



ANNUAL REPORT

2007





CONTENTS

Foreword	3
National and International Programmes	4
Department of International Activities	
■ Euro Info Centre (EIC)	4
■ Managers of International Activities	6
■ Phare Monitoring	8
Department of National Programmes	
■ Financial Programmes and Regional Co-operation	11
■ Counselling and Information Services	12
■ Project SIZAR	14
■ Support Loan Programme	15
■ Incubators' network	16
■ Micro-loan Programme	17
■ Department of Business Environment Analysis	19
Structural Funds	21
Measure 1.1	22
Measure 1.2	25
Financial Director and Deputy of the Director-General	28

FOREWORD

The National Agency for Development of Small and Medium Enterprises (NADSME) supports the development and growth of small and medium-sized enterprises (SMEs) in Slovakia while respecting state, structural, industrial, technological, regional and social politics. NADSME co-ordinates and implements support activities focused on the sector of SMEs in Slovakia based on the mandate from the Ministry of Economy of the SR. NADSME's activities in the area of co-ordination, legislation and information can be summarized into the following points:

- co-operation in the provision of the state aid and support of SMEs,
- activities to improve SMEs support efficiency,
- co-operation with institutions associating entrepreneurs,
- information activities,
- monitoring of the business environment.

NADSME supports the sector of SMEs by means of identification and analysis of business development barriers: the preparation of drafts of the state politics formulation as well as strategies that are important for SMEs; implementation of projects and programmes focused

on the support and development of SMEs in Slovakia through returnable and non-returnable contributions (programmes of the EU pre-accession aid), bilateral and multilateral programmes; programmes financed from the state budget; projects funded from the Structural funds; co-operation with financial institutions at loan and guarantee systems necessary for the set-up, stimulation and development of SMEs; co-operation with regional organisations focusing on the support of SMEs, building of infrastructure for the business development (incubators, research and development centres, technological parks etc.) by means of the connection to existing European information networks and databanks from the business field thanks to Euro Info Centre with the aim to support starting entrepreneurs and innovation technologies as well as the development of public activities in the SMEs' field (promotion programmes for the public, release of information literature, organisation of conferences, seminars and exhibitions).

Changes that have recently occurred in the business environment are rather radical and have proved positive also for entrepreneurs. In the rhetoric of the European institutions it has been put forward several times that Europe is in need of more entrepre-

neurship in order to stay competitive in the world of globalisation. More entrepreneurship brings more capable entrepreneurs and above all wider entrepreneurial spirit. It is well recognized that entrepreneurial spirit is closely connected mainly with small entrepreneurs with new ideas. Thus it is necessary to create positive and motivating environment for more people to start up as well as for the growth of small enterprises.

The enhancement of communication between individual departments of government and the representatives of entrepreneurs, especially through our most important partners – the Slovak Association of Entrepreneurs and the Slovak Association of Crafts – will definitely remain one of the top items on the agenda of NADSME. However, at the same time, we will still carry on with the activities for the SMEs' sector which we started earlier. Among many, we can mention mainly the restoration of the e-business web portal, the revival of the release of a monthly "entrepreneurship" in the electronic form, successful realisation of the positive discrimination project Businesswoman of Slovakia as well as the active agenda of the Department of business environment analysis and many others.

In 2008 we plan to continue in our activities at the interdepartmental level since SMEs are a cross-sectional sector of the national economy. Many challenges are waiting for us such as new operational programmes of the Structural funds, training of entrepreneurs in the field of venture capital, funding of different activities but, above all, the provision of high-quality services for SMEs.



SECTION OF NATIONAL AND INTERNATIONAL PROGRAMMES

DEPARTMENT OF INTERNATIONAL ACTIVITIES

EURO INFO CENTRE (EIC)

Internationalisation, penetration into new markets

It is especially SMEs that are in need of assistance when trying to enter new markets, particularly in the phase of the first launch of their products and services. That is why NADSME focuses not only on the presentation of entrepreneurs at fairs and exhibitions but also on the active support when searching for new partners. Apart from databases of business partners or internet, NADSME uses its own contacts for partners from all over the world. In co-operation

with similarly-focused organisations, NADSME is able to provide entrepreneurs also with information on the development or legislation changes at the common market as well as out of the European market. Information and counselling in this area help entrepreneurs to anticipate and flexibly adapt to market changes which improve their competitiveness. Moreover, NADSME enables and facilitates to Slovak entrepreneurs their participation at specialised and sectional co-operation events.

**Support of the search for co-operation partners**

EICs assisted entrepreneurs at the search for co-operation partners by means of the Business Cooperation Database (BCD), internal correspondence network and arrangement of their participation at international contractual events. In 2007, 320 offers for co-operation from foreign companies were translated and published in Slovak in different periodicals as well as at web pages of EIC together with other 2,779 offers published in English. Slovak entrepreneurs searching for foreign partners requested 126 contacts. 20 Slovak entrepreneurs used the services of the BCD provided by Bratislava's EIC, whereas the information on the internal market was requested by 429 companies. Foreign enterprises demanded contacts for 59 Slovak counterparts.

Securing participation of entrepreneurs at foreign and domestic events

Informing the business public about the impact of the Slovakia's accession to the EU on business was a goal of 44 information seminars and trainings that took place in different regions of Slovakia. Bratislava's EIC together with representatives of NADSME, RAICs, the Slovak Chamber of Commerce and Industry and others, addressed approximately 429 entrepreneurs with EU and business-related issues. Altogether more than 750 entrepreneurs attended seminars.

EIC information network

It was mainly EIC within NADSME that was in charge of the co-ordination and arrangement of the participation at European Commission programmes. The Directorate General for Business and Industry of the European Commission set up the network of EICs in order to provide SMEs with a complex package of information on the common EU market, EU legislation, support programmes and business develop-

ment politics and at the same time to help create the scope for their mutual co-operation. The common goal of the EIC network was the improvement of competitiveness, innovation and effectiveness of the international co-operation of SMEs. Apart from the services of EIC at NADSME, entrepreneurs could use those of another EIC in Prešov that operates under the patronage of the Regional Advisory and Information Centre (RAIC).

Co-operation events for SMEs from the whole Europe

During the last years EICs organised different sector-oriented contractual and co-operating events for SMEs from the whole Europe. At these meetings entrepreneurs had a chance to gain new contacts for potential partners during negotiations. Events took place in the premises of fairs and exhibitions which could be visited also by participants of match-making events. Registered



entrepreneurs could arrange meetings well in advance with the help of EICs. Applications in the form of a company profile were consequently processed according to requirements of entrepreneurs. A preliminary time-table of meetings was generated by software. The time-table was further modified at the event according to other requirements. The participation of EICs and their services were provided free of charge.

In 2007, EIC took part in projects aimed at the preparation of co-operation events for enterprises from the area of machinery and other related industries, energy, environment protection and waste management in cross-border regions.

In April 2007, 2 Slovak companies took part at the event "Latvia – a suitable European business partner" in Vilnius focused on the machine engineering. Within the PRINCESS project, 2 events were organised. In October, Latvian Vilnius hosted entrepreneurs from the field of water supply and processing as well as water management. In December, a co-operation event aimed at the waste management and recycling took place in Berlin. 8 Slovak companies took the opportunity to participate at the events. Under the Global Cluster project, the first match-making event was organised in Rimini (Italy) during the international fair Ecomondo. It brought together companies operating in the field of water and waste management,

renewable energy sources and environment. Only 1 Slovak company participated. All in all, in 2007 Slovak enterprises attended 145 business meetings with foreign partners.

Other support and information activities

During the past 6 years, the electronic magazine EIC-zine has provided useful information covering several topics. So far, more than 4,000 articles have been published. Readers are interested especially in tourism, EU programmes, information technologies, innovations and forthcoming events in Slovakia and the EU. Moreover, readers themselves had also a chance to publish their own articles on activities in their regions. Specialized business-related information can be found also in the EIC library. Book titles can be looked up in a database accessible on the website of Bratislava's EIC.

Materials produced by the EIC network

Member organisations of the EIC network together produced plenty of materials for SMEs many of which are available on the Internet. According to their contents, they take various forms such as e.g. information letters, reference materials, explanatory documents, guides, best practices etc. They can be found at the following web page:

<http://ec.europa.eu/enterprise/networks/eic/eic.html>

Doing business in the enlarged EU

Both Slovak EICs took part in the European Commission's campaign on the process of the EU enlargement. Information gained from the campaign is used by the EIC staff when looking for answers to different questions from entrepreneurs regarding their activities in the enlarged EU. The information on conditions of doing business in the EU and other related issues can be found at the common national website which has been set up by both Slovak EICs under the campaign www.eic/slovakia.sk. The English version of the national website includes, apart from the information on Slovakia, also offers for co-operation from Slovak companies.



DEPARTMENT OF INTERNATIONAL ACTIVITIES

MANAGERS OF INTERNATIONAL ACTIVITIES

The 6th Framework Programme

The EU Framework Programme was the main tool supporting the creation of the European Research Area. In comparison with previous framework programmes the 6th Framework Programme (FP6) introduced many significant changes in point of the amount, aim and tools created for the implementation of the programme. The main activities of the FP6 focused on so-called Integrated projects and networks of excellence. The aim was to make SMEs participate in projects. In this respect, NADSME became an active member in some of the programme projects.

Innovation Relay Centre (IRC)

New challenges of increasing market internationalisation and industrial mutations require from Slovak companies not only strong production capacity but also a high level of adaptation together with strategic approach.

In such a globalisation and competitive fight it is necessary to identify and mobilize inner knowledge and Slovak economic sources such as human potential, scientific research, technological and organisational innovations. The combination and co-ordination of these ingredients represent the key factor of the Slovak growth, competitiveness and

sustainable development. One of the answers to these challenges is a service package with a high added value of the Innovation Relay Centre (IRC Slovakia).

NADSME joined the project under the FP6 (2004-2008) in the co-operation with BIC Bratislava, BIC Group and the Slovak Chamber of Commerce and Industry.

