compensation of damage for withholding excess VAT during tax inspection**. The entitlement to an interest for excess VAT as a compensation for withholding excess VAT during tax inspection after expiry of a specified period of time for its return to the payer is laid down in provisions of Section **79a of the VAT Act**. Since at the time of the tax inspection the payer cannot temporarily use the amount of the excess VAT, a financial compensation in the form of an interest on the excess VAT will be awarded to the payer for a certain period of performance of the tax inspection.

The entitlement to compensation for withholding excess VAT during tax inspection will be awarded to the payer if the tax authority has not returned the excess VAT within **6 months** after the last day of the period for returning excess VAT as referred to in Section 79 (1), (2) or (5) of the VAT Act. The VAT Act also determines a special period of time for returning excess VAT, namely **10 days** after termination of the tax inspection as referred to in Section 79 (6) of the VAT Act.

Tax inspection cannot be longer than 12 months, regardless of the fact whether it is performed in a small or large enterprise. The amount of compensation for withholding excess VAT during tax inspection will be determined as a percentage of the amount of the returned excess VAT, namely for each day of delay until its repayment. Payers are entitled to an interest on excess VAT in the amount of a double of the basic interest rate of the European Central Bank valid on the first day of the calendar year which the interest is calculated for and, if such double of the basic interest rate is lower than 1.5%, the interest rate of 1.5% will be used for calculating the interest on excess VAT.

### **Simplification of rules for seasonal employment of third-party nationals**

On 1 May 2017 an amendment of the Act No. 82/2017 Coll. amending and supplementing the Act No. 404/2011 Coll. on Residence of Aliens and on amendments and supplements of certain acts, as amended, and amending certain acts entered into force. The above-mentioned amendment has brought changes of various acts. It added a legal definition of **seasonal employment** to the Act No. 5/2004 Coll. on Employment Services which, for the purposes of the Act, should be understood as an activity which is performed for no longer than 180 days during 12 subsequent months and is bound to a certain period of the year with a repeated occurrence or a repeated sequence of occurrences related to seasonal conditions during which a considerably higher amount of work is required. A list of industries where seasonal employment is possible is going to be specified by a general binding legal regulation issued by the Ministry.

Starting from 1 May 2017, third-country nationals may perform seasonal employment in SR in two modes:

- The first mode expects a stay lasting no more than 90 days after arriving in the Slovak Republic based on a granted Schengen visa and a work permit or only based on a work permit in the case of third-country nationals who are not subject to the visa obligation.
- Third-country nationals may also be permitted to stay longer than 90 days, though no longer than 180 days, based on a granted temporary residence permit for the purpose of seasonal employment.

Both the above-stated modes may be combined. Seasonal employment may be performed longer than 90 days only based on a temporary residence permit for the purpose of seasonal employment. The total period of seasonal employment cannot be longer than 180 days. Third-country nationals may either apply for a temporary residence permit for the purpose of seasonal employment and they will start performing the seasonal employment only after they have been granted the residence permit, or during the first 90 days they may perform seasonal employments based on a work permit (and visa, if applicable), and during subsequent 90 days based on a temporary residence permit for the purpose of employment.

The Police Department must decide on any application for temporary residence permit no later than 90 days after a complete application has been delivered. **The period will be shortened to 30 days if during the preceding five years the foreigner has performed seasonal employment or has been granted a temporary residence permit for the purpose of seasonal employment.** The adopted amendment of the Act on the Residence of Aliens **extended the validity of the blue card (the EU blue card serves for granting a temporary residence permit) to no longer than four years.**

### **Extending the number of non-working days for employees working in retail sales**

With the intention to protect employees certain days are specified during which it is not possible to order or to agree with employees on such work which consists in sales of goods to end customers, including related works. Such day include: 1 January, 6 January, Good Friday, Easter Sunday, Easter Monday, 1 May, 8 May, 5 July, 29 August, 1 September, 15 September, 1 November, 17 November, 24 December after 12.00 p.m., 25 December and 26 December. The above-stated was laid down in the Labour Code by an amendment published under the No. 95/2017 Coll. which became effective on 1 June 2017.

## **Facilitating the participation of economic operators in public procurement**

On 1 November 2017 an **amendment** of the Act No. 248/2017 Coll. amending and supplementing the Act No. 343/2015 Coll. on Public Procurement and on amendments and supplements of certain acts, as amended, entered into force. The aim of the amendment was to simplify and to increase the efficiency of the public procurement process with low threshold values of up to EUR 200,000. In particular, it simplified the purchase of food for school canteens, establishments for the elderly, social service facilities, supported housing facilities, care facilities, rehabilitation centres, specialized establishments and day-care centres which may thus use the offers of regional producers and proven suppliers to a greater extent. The amendment intends to increase the attractiveness of a dynamic purchase system which represents a faster and more flexible form of public procurement. A crucial change which the amendment has brought is **simplification of the procedure in the case of the so-called below-threshold contracts**.

Since 1 November 2017 it is voluntary, not mandatory, to award below-threshold contracts without an electronic marketplace for commonly available goods, services or building works. In the case of below-threshold contracts it is also possible to use the so-called one-envelope system or to change the order of evaluation of documents. The amendment also reduces the obligation to evaluate compliance with the conditions of participation only to tenderers ranked first instead of the current first three tenderers. It is sufficient to evaluate the conditions of participation of the tenderer ranked first in the order. The amendment also obliges the contracting authorities and contracting entities to use the existing register of references, thus unifying their procedures and simplifying the participation of economic operators in public procurement.

## **Representative higher-level collective agreement**

The amendment No. 183/2017 Coll. amended the Act No. 2/1991 Coll. on Collective Bargaining. The amendment is a response to the Finding of the Constitutional Court of the Slovak Republic Pl. ÚS 31/ 2015-131 announced at a public session held on 16 March 2016. The amending Act No. 183/2017 Coll. entered into force on 1 September 2017. The amendment changes the form of preparation of a list of employers attached to a higher-level collective agreement. A higher-level collective agreement means concluding a collective agreement at the level of an industry or, if the contracting parties have agreed, at the level of a part of an industry. At the same time, a 'representative higher-level collective agreement' concept has been introduced in the Collective Bargaining Act. Higher-level collective agreements are concluded for a **higher number of employers** between an organization of employers - association (one or more) and labour unions (one or more). Higher-level collective agreements are **concluded for individual economic sectors** at a nationwide or regional level. As a contracting party, employers have a statutory obligation to **submit a higher-level collective agreement** to the Ministry of Labour, Social Affairs and Family of the Slovak Republic **for archiving purposes**. Archiving a higher-level collective agreement concluded as referred to in Section 4 (1) of the Collective Bargaining Act is notified in the Collection of Acts of the Slovak Republic. A representative higher-level collective agreement is **binding for other employers and their employees in the industry or its part which it has been concluded for** (a) **from the first day of the calendar month** following after the month in which the Notification was disclosed in the Collection of Acts, if such Notification has been disclosed before the 15th day of the particular calendar month; (b) **from the first day of the second calendar month** following after the month in which the Notification was disclosed in the Collection of Acts, if such Notification has been disclosed after the 15th day of the particular calendar month.

