

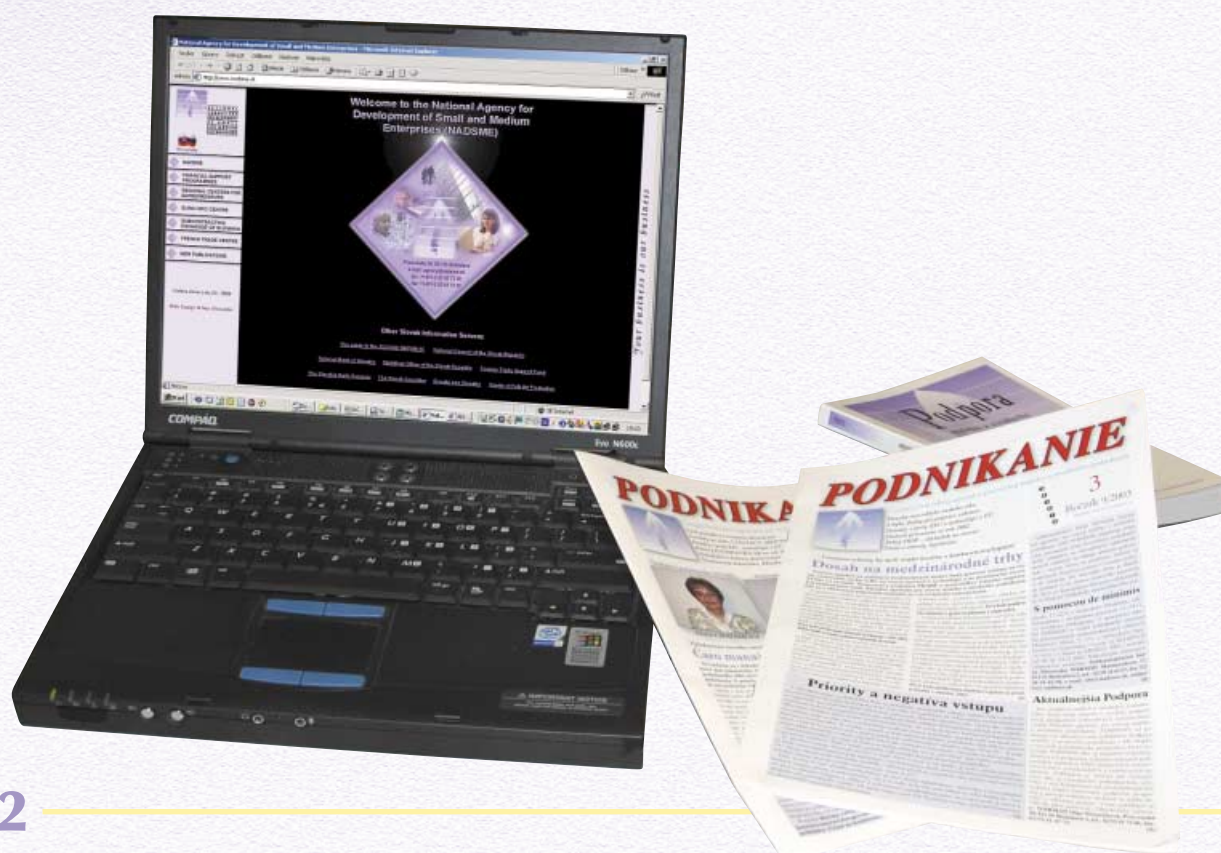


N A T I O N A L  
A G E N C Y F O R  
D E V E L O P M E N T  
O F S M A L L  
A N D M E D I U M  
E N T E R P R I S E S

**Annual report**  
**2002**  
**Slovak Republic**



## National Agency for Development of Small and Medium Enterprises



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**National Agency for  
Development of Small and  
Medium Enterprises**



# Address by NADSME's Director General

The previous year 2002 shall be recorded in the history of the Slovak Republic with capital letters: the completion of the negotiations with the European Union peaking in Slovakia having been invited to join the EU, as well as the invitation to join the NATO undoubtedly mark the most important events our society has witnessed in recent years.

It was also the economic development of Slovakia and the ability of the country to meet the economic criteria requested by the EC that significantly helped these successful steps. And it was the sector of small and medium enterprises, a firm component of any dynamically developing society, which has played an also significant role in this process.

In connection with the preparation of the joining of a new socio-economic space, also efforts to support and develop the business sector needed acceleration.

I am pleased to state in this context that our intentions and goals concerning support and development of this sector could be successfully met. The dynamic development was also projected into our programmes, and the year 2002 was among those more ample ones from also the aspect of disposable funds which could be channelled into this sector. Emphasis was laid upon intensifying assistance to enterprises whose ambition is to get involved into international co-operation and penetrate, with their services and products, to the developed markets of the European Union. Improved competitiveness of small and medium enterprises and their penetration of new markets have been and will remain the creed for the period of our preparation for EU accession. Successful implementation of plans and goals in an overall volume of almost 1 billion Sk got manifested in mainly expanded credit and loan programmes, improved technological standard and implementation of quality management systems in companies, in the construction of support infrastructure for starting businesses in form of the setting up of business incubators and expanding counselling and information services. Active seeking of business partners via subcontracting, and utilisation of the available databases of the Euro Info Centre network to establish new contacts on the EU market completed the framework of rather comprehensive activities which any interested party from among small and medium enterprises could have chosen from.

Apart from programme activities oriented directly to businesses, the development of the support policy for the period 2002 – 2005 should not be forgotten either: it reflects the medium-term development strategy of this sector. Financial support and close co-operation with numerous organisations which associate entrepreneurs on professional basis, was an important aspect of also the development of suggestions how to improve the business environment in Slovakia.

The purpose of this Annual Report is to provide the wide professional public with more detailed information about the activities undertaken in 2002, as well as on their funding.

I should like to take this opportunity to thank all those who contributed by their work to the successful meeting of our goals in 2002, and should like to invite all those who are interested, to join open co-operation during the period to come, to help implement support activities to the benefit of the development of small and medium enterprises in Slovakia.

Juraj Majtán  
Director General

# I. Co-ordination, information and legislation-related activities

Based on the appointment by Ministry of Economy of the Slovak Republic, National Agency for Development of Small and Medium Enterprises (NADSME) co-ordinates activities oriented towards promotion and development of small and medium enterprises (SMEs), and takes the role of a versatile information centre for entrepreneurs at domestic and international level, organizer of training and educational programmes, and implementator of a wide range of financial support programmes for SMEs. Upon taking care of its activities, it closely collaborates with organisations of entrepreneurs and institutions oriented towards promotion of SMEs in Slovakia. As part of such activities, legislation-related, information and co-ordination activities are being undertaken which can be summarised as follows:

- NADSME activities under the National Programme for the Adoption of the Acquis Communautaire (NPAA)
- co-operation in the implementation of state support and development of SMEs
- co-operation with institutions which associate entrepreneurs
- activities to improve SMEs support efficiency
- information activities
- business environment monitoring

## **NADSME activities under the National Programme for the Adoption of the Acquis Communautaire**

The need to create suitable conditions for our full-fledged membership in the European Union intensifies with the approaching Slovakia's accession. The National Programme for the Adoption of the Acquis Communautaire (NPAA) is the key document in the process of our approaching the European Union. Under the NPAA, the Agency has been taking care of the fulfilling of the tasks with respect to SMEs.

Among the activities taken up in 2002, the current status of the various priorities was evaluated, along with the status of the commitments under the closed negotiation chapter, and development of positions on technical adjustments in the Accession Agreement, Chapter 16 dealing with SMEs. At the same time, background documents were prepared for Report on Slovakia's Preparedness for EU Membership for the Period September 2001 – August 2002.

## **Co-operation in the implementation of state support and development of SMEs**

Pursuant to the Resolution of the Government of the Slovak Republic No. 726/2000, the regular Report on the Status of SMEs and Their Support in the Slovak Republic was drafted. The Report was presented to the session of the government and subsequently to the parliament. Apart from other sections, the Report evaluated the business environment and all the mechanisms that support SMEs development. A number of suggestions were made concerning measures to be taken to improve the business environment and to strengthen the dynamics of SMEs development. The key area for which improvements were suggested for the business environment concerned the financial burden upon enterprises and administrative barriers to business.