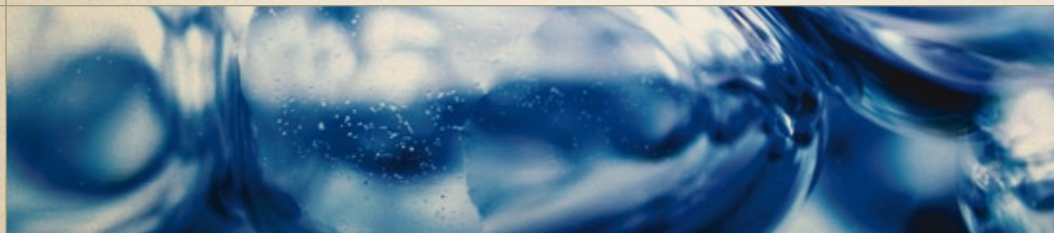
The European network aims to lead using various support tools, enterprises, scientific institutions and universities towards the co-operation in the field of mutual development and technological transfer.

Tools comprise the following:

- the support of acquisition of required technologies
- marketing of technological offers
- the organisation of partnership events and international missions of entrepreneurs
- visits to enterprises and technological audits
- the support of technology transfer funding
- the usage of electronic system for the exchange of technological offers and requirements – BBS system

**The Slovak FP6**

The project Slovak FP6 was approved under the call for proposals FP6-2003 ACC-SSA – General. In August 2004 a three-year implementation of the project started. It was successfully accomplished on July 31, 2007. The mission of the project was to support the participation of Slovak institutions in the FP6. The target group consisted of research institutions, universities, industry and mainly SMEs. NADSME was an active member of the consortium together with the Slovak Research and Development Agency (co-ordinator), the Presidium Office of the Slovak Academy of Sciences, the Association of Research and Development Organisations, NOVITECH Košice and BIC Bratislava.



DEPARTMENT OF INTERNATIONAL ACTIVITIES

MANAGERS OF INTERNATIONAL ACTIVITIES

The EU Programme - Lifelong Learning - Leonardo da Vinci - VETPRO - Mobility of employees**The project "Innovations and spread of services for the development of SMEs in Slovakia"**

The general goal of the programme in which NADSME took part was to contribute, via lifelong learning, to the development of the European Community as a developed knowledge-based society with the sustainable economic growth, increased number of high-quality job positions as well as improved social cohesion while securing the proper protection of environment for future generations. The project aimed at the presence of selected employees on secondments to the seat of the project partner EXEMPLAS Limited, Hatfield that deals with the support of SMEs in several UK regions as well as abroad. It has also gained various national and international awards for its achievements. Secondments were designed to gain and use acquired knowledge, abilities and managerial competences for the planning, creation and implementation of new programmes as well as for the innovation of existing programmes for pre-defined target groups (SMEs).

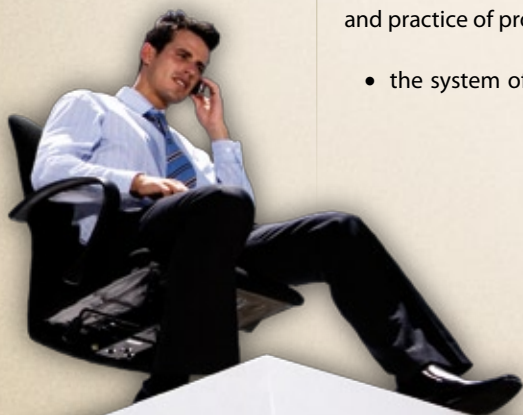
Secondments covered the following programmes and practice of professional preparation:

- the system of counselling and training activi-



- ties for SMEs implemented in the Great Britain
- services of the professional preparation for the assistance of SMEs
- The Certified Management Centre (Register of external advisors)
- The Business Angels Network including EquityLink

The implementation of new programmes and the innovation of existing programmes of the professional preparation, and in this way also the enlargement of NADSME activities and services provided to SMEs in Slovakia, represent also the output of the project. All in all, the duration of the project was 7 months.



DEPARTMENT OF INTERNATIONAL ACTIVITIES

PHARE MONITORING

On February 28, 2007 the disbursement of financial resources from the Tourism Development Grant Scheme (TDGS 2003) was accomplished. It was announced in the form of a public call on March 1, 2005 and followed up TDGS 2002. Its main goal was the support of growth and performance of SMEs in the tourism field as well as the competitiveness of tourism at the whole territory of Slovakia. TDGS 2003 consisted of two components. In the component 1 (C1) SMEs could apply for a grant. The support focused on the construction of new accommodation facilities, reconstruction of existing accommodation facilities and creation of new or increase of standard of existing facilities providing tourism services in existing tourist resorts. In

financing. The number of projects that were approved was 58, out of which in the C1– 46 projects in the amount of EUR 4,160,809.40 and in the C2–12 projects in the amount of EUR 409,190.60. As to February 28, 2007 the total amount of EUR 3,735,337.93 was disbursed which represents 81.74 % of the allocated funds. Under the C1, EUR 3,430,741 were disbursed (total advance and final payments = 82,45% from the state budget) and in the C2 the disbursement reached the amount of EUR 304,596.54 (total advance and final payments = 74,44% from the state budget). Together with the means of the technical assistance (EUR 150,000) the disbursement rate reached 82,26 % in the amount of EUR 3,882,423.69 (from the Phare funds EUR 2,885,088.49 were

paid and from the state budget it was EUR 997,335.20).

From the total amount of 58 contracted projects, 52

applications for the final payment were submitted. Before the completion of the grant scheme, 6 grant contracts were terminated at the request of beneficiaries that did not follow the conditions of the grant contract, whether it was because of the lack of own financial resources or because of the shortage of time to complete project activities. Final payments were not carried out in 5 cases out of which 1 application for the final payment exceeded the amount of total eligible costs approved at the final settlement and other 4 projects did not achieve the overall goal of projects. At the same time, the above-mentioned beneficiaries were requested to return advance payments in full or partially.

At the completion of the TDGS 2003, the Department of Phare Monitoring was created as of March 1, 2007. The reason being the request brought forward at the sectoral monitoring subcommittee for ECOSOC projects which concluded that the position of the Programme Authorising Officer (PAO) did not expire on the day of the disbursement of Phare funds. In line with the wording of the financial agreement as well as EU directives, the PAO is responsible also for the execution of monitoring, storage of documents and provision of information on individual programmes during the following 5 years after the completion of the programme. That is why NADSME is obliged to actively monitor supported projects during the period of 3 years after the disbursement of the final payment while, according to the special conditions of the grant contract, the obligation is binding also for final beneficiaries.

Monitoring is carried out in the form of:

1. monitoring reports,
2. on-the-spot control,
3. solution of eventual discrepancies.

With regard to the above-mentioned, in 2007, beneficiaries submitted to the Contractual body reports on the impact of every single activity carried out. Consequently, the Contractual Body checked whether submitted monitoring reports corresponded with practice by means of so-called ex-post on-the-spot controls. The aim of controls was to check the final state as well as the operation of project outputs. They also focused on the fulfilment of the overall, as well as partial



the component 2 (C2), the eligible applicants were non-profit and non-governmental organisations operating in the tourism field as well as tourism associations. Under C2, projects concentrated on the development strategy of tourism, marketing and promotion, services of tourist information centres and offices, media support of tourism, participation at tourism fairs etc.

The total amount of funds allocated for TDGS 2003 was EUR 4,570,000 out of which the funding from the pre-accession aid of the Phare programme (Financial Memorandum 2003) represented EUR 3,350,000 and from the state budget it was EUR 1,220,000 as a national co-

project goals, the extent into which services are provided, completeness and required quality of construction works and supplies of devices (in case of projects of construction character).

FM 2002

1. GS IDGS 2002 – 102 projects in the C1
2. GS INTEG – 2 technological incubators
3. GS TDGS 2002 – 95 projects

FM 2003

1. GS SISME – 73 projects
2. GS TDGS 2003 – 40 projects

Total amount: 312 projects

The way individual forms of monitoring are carried out:

1. Submission of monitoring reports

Monitoring reports are submitted every 6 months. Forms for the monitoring reports are available at the web page www.nadsme.sk. NADSME requires the submission of reports via e-mail and consequently by post based on the preceding reminder from monitoring managers. Submitted monitoring reports serve as a base for the procession of analysis and statistical evaluation required by the Ministry of Economy of the SR. Under industrial grant schemes, beneficiaries submit requested cumulative data always as to April 30 and October 31 of an individual year. In case of tourism grant scheme, the submission deadlines are June 30 and December 31 of an individual year. **Technological incubators supported under the INTEG 2002** are obliged to submit forms four times a year – always at the end of each quarter.

2. On-the-spot control with the beneficiary (ex-post monitoring)

Controls carried out by NADSME focus on the following:

- a) the sustainability of the project (the form of the future implementation of project activities),
- b) the follow-up of the main project goal and sustainability of project outputs in line with the grant contract,
- c) the operation efficiency of investment projects,
- d) the archiving of the complete project documentation with the final beneficiary (contract, annexes to the contract, financial documentation, technical documentation and documentation of the public procurement),
- e) „the visibility“ – visual branding of project outputs (information boards with the EU logo on the acquired property).

Ex-post control is carried out once a year at the place where the project was implemented, always by 2 employees of the department. Every time photo documentation and minutes are elaborated from the visit. The monitoring department carries out controls based on the schedule updated weekly. There are 2 stable work teams created as well as one spare. As to the end of 2007, all 312 projects were monitored.

3. Solution of eventual discrepancies

The most common discrepancies are as follows:

- the project does not meet its main purpose in comparison with goals defined in the grant contract, low sustainability of the project respectively,
- missing or inadequate visual branding of the property acquired under the Phare





project,

- insufficient presence of innovation companies or starting entrepreneurs at the premises of technological incubators,
- damaged or missing project outputs, insufficient update or non-working web pages created under the project,
- unclear archiving of the project documentation.

Identified discrepancies are to be corrected by a beneficiary before the deadline determined by NADSME. The fulfilment of measures given is repeatedly checked with the beneficiary as needed and according to the risk criteria. The negligence of the visual marking reached the highest percentage of the above-mentioned failures. In case of serious discrepancies, findings were reported to the Ministry of Finance of the SR and in co-operation with the Financial Department appropriate measures and penalties were issued.

