

**Ministry of Industry and Trade  
of the Czech Republic**

**Structural Funds Division – Managing Authority for the OPEI**



**CALL FOR SUBMISSION OF PROJECTS  
WITHIN OPEI  
INNOVATION – PROJECT**

<b>Call identification</b>	Innovation - Project
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<b>Call no.</b>	IV
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<b>System of collecting applications</b>	Continuous
<b>Planned allocation for this Call</b>	4 mld. CZK

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## 1. **Basic provisions**

- a) The provider of the subsidy is the managing authority of OPEI: The Ministry of Industry and Trade of the Czech Republic (hereinafter referred to as the MIT), with its registered office at Na Františku 32, Praha 1, ([www.mpo.cz](http://www.mpo.cz)).
- b) Mediating entity: CzechInvest, an organisation receiving contributions from the MIT, with its registered office at Štěpánská 15, 120 00 Praha 2 (hereinafter referred to as CI), ([www.czechinvest.org](http://www.czechinvest.org)).

State aid provided via this programme fulfils all conditions of Commission Regulation (EC) No. 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in application of Articles 87 and 88 of the EC Treaty<sup>1</sup> (hereinafter referred to as “Commission Regulation (EC) No. 800/2008”) or, as the case may be, Commission Regulation (EC) No. 1998/2006 of 15 December 2006 on the Application of Articles 87 and 88 of the EC Treaty to de minimis aid<sup>2</sup>, and can therefore be compatible with the common market within the meaning of Article 87(3) of the EC Treaty and is exempted from the notification obligation under Article 88(3) of the EC Treaty.

### **Objective of the Call**

The call defines the conditions for the INNOVATION programme that aims to create favourable conditions for fostering long-term competitiveness, support for sustainable growth and a balanced regional development of the Czech economy. Subsidies that are intended for implementing selected innovation projects are used to stimulate the growth of the business sector’s innovation potential. The programme gives special attention to supporting ecologically oriented innovation (eco-innovation).

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<sup>1</sup> Official Journal of the EU L 214, 9 August 2008, pages 3 - 47

<sup>2</sup> Official Journal of the EU L 214, 9 December 2006, pages 5 - 10

## 1.1. The basic terms of the programme

- An **innovation project**, i.e. for the purposes of this programme, is a project focusing on any of the following activities:
  - a) Increasing the technical and use values of products, technologies and services (product innovation)
  - b) Improving production processes and service efficiency (process innovation)
  - c) Implementing new methods of both corporate process organisation and cooperation between companies and public institutions (organisational innovation)
  - d) Implementing new sales channels (marketing innovation)
- **Technology transfer**, i.e. for the purposes of the INNOVATION programme, is understood as the transfer of technology (e.g. prototypes, technological components etc.) or technological procedures (e.g. technological solutions, production processes, etc.), including related intellectual property (e.g. patents, licences, etc.) and know –how that is developed by one entity in order to be industrially applied by another entity.

## 2. Supported activities and unsupported activities

### 2.1. Supported activities

The INNOVATION – The Innovation Project programme supports only projects that implement one of the innovations defined in paragraph 1.1 of this call.

Support for projects of innovations that are defined in points 1.1 (c) and (d) of this call is intended solely for SMEs whose projects are oriented towards implementing one of the innovations defined in points 1.1 (a) and (b) of this call and are directly connected with these innovations.

### 2.2. Unsupported activities

- Research and development projects pursuant to Act No 130/2002 Coll., on support for research and development.

- Projects that are only associated with increasing energy use efficiency or reducing the subsidy applicant's energy consumption.<sup>3</sup>
- Projects that only address product, technology, machinery or equipment renewal, or production rationalisation.

### 3. *Aid recipient*

#### 3.1. Definition of aid recipient

A aid recipient can be any business entity that is either a legal entity (see below for selected forms)<sup>4</sup> operating pursuant to Act No 513/1991 Coll., the Commercial Code, or an individual that has its registered office in the Czech Republic and is registered in the Commercial Register pursuant to Act No 513/1991 Coll., the Commercial Code, provided that the entity aims to implement a project per paragraph 2.1.

- **A small and medium-sized enterprise (SME)** is an enterprise that meets the conditions stipulated in Annex No 1 to Commission Regulation (EC) No 800/2008.
- **A large enterprise** is an enterprise that does not meet the conditions stipulated in Annex No 1 to Commission Regulation (EC) No 800/2008.