## **Recognition and enforcement of property decisions issued in criminal proceedings in EU**

On 1 January 2017 a newly adopted **Act No. 316/2016 Coll. on recognition and enforcement of property decisions in criminal proceedings in the European Union** and on amendments and supplements of certain acts entered into force. The basic goal of the Act is to facilitate the cooperation among Member States in relation to recognition and enforcement of property decisions ordering forfeiture or seizure of a subject or property of natural or legal persons issued in criminal proceedings. Recognition and enforcement of property decisions in the enforcing state represents an efficient mechanism ensuring enforcement of an imposed sanction of forfeiture or seizure of a subject or property which have been identified as proceeds from criminal activity within the European Union. With its wording, the Act generally lays down the actions of Slovak judicial authorities when recognizing and enforcing foreign property decisions (the enforcing state) and the conditions under which the Slovak Republic may submit its property decision imposing a punishment or a protective measure to a different Member State for the purpose of its recognition and enforcement (state of origin). The basic and general precondition of recognition and enforcement of property decisions in the Slovak Republic is a condition of double criminality and a condition of usual residence or registered office of the liable person or existence of property or subjects on the territory of the Slovak Republic. The condition of double criminality is not required in the case of selected categories of criminal acts pursuant to a framework decision. Enforcement of any decision in the Slovak Republic is always governed by the Slovak legislation.

## **8% tax from the received premium from non-life insurance**

The Act No. 339/2016 Coll. amending and supplementing the Act No. 39/2015 Coll. on Insurance and on amendments and supplements of certain acts, as amended, and amending and supplementing certain acts triggered general discussion. The amendment of the Act became effective on 1 January 2017 and it introduced a tax levied on a part of the premium in the areas of non-life insurance. The proceeds from the levy represent state budget revenues.

In accordance with the amendment, **insurance agencies are obliged to pay a tax amounting to 8% of the received premium from non-life insurance products in relation to policies taken out after 31 December 2016**. Such tax is applicable to all areas of non-life insurance.

## **7% tax on dividends**

On 1 January 2017 health insurance contributions from dividends in the amount of 14% were cancelled. At the same time, new dividend taxation rules and conditions started to apply. The above-stated was a result of an amendment of the Act No. 341/2016 Coll. amending and supplementing the Act No. 595/2003 Coll. on the Income Tax, as amended, and amending and supplementing the Act No. 580/2004 Coll. on Health Insurance and on amendments and supplements of the Act No. 95/2002 Coll. on Insurance and on amendments and supplements of certain acts, as amended.

The new taxation rules started to apply to dividends to be paid from profits made for the accounting period starting from 1 January 2017. In the case of natural persons, a 7% tax rate will apply to dividends originating in SR and abroad in a contractual state (a 35% tax rate shall apply to dividends originating abroad in a non-contractual state). In the case of legal persons, a 35% tax rate will apply to taxable dividends. Dividends will be taxed in two forms. The first one will apply to dividends paid from sources in SR - they will be taxed in the form of a deduction upon their payment. The second form will be used for taxation in tax returns in the case of dividends originating abroad.

Effective from 1 January 2017, the dividends paid from profits made in any accounting period starting on 1 January 2017 or later are not a subject to the obligation to pay the premium for public health insurance.

### **Increasing the basic minimum wage for 2017**

At the end of 2016, in its **Regulation No. 280/2016 Coll.** the Slovak Government approved an increase in the basic minimum wage from EUR 405 to **EUR 435 per month** for employees receiving monthly wages, applicable from 2017. The minimum wage **for each hour worked off** by an employee amounted to **EUR 2.50**. It results from the above-stated that the income of employees rose by EUR 20 per month since the net income of employees amounted to EUR 374 in 2017. The employers' costs of one employee increased by EUR 47 per month since the total price of work represented EUR 561 monthly.

### **Higher minimum levies for sole traders**

The minimum assessment base of levies to be paid by sole traders amounts to 50% of the average monthly wage of an employee in the Slovak economy for the calendar year 2015, i.e. 50% of EUR 883. **The minimum base of sole traders for 2017 was thus EUR 441.50 per month.** Compared to 2016, the minimum assessment base increased by EUR 12.50 from the original EUR 429.

### **Decreasing the corporate income tax rate**

On 23 November 2016 the National Council of SR approved the Act No. 341/2016 Coll. amending and supplementing the Act No. 595/2003 Coll. on the Income Tax, as amended, and amending and supplementing the Act No. 580/2004 Coll. on Health Insurance and on amendments and supplements of the Act No. 95/2002 Coll. on Insurance and on amendments and supplements of certain acts, as amended. The above-stated amendment has brought several changes to the Income Tax Act. Entrepreneurs welcomed a **decrease in the corporate income tax** for the 2017 taxation period by one percent, from the original **22% to 21%**.

### **Increasing the percentage of flat-rate expenditures**

The above-stated amendment (Act No. 341/2016 Coll.), effective from 1 January 2017, **brought an increase in the percentage of the flat-rate expenditures** from the original **40% to 60%** of the total income. At the same time, a monthly limit of flat-rate expenditures (originally EUR 420) was abolished in 2017. This means that flat-rate expenditures stopped to be calculated according to the number of months in which business activities were performed. In practice it means that the same maximum limit of annual flat-rate expenditures applies to sole traders performing their business activities for half a year as to those who were performing their business activities for the entire year. The **annual limit of the amount of flat-rate expenditures increased** from the original EUR 5,040 to as much as **EUR 20,000**. Flat-rate expenditures could thus be applied by entrepreneurs whose annual turnover did not exceed EUR 33,333. This advantageous tool for applying deductibles, used particularly by sole traders, should help improve the conditions for entrepreneurs.