Apart from the ex-post monitoring, the department is responsible also for the following:

- the preparation of monitoring report forms and their distribution to beneficiaries – two times a year, app. 628

sent letters,

- the assessment of monitoring reports, telephonic or e-mail consultations with beneficiaries whose monitoring reports were not specific enough, reminders to beneficiaries that did not submit monitoring reports – app. 620 reports,
- the communication with the Ministry of Economy of the SR, the Slovak Government and the Department of Payments of the Ministry of Finance of the SR,
- the elaboration of partial reports for the European Commission (JMC - Joint Monitoring Committee),
- the elaboration of reports on the request of the Managing authority, assessment of outputs of grant schemes,
- the preparation of materials for the meeting of ISMC (Internal Supervising and Monitoring Committee for European funds),
- the recording and solution of identified discrepancies within individual projects,
- the organisation of regular meetings of ex-post monitoring with supervising bodies – quarterly meetings,
- the update of the ex-post monitoring database,
- consultations with beneficiaries of grant schemes as needed.



DEPARTMENT OF NATIONAL PROGRAMMES

FINANCIAL PROGRAMMES AND REGIONAL CO-OPERATION

Main spheres of the department's activities:

- the implementation and management of support programmes in the sector of SMEs financed from the public sources,
- proposals for the conception and preparation of specific programmes for the support of SMEs,
- the securing of the implementation of support programmes, provision of counselling and information for those interested in business, starting and existing entrepreneurs at the regional level in co-operation with particular regional institutions, especially Regional Advisory and Information Centres (RAICs), Business Innovation Centres (BICs), First Contact Centres (FCCs) and business and technological incubators (BaTI),
- the management and monitoring of learning projects in the field of skill and competence enhancements and the development of SMEs,
- the administration, co-ordination and monitoring of the implementation of support financial tools funded from revolving resources,
- the support of the development of Slovak network of business and technological incubators, stimulation of their mutual co-operation and networking,
- the co-ordination and evaluation of the activities of the institutional network of regional centres with the focus on results achieved through the implementation of support programmes, elaboration of evaluation reports on results of their activities and preparation of measures aiming to improve the effectiveness of programmes and support provided to target groups,
- activities and projects facilitating employment and self-employment as well as integration of different target groups (inc. visually impaired clients and risk groups at the job market) into the further training and preparation for entrepreneurship.

What was on in 2007 :**- Implementation of the programmes and projects:**

- Learning, training and counselling for selected groups interested in entrepreneurship
- The Micro-loan Programme
- The Support of SMEs via the network of incubators and the implementation of the method "Research-based spin-off"
- The System of integrated employment and retraining of visually impaired people – The Project SIZAR

- Monitoring of results of completed programmes:

- The Support Loan Programme
- The Support Scheme of the Purchase of Innovation Technologies and Setting up of Quality Management Systems

- Organisation of the following events:

- the meeting of representatives of 15 regional centres implementing the financial support programme Micro-loan Programme (Zvolen, April 2007)
- the international meeting of foreign partners of the Project SIZAR (Bratislava, NADMSE, September 2007)
- the Slovak national meeting of regional centres from the NADSME's institutional network and incubators - 4 theme workshops (Donovaly, November 2007) – picture No.1
- training courses of the Project SIZAR (Starting up and Telemarketing)

picture No. 1



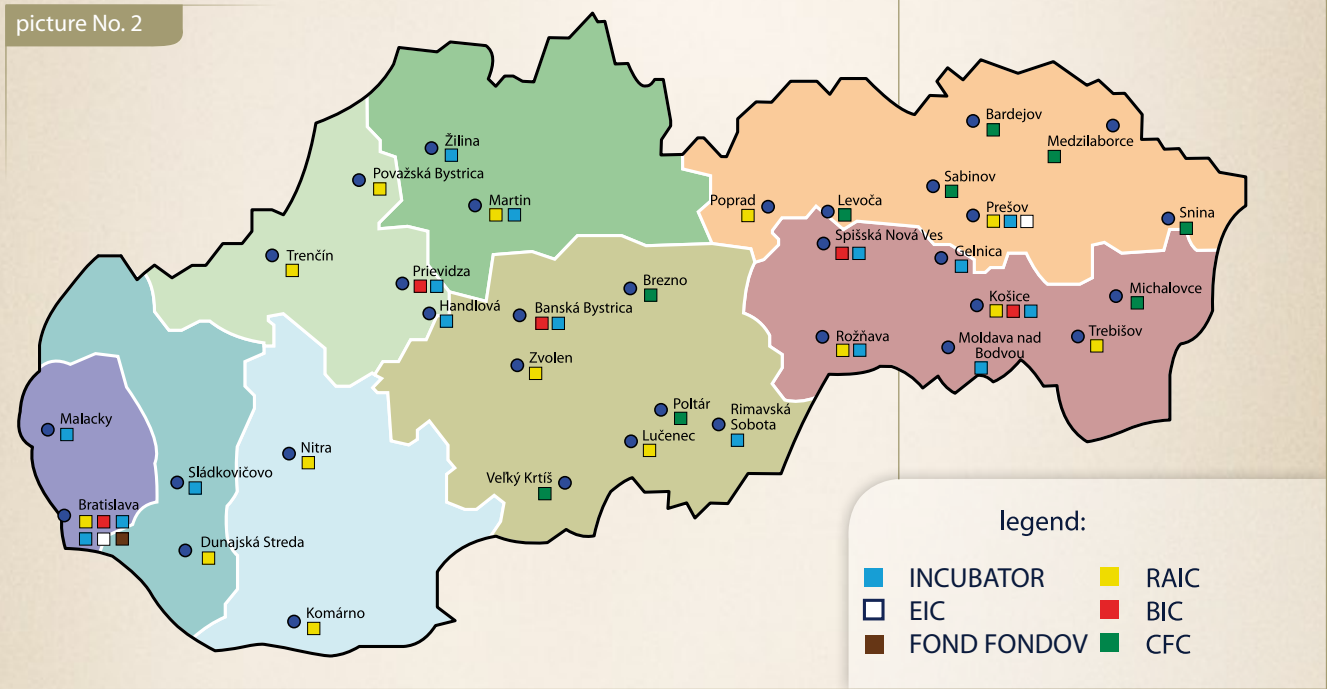
At the meeting with NADSME's Director-General, the representatives of regional centres discussed the state of SMEs' support (Donovaly, November 2007).

DEPARTMENT OF NATIONAL PROGRAMMES

FINANCIAL PROGRAMMES AND REGIONAL CO-OPERATION

Counselling and information services for selected groups of those interested in entrepreneurship

NADSME supports those interested in entrepreneurship in the form of the provision of discounted counselling and training services available on the whole territory of Slovakia via the network of RAICs, BICs, inc. some of incubation centres as well as FCCs – picture No. 2.



The services delivered under the programme Learning, training and counselling for selected groups of those interested in entrepreneurship are subsidised from the state budget. In 2007, regional centres delivered 3,538 information and professional consultations in the total amount of 5,975 hours. Consultations and trainings provided focused on all thematic areas connected with start-up of a company or getting a trade licence as well as with the development of PC skills of potential entrepreneurs.

Regional centres thus elaborated or assisted with the elaboration of 251 business plans, carried out 8 trainings for 221 participants (chart No. 1). Services provided by centres helped to create 565 new companies and 599 new jobs.



Subsidised counselling and training for those interested in entrepreneurship financed from the state budget and carried out by the network of RAIC/BIC/FCC in 2007

Centre	Overview of performance and results						
	Information consultations		Professional consultations		Business plans	Trainings	Participants
	number	hours	number	hours	number	number	number
BIC Prievidza	126	63	128	381	13	6	205
BIC Spišská N. Ves	25	12,5	45	72,5	17	0	0
CPK Bardejov	26	13	23	69	0	0	0
CPK Brezno	7	3,5	7	22	7	0	0
CPK Levoča	29	14,5	85	195	5	0	0
CPK Medzilaborce	3	1,5	19	103	0	0	0
CPK Michalovce	114	57	145	318	0	0	0
CPK Poltár	44	22	88	125	22	0	0
CPK Sniná	60	30	108	140	0	0	0
CPK Veľký Krtíš	74	37	74	222	0	0	0
RPIC Dunajská Streda	0	0	0	0	88	0	0
RPIC Komárno	132	66	132	396	7	0	0
RPIC Košice	97	48,5	99	267	3	0	0
RPIC Lučenec	134	67	142	422	3	0	0
RPIC Nitra	40	20	40	114	17	0	0
RPIC Poprad	250	125	529	779	0	0	0
RPIC Pov. Bystrica	86	43	95	244	39	0	0
RPIC Prešov	0	0	0	0	0	2	16
RPIC Rožňava	52	26	52	154	0	0	0
RPIC Trebišov	18	9	50	280,5	12	0	0
RPIC Trenčín	44	22	53	146,5	18	0	0
RPIC Zvolen	103	51,5	160	792	0	0	0
Total	1464	732	2074	5243	251	8	221

chart No. 1

DEPARTMENT OF NATIONAL PROGRAMMES

FINANCIAL PROGRAMMES AND REGIONAL CO-OPERATION

The Project SIZAR

Since 2005, NADSME has taken an active part in the project “System of integrated employment and retraining of visually impaired people – SIZAR” together with the chief partner the Slovak Blind and Partially Sighted Union and other partners – the Agency of Assisted Employment and the Institute of Labour, Social Affairs and Family. The main goal of the project financed from the EU funds (Equal Community Initiative) is the facilitation of employment and retraining of blind and partially sighted people.