## National Agency for Development of Small and Medium Enterprises

### Activities to improve SMEs support efficiency

In developing measures to improve business environment, also assistance of foreign EU experts is being taken advantage of. In 2002, technical assistance concerned the development of the medium-term state SMEs support policy for 2002 – 2005. As part of the project, amendments to existing laws on health and social insurance were reviewed and suggestions were extended for additional amendments, aiming at reducing the administrative demands in this area. Apart from selected foreign experts from EU Member States, also relevant ministries and organisations which associate entrepreneurs were involved in the project. After a review by the management of Ministry of Economy of the Slovak Republic, the Draft Medium-term State SMEs Support Policy for 2002 – 2005 was forwarded to intersectoral commenting procedure, and it will be submitted, with comments from the sectors incorporated, to the session of the government of the Slovak Republic.

In April 2002, NADSME in working together with Association of Entrepreneurs of Slovakia, Slovak Union of Crafts, and Slovak Chamber of Crafts, and under financial assistance from the EU, organised an international conference on small and medium enterprises entitled “Small and Medium Enterprises in the Slovak Republic at the Threshold of the European Union”. The conference was staged in Bratislava, under the auspices of the Prime Minister of the Slovak Government. The aim of the conference was to define the current position of small and medium enterprises within the macro-economic environment, to point at their economic and social functions and importance, and to evaluate their development and the current status, mainly from the aspect of Slovakia’s preparedness for EU accession; also, it analysed the various forms of their support and compared the approaches of the various European countries to the development policy and/or support tools for small and medium enterprises.

There were 230 participants, including 50 from abroad attending the conference, representatives of economic life in Slovakia, representatives of the European Commission and foreign institutions active in the field of small and medium enterprises, representatives of embassies of some countries participating in the implementation of SMEs support programmes in Slovakia, representatives of partner institutions from abroad and of cooperating banks. Conclusions of the conference were presented to the respective sectors and projected into suggestions to improve the business environment in the period to come.



From the left: K. Pavlů – President of Association of Entrepreneurs of Slovakia, J. Majtán – Director General of NADSME, M. Kadlečíková – Deputy Prime Minister of the Slovak Republic, E. van der Linden – Head of EC Delegation/Ambassador and President of Slovak Association of Crafts – A. Buben.

## Co-operation with institutions which associate entrepreneurs

Significant attention is being also paid to support of institutions which associate entrepreneurs. The aim is to reinforce their infrastructure, technical backyard, as well as to support specific events and projects organised by these institutions.

Targeted method of support which is appreciated by the institutions, was implemented last year from PHARE programme funds through a grant scheme to support organisations which associate SMEs. Grant applicants were selected in a tender with 23 applicants participating; a total of 15 projects were awarded. The grants awarded, in an overall volume of EUR 400,000, were focusing on mainly improvements of strategy and structure of institutions, extending of their membership base, as well as upon counselling and training.

## Information activities

Information campaigns represent an integral component of our activities. We regularly prepare information materials aimed at providing the business community with updated and good quality information. Materials of this kind are rather desired by the community, including: Support of Small and Medium Enterprises – An Initiative Guide; Survey of Legal Regulations for Small and Medium Enterprises; Principal Administrative Steps upon Starting Business; State of Small and Medium Enterprises in the Slovak Republic; and List of State Legislation to Support SMEs. The monthly “Podnikanie” (Doing Business) has become an important means of information, having acquired a relatively large circle of readers. Publications and documents concerning SMEs support published in 2002 were published with financial support from PHARE Programme.

Information provided to the business community and the media about our activities and programmes implemented in collaboration with the network of RAICs and BICs were supplemented with a series of 5 workshops and 6 press conferences organised during the year under financial support from PHARE Programme.

## SMEs on-line

In the attempt to secure an updated and comprehensive on-line information service concerning support of small and medium enterprises in Slovakia intended for businesses and those interested in doing business, the national web page for small and medium enterprises was commissioned last year: [www.msponline.sk](http://www.msponline.sk). The web page deals with programmes, activities, events and institutions oriented on small and medium enterprises in Slovakia. The page was implemented under the state programme “National SME www Page”. As part of the page, there is a portal with principal functionalities for electronic commerce between enterprises. The page is also available in English version.

## Business environment monitoring

In working closely with Statistical Office of the Slovak Republic and its specialised institutions, several national surveys were conducted in a representative sample of enterprises. The surveys concerned:

- problems faced by newly established enterprises,
- equipment of SMEs with information technologies,
- equipment of SMEs with production technologies,
- preparedness of SMEs for Slovakia's accession to the European Union,
- innovations in small and medium enterprises,
- the business potential in Slovakia.



## National Agency for Development of Small and Medium Enterprises

Outputs of these studies are being used to develop more efficient support programmes as well as to shape development policy of the business environment.

### Outstanding Woman Entrepreneur 2002

In working together with the civil association Top Centre of Woman Entrepreneurs and the Consortium Let's Do It!, the 4<sup>th</sup> year of the competition "Outstanding Woman Entrepreneur of the Slovak Republic 2002" was organised.

A total of 55 woman entrepreneur from various regions of Slovakia participated. The candidates represented various sectors of business, such as publishing, trade, jobbing tailors, food industry, graphical design, production of Christmas decorations, design – garden architecture, car service, accommodation and catering services, agri-tourism, truck transportation, woodworking.

The results of the competitions were announced at a festive event on 31 January 2003 at the Mirror Hall of Archbishop's Palace, under the participation of interesting personalities of the political and business life. The Commission awarded prizes in categories Outstanding Woman Entrepreneur of the Slovak Republic, Starting Woman Entrepreneur, and Sympathy Award.



Winners of the various categories (from the right): Sympathy Award–Galina Barčáková; Outstanding Woman Entrepreneur of the Slovak Republic 2002 – Elvíra Chadimová; Starting Woman Entrepreneur – Iveta Kahabková.

## II. Support programmes

The principal orientation of the Agency's activities is on medium-term SMEs-focused priorities defined in the National Plan for the Adoption of the Acquis Communautaire, aiming at promoting competitiveness of our small and medium enterprises upon preparing ourselves for EU accession.

The National Agency for Development of Small and Medium Enterprises implements programmes focused on supporting the SMEs sector, aiming at improving the business-related and managerial abilities. In 2002, the support programmes were mainly financed from PHARE funds and the State Budget of the Slovak Republic. At the regional level, programmes are being implemented by the institutional network of 13 Regional Advisory and Information Centres (RAICs) and 5 Business and Innovation Centres (BICs). The centres are located throughout the territory of the Slovak Republic, and provide people interested in business and existing small and medium enterprises with a comprehensive counselling and information service in business-related areas.

In working together with interested institutions and organisations, also projects were organised in 2002 apart from programmes aiming at targeted support of the development of the individual regions and at securing their getting involved in international projects and/or activities at international level.

With respect to support programmes, Agency's activities are oriented towards 4 priority areas:

- stimulation of the SME sector growth
- raising the competitiveness of SMEs
- internationalisation and penetration of new markets
- facilitation of the access to capital

### 1. Stimulation of the SME sector growth

The need to reinforce the business sector within the national economy of the Slovak Republic remains highly topical. To be able to survive and to further develop in the presence of continuous changes of the market, the business sector has to secure adequate educational potential and the necessary capacities. In connection with the stimulation of the SMEs sector growth, the need becomes ever more pronounced to provide good quality and financially affordable counselling services and training to entrepreneurs, as well as to organise efficient information campaign concerning the existing support activities.

#### **Counselling and information services**

In 2002, SMEs and selected groups of people interested in business were supported through the provision of counselling services (at favourable conditions) by the network of RAICs/BICs. The services were subsidised from State Budget funds and the PHARE Programme. In 2002, the network of centres provided a total of 42,121 hours of counselling to entrepreneurs and people interested in business.

Using State Budget funds, the centres organised 1,823 informative consultations (in a total volume of 911.5 hours of counselling) on SMEs and people interested in business support programmes (both under the heading of NADSME and outside of it), and 4,732 technical consultations (in an overall volume of 10,376.5 consultation hours) in all areas necessary for the development of business activities. For purposes of raising loans, be it under financial support schemes or from commercial sources, RAICs/BICs developed 332 and reviewed additional 95 business plans. By their work, the centres contributed to the establishment of 607 new enterprises, creation of 2,001 new job positions, and helped maintain 2,056 jobs.

#### **Training**

Training of entrepreneurs and selected groups of people interested in business results in strengthening of managerial abilities of the SMEs sector. In 2002, funds were allocated from the State Budget and the PHARE Programme for training of entrepreneurs, and a total of 248 trainings were organised for 3,451 participants.



