

5. Other Business Support Measures

For companies/investment projects that for any reason do not fulfil the criteria for the national Investment Incentives Scheme described in the previous fact sheet, there are other forms of support available. However, none of the schemes listed below includes tax breaks.

EU STRUCTURAL FUNDS

Structural Funds in the Czech Republic offer a range of benefits targeted at business development (**Operational Programme Enterprise and Innovation**, announced for the period 2007-2013). These focus both on development of the business environment and on direct support for companies (small and medium-sized enterprises as well as large ones). The percentage of co-financed eligible costs depends on the specific programme; funds are provided after completion of the project or a part thereof (with the exception of loans). Programmes are open to companies with their registered office in the Czech Republic.

Support from the **Operational Programme Enterprise and Innovation** is focused on the **following programmes**:

Development (Rozvoj)

The aim of the Development Programme is to increase the competitive strength of SMEs and to improve their market position. The programme is focused on supporting the increase of technical capability in small and medium-sized enterprises. The supported activity consists in the purchase of new technical equipment with higher quality and performance parameters.

Eligible costs are those involving the purchase of machinery and equipment, including management-software development costs related to introducing new machinery and costs for acquiring patents and patent licenses. Aid is provided in the form of a subsidy amounting to between CZK 1,000,000 – CZK 20,000,000. The applicant must have closed at least two consecutive accounting periods in the Czech Republic. Projects must be implemented in selected regions of the country and in selected sectors of the Czech economy.

ICT in Companies (ICT v podnicich)

The objective of the ICT in Companies Programme is to increase the competitive strength of SMEs through better use of information and communications technologies (ICT) and systems (IS).

Activities supported within this programme include, e.g., purchase and implementation of IS, e-commerce, paperless office, development of company agendas using ICT, including introduction of e-business solutions (knowledge-based and control systems), increased security of IT systems and networks, configuration and adjustment of the introduced ICT systems to optimize processes and the organizational structure, systems for customer-relations management (CRM), management of supply chains, and outsourcing (leasing) of ICT services and assets. Eligible costs include long-term tangible assets (HW, networks and other devices), long-term intangible assets (SW, licenses, know-how), and selected operating costs. Subsidies are provided in the maximum amount of up to CZK 20,000,000 per project.

The applicant must have closed at least two consecutive accounting periods in the Czech Republic. Projects must be implemented in selected sectors of the Czech economy.

ICT and Business Support Services (ICT a strategické služby)

The objective of this programme is to promote the competitiveness and growth of the ICT sector in the Czech Republic and to support the availability of new information systems, ICT solutions, software products and services. Within this programme support is provided specifically for the following activities: 1) creation of new IS/ICT solutions and applications; 2) development of shared services centres; 3) establishment of centres for repairing high-tech products and technologies. Support is provided in the form of a subsidy (CZK 1,500,000 – CZK 100,000,000, projects realized in regions with focused state support can reach up to CZK 150,000,000) that is paid out retroactively upon completion of a particular phase of the project. Eligible costs include long-term tangible assets (hardware and networks), long-term intangible assets (software, licenses, know-how) and wages of employees in newly created jobs. The subsidy recipient has to create a minimum number of jobs according to the call and to invest a certain amount in long-term tangible and intangible assets depending on the size of the enterprise.

Innovation (Inovace)

The Innovation Programme is focused on the support of business projects involving the implementation of innovations in the area of industry and industrial services. Its aim is to support the commercialisation of research and development results by introducing new technologies, products and materials into production. Support is provided in the form of subsidies of up to CZK 75 million (or CZK 150 million in selected regions) and companies eligible to receive aid are those that have a history of at least two years in the Czech Republic. In the event that a project is accompanied by the implementation of new organisational methods in business practices and external relations or the use of new sales channels, the company can receive another grant of up to CZK 2 million for the implementation of these activities (for SMEs only).

The programme also supports the protection of industrial property rights (patents, utility models, industrial designs and trademarks). Subsidies (CZK 10,000 – CZK 1,000,000) are provided to small and medium-sized enterprises, universities, public research institutes and individuals.

Potential (Potencial)

The aim of the Potential Programme is to support new or increased capacities of enterprises to conduct research, development and innovation activities, as well as to increase the number of enterprises carrying out their own research, development and innovation. Another aim of the programme is to enhance cooperation between enterprises and research and development organisations, create high-skilled jobs and thus develop the knowledge-based economy, create better conditions for enterprises to join national and European R&D programmes and permanently enhance the competitiveness of the Czech economy. Projects under this programme relate to the establishment or expansion of R&D (technology) centres or departments with the goal of developing and innovating production technologies. Eligible costs include those involving the purchase of land, buildings and equipment (long-term tangible and intangible assets) directly needed for the activities of the given R&D department (centre).

Support is provided in the form of a subsidy ranging from CZK 1,000,000 to CZK 100,000,000 (or CZK 1,000,000 to CZK 200,000,000 in selected regions). Projects must be implemented on the territory of the Czech Republic outside of Prague and in selected sectors of the Czech economy. The minimum investment amount is CZK 10,000,000 (CZK 5,000,000 in the case of SMEs).