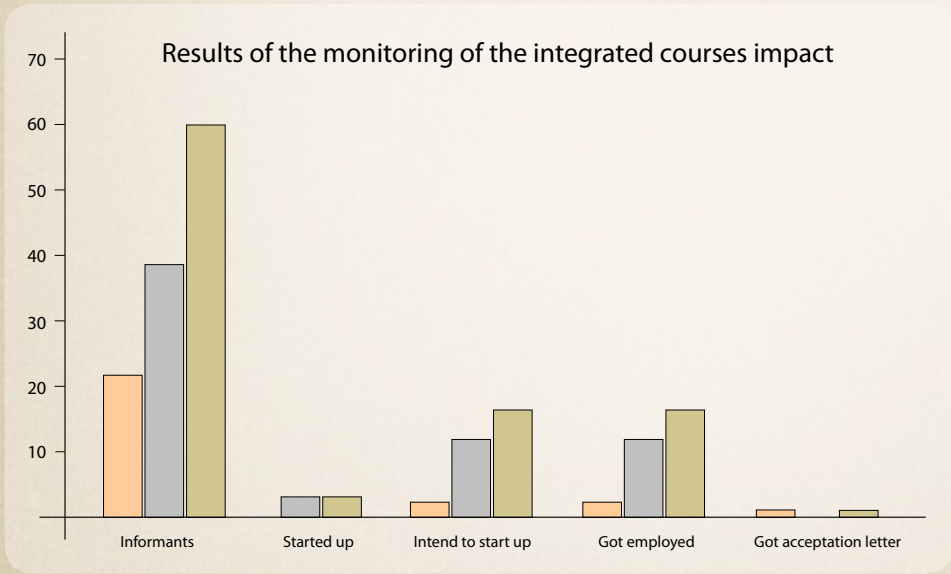
In 2007, NADSME was responsible for the facilitation of the standard course Starting up for partially sighted (PS) clients with entrepreneurship ambitions as well as the creation of a new training course Telemarketing in the co-operation with RAIC Považská Bystrica that provided lecturers. NADSME secured, apart from learning activities themselves, also the preparatory phase – professional training of lecturers, modification of training textbooks, tests, questionnaires,

adjustment of environment, the intermediation of communication between partners and lectures etc. Before the opening of courses, the methodology of the PS integration into training courses and the elimination of integration barriers was elaborated in the form of a guidebook that was used during the preparation phase. Under the project, NADSME organised 4 integrated courses: a course Starting up and 3 courses of Telemarketing that were attended by 44 participants, inc.17 visually handicapped people. The integration did not concern only PS clients because among the participants there were also students, graduates, mothers after the maternity leave, retired, physically handicapped people and clients of various degree of education (chart No. 2).

Training courses of the Project SIZAR					
	Number of courses		Number of participants		
	Starting up	Telemarketing	PS	Without PS	Total
2006	2	0	7	20	27
2007	1	3	17	27	44
Total	3	3	24	47	71

chart No. 2

picture No. 3



In the 3rd – 4th quarters of 2007, the monitoring of the impact of all 6 training courses was evaluated. Out of 71 course participants, inc. 24 PS, 60 took part in the monitoring, inc. 22 PS. 4 participants without visual impairment started up their business, 15 clients (inc. 3 PS) intended to start up after financial issues were solved or business premises secured. 16, inc. 3 PS participants, were employed and another PS participant acquired an acceptance letter from the future employer (picture No. 3).



DEPARTMENT OF NATIONAL PROGRAMMES

**FINANCIAL PROGRAMMES
AND REGIONAL CO-OPERATION**

With regard to international activities of the project, project partners from the Great Britain and Poland visited the Agency in September in order to get familiar with our model of the blind and PS integration into standard courses aimed at the preparation for starting up. The process of common clients' and PS participants' integration was presented together with teaching methods, specific issues and the experience of a PS participant who was in the preparation process for starting up (picture No. 4).

picture No. 4



The model of PS integration into training courses was presented to the British and Polish partners of the Project SIZAR within the NADSME premises.

During the national meeting of regional centres in November 2007, the Department of Financial Programmes and Regional Co-operation together with RAIC Považská Bystrica shared know-how acquired from integration courses with representatives of RAICs, BICs, FCCs and incubators. In such a way centres were provided with an opportunity to make counselling and training courses available in their regions also for PS clients. Moreover, this target group was explicitly included in state support counselling and training programmes for those interested in entrepreneurship and starting as well as existing entrepreneurs.

The Support Loan Programme

In 2007, NADSME continued to monitor the settlement of loans in co-operation with banks Unicreditbank a.s., Slovenská sporiteľňa a.s., VÚB, a.s., Istrobanka, a.s. and Ľudová banka, a.s. as well as in the solution of problematic loans of the already completed Support Loan Programme (SLP) that had been implemented from revolving funds as to April 2005.

Its main goal was to enable SMEs to access fixed and operational capital in the form of a mid-term loan. It was designed for SMEs employing fewer than 250 persons and operating in the area of production, crafts, services and active tourism. Entrepreneurs that met the criteria of the programme could apply for a loan in the maximum amount of Sk 10 millions for the period of 8 years. The programme was funded from the state budget, the EU through Phare programme and originally 4 Slovak banks (Slovenská sporiteľňa, a.s., Tatra banka, a.s., Poľnobanka, a.s. and Istrobanka, a.s.). At the end of 1998, Ľudová banka, a.s. joined the fund and in 2001 so did VÚB, a.s. The program was implemented from 1994 till March 30, 2005. During this period, the total amount of 1,173 loans was provided in the amount of SK 3,885,930,343.

DEPARTMENT OF NATIONAL PROGRAMMES

FINANCIAL PROGRAMMES AND REGIONAL CO-OPERATION

The Programme: Support of SMEs via the network of incubators and the implementation of the method "Research-based spin-off"

In 2007 a new programme for the support of entrepreneurs – incubated companies via business and technological incubators was approved for the period of 2007–2013. It concerns the financial support of incubators in such a way so that they could provide starting entrepreneurs with suitable starting conditions for the operation of their companies for the minimum period of 3 years, the aim being the increased survival rate and improvement of SMEs competitiveness. The financial resources

of the programme were allocated solely for non-investment costs, i.e. the partial settlement of operational costs of incubators. Investment activities such as reconstruction and enhancement of technological parameters of buildings were not carried out.

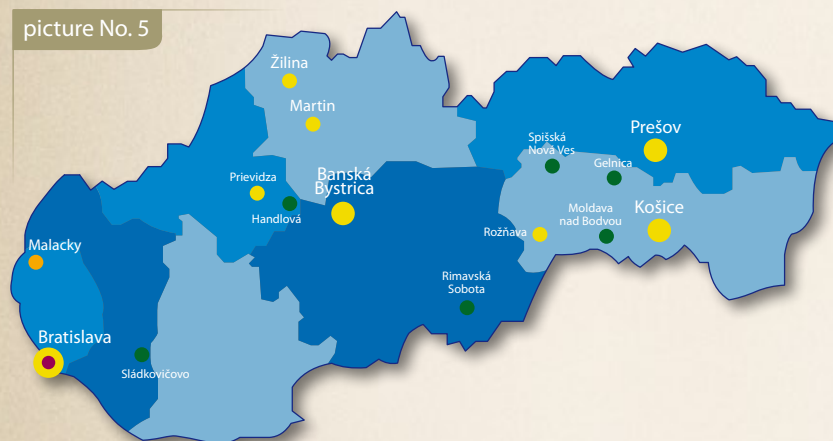
As to December 31, 2007 16 business and technological incubators were in operation in Slovakia, supporting newly-created companies in regions (see picture No. 5). 11 of them met eligible criteria in accordance with conditions set in the programme and that is why contracts were drawn with them with the purpose to co-finance operational

costs for the period of January - December 2007. Finally, 9 incubators drew financial funds, 2 did not draw since their business operation was profitable which does not correspond with the programme conditions. From the state budget, funds in the amount of Sk 4,344, 437.45 were used.

An important factor of investments into the development of the incubators' network is its impact on employment at the regional scale. In direct connection to the operation and activities of incubators, 1,230 jobs were created in 269 incubated companies, out of which 646 jobs were created by 157 companies in 9 supported incubators.

NADSME dealt also with information and communication support of incubators. The Department of Financial Programmes and Regional Co-operation with the technological support of the Communication Department prepared electronic space for the incubators' network as a part of the NADSME web page. It is designed for managers and incubator administrators, starting entrepreneurs or those searching for business premises as well as for the public that can gain general information on the mission, operation and services of incubators, advantages for starting entrepreneurs etc. With the aim to support the development of the incubator's network, intermediate the exchange of best practice between more experienced and newly-opened incubators, motivate networking and mutual co-operation in regions, NADSME organised the first national meeting of incubators' representatives (picture No. 6).

picture No. 5



picture No. 6



Representatives of Slovak incubators discussed and shared experience at the 1st National Meeting at Donovaly in November 2007.

DEPARTMENT OF NATIONAL PROGRAMMES

FINANCIAL PROGRAMMES AND REGIONAL CO-OPERATION

The Micro-loan Programme

In 1997, NADMSE launched a pilot project the Micro-loan Programme with the help of 3 RAICs in Považská Bystrica, Zvolen and Prešov. Its main goal was to solve the problem of the access of small entrepreneurs in regions to small loans. At present, the programme is implemented in line with the directive of the Slovak government No. 701/2002. It is designed for small entrepreneurs employing less than 50 persons. In 2007, 15 centres were operating under the programme that covers the whole territory of Slovakia.

A micro-loan could be used for the acquisition of tangible and intangible fixed assets, reconstruction of operational premises as well as for the purchase of necessary stock, material or goods. In 2007, the minimal amount of a micro-loan was Sk 50,000, maximal amount was Sk 1,500,000 with the interest rate dropping down to 6,25% p.s. twice. The maturity period varied from 6 months to 4 years. In special cases it was possible to prolong the maximum grace period for principal repayment of 6 months. 124 SMEs submitted the request for the provision of a micro-loan in 2007, out of which 109 micro-loans were provided in the

total amount of Sk 75,035,766. The average amount of the micro-loan reached Sk 688,402. All in all, 1,499 micro-loans were provided since the launch of the programme in the amount of Sk 673,917,191 (chart No. 3).

Another important factor which has to be mentioned in connection with the implementation of the Micro-loan Programme is its impact on employment in regions. The year 2007 saw 169 newly-created job positions and other 556 were maintained thanks to the financial support of the programme.

Since the start of the programme, the total amount of 2,253 jobs was created and other 3,215 were maintained.