The aid recipient must fulfil the following criteria:

- The aid recipient must be permitted to conduct business in the territory of the Czech Republic corresponding to the aided economic activity for which the project is being implemented.
- According to the aid recipient's affidavit, such recipient must be registered as an income-tax payer with the Tax Office pursuant to Section 33(1) of Act No. 337/1992 Coll., on Administration of Taxes and Fees, as amended, i.e. uninterruptedly for a period of no less than two closed tax periods preceding the date of the submission of the aid application.

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<sup>3</sup> These activities are supported within the Eco – energy programme (part of OPEI).

<sup>4</sup> General commercial partnership, limited liability company, limited partnership company, joint-stock company, cooperative, production cooperative, consumer association, other association, cooperative enterprise, contributory organisation, European economic interest grouping, European company.

- According to the aid recipient's affidavit, such recipient may not have any outstanding liabilities toward selected institutions<sup>5</sup> or toward providers of aid for projects co-financed from the European Union budget. Deferment of payment of outstanding liabilities or an agreement on the payment of outstanding liabilities shall be considered as settled liabilities.
- According to the recipient's affidavit, the recipient should not have any outstanding liabilities towards its employees regarding wage claims.

An enterprise cannot be an aid recipient if as of the date of submission of the application:

- a court has adjudicated bankruptcy against their assets, permitted settlements or dismissed a petition for bankruptcy due to lack of assets in accordance with the Act on Bankruptcy and Settlement,
- a court has commenced insolvency proceedings in accordance with the Bankruptcy Act,
- a court has issued a resolution of an order to execute a judgment regarding their assets or has ordered an execution of their assets,
- it is in liquidation,
- the entrepreneur is an undertaking in difficulty (pursuant to Communication from the Commission 2004/C 244/02 and Commission Regulation No 800/2008),<sup>6</sup>

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<sup>5</sup> Tax Office, the Czech Social Security Administration, health-insurance companies, the Land Fund, Ministry of Finance as the legal representative of the State Property Fund, the State Environmental Fund, the State Housing Development Fund, Customs Administration of the Czech Republic, State Cultural Fund, State Fund of the Czech Republic for Support and Development of Cinematography, State Agricultural Intervention Fund, regions, municipalities and confederations of municipalities.

<sup>6</sup> An enterprise is considered to be an enterprise in difficulties if it fulfils the following conditions:

a) in the case of a limited liability company, where a loss of more than half of the basic capital has occurred and where a loss of more than one-fourth of such capital has occurred in the past twelve months, or

b) in the case of a company in which at least some of the partners fully guarantee the company's liabilities, where there has occurred a loss of more than one-half of the basic capital recorded in the company's accounting and where there has occurred a loss of more than one-fourth of such capital in the past twelve months, or

c) where, regardless of the type of company, the enterprise fulfils the conditions of the Insolvency Act (Act No. 182/2006 Coll., on Insolvency and Its Settlement) for commencing collective insolvency proceedings.

- they have an outstanding obligation based on a recovery order for the financial means issued after the prior Commission's decision declaring that the aid was unlawful and incompatible with the Common Market,
- if the enterprise is a recipient of aid for young innovative enterprises pursuant to Article 35 of Commission Regulation (EC) No. 800/2008 provided less than three years prior to the date of submission of the aid application.
- The enterprise conducts business activities in the sector of basic manufacturing of agricultural products, fishing and aquaculture (CZ-NACE A01 and A03)<sup>7</sup>.

## **4. Programme Conditions**

### **4.1. Formal conditions of project acceptability**

- a) The project must be implemented in the Czech Republic, outside the territory of the Capital City of Prague.
- b) The project must comply with the EU horizontal policies, particularly:
  - equal opportunities between men and women
  - sustainable development
- c) The objectives of the project must be in accordance with the objectives of the programme.

The project does not envisage aid for activities that are connected with export, i.e. aid that is directly connected with exported quantities, aid for establishing and operating a distribution network or for any other current costs that are connected with export activities; and, in addition, any aid that would be conditioned by using domestic goods instead of imported goods.

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A small or medium-size enterprise that has been in existence for less than three years is considered an enterprise in difficulties during the stated period only if it fulfils the conditions set forth in subparagraph c).

<sup>7</sup> This only applies to de minimis aid.