### **Increasing social contributions and health contributions**

The amendment No. 285/2016 Coll. amending and supplementing the Act No. 461/2003 Coll. on Social Insurance, as amended, and amending the Act No. 462/2003 Coll. on compensation of earnings during an employee's temporary incapacity for work and on amendments and supplements of certain acts, as amended (amendment effective from 1 January 2017) **changed the amount of the maximum assessment base from the original 5-times the average wage of EUR 4,290 to 7-times the average wage. The maximum assessment base valid from 1 January 2017 to 31 December 2017 applied to all social insurance funds - sickness insurance, pension insurance, unemployment insurance, guarantee insurance, solidarity reserve fund (with the exception of accident insurance) and amounted to EUR 6,181.** Such change in the form of increased contributions affected a certain number of employees with earnings in the above-stated range, employers and sole traders with high incomes.

The amendment No. 356/2016 of the Act No. 580/2014 on Health Insurance and on amendments and supplements of the Act No. 95/2002 Coll. on Insurance and on amendments and supplements of certain acts, as amended, and amending and supplementing certain acts **abolished the maximum limit for calculating health contributions. If the assessment base for 2017 is over EUR 52,980, all sole traders, employers and their employees will pay higher contributions than before 2017.**

### **Cancelling the quantitative limit of till receipts**

The amendment published under the No. 180/2017 Coll. omitted the provisions of Section 4a (2) of the Act No. 289/2008 Coll. on the Use of Electronic Cash Register and on amendments and supplements of the Act of the Slovak National Council No. 511/1992 Coll. on Tax Administration and Fees and on Modifications to the the System of Regional Financial Authorities, as amended. Omission of the above-stated provision from the Act cancelled the conditions of use of electronic cash registers by businesses if the number of the issued till receipts has not exceeded 3,000 pieces in one calendar month. Effective from 1 September 2017, all businesses may use electronic cash registers without any limitations. At the same time, a temporary provision related to changes effective from 1 September 2017 [Section 18cc] lays down the possibility for businesses whose use of electronic cash registers was cancelled by the Financial Directorate of SR because they had exceeded the permitted number of issued till receipts in accordance with Section 15a (4) of the Act No. 289/2008 Coll. in the wording effective before 31 August 2017 to start using electronic cash registers again. Any entrepreneur wishing to be assigned a new electronic cash register code is obliged to submit a written request to any tax authority.

### **Amendments of legal regulations approved in 2017 and becoming effective after 1 January 2018**

In 2017 several significant **changes to the Commercial Code** were approved. The amendment published under the No. 264/2017 Coll. amending and supplementing the Act No. 513/1991 Coll. the Commercial Code, as amended, and amending and supplementing certain acts should enhance the quality of the business environment. The above-stated amendment of the Commercial Code has a divided effectiveness - most provisions became effective on 1 January 2018 and certain provisions will become effective only on 1 September 2018. The adopted amendment focuses on fraudulent mergers of companies, introduces mechanisms against the so-called straw men and increases the liability of statutory bodies and shareholders of companies. Provisions governing violations of a trade secret have also been inserted in the Commercial Code.

The aim of the amendment of the Commercial Code is to prevent any fraudulent mergers of companies. The change thus responds to issues arising in practice which are caused by chain mergers and acquisitions of companies initiated with the intention to avoid proper performance of obligations during company liquidation or insolvency.

The lawmaker's intention was also to ensure greater liability of statutory bodies of companies. The above-stated change will affect also shareholders of companies in selected cases when they perform actions aimed at harming the company. Stricter obligations of statutory authorities of companies apply to cases of the so-called de facto liquidation when the last and at the same time the only statutory body resigns from its duties, i.e. that the company has no statutory body. The Act introduced a sanction in the form of a ban to be imposed on any statutory body, as a result of which it cannot perform the function of a member of an authority of a company or a co-operative, based on a court decision for up to five years if it has failed to provide cooperation related to assets and liabilities of the company/co-operative in accordance with legal regulations during bankruptcy, enforcement related to assets of the company/co-operative or during tax administration.

The Act No. 264/2017 Coll. introduced changes of certain obligations which businesses are required to comply with. It introduces the obligation to prepare an auditor's report in which the auditor will attest that the value of the successor's equity will not be negative as of the merger effective date. Companies which need not be audited are also obliged to prepare an auditor's report when they are being disestablished. The report is supposed to attest that the assets and liabilities of the company which is being disestablished correspond to reality as of the date preceding the reference date. The above-stated obligation applies also to Slovak companies which are being disestablished during cross-border acquisitions. Entrepreneurs will have a new obligation to file a motion for registering a merger in the Commercial Register no later than 30 days after the date when the merger/acquisition contract or the division project has been approved. If they fail to do so in the above-stated period of time, it is understood that the companies involved in the merger have withdrawn from the merger/acquisition contract.

The above-stated amendment introduced a ban on company merger in cases when as of the effective date of the merger the value of equity of the successor company is negative, the companies to be merged are in liquidation or effects of a declared bankruptcy act on them, or they are subject to proceedings regarding their disestablishment.

In view of the above-stated amendment, shareholders in any limited liability company cannot transfer their share onto a different shareholder or other person if the company is subject to proceedings regarding its disestablishment, if the company has been disestablished by court or based on a court decision or if effects of a declaration of bankruptcy or restructuring permission act on the company. The transfer ban applies also to cases when a company has no bodies registered in the Commercial Register or when a company has failed to perform the obligation to archive its financial statements in the collection of deeds in accordance with the Commercial Code.

The amendment introduced the need to obtain an agreement of the Social Insurance Agency with erasure of a company from the Commercial Register if the company is contained in the list of debtors of the Social Insurance Agency. The above-stated applies to cases when companies file a motion for erasure from the Commercial Register and not to cases of disestablishment of companies without liquidation with a legal successor.

On 12 October 2017 the National Council of SR approved the **Act No. 280/2017 Coll.** on providing **support and subsidies in agriculture and rural development** and on amending Act no. 292/2014 Coll. on the contribution from the European Structural and Investment Funds

and on amendments and supplements of certain acts, as amended (hereinafter referred to as the "Act No. 280/2017 Coll."). The new Act is a legislative replacement of the Act No. 543/2007 Coll. on the competencies of state administration authorities related to provision of support in agriculture and rural development, as amended. The Act No. 280/2017 Coll. entered into force on 1 January 2018.

It lays down the competencies of state administration authorities when providing support in agriculture and rural development (hereinafter referred to as "support"), the competencies of state administration authorities when providing subsidies in agriculture and rural development (hereinafter referred to as "subsidies"), **the procedures and conditions of providing support and subsidies, the rights and obligations of persons in relation to provision of support and subsidies, the Agricultural Advisory System, proceedings regarding direct support and liability for any violation of the obligations laid down in the Act. It also governs the protection of financial interests of the European Union under the European Agricultural Guarantee Fund (EAGF) and under the European Agricultural Fund for Rural Development (EAFRD).**

From the point of view of applicants - farmers for the so-called direct support, the most significant change is regulation of proceedings regarding direct support, stipulated in provisions of Sections 23 to 36 of the above-stated Act. The above-mentioned legal regulation applies to all applications filed in 2018, with the exception of extraordinary remedies in the case of decisions which entered into force before 1 January 2018.