The overview of provided micro-loans by individual centres

Centre	Year 2007		Cumulatively as to December 31, 2007	
	Micro-loans provided		Micro-loans provided	
	number	in Sk	number	in Sk
Fond fondov s.r.o. Bratislava	12	8 388 000	121	62 179 500
RPIC Dunajská Streda	5	4 750 000	56	27 894 800
RPIC Komárno	4	1 420 000	104	49 377 038
RPIC Košice	7	6 230 000	36	24 349 336
RPIC Lučenec	9	4 554 500	73	37 475 725
RPIC Martin	1	450 000	74	30 059 362
RPIC Nitra	7	2 810 000	120	36 948 000
RPIC Poprad	2	3 000 000	9	7 431 033
RPIC Považská Bystrica	5	3 779 236	172	61 362 323
RPIC Prešov	15	11 550 000	174	75 977 000
BIC Prievidza	19	12 000 000	168	85 368 000
BIC Spišská Nová Ves	12	4 534 030	85	34 573 503
RPIC Trebišov	3	2 970 000	83	38 478 199
RPIC Trenčín	5	6 000 000	70	42 621 662
RPIC Zvolen	3	2 600 000	154	59 821 710
Total	109	75 035 766	1 499	673 917 191

chart No. 3



DEPARTMENT OF NATIONAL PROGRAMMES

FINANCIAL PROGRAMMES AND REGIONAL CO-OPERATION

The Support Scheme of the Purchase of Innovation Technologies and Setting up of Quality Management Systems

In 2007, impacts of the state support programme The Scheme of the Purchase of Innovation Technologies and Setting up of Quality Management Systems (QMS) consisting of 2 parts – Quality and Innovation Technologies were monitored. It was aimed at the improvement of the SME's competitiveness via the introduction and usage of innovations and QMS according to the selected international standards. The Ministry of Economy of the SR, in the role of the aid provider to SMEs, announced the scheme in August 2003. The scheme expired on December 31, 2006.

The results achieved by beneficiaries in 2003-2005 were the subject of monitoring. Regarding the part Quality, the economic performance of 247 enterprises, and in the part Innovation technologies the performance of 26 companies receiving non-returnable financial contributions, were monitored.

Economic indicators that were monitored and compared from the point of year-on-year changes:

- turnover,
- added value,
- company's profit,
- tax obligation,
- export activity,
- number of employees of individual companies.

NADSME gained the above-mentioned data from questionnaires distributed to 316 companies.



DEPARTMENT OF NATIONAL PROGRAMMES

DEPARTMENT OF BUSINESS ENVIRONMENT ANALYSIS

Co-operation in the provision of state support and development of SMEs

For the need of the Ministry of Economy of the SR and in order to inform the business community, NADSME elaborates a publication "The State of SMEs and its support in Slovakia" on annual basis. The report assesses the current state of the SME sector, its development in the chronological context as well as the development of business environment. It provides a complex overview of activities for the SME's support and a detailed picture of NADSME activities for the SME's support together with their assessment. An important part of the report is also a set of recommendations and proposals for the improvement of business environment and state support measures for the sector of SMEs.

In connection with the establishment of Unified contact points (UCP) that enable entrepreneurs to arrange several administrative matters required for the start-up at one place. Upon the request from the Ministry of Economy of the SR, NADSME prepared a detailed manual for the UCPs' staff as well as for entrepreneurs themselves containing duties of starting entrepreneurs that are required by generally binding directives.

Co-operation with institutions associating entrepreneurs

NADSME is aware of the importance of co-operation among institutions supporting business activities and creating business environment, with organisations acting on behalf of entrepreneurs. That is why the Agency pays attention to the co-operation with associations of SMEs, especially with the Slovak Union of Crafts, the Slovak Association of Entrepreneurs, the Slovak Chamber of Crafts, the Slovak Chamber of Commerce and Industry, the Slovak Business Alliance, the Slovak Association of Production Co-operation and the Slovak Association of Small Enterprises. The recommendations and suggestions of these organizations are included in the assessment of the state of SMEs and their support.

**Information activities**

Ongoing changes in the business legislation framework as well as changes in the system of business support create a strong demand of the business public for relevant, complex and correct information. In order to satisfy the demand, NADSME prepares and systematically updates information materials for entrepreneurs, such as e.g. The support of SMEs in Slovakia – A guide through initiatives, The review of legislation regulations for SMEs, The list of legislation for the support of SMEs.

For those interested in doing business on the basis of a trade licence or setting up a commercial enterprise, NADSME produces and regularly updates a guide "The basic administrative steps to take when starting up." Each year, the Agency prepares and releases "The Report on the state of SMEs in Slovakia" especially for the professional public and for the needs of governmental institutions. The complex material on the state and development of SMEs and its support in Slovakia is very often used as a source of information for institutions such as the EU, OECD and EC UN when preparing a comparative analysis and various studies.

Business environment monitoring

Activities directed at the enhancement of business environment are the most efficient tools for the improvement of competitiveness and economic performance of the national economy. The monitoring of business environment and its features is a base for the qualified preparation of legislative changes and initiatives for the SMEs' support.

Within the activities of business environment enhancement for SMEs, NADSME actively co-operates with the representatives of governmental institutions and business organisations. The Agency draws quantitative and qualitative information on the SME sector from statistical data, own surveys, consultations with representatives of the business sector, universities, foreign partners etc. In 2007, NADSME continued, together with the Statistical Office of the Slovak Republic and the Datacentre, in the development of the database information system on SMEs. Apart from the detailed information on the SME sector, the information system is a suitable tool for the assessment of the impacts of adopted legislation on business environment.

In line with the preparation for the introduction of Euro as a national currency in the Slovak Republic, NADSME conducted a survey among entrepreneurs aimed at their current state of readiness for the change as well as at the identification of weaknesses in the preparations at which the future information campaign will be focused. The survey was conducted during the first quarter of 2008.

Activities for the improvement of SMEs' competitiveness

In 2007, NADSME prepared the Support scheme of the SMEs' participation in the 7th Framework Programme of the European Union for research and technological development which was published by the Ministry of Economy of the SR in the Commercial Journal in November 2007. The goal of the aid provided in the form of non-returnable financial contributions is to motivate SMEs that possess potential in the area of preparation and implementation of projects of the 7th Framework Programme to actively participate in projects. The contribution can be used to cover a part of costs connected with the preparation of projects.



FOND FONDOV
FONDY RIZIKOVÉHO KAPITÁLU

Venture capital

NADSME implements the support of growth-oriented business projects in the form of a provision of venture capital (an investment into the equity of a company) through the specialised daughter company Fond fondov s.r.o. In 2007, two funds set up in 2006 – Seed Capital Fund, k.s. and Slovenský rozvojový fond, a.s. – started their operation in full. They were established in co-operation with private institutional investors which helped to widen the possibility to fund business activities with higher risk rate and higher potential of appreciation.

The Agency co-operated with the Ministry of Economy of the SR also at the preparation of new tools for SMEs proposed in the process of implementation of the JEREMIE initiative in Slovakia. These should be financed from the Structural Funds of the European Union, Programming period of 2007-2013, and should also significantly improve the access of SMEs to capital.



**Slovenský
rozvojový
fond, a.s.**



STRUCTURAL FUNDS

The year 2007 saw changes in the organisational structure of the Structural Funds Department based on the decision of the Administrative board as on November 11, 2007. The department was transformed into the Structural Funds Section which is one of 3 sections in NADSME.

It is responsible for the overall organisation of calls, assessment, implementation, financial management, monitoring and control of applications for non-returnable financial contribution under the Sectoral Operational Programme Industry and Services as follows:

Measure 1.1 - The Support of development of new and existing enterprises and services designed for the private sector.

Measure 1.2 - The Support of construction and rehabilitation of infrastructure (establishment of incubators, technological parks and research and development centres) designed for applicants from the public sector.

The Measure 1.2 includes also the national project "The set-up of a network with the information link between research, academic and specialised libraries, including their modernisation". The section is managed by the Section Director. It comprises two departments – SOP IS Implementation (the Sectoral Operational Programme Industry and Services) and CaEG (Competitiveness and Economic Growth). The implementation of SOP IS includes the Implementation of SOP IS projects, their financial management and monitoring.

The team of project managers is responsible for the overall implementation of projects of SMEs that were granted non-returnable financial contribution from the Structural Funds. They deal also with the on-the-spot-control of the project implementation which includes the financial control as well as the control of the implementation process. The Financial Department carries out, apart from the control of applications for payment, activities connected with financial processes of the Structural

Funds implementation. The main remit of the Department of Project Monitoring is the control of supported projects – whether project indicators have been met after their completion – in 5 or 15 years' time. In connection with the changed organisation structure of the Structural Funds Section, new positions were created. The final personal structure of the Structural Funds Section can be seen in the enclosed picture (p. 27).



Department of Control for Structural Funds

The department was created on March 1, 2007. It deals with the control of projects financed from the Structural Funds and co-financed from national sources of SOP IS, Priority 1: Improvement of the industry and services' competitiveness with the use of domestic growth potential and includes Measure 1.1. The Support of new and existing SMEs and Measure 1.2. The Construction and rehabilitation of infrastructure. 6 employees worked with the department in 2007.

The activity of control managers focuses on the control of:

- physical implementation in accordance with the project specifics;
- eligible expenses and approved financial project plans (for which NADSME and the Payment Unit of the Ministry of Economy of the Slovak Republic are responsible);
- the wording of the Contract on the provision of non-returnable financial contribution;
- the EU and Slovak legislation.

In 2007, the department carried out 7 on-the-spot controls in order to check whether conditions of the contract for the provision of non-returnable financial contribution were met and a control of the commercial public procurement of 5 projects. The total amount of contracted funds reached Sk 452,191,499.10, out of which Sk 268,316,461.10 were controlled.

THE MEASURE 1.1 “THE SUPPORT OF DEVELOPMENT OF NEW AND EXISTING ENTERPRISES AND SERVICES”

THE CALL FOR PROPOSALS SOP IS-2004-1.1 AS ON JUNE 15, 2004

The Measure 1.1 focuses on the support of development of entrepreneurship in the field of industry and services, increase of employment rate and living standard in regions via the private sector and the assistance to SMEs when trying to succeed in the international co-operation as well as in the entry into the EU market. The implementation of the Measure 1.1 – the call for proposals under the SOP IS-2004-1.1 in 2007 concentrated on the following areas:

- *the acceptance of payment applications and preparation of the declaration on confirmation for payment applications,*
- *the monitoring of projects in connection with contracts on the provision of non-returnable financial contribution coming into effect,*
- *the project monitoring after the completion,*
- *the selection of projects from the standby package and consequent drawing of contracts for the provision of non-returnable financial contribution.*

In 2007, 9 projects were selected from the standby project package. One of them did not accept the contract conditions, 8 projects signed the contract on the provision of non-returnable financial contributions. 6 projects from the total number approved by the evaluation committee withdrew from the contract due to the following reasons:

- *the request for change not approved,*
- *relevant documents necessary for the contract to come into effect not submitted,*
- *the withdrawal from the contract by agreement,*
- *the contract cancellation.*

As to December 31, 2007, 42 projects, out of the total amount of 49, were completed (12 of them during 2007).