Cooperation (Spoluprace)

The aim of the Cooperation Programme is to support economic growth and competitiveness in the economy through development of sector-based associations. The Cooperation Programme – Technology Platforms makes it possible to support the establishment and development of cooperating sectoral groupings at the national level as a tool for developing the competitiveness of the economy and promoting economic growth. Support for technology platforms enables the provision of aid for the establishment and development of technology platforms in the form of subsidisation of personnel and operating costs. Aid will be provided according to the de minimis rule. The Cooperation Programme – Clusters supports the creation of cooperative groupings at the regional level (clusters). Aid can be obtained for cluster members' collective activities in the field of innovation. Aid will be provided in the form of a subsidy in the amount of up to CZK 80,000,000 (at least CZK 3,000,000).

Prosperity (Prosperita) – Infrastructure for industrial research, development and innovation

The Prosperity Programme offers support for infrastructure in order to strengthen links between R&D and industry (establishment of business incubators, science and technology parks, technology-transfer centres and development of business angels networks). Final recipients must be legal entities pursuant to the Civil Code. Newly established companies may participate. Final recipients must have cooperated with a specific institute of higher education or research institute. Support is provided in the form of subsidies (CZK 1,000,000 – CZK 300,000,000).

Supported activities:

Business incubator – an environment suitable for new, innovative companies, especially for innovative small and medium-sized companies focusing on the implementation of new technologies, products and services.

Science and technology park (STP) – an institution focused on science, technology and innovative business and which closely cooperates with universities and/or scientific and research institutes. An STP generally involves companies with a longer history.

Technology-transfer centre – a facility established in cooperation with universities and/or scientific and research institutes. Such a centre facilitates the transfer of technologies from the aforementioned institutes to the private sector and provides professional consulting services, particularly in the area of protection of intellectual and industrial property.

Business angels networks (BAN) – entities associating business angels in order to provide more efficient access to information and more rational use of business-angel capital. (Business angels (BA) – entities willing to invest their disposable capital in innovative start-ups with high growth potential).

Training Centres (Skolici strediska)

The basic aim of the Training Centres Programme is to improve conditions for human resources development by providing infrastructure necessary for the training and education of company employees. Supported activities are acquisition, construction, renovation and modernisation of training facilities including training equipment. The programme is not aimed at supporting education, training, courses or the creation thereof. The final recipient may be a business entity (regardless of its size), business organization, associations of enterprises, enterprise groupings, non-business entities or private educational institutions. The main condition is that the training centre will serve mainly for the employees of companies operating in specific sectors and the project must be implemented in the Czech Republic outside of Prague. Support is provided in the form of direct subsidies in the amount of CZK 200,000 – CZK 100,000,000 (but not more than the percentage limit set forth in the regional map of state-aid intensity). Eligible costs include purchase or modification of real estate, construction or renovation of buildings, training aids and equipment including training software.

Marketing

Within the Marketing Programme, support is provided for small and medium-sized enterprises' marketing activities in foreign markets (promotional materials, participation in exhibitions and trade fairs abroad, transport of goods to be exhibited). Support is provided in the form of a subsidy. The minimum subsidy amount is CZK 300,000.

Eco-energy (Eko-energie)

The aim of the Eco-energy Programme is to reduce the energy requirements of production and to expand the use of renewable and secondary sources of energy. Support is provided in the form of subsidies (CZK 500,000 – CZK 250,000,000). Eligible costs include purchase of land, project documentation for construction, renovation, new construction and purchase of structures, hardware and networks, machinery and equipment, etc.

Real Estate Programme (Nemovitosti)

The objective of the Real Estate Programme is to encourage the creation and development of business properties including the related infrastructure and thus to contribute to the creation of a functioning real estate market and to the improvement of the investment climate and the environment of the Czech Republic. The programme is focused on the support of projects implemented in the primary stages of the property lifecycle, i.e. project preparation, construction, development and renovation of properties. The user of supported premises must operate mainly in the area of manufacturing, R&D, technology centres or business support services. Support is provided in the form of subsidies whose amount differs depending on the type of project and beneficiary. The amount of aid provided is between CZK 1,000,000 and CZK 500,000,000.

Consultancy (Poradenstvi)

The aim of the Consultancy Programme is the financing of information, consulting and education services for small and medium-sized enterprises. A further aim of the programme is to support innovation processes. Firms are supported in the area of performing particular pre-feasibility studies that are to be implemented in order to facilitate the growth and prosperity of the given firm. Fields of innovation are strictly limited to (a) product innovation, (b) innovation of services, (c) organizational innovation and (d) marketing studies. The pre-feasibility study is conducted by an external consultant or consultancy firm. Support is provided in the form of subsidies (CZK 100,000 – CZK 500,000).

Guarantee (Zaruka)

The Guarantee Programme is focused on facilitating the implementation of small and medium-sized enterprises' business projects through the use of favourable bank guarantees. It is possible to combine the programme with all of the previously mentioned programmes of the Operational Programme Enterprise and Innovation.

Start

The aim of the Start Programme is to enable the realization of business plans of people starting business for the first time or after a longer pause. Aid is provided in the form of soft guarantees with financial contribution to the guaranteed loan.

Progress (Progres)

The Progress Programme involves the provision of preferential loans for small-enterprise development projects. Loans are provided in the amount of up to CZK 20,000,000 with a maturity period of up to nine years at a fixed interest rate of 3% p.a.

The **Start, Progress and Guarantee** Programmes are administered by the state-owned Czech-Moravian Guarantee and Development Bank (Ceskomoravska zarucni a rozvojova banka, www.cmzrb.cz).