In 2017 several measures were implemented which were aimed at combating tax avoidance, preventing profits from being transferred outside the territory of SR and increasing tax transparency. **The amendment of the Income Tax Act (Act No. 595/2003 Coll.) published under the No. 344/2017 Coll. introduced a new corporate income tax rate amounting to 21%, effective from 1 January 2018.** The aim of the tax payable when a company is leaving the Slovak Republic is to make sure that if the tax-payer is transferring the company assets, changing his/her tax residence or transferring his/her business activities or a part of them outside SR, the tax-payer has taxed the economic value of all profits made in our country in SR, also in cases when such profit was not made at the time of the departure. In accordance with the Act, such tax applies also when a Slovak company has transferred its assets abroad, while it need not be a transfer of property in the form of assets. The above-stated applies to any transfer of property between headquarters and a permanent establishment, when both represent one legal person and the property owner has thus not changed, but any property transferred from Slovakia abroad will have to be taxed as if it was being sold. The amount of the tax payable upon departure will be equal to the difference of the market value of the transferred property and its tax value; fictive sale of the company's assets will apply during taxation.

On 1 January 2018 the **amendment No. 275/2017 Coll. introduces** a new **sanction** in the Accounting Act (Act No. 431/2002 Coll.) in **the form of the possibility to terminate the trade authorization.** Such sanction may be imposed for particularly serious breaches of the Accounting Act, such as committing several administrative offences, a failure to keep accounts, to prepare financial statements, etc. When the Tax Authority has repeatedly discovered that administrative offices have been committed, it will impose a sanction or it may file a motion for terminating the trade authorization. The above-stated amendment of the Accounting Act has **extended the period of archiving accounting documents from the original five to ten years.** The new period of archiving will apply also to such documents the five-year archiving period of which did not expire before the end of 2017.

Another amendment which was approved by the National Council of SR on 19 October 2017 and which entered into force on 1 January 2018 is the amendment **No. 294/2017 Coll.** the content of which **amends the Act No. 82/2005 Coll. on Illegal Work and Illegal**

**Employment.** The amended wording of Section 2 (2) (b) changes the notion of illegal employment. Before the amendment became effective, illegal employment was understood as any delayed performance of the obligation to register an employee in the Social Insurance Agency, even when discovered only during an additional inspection. As a result of such delayed registration in the Social Insurance Agency, a fine ranging from EUR 2,000 to 200,000 is imposed and the employer is listed in the list of illegal employers which makes it impossible for the employer to draw state aid or to have any applications for EU funds approved, and it increases the risk rating awarded by banks. According to the new legislation any registration of an employee in the Social Insurance Register within 7 days after the work performance start will not be considered illegal employment and no sanctions will be imposed on the employer for violating the illegal employment ban, unless an inspection starts at the employer's within the above-mentioned period of time. If an inspection starts earlier than 7 days after the employee started working for the employer and the employer has not registered the employee, it will be considered illegal employment.

On 23 March 2017 the National Council of the Slovak Republic approved the **Act No. 90/2017 Coll. amending and supplementing the Act No. 79/2015 Coll. on Waste** and on amendments and supplements of certain acts, as amended. Starting from 1 January 2018, all packaging producers who provide light plastic bags (less than 0.5 mm thick) to customers shopping for goods or products are obliged to charge them (the above-stated obligation does not apply to very light plastic bags) and to provide also other kinds of bags. In accordance with the Decree No. 246/2017 of the Ministry of Environment of SR on the recording obligation and the reporting obligation all entities providing bags to end consumers to carry their goods have to keep records of and report the quantities of all packaging materials. The records need to be kept from 1 October 2017. The first statement for 4Q 2017 is going to be submitted in January 2018. The records need to be stored in a digital or written form for a period of five years. The amendment No. 290/2017 approved on 29 November 2017 has **reduced the extent of obligations for small entrepreneurs - producers of packaging and non-packaging products who will place on the market fewer than 100 kg packaging or non-packaging products per year in aggregate in Slovakia**. They are obliged to: **file a request for registration in the Register of Producers of Non-Packaging Products** and to report any changes of the registered data, **keep and store the records of non-packaging products** and to report data from it to the Ministry of Environment of SR and to store the reporting data. The records and reports need to be stored for 5 years.

On 19 October 2017 the National Council of the Slovak Republic approved the **Act No. 289/2017 Coll. amending and supplementing the Act No. 355/2007 Coll. on the Protection, Support and Development of Public Health** and on amendments and supplements of certain acts, as amended. The above-stated amendment **became effective on 1 July 2018** and it introduced significant **changes in the occupational health service** (hereinafter referred to as "OHS"). In accordance with the legislation, the occupational health service provides surveillance for employees as well as professional and advisory activities for employers to help them perform their obligations specified by the occupational health and safety legislation. It primarily ensures healthcare for employees at their workplaces. Its main goals include performing activities aimed at prevention of occupational diseases and occupational accidents and at ensuring the employees' ability to work.

**OHS provided by the employer in relation to employees included in the works category 1** (category of no-risk employees, e.g. administration staff) **and employees included in the works category 2** (category of employees with minimum risk, e.g. manual works without exceeding the specified limits) **has been reduced** significantly. Contrary to the previous legislation, the current legislation does not oblige the employers employing

employees included in the works category 1 to annually **assess the health risk and categorization of works at a workplace** of their employees. Employers perform the above-stated obligation one time and they repeat it only in cases of a major change to the health risk. A change affected also employees included in the works category 2 where the obligation to assess the health risk has been extended from 12 months to 18 months. There were no changes concerning employees in the categories 3 and 4.

Having assessed the health risk, the employer will **prepare a written risk assessment**, including categorization of works from the point of view of health risk. Such assessment needs to be prepared also in the event of any significant change in the working conditions affecting the degree of the health risk or the work category. It is necessary to emphasize that new employers who will start employing employees after 1 July 2018 should perform the occupational health risk assessment already when starting their activities or when starting the operation in their work premises. Another change which has occurred in relation to the adopted amendment of the Act on Protection, Support and Development of Public Health is **cancellation of a certificate of a security technician, authorized security technician and security and technical service for performing the occupational health service**. In the event of any major changes to the health risk or to categorization of works, the employer may have OHS performed by its own services (the employer is not obliged to report it to the relevant public health authority) or by a supplier. OHS activities for employers (employing employees of categories 1 and 2) may be performed by a **public health officer** who has previously worked for a public health authority or an occupational health service for at least two years, **doctor - specialist, healthcare professionals in an occupational health service team**.