The financial implementation of aid

The system of the Structural Funds financial management comprises a complex of mutually connected and intertwined sub-systems and activities through which efficient financial planning, budgeting, accounting, recording, payment to final recipients, monitoring of financial flows and financial control at the realisation of aid from the Structural Funds are secured.

In 2007, 47 requests for payment (RPs) were submitted at NADSME by beneficiaries:

	Number of requests	Amount in Sk
Interim RPs	26	30 581 948,15
Final RPs	21	26 589 409,02
Total	47	57 171 357,17

Refunded requests for payment (RPs):

In 2007, 61 requests for payment were refunded under the Measure 1.1:

	Number	Amount in Sk	State budget funds in Sk	ERDF funds in Sk
Final RPs	20	69 468 651,14	32 062 454,42	37 406 196,72
Interim RPs	41	76 893 320,07	35 489 224,70	41 404 095,37
Total	61	146 361 971,21	67 551 679,12	78 810 292,09

THE MEASURE 1.1 "THE SUPPORT OF DEVELOPMENT OF NEW AND EXISTING ENTERPRISES AND SERVICES"

THE CALL FOR PROPOSALS SOP IS -2006-1.1 AS ON AUGUST 16, 2006 (DE MINIMIS AID SCHEME)

The professional assessment of projects started at the end of 2006. Each project was assessed by 2 evaluators (internal and external) that prepared independent reports. These served as a basis for the consequent decision of the evaluation committee on the provision/non-provision of non-returnable financial contribution. The most important aspects that were assessed were e.g. project contribution to the fulfilment of goals of the individual measure, operational ability of recipients, project sustainability, budget and project effectiveness, project methodology (which included also the assessment of indicators proposed by the applicant to monitor the project realisation). In line with assessments by external and internal evaluators, the evaluation committee set out a list of projects that reached the pre-determined minimal number of points (72 p.). Those projects that failed to achieve it were excluded from the further assessment process.

The process of the professional assessment was completed on February 23, 2007

Out of the total number of 430 assessed projects, 360 gained more than 72 points and 70 did not reach it at all. After the professional assessment of those projects that met the basic criteria, the total amount of requested costs was Sk 1,932,374,933.85 and the total amount of approved non-returnable financial contribution reached Sk 959,183,399.66. Due to the fact that the evaluation committee did not have so much financial resources available as requested in the successful projects, it was not possible to provide all successful entrepreneurs with financial contribution. That is why a standby project package was created. These projects could be supported in case that additional financial resources were released. The list of projects is available at the web page www.nadsme.sk, in the part dedicated to the Structural Funds.



Contract ratification

Once successful applicants for non-returnable financial contribution were addressed, the Structural Funds Section started with the process of contract ratification based on the decision of the Minister of Economy of the SR as on May 28, 2007. As to December 31, 2007, 81 contracts on the provision of non-returnable financial contribution were drawn in the total amount of Sk 215,193,318.99. Out of those there were 7 contracts from the standby project package in the amount of Sk 19,900,605.00. Consequently, addendum to contracts were processed and distributed and became an inseparable part of contract agenda after they had been signed.

The financial implementation of aid

The system of the Structural Funds financial management comprises a complex of mutually connected and intertwined sub-systems and activities through which efficient financial planning, budgeting, accounting, recording, payment to final recipients, monitoring of financial flows and financial control at the realisation of aid from the Structural Funds are secured.

During 2007, 6 requests for payment were accepted in the amount

of Sk 15,797,783.56 Sk (Sk 7,291, 284.72 from the state budget, Sk 8,506,498.84 from ERDF). Only 1 request for payment was settled in the amount of Sk 1,289,502.50 (Sk 595,155.00 from the state budget, Sk 694,347.50 from ERDF).

	Number	Amount in Sk	State budget funds in Sk	ERDF funds in Sk
Settled RPs	1	1 289 502,50	595 155,00	694 347,50
RPs not settled	5	14 486 845,28	6 686 236,34	7 800 608,94
Total	6	15 776 347,78	7 281 391,34	8 494 956,44

The system of project monitoring

The monitoring is secured in the form of processing, summarisation and evaluation of project data that are gained from the final beneficiary. Information on contracted projects is collected from:

- *the report on the process of project realisation,*
- *the report on the completion of project realisation,*
- *the recording and evaluation of project indicators after their completion –lists of indicators,*
- *controls of physical realisation of projects,*
- controls – on-the-spot project monitoring.

The project monitoring during realisation

During the realisation of projects, aid beneficiaries are obliged to submit "The report on the project realisation process" at the First Contact Information Centre (FCIC) before the deadline. FCIC summarises reports and forward them to the Structural Funds Section which attach to each report "The control list of the administration of the project realisation process". Based on reports, "NADSME operative quarterly reports" are elaborated for the need of the Ministry of Economy of the SR. Gained information is relevant not only to project monitoring but also to evaluation of the measure as well as to the whole SOP IS. In connection to The operative quarterly report, the Structural Funds Section regularly organises work monitoring meetings with the representatives of the Ministry of Economy of the SR and its Payment Unit. Their aim is to:



- analyse data in NADSME operative quarterly reports,
- evaluate the current state of contracted, realised and completed projects,
- submit The written summary of information on required and implemented changes in projects,
- analyse problems occurred during the project realisation,
- monitor risk of shortfalls in the timetable and propose solutions for the elimination of discrepancies,
- inform on physical realisation controls that were carried out and on-the-spot monitoring with aid beneficiaries.

In 2007, milestones set in projects were reached in line with approved timetables of work realisation and approved applications for a change in contracts on the provision of non-returnable financial contribution.

During 2007, 88 on-the spot controls of project realisation were carried out, out of which there were 69 on-the-spot monitoring and 19 on-the-spot controls for payment applications. The findings proved that realisations were in conformity with contracts on the provision of non-returnable financial contribution and no discrepancies were found.

THE MEASURE 1.2 "THE SUPPORT OF CONSTRUCTION AND DEVELOPMENT OF INFRASTRUCTURE"

THE CALL FOR PROPOSALS SOP IS-2004-1.2 AS ON APRIL 7, 2004

The Measure 1.2 "The support of construction and development of infrastructure" focuses on the support of business development in the field of industry and services, increase of employment and quality of life in regions via the public sector. The call number SOP IS-2004-1.2 that was announced by the Managing Authority for the SOP IS in co-operation with NADSME on April 7, 2004, comprises eligible activities for the support of construction of incubators, technological parks and research and development centres.

During 2007, NADSME implemented 6 projects under the Measure 1.2. The amount of contracted non-refundable financial contribution reached Sk 146,385,347.05. Moreover, in 2007 no contract on the provision of non-returnable financial contribution was signed since all 6 contracts had already been drawn in 2005.

The amount of contracted non-returnable financial contribution (NFC) as to December 31, 2007:

S.n.	Project code	Applicant	Amount of contracted NFC (in Sk)
1	11110200001	City of Martin	21 306 634,20
2	11110200004	City of Spišská Nová Ves	26 930 128,80
3	11110200005	City of Gelnica	36 829 442,30
4	11110200007	City of Handlová	37 571 930,00
5	11110200008	City of Rimavská Sobota	2 580 200,00
6	11110200009	City of Moldava nad Bodvou	21 167 011,75
The total amount of contracted NFC			146 385 347,05

No standby project package was created under the Measure 1.2. In 2007, 2 beneficiaries withdrew from the contract due to the following reasons:

- the request for the change of the realisation place not approved,
- the period set for the public procurement not kept.

In line with the directive of the Ministry of Economy of the SR for SOP IS and individual parts of the contract on the provision of NFC, the Structural Funds section processed and distributed addendum to contracts that became an inseparable part of the contract agenda after they had been signed.



The on-the-spot control with final beneficiaries

In 2007, 6 on-the-spot controls with final beneficiaries were carried out. The results showed no discrepancies.

All in all, in 2007, 11 applications in the total amount of Sk 22,202,625.43 were submitted to NADSME by final beneficiaries for the Measure 1.2. Out of them, there were 8 applications for the advance funding in the amount of Sk 17,390,462.45 together with 3 final requests for payment in the amount of Sk 4,812,162.98.

	Number	Amount in Sk
Requests for advance funding	8	17 390 462,45
Final RP	3	4 812 162,98
Total	11	22 202 625,43

The National Project

The implementation of the National Project “The set-up of a network with information link between science, academic and specialised libraries, including their modernisation” is a part of the Measure 1.2 of SOP IS: “The support of construction and development of infrastructure”.

It aims to modernise and interconnect science, academic and technological libraries with business practice (eligible activities include science, academic and technical libraries).

The final beneficiary is the Slovak National Library Martin (SNL Martin) which signed the contract with NADSME on the provision of NFC on April 24, 2007. Consequently, the final beneficiary drew contracts on co-operation with 10 project partners:

- the Slovak Academy of Sciences
- the Slovak Chemical Library at STU Bratislava
- the University of St. Cyril and Methodius in Trnava
- the Slovak University of Agriculture
- the Trenčín University of A. Dubčeka in Trenčín
- the University Library in Žilina
- the Science Library in Banská Bystrica
- the Science Library in Prešov
- the Science Library in Košice
- the Thechnical University in Zvolen

In 2007, after the contract drawing, NADSME signed 5 addendum to the contract with the financial beneficiary SNL Martin. The implementation of the National Project focused in 2007 on the following areas:

- acceptance of requests for payment / requests for settlement of advance payments and elaboration of the report on verification of cost eligibility,
- project monitoring in connection with the contracts on the provision of NFC coming into effect.