## 4.2. Other conditions

- a) A subsidy shall be provided to the aid recipient based on the Decision to Grant a Subsidy (hereinafter referred to as the “Decision”), a part of which shall be formed by the Terms and Conditions of the Decision to Grant a Subsidy (hereinafter referred to as the “Terms and Conditions”).
- b) The applicant must clearly demonstrate ownership or other rights to property and land where the project will be implemented. The right demonstrates an extract from the Land Register (no older than 3 months) and cadastral survey from the Land Register, or contract of purchase, including a proposal to deposit with confirmation of the relevant land register. In the case of a lease contract for real estate and land, the lease contract should be negotiated at least for a period of implementation of the innovation project and the next five years (for small and medium-sized businesses 3 years) after this period.
- c) The aid recipient is obligated to keep separate records and documentation of the eligible project costs and of the use of the subsidy intended for financing the eligible costs as stipulated in the Terms and Conditions of the Decision to Grant a Subsidy and to keep such records and documentation for a period of ten years from the date of project completion<sup>8</sup>, and, at the same time, minimally for a period of three years following the closure of the Operational Programme Enterprise and Innovation (expected in 2020) in accordance with Article 90 of Council Regulation (EC) No. 1083/2006<sup>9</sup>. All recipients will be informed of the closure of the Operational Programme Enterprise and Innovation.
- d) The aid recipient is obligated, in the relation to the project’s eligible costs for which payment of the subsidy is requested, to proceed under Act No 137/2006 Coll., on public procurement, and in accordance with the rules defined by the programme’s administrator.
- e) The subsidy is paid out to the aid recipient retroactively upon the project’s termination or of its stage provided that the Terms and Conditions of the Decision to Grant a Subsidy are observed.

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<sup>8</sup> The date of project completion is understood as the moment at which all conditions set forth in the Decision to Grant a Subsidy have been fulfilled.

<sup>9</sup> Official Journal of the EU L 210, 31 July 2006, pages 25-78

- f) The applicant must ensure financing project realization cost including VAT.
- g) The aid recipient is obligated, during the project and for a period of 3 years from the project's implementation termination date, to provide information about the aided project's implementation to the extent specified in the Decision.
- h) The aid recipient is obligated, for a period of 5 years from the project's termination date, to enable the provider's employees direct access to conduct inspections in accordance with Act No 552/1991 Coll., on State Inspections, the aid provider's employees and the employees of other bodies designated by the aid provider for the purpose of auditing the observance of the programme's conditions and the purpose-built use of the aid funds, as well as an audit of the aid beneficiary's financial situation and accountancy, both at the site of the project's implementation and at their registered office.
- i) The aid recipient is obligated to ensure the project shall be minimally retained<sup>10</sup> for a period of 5 years (3 years for an SME) as of the project's termination date in the NUTS 2 territory where its implementation commenced.
- j) For the entire period of project implementation and for a period a five years (three years in the case of an SME) following the date of completion of the project's implementation, the aid recipient must use the assets acquired with the subsidy and which it has in its ownership primarily for the supported economic activity.
- k) Upon submitting the Registration Application, large enterprises must demonstrate an incentive effect (Article 8 of Commission Regulation (EC) No. 800/2008).
- l) Other obligations of the aid recipient are stipulated in the Terms and Conditions.

### **4.3. Eligible costs**

#### **4.3.1. Eligible costs must fulfil the following conditions**

- Such costs must be expended in accordance with the programme's objectives and must be immediately related to the project's implementation,

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<sup>10</sup> The production or other activity, to which aid has been granted, is carried out, regardless of the extent of support. This condition does not apply to cases of bankruptcy or liquidation of the aid recipient or any other termination of business aid recipients.

- Such costs must be expanded no earlier than on the date of project acceptability,<sup>11</sup>
- Such costs must be demonstrably paid by the aid recipient before they are reimbursed from structural funds, unless stipulated otherwise,

Such costs must be verified by evidential documentation and must be paid to suppliers, whereas assets cannot be acquired by means of capitalisation.

#### **4.3.2. Eligible costs are:**

- a) For innovation projects that are defined in points 1.1 (a) and (b) – costs specified in Annex 1 to this call, with the exception of expenditure No 11.
- b) For innovation projects that are defined in points 1.1 (c) and (d) – costs specified in Annex 1 to this call, with the exception of costs nos. 1, 2, 3, 4 and 6.