Another change in employers' obligations is to **keep and store records of employees performing the work classified in categories 2, 3 or 4 who are exposed to certain work and work environment factors** (e.g. noise, vibrations, cold, laser radiation, etc.) The records in accordance with the legislation needs to contain several specific details. The amendment No. 289/2017 Coll. introduces an **express obligation of the employer to enable OHS to have access to the workplace and to provide it with all necessary information**. The employer is also obliged to **provide cooperation to a relevant public health authority** when investigating the work conditions and the form of work of an assessed person in the event of any suspected occupational disease or its threat.

**The Act No. 238/2017 Coll. amended the Act No. 305/2013 Coll. on the Electronic Form of Governance Conducted by Public Authorities** and on amendments and supplements of certain acts (**e-Government Act**), as amended. The above-stated amendment became effective on 1 April 2018 and its aim was to make adjustments mainly in order to unify the used tools, to simplify the use of electronic services and to introduce a mechanism for checking compliance with the obligations. The amendment focused on legal regulation in the following areas: unifying the delivery in cases when the electronic mailbox is not activated; introducing the obligation to use a central electronic filing office; simplifying the process of "signing" electronic filings; unifying the form of payment of fees and enabling payments with cards; strengthening the building of common modules and their repeated use by public administration authorities; institutionalizing the government cloud; adjustments related to secured conversion and introducing sanctions for breaking the law. The Act also lays down changes related to authentication, use of electronic forms and electronic delivery.

A stable and foreseeable legislative framework is a crucial factor of a high-quality business environment. From a long-term point of view, the legislative framework for entrepreneurship is perceived negatively, particularly due to its frequent changes. As results from the table below, key legislative regulations which have an effect on entrepreneurship were amended in more than 33 cases in 2017.

Table 33: Summary of amendments of key entrepreneurship legislation

Act name	Adopted on	Total number of amendments	Number of amendments in 2017
Trade Licensing Act (No. 455/1991 Coll.)	1991	130	3
Entrepreneurship Act (No. 105/1990 Coll.)	1990	5	0
Labour Code (No. 311/2001 Coll.)	2001	41	3
Social Insurance Act (No. 461/2003 Coll.)	2003	80	6
Health Insurance Act (No. 580/2004 Coll.)	2004	50	4
Commercial Code (No. 513/1991 Coll.)	1991	47	1
Tax Code (No. 563/2009 Coll.)	2009	27	2
Income Tax Act (No. 595/2003 Coll.)	2003	74	4
Value Added Tax Act (No. 222/2004 Coll.)	2004	26	1
Act on Local Taxes and Local Fee for Municipal Waste and Minor Construction Waste (No. 582/2004 Coll.)	2004	25	2
Building Act (No. 50/1976 Coll.)	1976	37	0
Public Procurement Act (No. 25/2006 Coll., 343/2015 Coll.)	2006, 2015	35	3
Bankruptcy and Restructuring Act (No. 7/2005 Coll.)	2005	27	2
Accounting Act (No. 431/2002 Coll.)	2002	24	2
Act on Occupational Health and Safety (No. 124/2006 Coll.)	2006	12	0

**Source:** Collection of Acts, prepared by SBA

## 7.2 Summary of conclusions from the business environment analyses performed

Based on statistical and other data, the Slovak Business Agency regularly monitors and evaluates indicators related to SMEs' business activities. Such data is complemented with analyses from various areas of Slovak economic environment which look into the status and trends which are examined less from both theoretical and statistical point of view, and they present such findings also in comparison with foreign countries. Such analyses often contain recommendations regarding potential changes to conditions of entrepreneurship in Slovakia.

The ***Slovak Family Business Study*** came to the conclusion that family business may be considered as the most stable form of entrepreneurship globally. However, only 5 European countries have such notion defined in their legislation what hampers preparation of international comparisons and statistics which would be built on a uniform basis and would help develop family business in all EU countries, including Slovakia. **It is difficult to define a family business since the Slovak legislation does not know the notion.** Nonetheless, different approaches to defining family businesses are built on four basic aspects which may define family business, such as: (a) ownership of the company is divided into parts among family members; (b) company management or a certain part of it must be composed of family members; (c) trading income is directly used as the main source of maintaining the family; (d) the company directly employs family members. The above-stated study has brought several recommendations in the area of development of Slovak family business. **Legal definition of the notions of family business and family entrepreneurship and their inclusion in legal regulations** should be the basic step in supporting family entrepreneurship. Certain financial incentives such as tax credits used to decrease the tax base, introducing a uniform flat tax with the aim to reduce the administrative burden, decreasing the tax base for employed family members as well as providing 2-year tax credit for companies starting to perform their business activities should **motivate entrepreneurs to establish family businesses.** In the area of employment

the lawmaker should try to define new forms of employment within family members. One of equally important activities for the future is improvement of the education system with a focus on supporting or laying greater emphasis on aspects of business education or including specific topics relevant for family business in business education curricula.

The next analysis is the ***Slovak Start-up Analysis*** which has brought several useful recommendations aimed at supporting the newly established companies starting to perform their business activities. Such area is still quite underdeveloped in this area. Creating a suitable business environment is very important for the development of innovation and start-ups since examples from abroad point out to the fact that during their start-up period companies have the potential to strengthen the competitiveness of the economy as well as to create new jobs. Measures aimed at simplifying entrepreneurship, targeted at SME development, have a similarly beneficial effect on start-ups' business activities. In 2017 the legal definition of 'start-up' stipulated in the Act No. 290/2016 Coll. on Promoting Small and Medium-Sized Enterprises became effective. In practice numerous start-ups most frequently find it difficult to prepare a functional business plan and to acquire investments for growth or continuation in business. Introduction of business education directly in the educational curricula at the level of elementary and secondary schools and universities aimed at promoting business thinking would support the development of start-ups. Cooperation of secondary schools and universities with well established companies would support connection of the knowledge acquired during studies with practical life. Simplification of public administration information systems used by businesses seems to be a suitable measure to support start-ups. One of the first steps was establishment of start-up incubators which at least partially provide the possibility to acquire business education. In addition to the above-stated measures it is suitable to strengthen the activity of the "start-up eco-system" in the regions by establishing a network of business centres in regional towns what would eventually contribute to the innovation potential within the regions.