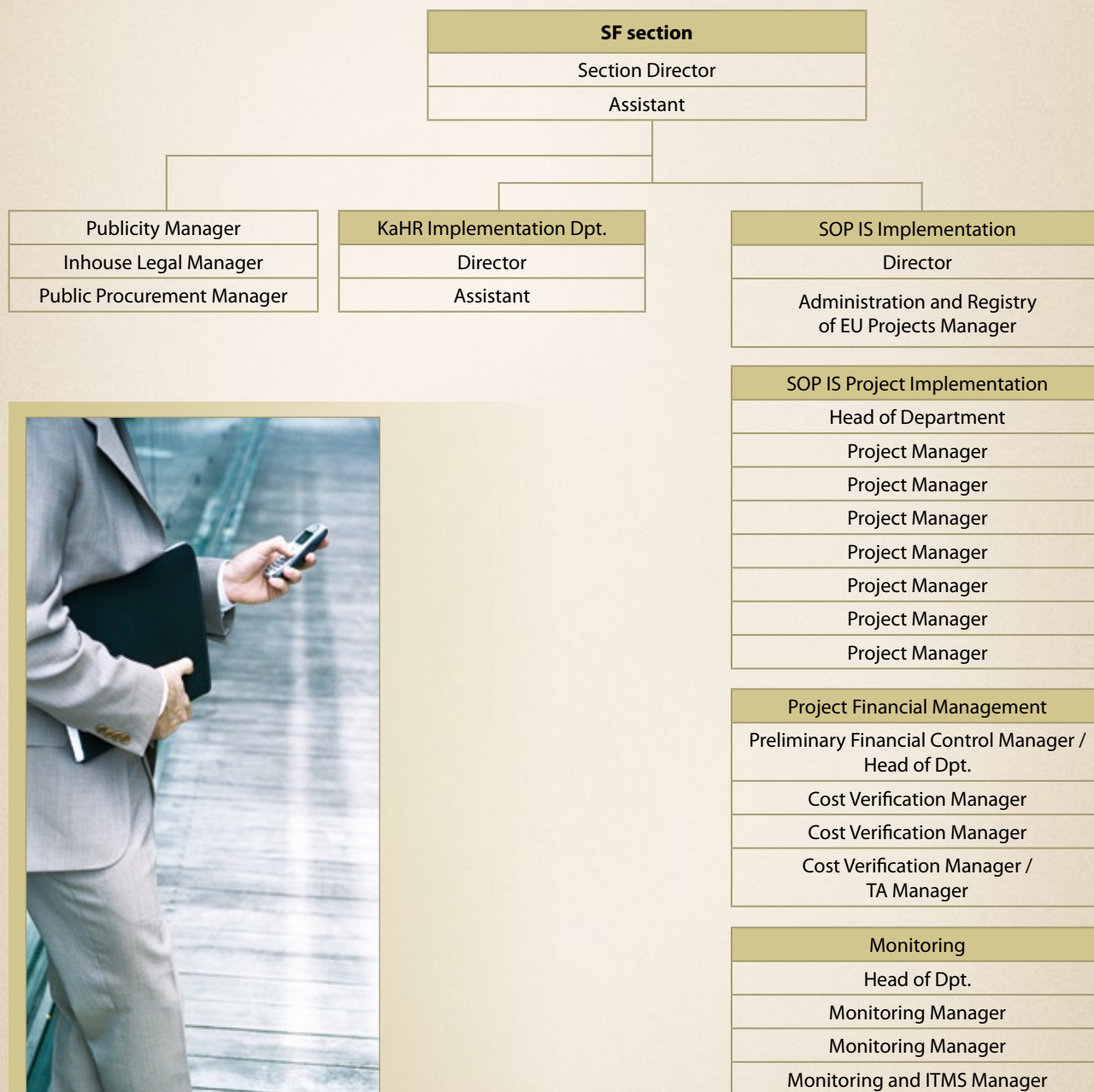
Aid financial implementation

The total amount of requests for advance payments submitted at NADSME reached Sk 14,882,812.24 (from ERDF it was Sk 11,749,558, from the state budget Sk 3,133,223.63) in 2007. The total amount of requests for the settlement of advance payments reached Sk 6,252,426.92 (from ERDF – Sk 4,936, 126.52, from the state budget – Sk 1,316,300.40).

	Amount in Sk	State budget funds in Sk	ERDF funds in Sk
Request for the advance payment	14 882 812,24	3 133 223, 63	11 749 588,61
Request for the settlement of the advance payment	6 252 426,92	1 316 300,40	4 936 126,52
Total	21 135 239,16	4 449 524,03	16 685 715,13

In 2007, representatives of the financial beneficiary, partners, NADSME, the Ministry of Economy of the SR and the Ministry of Culture of the SR took part at regular co-ordination meetings. The assessment of problems occurred during the project realisation and consequent measures for their elimination were on the meeting agenda - such as e.g. the question of funding and realisation of the project schedule, since, in regard to the end of the implementation period of SOP IS, it is indispensable to complete the project before November 30, 2008.

THE ORGANISATION STRUCTURE OF STRUCTURAL FUNDS (SF)



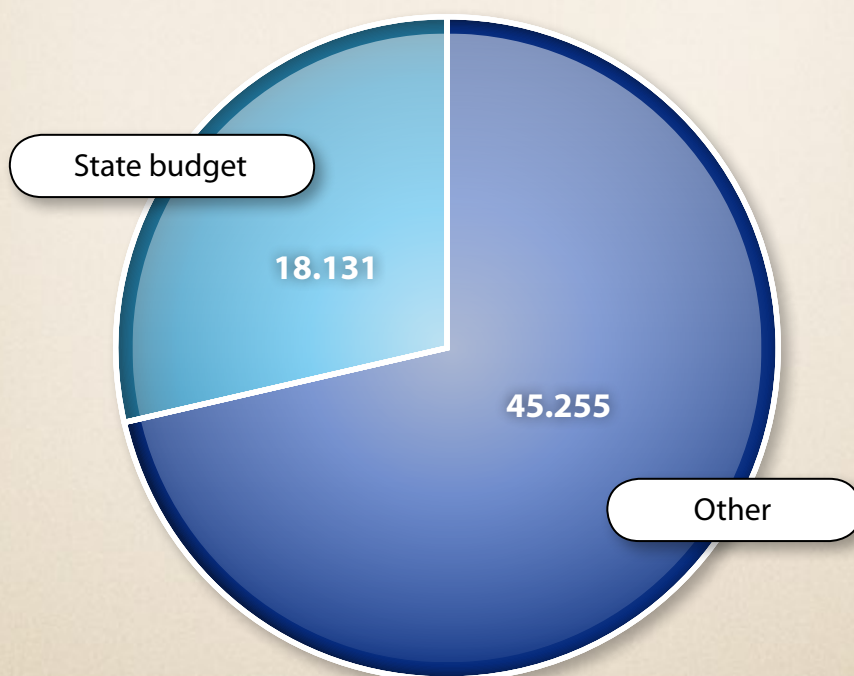
FINANCIAL DIRECTOR AND DEPUTY OF THE DIRECTOR GENERAL SECTION

BALANCE SHEET

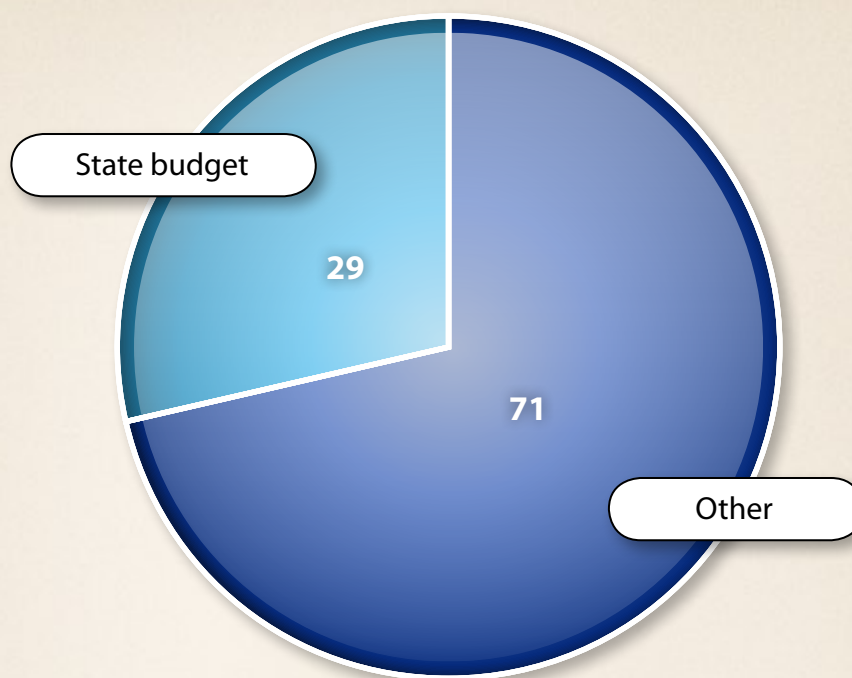
Amount in thousand Sk

	2006	2007
BALANCE SHEET	AMOUNT IN THOUSAND SK	AMOUNT IN THOUSAND SK
Total assets	2 557 618	2 604 873
1. fixed assets	1 193 065	1 212 338
intangible fixed assets including adjustments	317	1 377
tangible fixed assets including adjustments	7 968	10 125
financial investments	1 184 780	1 200 836
2. current assets	1 364 553	1 392 535
financial assests	1 025 325	1 080 819
receivables	338 084	306 696
temporary active accounts	1 144	4 869
inventory	0	151
Total liabilities	2 557 618	2 604 873
1. equity	2 539 586	2 562 412
2. external short-term capital	18 032	42 461

NADSME operational costs (in thousand Sk)



NADSME operational costs (in %)



Disbursement of funds for the support of SMEs

Disbursement of state budget funds for SME support programmes in Slovakia in 2007 (in thousand Sk)

PRIORITY / SUPPORT PROGRAMME

I. Stimulation of SME sector growth

Monitoring and research	766
Support of learning and counselling for selected groups	4 069
Subtotal	4 835