## National Agency for Development of Small and Medium Enterprises

The State Budget funds were used by the regional centres to organise 32 training courses for 385 small and medium enterprises and people interested in business. The courses concerned topics such as Financial and Other Support Programmes; Promotion of Exports and Investments; Opportunities to Raise Funds Via SAPARD; E-Commerce; Electronic Office; Basics of Doing Business; Business Minimum; Electronic Office – Work with IT; Principles of Computer Technologies; Business Plan Development.

Training of the unemployed is the focus of the co-operation with the association CEPAC Slovakia based on knowledge and experiences of the French association CEPAC Soissons, Picardia. The association provides unemployed people interested in business with Comprehensive Programme of Education and Training (CPET). CEPAC supports the training of lecturers and advisors taking care of CPET through organising technical workshops. During 2002, a total of 37 courses were organised for 574 CPET attendees. A total of 270 courses for 3,840 trainees have been organised since the launching of the project. Under the training courses scheme for lecturers participating in the CPET programme, 16 courses were organised for 219 participants. Overall, 22 courses for 312 lecturers have been organised since the launching of the project. CEPAC also supported the participation of 8 successful trainees at 1 exhibition.

### **Grant schemes under the PHARE Programme**

Two grant schemes were organised in 2002 – Counselling and Training Programme for SMEs, and Training Programme for Young People and Women.

Under the first grant scheme, 18 projects were implemented worth EUR 655,215.83. The final results of the scheme suggested that subsidised informative and technical counselling (a total of 30,609 hours) was provided to 10,749 people interested in business and SMEs clients. A total of 211 training courses for 2,842 participants were organised. Assistance was provided to 29 incubator companies. As part of the projects, specific activities were undertaken, such as technological audits, drafting of technical handbooks, creation of information pages for SMEs and people interested in business, information days in regions, etc.

Funds of the second grant scheme focusing on women and the young, were used to organise 3 projects (worth EUR 25,296). A total of 5 training courses for 76 participants and 15 young and female clients interested in business were organised under the scheme, subsidised informative and technical counselling was provided (a total of 224 hours). At the same time, 26 business plans were developed. Also, a number of specific activities were undertaken, such as making the video-document Examples of Doing Business in Rural Areas; drafting of learning texts for people interested in business.

### **First Contact Centres**

Easy access to the necessary counselling and information services is one of the principal needs when it comes to the establishment of new and development of existing enterprises. The Agency is represented with its institutional network of RAICs/BICs in almost all the regions of Slovakia. Even if the network of the existing centres is distributed equally as to the geographical aspect, a closer contact with clients was missing in the region of Eastern Slovakia where high unemployment rates are recorded. This prompted us to establish 9 First Contact Centres in selected district towns (Bardejov, Brezno, Levoča, Medzilaborce, Michalovce, Poltár, Sabinov, Snina, and Veľký Krtíš) which would mediate first contact with the business environment to people interested in business, and would provide them with information about the opportunities to do business and to receive support within the region.

The staff of the Centres was trained during autumn 2002, and in January 2003, the Centres started activities oriented towards regional development and development of small and medium enterprises aimed at supporting business in their regions.

### **Accreditation for counselling**

A project concerning counselling and education and training implemented by an international team of experts was aimed at improving the quality of advisors and trainers active within the SMEs programmes. As a result of the project, a central training programme for advisors – diagnostics and draft accreditation system of technical advisors for SMEs were developed. Under the project, the experts also developed draft RAICs/BICs activities evaluation system, and defined minimum requirements for the organisation to be part of the network of advisory centres which cooperate with NADSME.

### **Business incubators**

Business incubators represent a significant component of the SMEs support infrastructure world-wide. This system of support is not yet sufficiently developed in Slovakia since a well equipped and functional network of incubators is not available, which would offer entrepreneurs adequate spaces and technical infrastructure, comprehensive services and seed capital. The activities of business incubators reside in the support of starting SMEs upon launching their activities, and of existing SMEs in their further development through establishing adequate conditions for business and through providing of comprehensive counselling and training services. For high-tech companies, also special premises are available, such as laboratories or spaces for testing.

Business incubators were opened and commissioned in Martin and Banská Bystrica in autumn 2002 at a festive occasion. The corresponding projects were implemented with financial assistance from the PHARE Programme. The Martin-based incubator was co-financed by the Dutch government.

Public tenders were opened in 2002 to select contractors of buildings of additional business incubators to be located at Spišská Nová Ves, Rožňava and of technological incubators for Košice, Prešov and Bratislava.



## **2. Raising the competitiveness of SMEs**

Improvement of the competitiveness of the small and medium enterprises sector represents a principal priority of SMEs in connection with the forthcoming EU accession of the Slovak Republic. This requires new methods of SMEs support oriented towards quality control systems, development of innovations and construction of the respective support infrastructure, specialised counselling services and education and training programmes which would contribute to competitiveness improvement of Slovak SMEs in a new, higher quality and pointed competition environment.

### **Quality management system implementation programme – QUALITY**

Support of the competitiveness of Slovak SMEs through financial aid to implement quality management systems according to international standards ISO 9 000, VDA, BS, QS and ISO 14 000 has been the content of the programme QUALITY. The aim of the Quality management system implementation programme "QUALITY" is to strengthen the competitiveness of SMEs through improving the quality of products and services and through increasing the number of enterprises certified according to selected international quality standards.

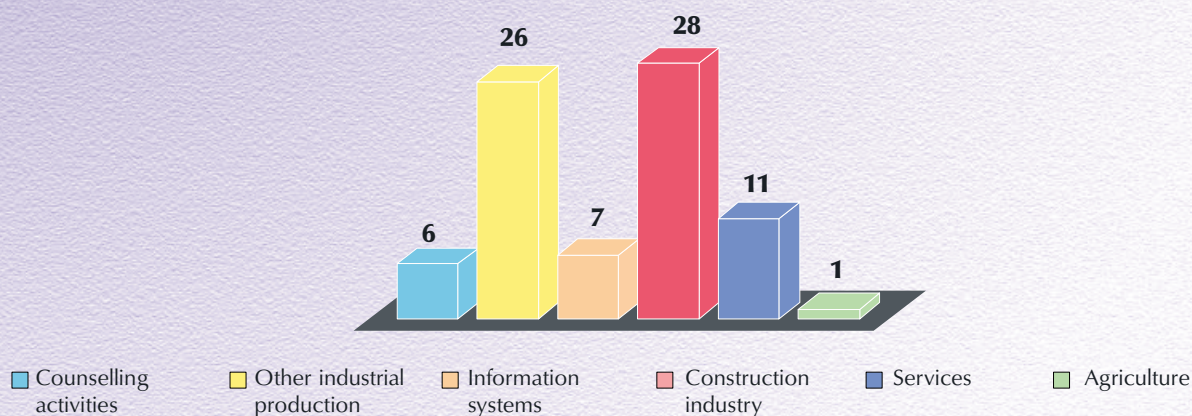
The Grant Commission awarded 138 applications presented by 79 companies in 2002, including 66 grant applications for counselling and training (C&T), and 72 for certification process (C), totalling Sk 7,611,009. Viewed from the aspect of activities, grants were awarded to 28 construction companies, 6 counselling companies, 7 IT companies, 26 companies doing business in other industrial manufacturing sectors, 1 agricultural company, and 11 companies providing services (see Graphics 1). Graphics 2 illustrates the ranking of the regions by the volume of funds granted. Graphics 3 shows the proportions of companies receiving grants by regions.

A total of 261 grants were paid since the launching of the programme through 31 December 2002 (including 129 for C&T and 132 for C) to 150 companies, totalling Sk 15,275,236.