With its content the ***Analysis of the shared economy in the SME environment*** dealt with the importance of the shared economy in the SME environment and its impacts on SMEs. **Shared economy** as such represents an economic system in which property or services are shared by private individuals, be it free of charge or for a fee. **To a large extent, the shared economy is related to the development of entrepreneurship support** and it should therefore be supported by measures of different kinds. With its nature the shared economy creates several opportunities for each individual, while users will gain more possibilities for less money and the provider more possibilities to earn. **Shared economy has a huge potential from the point of view of involvement of specific groups of the population (pensioners, students, the unemployed, the disabled) being placed outside outside the economically active population.** It is exactly thanks to such business model that specific population groups may remain in direct connection with the labour market. **The shared economy sector is a suitable opportunity for persons with business ideas but with a lack of financial means** since it can connect such persons with people with no ideas but with access to financing. Shared economy is performed through online platforms, thus enhancing the technical skills of the persons involved. The disadvantage of the shared economy is the fact that the entities involved in the shared economy represent a disadvantage for the state budget due to a loss of the tax income.

The **Analysis of size criteria in Slovak legal frameworks related to entrepreneurs imposing particular obligations on the entrepreneurs** has provided several recommendations, including a proposal consisting a **uniform setting of a framework of size categories of companies** existing in the legal order of the Slovak Republic. Since a large number of legal regulations is currently based on European regulations and directives, it is necessary to look for a system-based solution applicable to all existing as well as new obligations bound to the number of employees, turnover or balance amount in accordance with recommendations of the European Commission. This would enable investors from other EU Member States to be sure that certain obligations are equal in their own country and in Slovakia. As long as one of the **size criteria should be the number of employees**, such criterion should count with a clear definition of the employee's position as well as with calculating an average of the total number of employees for a particular period of time in accordance with the definition recommended by the European Commission. By examining particular provisions of the Act No. 340/2012 Coll. on Payments for Public Services Provided by the Slovak Radio and Television; the Act No. 124/2006 Coll. on the Occupational Health Safety; the Act No. 314/2001 Coll. on Fire Prevention; the Act No. 580/2004 Coll. on Health Insurance, the Act No. 5/2004 Coll. on Employment Services; the Act No. 311/2001 Coll. the Labour Code and other legal regulations the above-stated analysis has come to a conclusion of different legal division of companies depending on the number of employees. Since different obligations are imposed by the above-stated acts and their extent depends on the number of employees, it is necessary to unify such classification criteria of division of companies according to the number of employees in accordance with the recommendation of the European Commission. The above-stated may be achieved by using the legally defined notion of "average number of employees" (number of employees calculated as an average of end statuses in individual quarters in the accounting period in which only fully employed persons are included and persons on maternity and parental leaves, employees sent to schools, courses, employees whom unpaid leave has been provided, persons with whom agreement has been concluded on work performed outside employment, entrepreneurs, employees who have deliberately left their work and their absence has not exceeded 4 weeks). The **definition of "annual turnover" should be clarified** or replaced with a different general term. In view of the recommendation resulting from the above-stated analysis, the definition should cover all business entities regardless of the form of their business. This will eliminate the advantage of such SMEs which do not prepare and approve financial statements (the obligation to prepare financial statements applies to companies which are considered entities; however, not all companies are entities what naturally means that they have no obligation to prepare financial statements. One of the measures which will help deal with the issue is also a **more exact definition of a 'balance sheet total'**. Since the multinational and national legislation governs only financial statements of such entities (companies) which keep accounts in the double-entry bookkeeping system, the current definition of SMEs does not provide a clear manual for such companies which do not keep their accounts in the 'cash basis' system.

In spite of the fact that the Slovak unemployment rate has had a decreasing trend in the last few years, too little emphasis is placed on eliminating the regulatory and administrative burden related to employment. This issue was dealt with by the **Analysis of the Regulatory Burden Related to Employment in Micro and Small Enterprises**. Any entrepreneur who decides to become an employer needs to perform a lot of duties resulting from legal regulations. The number of obligations and regulations related to employment increases with an increasing number of employees but it is inappropriately burdening already from the first employee. It is challenging for SMEs to constantly monitor the relevant legislation and its frequent changes; reducing the number of changes to legal regulations would partially help overcome the problem. Another measure improving the employment in Slovakia is establishment

of a uniform electronic platform which would enable employers to submit all filings related to the employees. Establishment of the electronic platform is also related to the need to ensure functional operation of all electronic systems. It might also be noteworthy to reassess the extent of data required from employers by the Statistical Office. Several measures proposed in the Analysis were already implemented in the Slovak legislation during 2017 and in the first half of 2018, such as the request to register/de-register employees in the health insurance company within 8 days after the employment start and removal of the obligation to state data according to the Labour Code in employment confirmations.

Migration is reality in the EU today. From the economic point of view, migration has a lot of positive aspects which may have a beneficial impact on the economic efficiency of the country, e.g. a higher number of productive workers, more tax payers and contributions to social funds and new skills acquired by young people. The Slovak Republic focuses on **supporting controlled legal migration of highly qualified third-country labour force** which will contribute to the overall competitiveness of SR. It is mainly migration of students, scientific and research workers, artists, entrepreneurs and Slovaks living abroad. The **Analysis of the Possibility to Use Increased Migration to EU for Business Development in SR** has come to several valuable recommendations. In order to constantly develop the integration of immigrants in the EU, it is necessary to adopt efficient measures in the form of securing **sufficient financial means for the livelihood and accommodation of immigrants, as well as courses of the Slovak language**, which are a basic precondition for communication and which will enable them to attend re-qualification courses. At both the EU level and the level of bilateral agreements it is necessary to **ensure mutual recognition of education certificates and vocational certificates** as well as to raise awareness of qualification preconditions necessary for occupying the vacancies on the labour market. Other desired recommendations include supporting the initiatives of employers to employ immigrants from third countries and determining the conditions for self-employment of such category of persons.

The **Analysis of the Use of Eco-Innovation and Circular Economy Elements in SMEs** examined eco-innovation projects in Slovakia. According to the European Commission, eco-innovation is any innovation focused on significant and visible progress towards sustainable development, namely through **decreasing the impacts on the environment**, or towards a more efficient and more responsible use of natural resources, including energy. In 2017, Slovakia implemented several measures aimed at improving the environment. Nonetheless, it is necessary to **continue with such efforts and to create a room and support for companies and enterprises with an emphasis on the development of other eco-innovation activities**. It is necessary to **create a compact functional plan to support eco-innovation** in SMEs, involving also state and public administration as well as regional and local administration authorities. Such measure is necessary for creating the highest possible number of companies, i.e. SMEs, the activities of which are aimed at decreasing the adverse effects on the environment. The Ministry of Environment of SR has launched an initiative named "Slovakia without plastic bags" the aim of which is to gradually remove all environmentally unsuitable bags from sales and offer other, environmentally more suitable alternative to customers. Another measure is building **low-energy residential houses and public buildings in accordance with the EU objective** to "force" Member States to make sure that all buildings built before 2020 have almost zero energy consumption. Strict conditions will also apply to all buildings already constructed.