#### **4.3.3. In addition, eligible costs for tangible and intangible assets must meet the following conditions**

- a) Tangible assets and their technical appreciation (costs nos. 1 – 6 listed in Annex 1 to this call) must fulfil the following conditions:
  - They must be included in the aid recipient's assets for five years (three years in the case of SMEs) from the project's completion date. This condition also applies to the renewal, within at least the same scope, of assets acquired entirely or partially using the granted subsidy. They can only be sold earlier if the proceeds from the sale are used for eligible costs that ensures the project's continuity or development.
  - They must be depreciable assets.
  - Any technical appreciation of tangible assets must be used exclusively by the aid recipient.
- b) Intangible assets (expenditure nos. 7 and 8 listed in Annex 1 to this call) must fulfil the following conditions:

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<sup>11</sup> The date of project acceptability is the date on which the aid provider or relevant agency provides to the applicant confirmation that the applicant in principle fulfils the acceptability conditions of the given programme.

- They must be used exclusively in the establishment receiving the aid.
- They must be depreciable assets.
- They must be included in the aid recipient's assets and kept in the establishment receiving the aid for at least five years (three years in the case of SMEs) from the completion date of the project's implementation.
- They must be purchased from third parties at fair market value, without the acquirer being in a position to exercise control, within the meaning of Article 3 of Council Regulation (EC) No 139/2004, on the seller, or vice versa.

With the exception of SMEs, costs for acquiring intangible fixed assets may only be included in eligible costs up to 50% of the total eligible investment costs on the project.

Both tangible and intangible assets must be new.

In the case of all projects within this call, it is necessary to comply with the conditions valid for investment aid set forth in Article 12 of Commission Regulation (EC) No. 800/2008.

#### **4.3.4. Non-eligible costs**

- The purchase of used machinery and equipment including information and communication technologies (ICT),
- VAT, provided that the aid beneficiary is a VAT payer,
- Costs on basic research, applied research and development pursuant to R&D Support Act No. 130/2002 Coll.
- Loan and credit payments,
- Sanctions and penalties,
- Leasing,
- Costs for guarantees, insurance, interest, bank charges, exchange rate losses, customs and administration charges.

#### 4.4. Sectoral Classification

Supported projects are those whose outputs will be realised in the sectors defined by CZ-NACE classifications C 10, 11, 13 - 33; E 38.32; J 58, 59.20, 60, 62, 63.1, M 71.2, S 95.1 (mimo CZ-NACE C 19.10, 20.60 a 30.11)

Projects whose outputs are realised in any of the following sectors cannot be supported:

- manufacture, processing and marketing of products set forth in Annex to this Call – Excluded areas of support
- agriculture, fishing, aquaculture, forestry (CZ-NACE A 01, A 02, A 03)
- coal industry (CZ-NACE B 05, C 19.1)
- steel industry (see the annex Excluded Areas of Support for the sectoral classification)
- synthetic-fibre industry (see the annex Excluded Areas of Support for the sectoral classification)
- shipbuilding (CZ-NACE C 30.11)

#### 5. Form and amount of aid

- a) Aid is provided in the form of subsidies.
- b) Subsidies for eligible costs arising in connection with the implementation of activities per points 1.1. (a) and (b) are granted in an amount of CZK 1 – 75 million; for regions with concentrated state support<sup>12</sup>, a subsidy up to CZK 150 million is granted, however, the maximum amount is limited by the percentage of eligible costs that are specified by the regional map of public aid intensity<sup>13</sup> (see point h).
- c) Subsidies for eligible costs arising in connection with the implementation of activities per points 1.1. (c) and (d) are granted up to CZK 2 million; however, the maximum amount is limited by the percentage of eligible costs that are specified by the regional map of public aid intensity (see point h).

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<sup>12</sup> The definition of regions with concentrated state support is an annex to the call.

<sup>13</sup> The Regional Map of Public Aid Intensity – The Czech Republic, Official Journal of the EU C 280/2006, 18 November 2006, pgs. 7