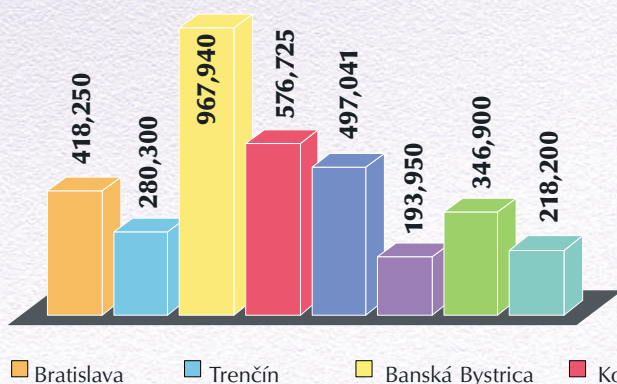
## National Agency for Development of Small and Medium Enterprises

### Programme QUALITY 2002 – overview of numbers of companies receiving grants, by sectors

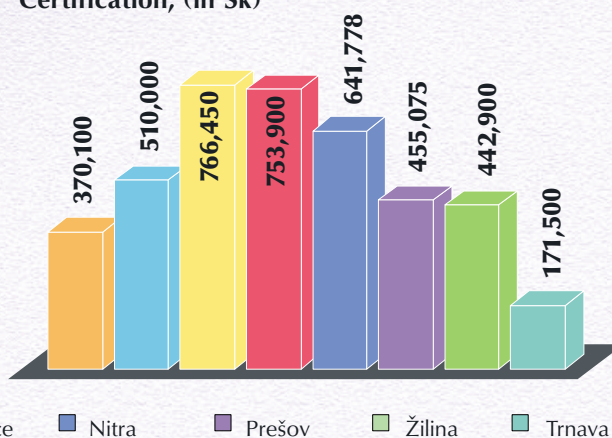


### Programme QUALITY 2002 – volume of funds from State Budget 2000 and 2002, by regions

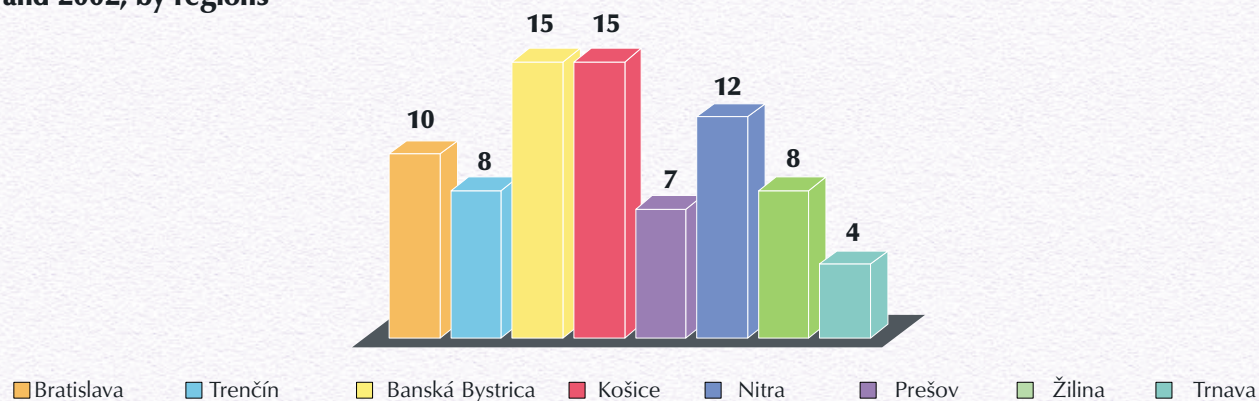
Counselling and training, (in Sk)



Certification, (in Sk)



### Programme QUALITY 2002 – numbers of companies drawing funds from State Budget 2000 and 2002, by regions



### **Technology transfer**

Flexibility of small and medium enterprises enables relatively quick innovations to be introduced, which is one of the preconditions for competitiveness of the whole Slovak economy. Introduction into and utilisation of the most progressive technologies by small and medium enterprises are being supported by awarding grants from the state programme Technology Transfer. The objective of the programme is to improve competitiveness of small and medium enterprises, their modernisation, raising of productivity of labour, and facilitation of finding their way in international co-operation.

A total of 59 projects were received under the Technology Transfer programme in 2002. The Grant Commission awarded 29 grants expected to improve the standard of production, but also to facilitate penetration of world markets to successful technologies developed by Slovak enterprises. A total of 12 grants were paid in 2002, totalling Sk 10,449,562.

A total of 23 grants, totalling Sk 18,469,562 have been paid since the launching of the programme through 31 December, 2002.

### **5th Framework Programme**

The 5<sup>th</sup> Framework Programme is a Community programme for science and research. Among its objective, it attempts to secure realisation of the research results, mainly in the form of innovations in small and medium enterprises. The Agency participated, through its representative, in the activities of the programme committee "Promotion of Innovation and encouragement of SME participation". Moreover, information was provided to entrepreneurs on how to participate in the programme, along with consultations and counselling to interested parties presenting projects.

### **Spin-off**

In an attempt to assist Slovak industrial enterprises to restructure, the Agency was using PHARE funds to provide specialised counselling in the spin-off project. The project takes advantage of the spin-off method, i.e. establishing of small companies by outsourcing appropriate operations, workshops and divisions from large enterprises. The result is keeping employment, reduction of expenditures of the parent company, and expansion of the activities of companies which become independent.

A database with more than 140 enterprises was set up in 2002; the enterprises were approached to participate in the project. During the year, 4 cycles of trainings for 36 project carriers were organised. A total of 20 business plans were developed, giving rise to 12 newly spun off companies, and additional 8 spun off companies will be established next year. A total of 185 jobs could be maintained in the spun off companies.

### **Programme Transform – "Strengthening of the offer of counselling for small and medium enterprises in the Slovak Republic"**

The programme Transform, financially supported by the company Kreditanstalt für Wiederaufbau (KfW), is based on close cooperation between NADSME, selected RAICs/BICs, and the foundation SEQUA, Federal Republic of Germany. The objective of the programme is to strengthen the opportunities of counselling services for SMEs and thus to increase the demand for counselling within the RAIC/BIC institutional network.

The final stage of the project was run in 2002. During that stage, co-operation was established with 14 companies. Counselling concerned and contracts were made with 6 of them. During the stage, German experts developed draft marketing concept and strategy of further development of the RAIC and BIC network.

## **3. Internationalisation, penetration of new markets**

Establishing conditions for Slovak small and medium enterprises to penetrate new markets abroad and promotion of their export capabilities represent a significant contribution for the national economy. Consequently, a portion of the Agency's activities focus on this very area. An active role in this respect is played by Euro Info Centre (EIC), which is part of the network of information centres of the European Commission, and by Subcontracting Exchange of Slovakia.



## National Agency for Development of Small and Medium Enterprises

### **EIC information network**

To provide SMEs with information and to improve their chances on the European market, the European Commission established a network of 263 Euro Info Centers in various European countries. Two centres operate in Slovakia (EIC Bratislava and EIC Prešov); their task is to provide Slovak entrepreneurs with updated and relevant information about the European Union. The scope of their work ranges from legislation-related issues up to searching for partners for commercial relations and co-operation.

Communication among Euro Info Centres via the VANS system which they are interconnected by allows Slovak entrepreneurs to acquire information about the business environment in the EU and/or to search for partners from abroad. Slovak centres also look for appropriate contacts via the Database of Commercial Partners. Offers for co-operation from other countries are regularly monitored, selected and published in periodicals and/or on the web page [www.eic.sk](http://www.eic.sk).

About 700 offers were translated and published in 2002. Slovak companies requested 253 contacts from EIC Bratislava. Slovak entrepreneurs could present their offers for co-operation through both the above mentioned systems, 45 companies having taken advantage of this opportunity. Foreign companies requested 76 contacts to Slovak companies.

### **Information provision with respect to the EU**

In 2002, EIC substantially innovated its Internet page, thus extending the space for publishing information intended for small and medium enterprises in electronic form. The booklet Starting up e-Commerce was published on the page, offering entrepreneurs an opportunity to familiarise themselves with the most important terms concerning the use of the Internet and its applications with respect to business activities.

The centre started, in 2002, publishing the electronic magazine EIC-zine for SMEs, which brings daily news from Europe focusing on the business environment of Slovakia. Under the heading Information Technologies, the magazine also deals with the development of e-commerce and its support from the European Union.

### **Support of and provision for the participation of entrepreneurs in foreign and domestic events**

In 2002, the Bratislava-based EIC took care of the participation of 30 Slovak companies in 5 co-operation events abroad. The events were organised in Germany – Magdeburg (IBEX ENTEC 2002), Dortmund (Euro Partner NRW), Sweden – Sättra Brunn (Interprise Woodworking), Croatia – Split (Adriatic Sea Partenariat), and the Czech Republic – Brno (Kontakt-Kontrakt). Both Slovak centres worked together to organise some of the events. With respect to the event Kontakt-Kontrakt, the centre co-operated with Slovak Chamber of Commerce and Industry Bratislava.

EIC Bratislava participates also in information events of its host organisation, and/or it works together with Slovak Union of Crafts and Slovak Chamber of Commerce and Industry by mediating to entrepreneurs information about the services provided by EIC.



