

PRE-ACCESSION STRUCTURAL FUNDS OF THE EUROPEAN UNION

USE OF FUNDS VIA THE SLOVAK GUARANTEE AND DEVELOPMENT BANK

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The Slovak Guarantee and Development Bank (Slovenská záručná a rozvojová banka, a. s., - SZRB) together with the Czech & Moravian Guarantee and Development Bank (Českomoravská záručná a rozvojová banka, a. s.) has become the only institution from the European Union non-member states whose performance and financial health have convinced international institutions of the bank's reliability and as such it has been accepted as an associate member of the European Mutual Guarantee Association (AECM) and a member of the Institutions in the European Union Specialising in Long-term Credit (ISLTC).

This membership opens up for the bank the opportunity to further improve the quality of its support for small and medium-sized enterprises and provides various advantages. This primarily concerns access to information, the organising of study groups and discussion forums for supporting investment as well as support for small and medium-sized enterprise, particularly in the field of risks and optimising cash flows, the participation of guarantee and development institutions for mediating finance from the European funds.

Via the SZRB by means of cooperation with institutions such as the European Investment Bank (EIB), Nordic Investment Bank (MB), Kreditanstalt für Wiederaufbau (KfW) or via the Council of European Development Bank (CEB) they can now borrow funds more cheaply than can the state.

The bank as a national financial institution specialises in mediating long-term funds intended for individual sectors of the economy and enterprises either directly or via commercial banks. At the same time, the bank offers the Government and municipal authorities co-financing of ISPA projects in the environmental field. The bank has already provided small and medium-sized enterprises with loans for housing construction with repayment terms of up to 15 years. It has mediated loans totalling SKK 260 million from the CEB and KfW credit lines.

In supporting environmental projects from ISPA in public budget co-financing the SZRB foresees

a future development financing segment. This concerns projects aimed at building and reconstructing water networks, sewage system and waste water cleaning stations.

In order to use better future structural funds in the EU as well as public funds the bank must contribute to innovations in state aid programs. The bank plans to change the support mechanism in the case of the financial co-participation of an enterprise and the state via the bank so that the entrepreneur receives a non-repayable financial contribution of at least up to 30% to 50% of the envisaged future amount in the form of a deposit. It is planned that this system will remain applicable also for co-operation concerning EU funds. The bank's aim will not be to compete in the market against the commercial banking sector, but to co-finance an entrepreneur's objective in co-operation with commercial banks and contribution funds of the SR Government entrusted to the SZRB's administration, making use of the future EU funds. This is a chance for the SZRB to put state budget expenditure to productive use for creating new jobs and for supporting new future taxpayers.

The Slovak Guarantee and Development Bank will continue to share risk with commercial banks in support for small and medium-sized enterprises. A condition of the support will, however, again be a transfer of funds from the state budget to the guarantee and support funds of the SZRB.