- d) Aid for costs No 9 that is specified in Annex 1 to this call is granted, taking into account the limits laid down in point d), up to a maximum amount of 50% of the eligible expenditures for the provision of these services.
- e) Costs No 10 that is specified in Annex 1 to this call is eligible up to a maximum amount of 20% of the total eligible costs. Aid for costs is granted, taking into account the limits laid down in point d), up to a maximum amount of 45% of the eligible costs for the provision of these services.
- f) Aid for costs nos. 11 and 13 specified in Annex 1 to this call is granted pursuant to the de minimis rule up to a maximum of the percentage limits laid down in point d). Such aid pursuant to the de minimis rule can only be granted to the aid recipient on the condition that the granted aid together with all aid that has been granted to the aid recipient for a period of three financial years does not exceed 200 000 €.
- g) Where the aid is calculated on the basis of tangible or intangible investment costs (expenditure nos. 1 – 8), the aid recipient must provide a financial contribution of at least 25% of the eligible expenditures, either through its own resources or by external financing, in a form which is free of any public support.
- h) The percentage limits for subsidies for eligible costs are specified according to the regional map of public aid intensity. In the case of the Southwest region, the programme administrator has decided on the use of a percentage limit valid from 1 January 2011 for the entire period of this Call's validity. The aid limits maximally amount to:

<b>NUTS II region</b>	<b>Small enterprises</b>	<b>Medium enterprises</b>	<b>Large enterprises</b>
Central Moravia, North-West, Central Bohemia, Moravian Silesia, North-East, South-East	60 %	50 %	40 %
South - West	50 %	40 %	30%

- i) Aid provided on the basis of Commission Regulation (EC) No. 800/2008 and aid under the regime of Commission Regulation No. 1998/2006 for the same project shall be counted together in the calculation of maximum aid intensity.

## **6. Selection of project**

### **6.1. Selection criteria**

The selection criteria are set forth in Annex No. 2 of this Call.

### **6.2. Project selection process**

Project selection and evaluation is performed based on criteria that are specified by the programme administrator.

Applications for the grant of a subsidy (including expert opinions, if any) shall be submitted by the mediating entity to the evaluation commission with a proposal recommending (including the conditions for granting a subsidy) or not recommending the project for the grant. The commission will assess compliance with the selection criteria and recommend or not recommend the grant. Whether or not a subsidy will be granted is decided by the programme administrator through issuing the Decision to Grant a Subsidy, which shall also include the Terms and Conditions of the Decision to Grant a Subsidy.

## **7. Participation in Other Aid Programmes**

For the eligible costs for any project supported by this programme, aid can be obtained from the Guarantee programme, i.e. public aid pursuant to Article 87(1) of the Treaty Establishing the European Community or aid within the de minimis rule pursuant to Commission Regulation (EC) No 1998/2006, provided that such resulting accumulation does not exceed the maximum aid amount specified in the Regional Map of Public Aid Intensity of the Czech Republic from 1 January 2007 to 31 December 2013 that was approved by the European Commission.

If the aid recipient received capital under a risk capital measure pursuant to Article 29 (aid in the form of risk capital) of Commission Regulation (EC) No 800/2008 and subsequently applies, within the first three years after the first risk capital investment, for aid within this call of the programme, the relevant aid threshold shall be reduced by 20%; the reduction shall not exceed the total amount of risk capital received.

## **8. *Period of Project Implementation***

The latest date for completing a project supported within this Call is 31 December 2013.

## **9. *The Aid Application and Manner of Its Submission***

- a) The Application shall be submitted on the Application Form, which is available on the websites of the programme administrator and the mediating entity. Together with the Application, the Applicant shall submit the documents specified on the above-mentioned websites.
- b) The Applicant shall submit the Application in two steps via the electronic account (eAccount) on the website at [www.czechinvest.org/eaccount](http://www.czechinvest.org/eaccount). In order to submit the Application, it is necessary to have an electronic signature.

**Step 1:** The applicant first fills out and electronically sends the simplified **Registration Application**. Based on a formal inspection and inspection of the acceptability of the Registration Application, including an economic assessment of the applicant or entity/entities that have a controlling interest in the applicant, the mediating entity (CzechInvest) shall inform the applicant of the result of the evaluation. In the case of preliminary acceptability of the project, CzechInvest will send to the applicant information on the preliminary acceptability of the project and the date from which eligible costs may be incurred.

**Step 2:** Within 90 days from the confirmation of successful registration, though no later than by 31 January 2011, the Applicant shall electronically submit the **Full Application**. The Full Application contains detailed information about the Applicant and the project.

## **10. *Sanctions for Non-Observance of the Programme's Conditions***

The sanctions for non-observance of the programme's conditions are mentioned in the Terms and Conditions of the Decision to Grant a Subsidy.

## **11. Other provisions**

- There is no legal entitlement to a subsidy.
- The programme's administrator shall decide on the final amount of the subsidy.