### **UNECE**

A multiplication point of the UNO operating under NADSME, which mediates information about the activities of the United Nations Economic Commission for Europe (UNECE) and distributes publications of the Economic Commission which could help a better information about innovating approaches to development and economic growth in the

area of trade, industry and business. Access to publications, regulations, standards, and documents published by the UN Economic Commission for Europe is being provided for to all interested parties from both public and private sector, experts and entrepreneurs from various areas of industry and trade by the new web page of the Euro Info Centre at the Internet address [www.eic.sk/sk\\_mb\\_osn.htm](http://www.eic.sk/sk_mb_osn.htm).

### **Subcontracting Programme**

Subcontracting Exchange of Slovakia takes care of activities oriented towards the organisation of co-operation between large enterprises on the clients side and SMEs as suppliers on the other side. A good knowledge-related and production potential and a lower level of wage costs remain the object of interest of foreign companies in mediating co-operation in production with Slovak SMEs. The interest in collaboration mainly focuses upon the mechanical engineering sector; occasionally, there are requirements concerning construction industry and woodworking industry.

A total of 185 requests presented by foreign companies were mediated and processed during 2002. The Exchange experts made 28 direct visits at Slovak SMEs, including 23 visits under the participation of foreign parties. Requests for production co-operation came from France, Germany, the Benelux countries, and Scandinavian countries.

The establishment of the small mechanical engineering company TSA, Ltd. Bratislava, which will work for the car making industry, may be considered as a success with respect to activities oriented towards francophone clients.

### **Support of establishment of Italian-Slovak joint ventures**

Co-operation of Slovak and Italian companies has been the focus of a project that is based on co-operation between SES and Italian Ministry of Foreign Trade through the Italian association SIMEST. The purpose of the project has been the setting up of Slovak-Italian joint venture SMEs in a variety of industrial sectors. During the early stage, appropriate companies were identified and selected showing interest in the project. In 2002, 130 potential Slovak entities were analysed in working together with the Italian partners, and 35 SMEs were pre-selected; there were 25 Slovak entities on the final list with whom the Italian party will start negotiations and possibly enter into direct economic relationships.

### **Presentation of Slovak SMEs at subcontracting fairs**

Every year, the interest of large renowned as well as less known smaller mechanical engineering companies focuses on subcontracting fairs since they give the opportunity to present services and products and/or to establish co-operation with foreign companies.

With respect to subcontracting, the Agency has been involved in the organisation of the participation of Slovak mechanical engineering SMEs at some international fairs. For Slovak participating companies, subcontracting fairs present an opportunity to establish contacts with entities from abroad, and to create space for co-operation. In 2002, participation was organised for Slovak SMEs at international subcontracting fairs ESEF in the Netherlands; mechanical engineering fair MIDEST, France; and the subcontracting fair SWISSTECH, Switzerland.

### **Presentation of Slovak SMEs at international co-operation events**

The events of international significance included the exhibition SUBCON Istanbul with 260 participating companies from 12 countries. SES representative participated in the exhibition SUBCON in Istanbul aiming at setting up the foundations for the participation of Slovak SMEs in the future years of SUBCON.

## **4. Facilitation of acces of SMEs to capital**

Development of small and medium enterprises is an economy development accelerating element. It is therefore desirable to look for all forms of SMEs' access to capital, be it through loans, micro-loans or risk capital. In the effort to flexibly respond to the needs of the business community, NADSME amended the conditions of two financial support programmes in 2002, including the Support Loan Programme and the Micro-loan Programme. The changes introduced are envisaged to make the programmes more easily accessible to a wider circle of interested enterprises.



## National Agency for Development of Small and Medium Enterprises

### Principal information concerning the Support Loan Programme (status as of 31 December 2002)

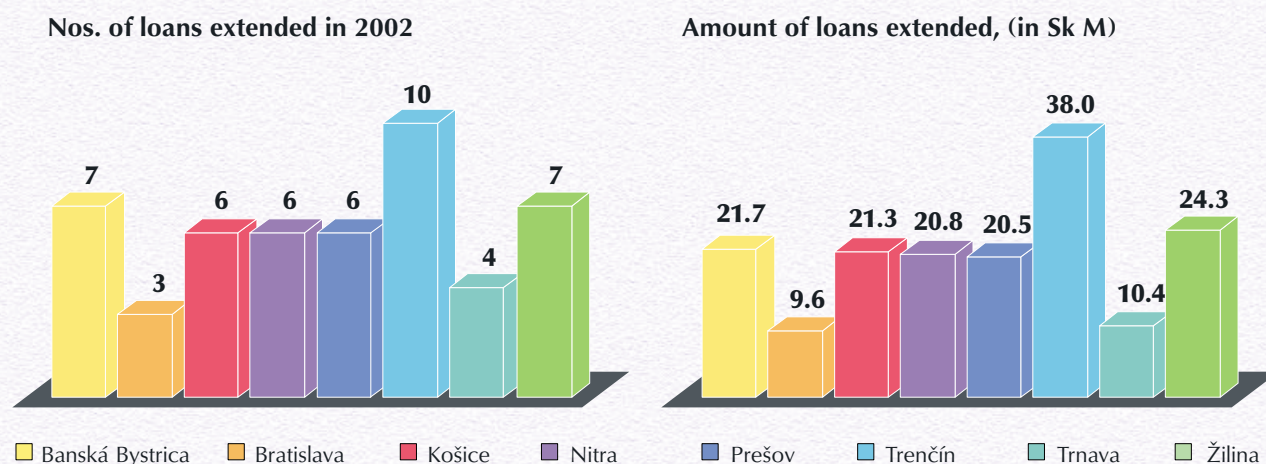
	Nos. of loans	Total amount of loans (in Sk M)	Average loan (in Sk M)
UniBanka, a.s.	378	1,317.166	3.48
Slovenská sporiteľňa, a.s.	388	1,094.623	2.82
Istrobanka, a.s.	124	445.802	3.60
Tatra banka a.s.	174	668.615	3.84
Ľudová banka, a.s.	91	247.811	2.72
VÚB, a.s.	4	13.500	3.38
<b>Total</b>	<b>1,159</b>	<b>3,787.517</b>	<b>3.27</b>

### Support Loan Programme

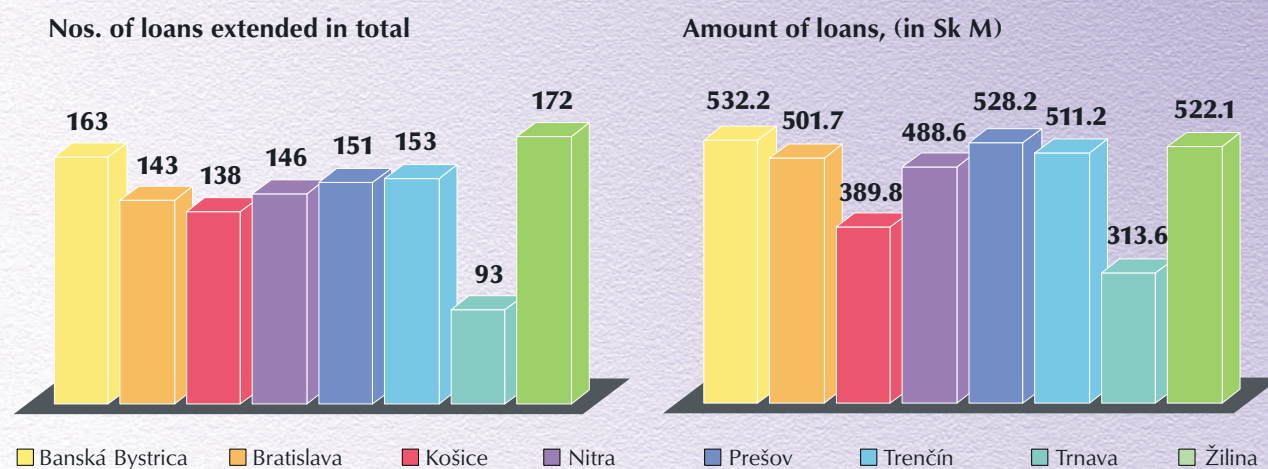
The main objective of the Support Loan Programme has been to enable small and medium enterprises access to investment and operating capital through medium-term loans at conditions more favourable than currently offered by the commercial sector. The Programme is intended for enterprises employing a maximum of 250 people that do business in the fields of manufacturing, crafts, services or active tourism. Enterprises meeting the programme criteria may apply for loans amounting to Sk 10 M max. with a tenure of 8 years.