### 7.3 Proposals for improving the regulation in favour of SMEs

The aim of this part of the Report is to present proposals for improving the regulation in favour of SMEs.

During almost three years of its operation in the area of better regulation for SMEs, the Better Regulation Centre has registered hundreds of proposals aimed at improving the entrepreneurship conditions in Slovakia. It has contributed with dozens of its own alternatives and supported many other proposals during consultations many of which have been successfully incorporated in amendments. Based on its experience it would like to point out to the fact that there is no lack of high-quality proposals, but quite the opposite. There are dozens of recommendation documents from NGOs and representatives of businesses or political parties; the proposals are often very similar since problems are dealt with very slowly. Many of them have inspired programme statements or other official government documents. Problems arise when governments are delayed in implementation or fail to implement the measures which they have undertaken to implement. **In 2017, the Government has adopted two important documents aimed at improving the business environment** - with its resolution it first approved Draft measures for improving the business environment as the so-called 1st anti-bureaucracy package of measures which the Better Regulation Centre helped prepare within the 'Doing Business' working group with 60 specific proposals of necessary changes. Then MH SR prepared and the Government approved RIA 2020 – Better Regulation Strategy which the Better Regulation Centre, as a member of the committee for assessing selected impacts, had a possibility comment on based on its practical experience from assessing the impacts on SMEs. In connection to the above-stated approved documents and in view of actual improvement of the legislation influencing the business activities of SMEs in Slovakia, the Better Regulation Centre wanted to emphasize the **need to perform such government obligations by previously specified dates and to act in accordance with the following recommendations when preparing and amending the regulation in the future:**

#### 1. Decrease the administrative burden of businesses with regard to:

- unifying the obligations according to size categories of SMEs and creating simplified modes for microenterprises, e.g. in the following areas:
  - a) tax and accounting obligations;
  - b) public procurement;
  - c) secondary insolvency;
  - d) OHS;
  - e) collective bargaining;
  - f) waste management;
  - g) personal data protection;
- applying the better regulation principles, i.e. before adopting any regulation it is necessary to test its impact on businesses (ex-ante identification of potential impacts), including also legislation presented by MPs in the Parliament or in committees;
- regular audit of any legislation which is already effective (ex-post assessment of impacts on SMEs) and eliminating unnecessary bureaucracy (also based on motions submitted in previous years of the Bureaucratic Absurdity of the Year survey or any measures from various government anti-bureaucracy packages which have not been implemented or draft solutions the final versions of which were not eventually elaborated);

- reviewing and minimizing occurrence of the gold-plating effect, i.e. situations when obligations resulting from Slovak legal standards are stricter than requirements of the EU law;
- existence of a user-friendly web page for SMEs containing their obligations in a clear, understandable and interactive form.

**2. Simplify employment from both administrative and financial point of view with a focus on:**

- reducing the obligations related to employment of even one employee;
- decreasing the tax burden (overall as well as in individual cases - e.g. exempting wage supplements for night work, weekend work and work during bank holiday from levies) and increasing the non-taxable part of the tax base for tax-payers;
- fair solution of mandatory minimum social and health contributions for sole traders (calculated from the average wage vs. from the minimum wage for employees - also with regard to the amount of the pension benefit);
- simplifying the obligations related to occupational health and safety, finishing the liberalization of the occupational health service by removing the last remains of the gold-plating effect;
- resolving the issue of employing low-qualified persons (e.g. with a transitional labour market system - 'wage' part and 'benefit' part);
- supporting the employment of disadvantaged persons (functional social entrepreneurship model).

**3. Enhance the quality of education and vocational preparation in accordance with the trends and the needs of the labour market with the aim to:**

- deal with the application issues of dual education;
- prepare student more practically already at the secondary-school level - basics of entrepreneurship or economics as obligatory subjects;
- resolve the issue of selection of the right profession (assessing the success rate of monitoring tests of students vs. selection of education vs. finding a job on the labour market, and open the issue of creating new systems of selection of primary and secondary school students also by finding inspiration in successful foreign models).

When preparing the Report on the Status of SMEs, the Slovak Business Agency enabled several non-state organizations to comment on the status of the business environment of SMEs in the previous year and also asked the organizations to submit proposals for improving the business environment. The Association of Societies and Unions of Employers of SR, the Slovak association of self-employed trade and craft workers and the Slovak Chamber of Commerce and Industry used the opportunity to express their opinions. As perceived by sole traders and SMEs, the business environment improved only slightly in 2017. Proposals of the above-stated institutions coincided in several areas which need to be reformed urgently according to them.

Creating a favourable environment for employment growth with flexible employment legislation, liberalizing the Labour Code, decreasing the statutory amounts payable by entrepreneurs which are not directly connected to entrepreneurship would **help increase the availability of the labour force**. According to recommendations, the state should also focus on differentiation of social benefits with the aim to increase the motivation to work.

They propose **increasing the employment rate of school graduates and their ability to find job on the labour market** through a major reform rather than through only partial

legislative changes. The above-stated entities propose adapting dual education rules so that they are suitable also for SMEs and not only for large enterprises. It is necessary to increase the efficiency of the education system for actual needs of the economy. Greater motivation of private investments in vocational schools would bring more money to the education system. Legislative regulation of the possibility to conclude contracts with students on their future employment would help school graduates find employment faster after they finish their studies.

**As for taxes**, they propose increasing the efficiency of their collection, preventing tax evasion, adjusting the income tax rate of natural persons to 19% in cases when the tax base is higher than EUR 35,000. The proposed solution will remove the current demotivating limits of the income tax base of natural persons when a natural person - entrepreneur with a prosperous company is "punished" with the highest tax rate (25%) while the top limit for legal persons is 21%. They also propose stabilizing tax obligations, simplifying and increasing the clarity of tax legislation and improving and simplifying tax calculation. Representatives of businesses also point out to the need to **reform the current levy system** and to simplify and increase the efficiency of the health and social welfare system.