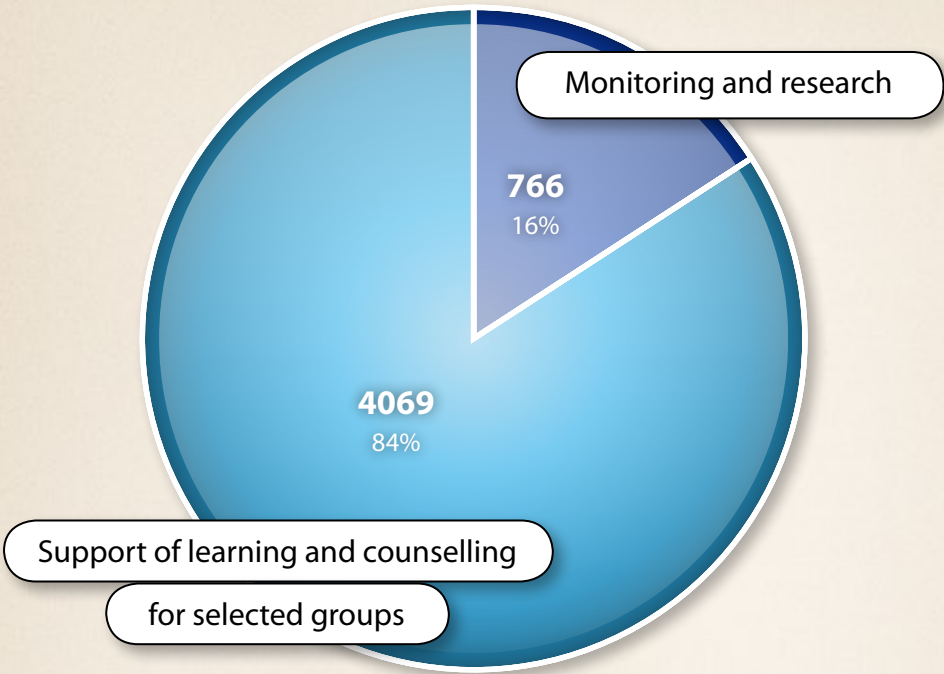
II. Improvement of SME's competitiveness

Support of SMEs via the network of incubators	4 344
Subtotal	4 344

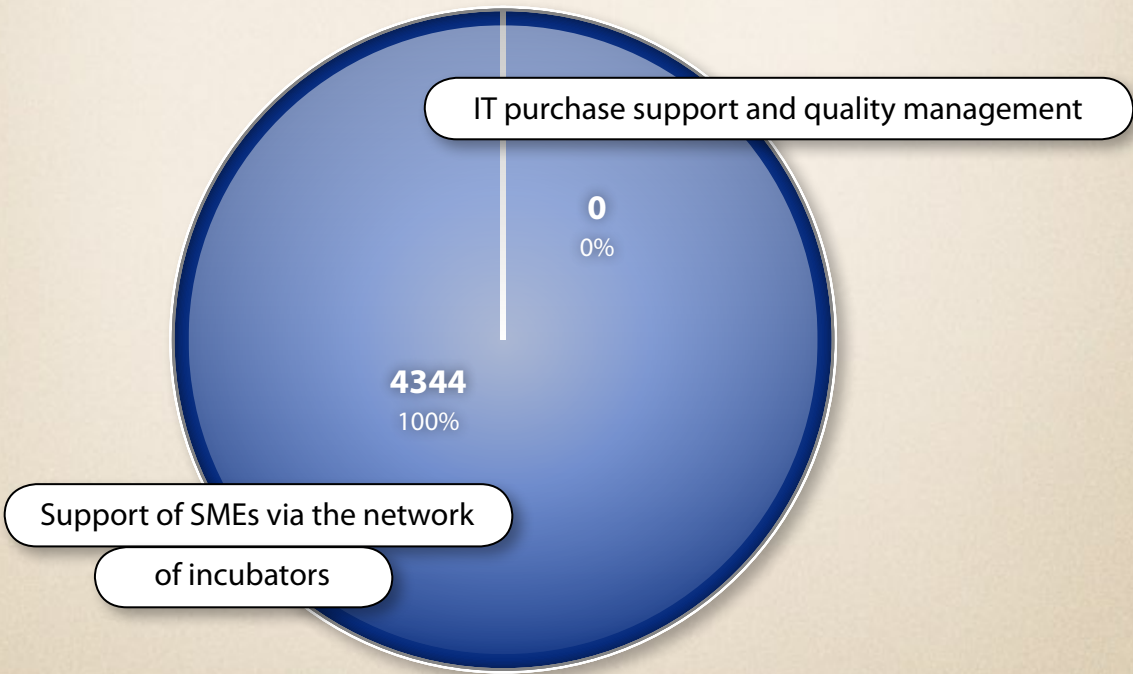
III. Euro Info Centre (EIC)

www page for SMEs	1 200
EIC	3 354
Subtotal	3 354

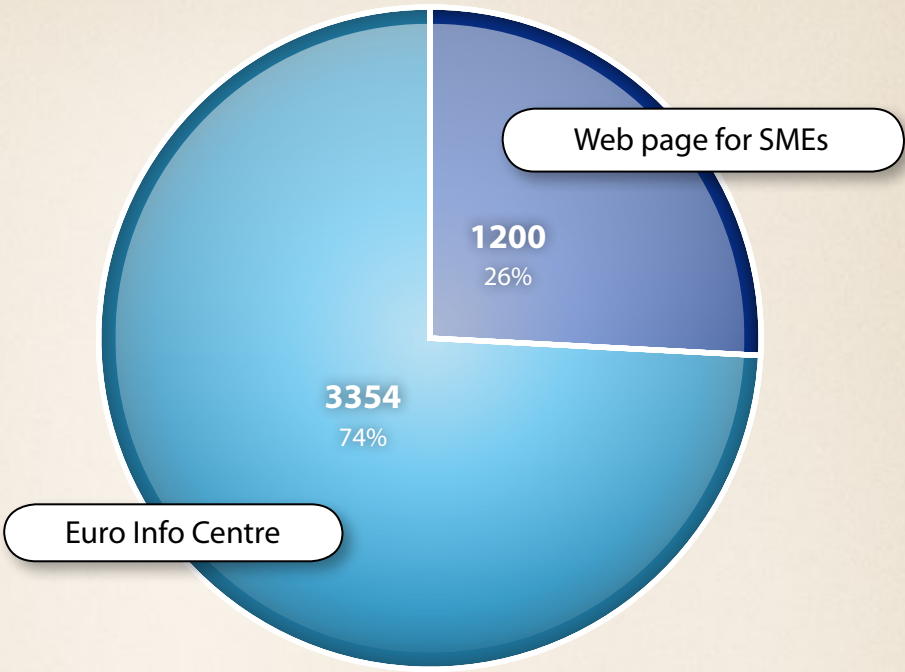
Stimulation of SME sector growth



Improvement of SME's competitiveness



Euro Info Centre



NADSME STATUTORY BODIES AND MANAGEMENT

ASSEMBLY OF REPRESENTATIVES OF ASSOCIATION MEMBERS

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President of the Entrepreneurs
Association of Slovakia

JUDr. Peter Masár

President of the Slovak Craft Association

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NADSME MANAGEMENT

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Director - General

Ing. Miroslav Dunajčin

Financial Director and Deputy of Director-General

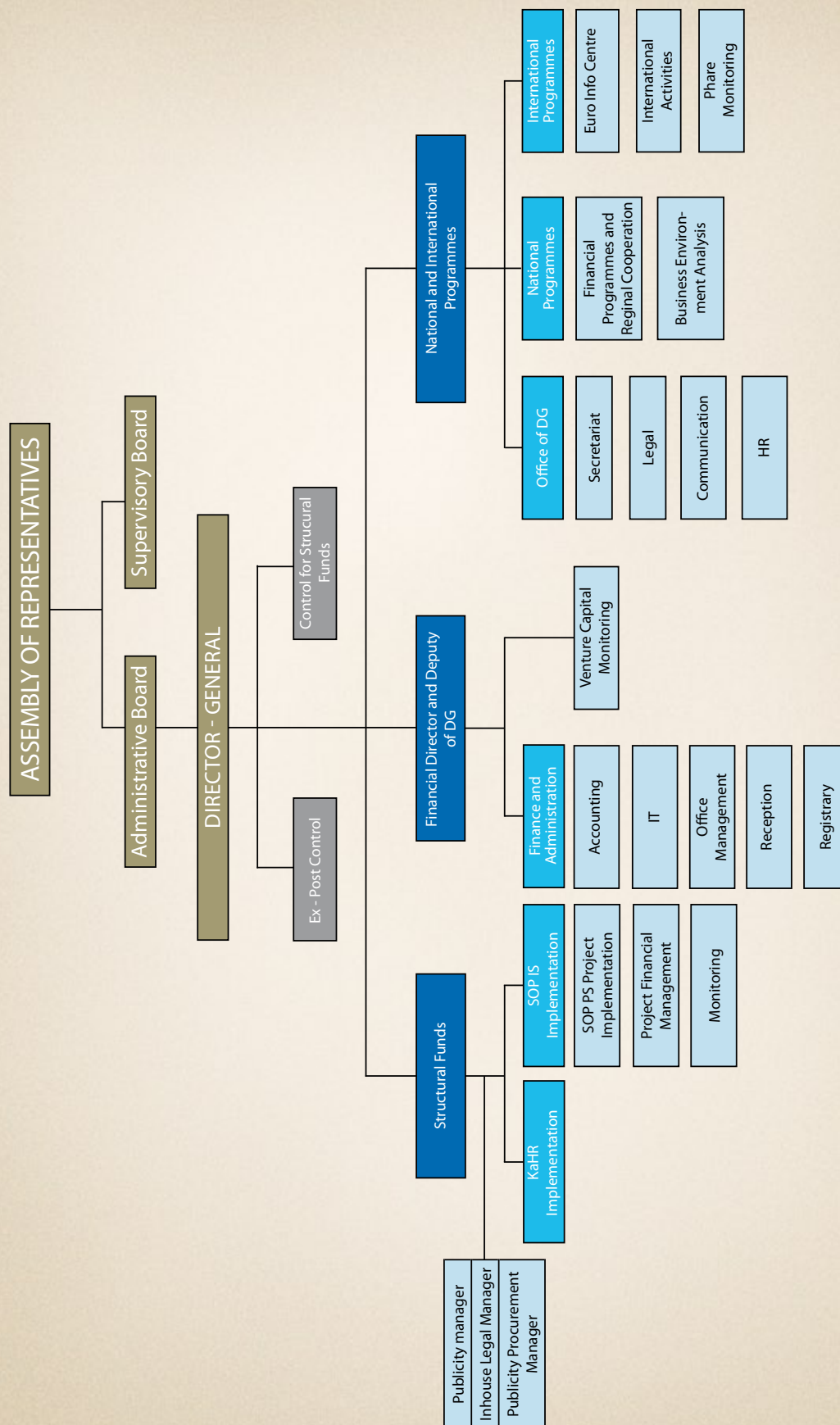
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RNDr. Branislav Valovič

Director of Structural Funds





ANNUAL REPORT 2007

NATIONAL AGENCY FOR DEVELOPMENT OF SMALL AND MEDIUM ENTREPRISES