In 2002, the Agency worked together with 6 commercial banks on the Programme, including Slovenská sporiteľňa, a.s., Tatra banka, a.s., UniBanka, a.s., Istrobanka, a.s., Ľudová banka, a.s., and Všeobecná úverová banka, a.s.

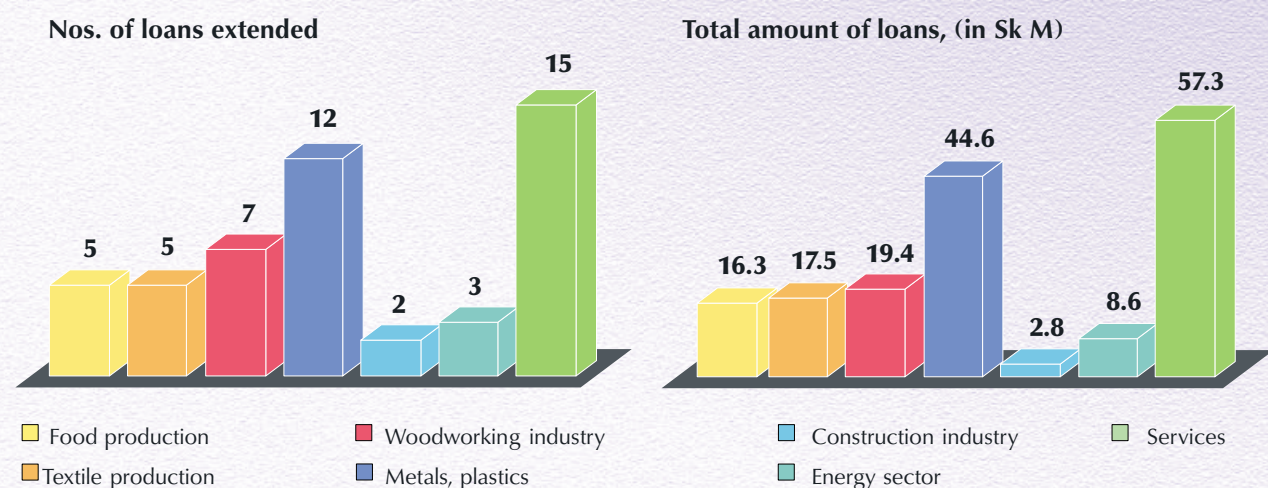
### Overview of loans extended under the SLP in 2002, by regions



## Overview of loans extended under SLP by 31 December 2002, by regions



## Overview of loans extended under SLP in 2002, by sectors



A total of 1,159 loans had been extended since the launching of the Programme in 1994 through 31 December 2002, totalling Sk 3,787.517 M; thereof, 49 loans were extended in 2002, amounting to Sk 166.493 M in total.

By 31 December 2002, the enterprises paid off 591 loans, worth Sk 1,767.868 M.

### Micro-loan Programme

The objective of the Micro-loan Programme has been to address the problem of the access of small enterprises in regions to small loans. The Programme has been intended to small enterprises employing up to 20 people. Micro-loans may be spent on purchases of movable and immovable fixed assets, rehabilitation of operating premises or purchases of necessary inventory and raw materials. The maximum amount of a loan is Sk 800,000 and the tenure is 3 years.

The year 2002 was a key year with respect to the development of the Programme, both from the aspect of the volume of funds freshly contributed and from that of the extension of the numbers of regional micro-loan funds. For the time being, there are 15 regional micro-loan funds operating in the territory of Slovakia.



## National Agency for Development of Small and Medium Enterprises

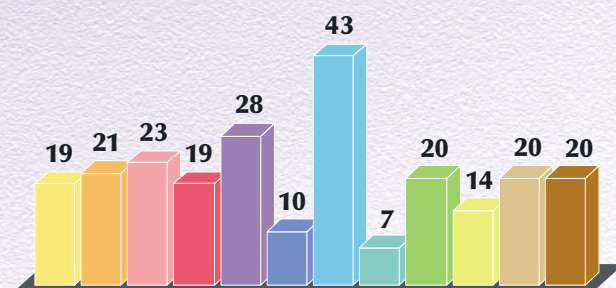
In 2002, the centres received applications for micro-loans from 368 applicants, and 244 micro-loans were extended, amounting to Sk 95,092,338 in total.

Overall, 529 micro-loans have been extended since the launching of the Programme, totalling Sk 182,927,890. Their average amount of a micro-loan is Sk 345,799.

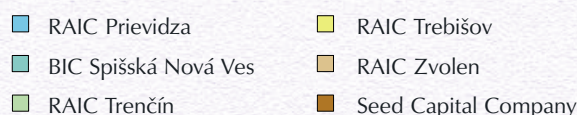
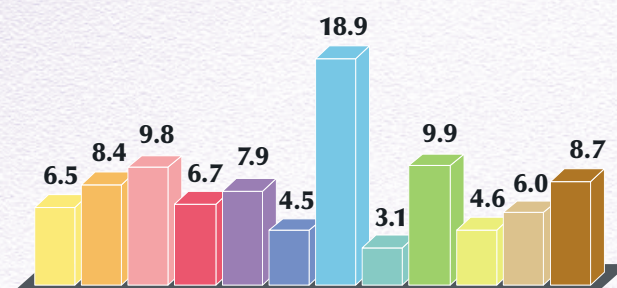
Another important factor of the Programme has been its impact on employment in regions. A total of 820 and 857 jobs could be established and maintained, respectively since the launching of the Micro-loan Programme.

### Overview of micro-loans extended in 2002, by centres

Nos. of micro-loans extended in 2002

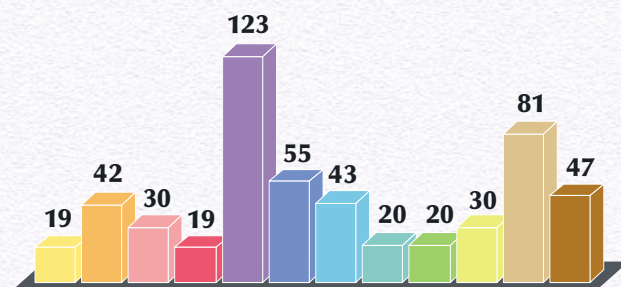


Amount of micro-loans, (in Sk M)

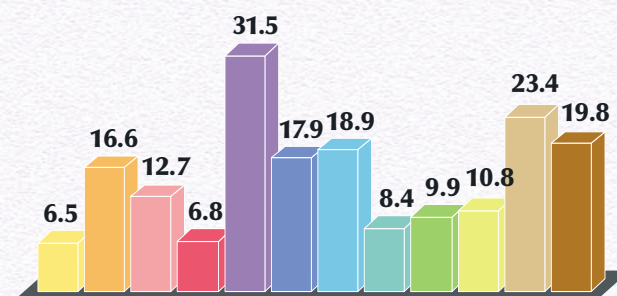


### Overview of total micro-loans extended, by centres

Nos. of micro-loans extended in total



Amount of micro-loans, (in Sk M)



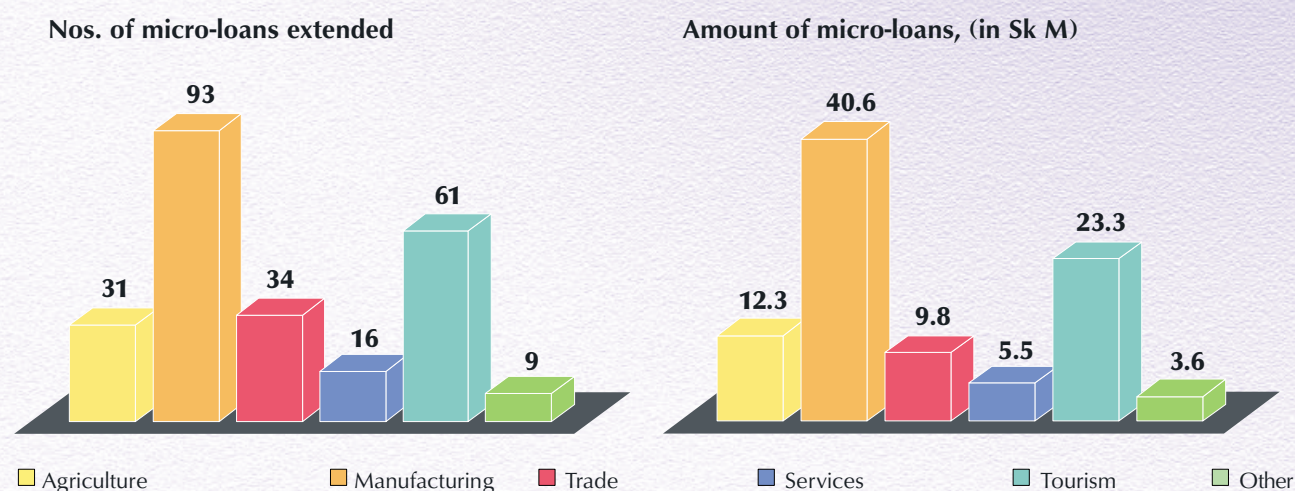
## Seed Capital Company

The main feature of the Seed Capital Company (SCC) established by NADSME in 1994 are investments into equity of companies. The Company manages a seed capital fund used to extend to small and medium enterprises in Slovakia investment aid amounting to up to Sk 10 M. The Programme is financed from the PHARE Programme funds. The objective of the Company is to make investments to enable the establishment and development of new enterprises and to develop activities of existing enterprises. Preferred are mainly projects in the field of industrial production, production services and active tourism.