Businesses also point out to the need to **improve law enforcement, prevent corruption** and prevent speculative companies (usually with one employee) in the area of acquiring financial aid from the state support or from European sources for the purposes of implementation of large projects. Enhancing the quality of legislation in the form of stabilizing the legal regulations related to entrepreneurship and simplifying the entrepreneurship rules would help improve the business environment.

**General draft measures** aimed at improving the business environment included: supporting the pro-export and innovation state policy, providing only transparent, foreseeable and non-discriminatory investment incentives or decreasing the number of bank holidays.

## 8 Conclusion

In 2017, the business sector was developing in the environment of an increasing performance of the Slovak economy. The Slovak gross domestic product saw an increase by 3.4% compared to the previous year. The dynamics of the economic growth was positively influenced not only by a rising external and domestic demand but also by investment activities of companies. The rise in the economic performance had a positive impact on creation of new jobs what was demonstrated by a drop in the unemployment rate by 1.6 p.p. to 8.1%. SMEs also contributed to the positive development of the Slovak economy and their number increased by 1.8% compared to the previous year. In comparison with 2016, the business activity of SMEs increased, mainly thanks to a rise in the number of newly established SMEs (by 11.2%) From the regional point of view, SMEs were concentrated mainly on the territory of the Bratislava Region which has long been the best performer from among all Slovak regions. Entrepreneurs aged 40-49, representing more than a quarter of the total number of natural persons - entrepreneurs, were the most active. Improvements were also seen in economic and financial indicators of SMEs. Gross production, added value and pre-taxation profit of SMEs increased compared to the previous year, both in absolute and relative terms. The proportion of SMEs - LPs in gross production in the non-financial business sector amounted to 44.3%, in added value to 53.6% and in pre-taxation profit to 48.7%. The proportion of SMEs in employment in business economy amounted to 73.8% In spite of a long-term growth in export and import activities of SMEs, the proportion of SMEs in import and export dropped, mainly in export by 1.1 p.p. to 27.9% and in the case of import by 1.6 p.p. to 40.5%.

Last year SMEs were supported mainly by finances from the state budget and from the EU Structural Funds and partially also by other sources. Similarly to previous years, non-repayable aid in the form of grants prevailed and innovative financial tools still failed to be launched in 2017. Other tools such as active labour market policy measures and venture capital were also aimed at supporting the SME sector. Regarding the structure of the financing forms, credits from the state budget dominated in 2017 with a proportion of 30.05%, followed by grants from the state budget with 19.44% and active labour market policy measures with 19.31%. Credits supported by the EU had also a significant proportion (15.39%) in financing SME in the period under review. The support under the Common Agricultural Policy represented 4.95% of the SME support. Guarantees represented 7.86 % of the amount drawn by SMEs, while the proportion of EU grants reached 1.57 %. In 2017 the proportion of SME financing through venture capital funds amounted to 0.73% and through incentives to 0.72%. From the point of view of negative development, there was a significant change mainly in the support within EU grants which dropped by as much as 97.35 % compared to the previous year (- EUR 230.56 million) due to the fact that a new programming period for EU funds is starting.

Looking at a year-on-year comparison of the total amount drawn by SMEs from public financial tools, we may see a decrease in the amount of the drawn funds by 42.95% to EUR 400.90 million in 2017.

The GEM 2017 survey results show a slight increase in self-confidence of the adult population (aged 18-64) in business activities. Every other Slovak inhabitant prefers entrepreneurship as a suitable career choice. Continuous improvement of the access of SMEs to financial sources is also seen positively. Compared to EU-28, the Slovak SMEs are still lagging behind in the use of such forms of financing as grants or venture capital. Slovak SMEs perform worse also when it comes to obtaining bank credits. SMEs mostly use the acquired finances as their working capital or invest them in real estates, machinery and equipment.

Other challenges which SMEs have recently faced may also be identified from the surveys. SMEs face the problem of availability of qualified labour force and experienced managers increasingly more. Development of foreign-trade activities and the related use of support measures have long been an issue for SMEs in Slovakia. Slovak SMEs usually have a critical opinion on the common EU legislation which, according to representatives of SMEs, increases the bureaucracy and costs of administrative processes of companies. From among EU countries only the Czech Republic and Austria have a more negative view of the bureaucratic burden related to application of the EU legislation. Opinions on the independence of courts and judges are also worrying - Slovakia has the least positive view from among all EU Member States.

In the near future it will be crucial for most family businesses to successfully manage the succession process since only about one third of family businesses has undergone or is currently undergoing such process. As many as nine out of ten representatives of Slovak family businesses believe that mainly decreasing the administrative and tax burden would promote a further development of family businesses.

In 2017 Slovakia adopted several significant legislative regulations promoting the business activities of SMEs. Since SMEs are a pillar of the Slovak economy, it is necessary to continue improving the conditions of such enterprises. There were several important milestones in 2017. The Act No. 290/2016 Coll. on Promoting Small and Medium-Sized Enterprises which is all focused on SMEs and which is supposed to support the development of the business environment entered into force in 2017. An amendment of the Commercial Code, laying down a new legal form of a business company - simplified joint stock company - became effective and its intention is to facilitate entrepreneurship mainly for start-up founders. Last year also the Act No. 307/2016 Coll. on the Dunning Procedure became effective the legal standards of which created an electronic alternative to the existing payment order mechanism what should contribute to faster law enforcement. The aim of the amendment of the Enforcement Code was also to support more efficient law enforcement. It introduced a specialized court with specialized judges what should accelerate the enforcement procedure and decrease the burden of other general courts. In addition to the above-stated legislative changes, numerous other partial measures which we have mentioned in the 'Legislative development' chapter were adopted with the aim to support the business environment.

In 2017, the Slovak Business Agency was monitoring the status and development of the business environment while it published the results of its findings in a number of analyses related to specific issues concerning entrepreneurs. Each analysis expresses observations and recommendations which, based on their nature, should help extend the knowledge about the possibilities of development and improvement of conditions of SMEs. In the Report we are also presenting the results of the effort to improve the business conditions in Slovakia which the Better Regulation Centre has contributed to for a third year in a row. It has submitted several proposals for improving the business environment not only to the Ministry of Economy of SR. Non-state organizations representing sole-traders and SMEs were also given a possibility to present their proposals for improving the business environment in administration and their suggestions include removal of numerous partial legislative deficiencies.

For Slovak entrepreneurship to flourish it is necessary that the executive power as well as lawmakers initiate a more effective dialogue and systemic cooperation, and consider the proposals and recommendations of entities striving to improve the business conditions in order to create a legislatively stable framework and minimize the administrative burden for businesses.

## Annexes: Infographics

