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**Sheltering SMEs from consolidation measures**

**Ivan Pešout**  
Director General for Strategy, Ministry of Economy

Small and medium enterprises (SMEs) are the business sector with the greatest potential for growth in the Slovak economy. They act as an important factor of social stability because their vital role is in job creation, balanced regional development and introduction of innovation into economic practice. Despite the fact that the ideal tool for creating a balanced business environment is to apply the same conditions to all market operators, it is the small and medium-sized enterprises, which are much more sensitive to government policy than large enterprises. Policies supporting SMEs in particular can have two different forms. The first are financial instruments and the second is a strong and stable legislative framework.

The Ministry of Economy is the body responsible for the overall strategy of policies shaping the business environment. Then there is the National Agency for Development of Small and Medium Enterprises (NADSME) which implements a wide range of support tools aimed at particularly the SMEs sector. The Ministry's most important tool is EU's operational program "Competitiveness and Economic Growth" which is soon coming to an end. The approval process of the next Operational Program "Research and Innovation" for the period 2014-2020 is in its final stages. This program will take up where the previous one left off.

After the approval of this seven-year strategic document, the Ministry will proceed with the development of specific support schemes through which SMEs can apply for European funds of around 1.2 billion euros to support their business activities. In addition to this EU support, there are NADSME activities, such as counseling, micro-loans and venture capital, focusing mainly on start-ups and small businesses, that are not eligible for EU Structural Funds.

The second way to help the growth of SMEs is to create a stable legislative framework which will result in the reduction of their administrative burden. In accordance with the recommendations of the European Commission's Small Business Act (SBA) – and following the example of many other EU countries – we will introduce the so-called "SME Test" (a systematic evaluation of the impact of forthcoming legislation on SMEs), and the principle "think small first" into all areas of Slovak legislation which affects businesses. The first step ahead of us is the preparation of a Strategy for the support of SMEs covering the period until 2020. It will be based on the existing strategic documents and ongoing reforms and aim to achieve synergy among these measures so that they result in lowering the unemployment rate, and increasing the GDP and tax revenues generated by SMEs. The next step is the preparation of the law on the support of SMEs that will make the application of the "SME Test" before the adoption of any laws affecting the business environment an obligation. Since that would be an intervention into the legislative process involving all ministries, we face a very difficult task.

I would also like to inform you about a new successful tool for reducing the administrative burden in the business environment – the web portal *businessfriendly.sk* introduced last year. Its main objective is to allow businesses to point out problems that they encounter when complying with legislation. Thanks to suggestions that entrepreneurs enter online, the Ministry is informed about unwieldy regulation that burdens them. These suggestions are analyzed and listed in the reports for the government as proposals how to reduce the administrative burden. So far there have been 99 substantiated suggestions, from what we can conclude that the entrepreneurs are aware and make use of this portal. It not only enables the cooperation between entrepreneurs and the public sector but it is a tool that can truly help us to create a favorable business environment.

I would like to conclude that our main goal has been to promote such changes in the business environment that would compensate for the government measures aimed at the consolidation of public finances, which are required from us by EU's Maastricht criteria.

**The main objective of the web portal *businessfriendly.sk* is to allow businesses to point out problems that they encounter when complying with legislation.**