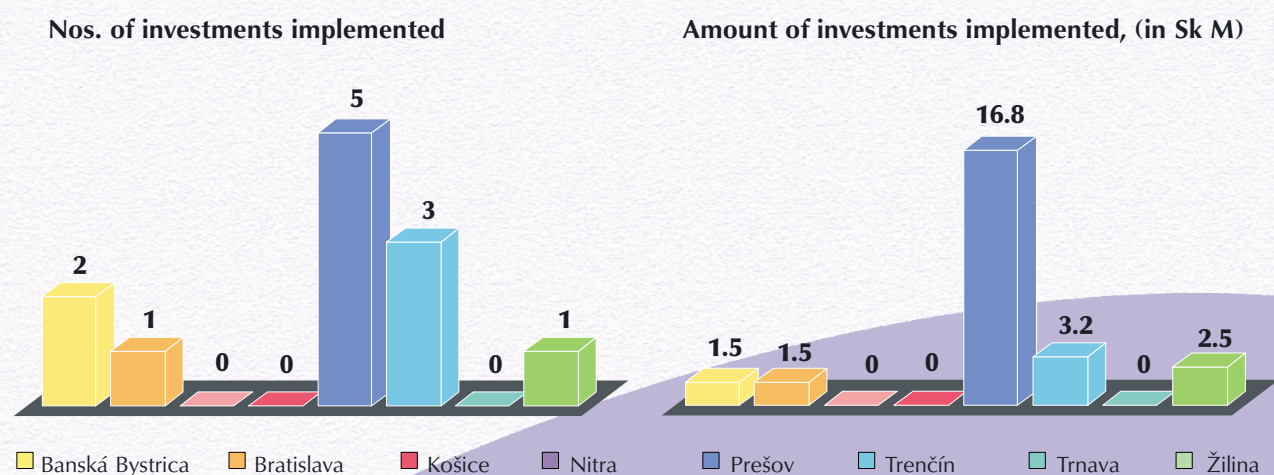
Investment Committee met five times in 2002. Other activities of the fund were oriented towards monitoring of 23 companies from the Company portfolio. The amount of investments made in 2002 was Sk 25.5 M including Sk 16.4 M and 9.1 M equity investments and loans, respectively.

By 31 December, 2002, Investment Committee had met 28 times in total, reviewed 56 suggestions for investments, approved 44 of them; additional 10 were approved conditionally, and 2 were declined. There were 51 actual investments made into 24 companies. The total amount of funds invested into these companies in the Seed Capital Company, Ltd. portfolio represents Sk 116.79 M. Sk 73.36 M were invested into equity and Sk 43.43 M were extended as loans.

## Overview of micro-loans extended in 2002, by sectors



## Overview of investments made in 2002, by regions



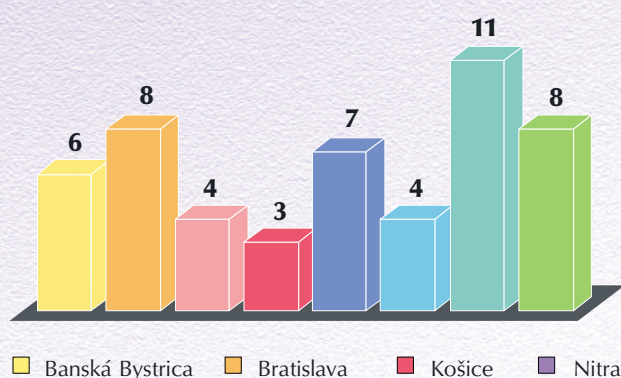


## National Agency for Development of Small and Medium Enterprises

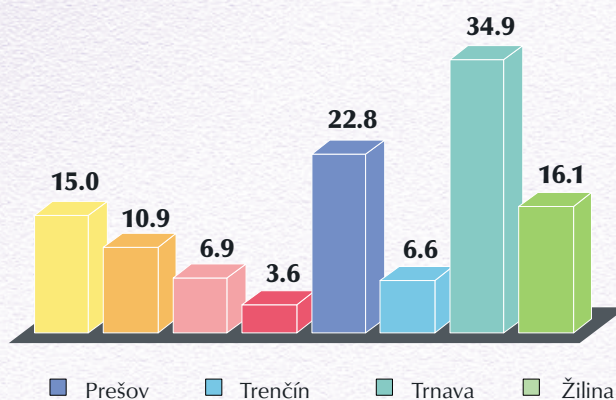
SCC established Regional Seed Capital Fund in Banská Bystrica in 2002, and the regional office was opened. Funds from State Budget were allocated for the operation of the Regional Fund, amounting to Sk 9.6 M. The Fund will start operations in 2003, offering investments amounting to Sk 2 – 3 M per case. The Fund shall focus upon projects coming from regions of Central and Eastern Slovakia (Banská Bystrica, Žilina, Prešov, Košice).

### Overview of total investments made by 31 December 2001, by regions

Nos. of investments implemented  
by 31 December 2002

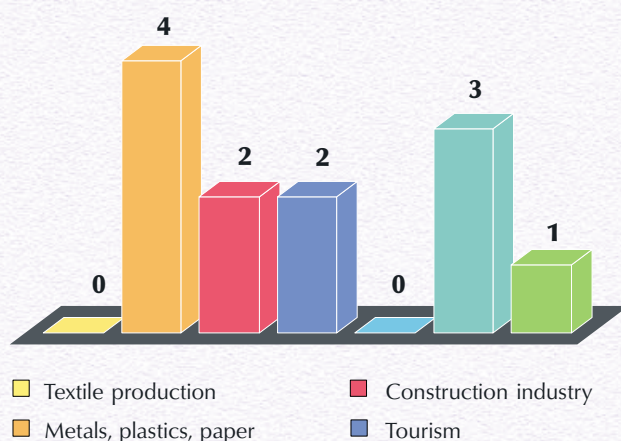


Amount of investments implemented  
by 31 December 2002, (in Sk M)

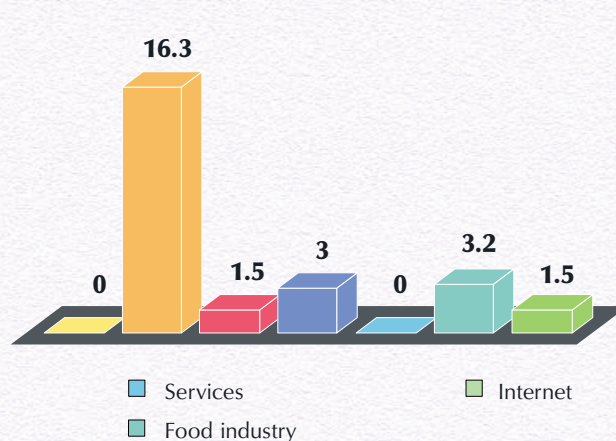


### Overview of investments made in 2002, by sectors

Nos. of investments implemented



Amount of investments implemented, (in Sk M)



# III. Disbursement

## of funds to support SMEs

### I. Utilisation of State Budget funds for support programmes of small and medium enterprises in Slovakia in 2002

PRIORITY/SUPPORT PROGRAMME	In Sk ,000
I. Facilitation of SMEs access to capital	319,544
there of: - Micro-loan Programme, Slovak Ministry of Economy	59,000
- Micro-loan Programme, Slovak Ministry of Construction and Regional Development	15,201
- Support Loan Programme	205,670
- Seed Capital Company, Slovak Ministry of Economy	30,000
- Regional Seed Capital Fund, Slovak Ministry of Construction and Regional Development	9,673
II. Strengthening SME's sector	11,061
thereof: - Counselling for SMEs	3,814
- Training for SMEs	476
III. Raising of competitiveness SME's	21,072
thereof: - Implementation of quality management systems	7,611
- Technology transfer	10,490
IV. Internationalisation of SMEs and penetration of new markets	4,991
thereof: - Subcontracting	855
- Multiannual programme for enterprises	1,137
<b>Programmes total (I. – IV.)</b>	<b>356,671</b>

### II. Utilisation of European Union PHARE funds to support small and medium enterprises in Slovakia in 2002

UTILISATION OF FUNDS	Amount, in EUR ,000	Amount, in Sk ,000
I. Facilitation of access to capital	9,463	400,135
thereof: - Technical assistance for financial programmes	63	2,627
- Support Loan Programme	4,800	201,479
- Micro-loan Programme	3,450	146,570
- Seed Capital Company	1,150	49,459
II. Strengthening of SME sector's position	1,201	50,992
thereof: - Spin-off	46	1,971
- CEPAC	68	2,855
- Counselling and training	1,087	46,038
III. Raising of competitiveness of SMEs	1,407	60,500
thereof: - Development SMEs policy – grants	74	2,838
- Business incubators	984	42,748
- Other	349	14,914
<b>Programmes total (I. – III.)</b>	<b>12,071</b>	<b>511,627</b>



## National Agency for Development of Small and Medium Enterprises

### III. Utilisations of revolving funds on implementation of financial support programmes

Support Loan Programme	Sk 116,873,000
Micro-loans	Sk 12,290,000
<b>Total</b>	<b>Sk 129,163,000</b>

In 2002, in excess of Sk 997.5 M were spent in total on support programmes (I.+II.+III.).

### NADSME's Balance Sheet, in Sk ,000

Total assets	2,429,259
1. Fixed assets	44,123
thereof: – intangible fixed assets, including adjustments	574
– tangible fixed assets, including adjustments	4,396
– financial investments	39,153
2. Current assets	2,385,136
thereof: – financial assets	2,043,901
– receivables	340,533
– temporary assets of receivables	569
– inventories	104
Total liabilities	2,429,259
1. Own funds	414,414
2. Not-own short-term resources	14,845

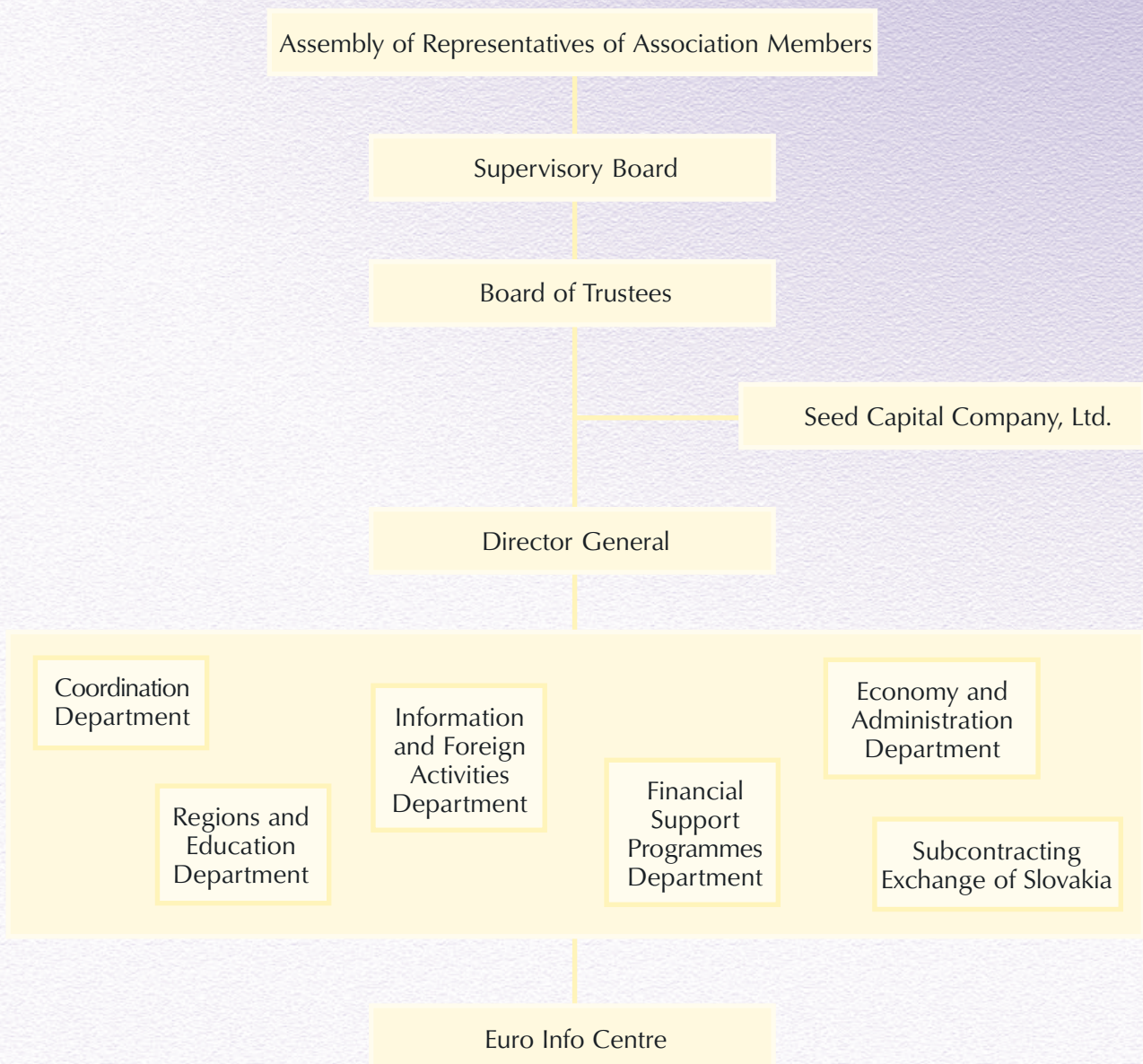
### Disbursement of funds on support of SMEs, financial standing and assets of NADSME AS OF 31 December 2002

Operation costs of NADSME and its programmes were financed in 2002 from two sources: State Budget and NADSME's other own resources.

Source	Sk ,000	% of total
State Budget	6,000	27.66
Other	15,688	72.34
<b>Total</b>	<b>21,688</b>	<b>100.00</b>

# NADSME's

## organisational structure





**National Agency for  
Development of Small and  
Medium Enterprises**

# NADSME

## statutory bodies

### NADSME Supervisory Board

Karol Pavlů, Chairman, Association of Entrepreneurs of Slovakia  
Pavol Prokopovič, Vice-Chairman, National Council of the Slovak Republic  
Michal Balog, Ministry of Transportation, Posts and Telecommunication of the Slovak Republic  
Elena Bašková, Ministry of Economy of the Slovak Republic  
Anton Bonko, Slovak Chamber of Commerce and Industry  
Milan Kuzma, Slovak Chamber of Crafts  
Peter Masár, Slovak Chamber of Crafts  
Eva Michalová, Office of the Government of the Slovak Republic  
Daniel Piatnica, Slovak Union of Production Cooperatives  
Vladimil Podstránsky, Ministry of Finance of the Slovak Republic  
Ján Sabol, Ministry of Economy of the Slovak Republic

### NADSME Board of Managing Directors

Ján Oravec, Chairman, Ministry of Economy of the Slovak Republic  
Miroslav Poláček, Vice-Chairman, Ministry of Economy of the Slovak Republic  
Miroslav Fuksa, Slovak Union of Crafts  
Ľuboš Halák, Association of Entrepreneurs of Slovakia  
Ján Vančík, Ministry of Finance of the Slovak Republic

### NADSME management

Juraj Majtán, Director General  
Zuzana Cigánková, Director, Economy and Administration Department  
Darina Kalužníková, Director, Financial Support Programmes  
Department  
Katarína Kellenbergerová, Director, Regions and Education  
Department  
Juraj Poledna, Director, Information and Foreign  
Activities Department  
Karol Stráňai, Director, Co-ordination Department  
Peter Záborský, SES Manager

