

**Ministry of Industry and Trade  
of the Czech Republic  
Structural Funds Division – Managing Authority for the OPEI**



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

<b>Call identification</b>	Innovation - Project
<b>Priority axis</b>	4
<b>Number of the call announcement</b>	III
<b>Date of publication of the call</b>	2.3.2009
<b>Receipt of Registration Applications</b>	15.4.2009 – 30.6.2009 18:00
<b>Receipt of Full Applications</b>	1.7.2009 – 31.12.2009
<b>System of application collection</b>	Continuous
<b>Planned allocation for this call</b>	4 mld. CZK

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## 1. **Basic provision**

- 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) Intermediate Body: 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)).

The public aid granted through this programme satisfies all conditions of Commission Regulation (EC) No 800/2008 of 6 August 2008, through which in accordance with Articles 87 and 88 of the EC Treaty declaring certain categories of aid as compatible with the Common Market<sup>1</sup>, Commission Regulation (EC) No 1998/2006 of 15 December 2006 on the application of Articles 87 and 88 of the EC Treaty regarding the de minimis<sup>2</sup>, support it is compatible with the Common Market within the meaning of Article 87 (3) of the EC Treaty and is exempted from the obligation to notification under Article 88 (3) of the EC Treaty.

### **The call's objective**

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).

### **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)

<sup>1</sup> OJ L 214, 9 August 2008, p. 3-47

<sup>2</sup> OJ L 379, 28.12. 2006, p. 5-10.

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- 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.

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

### 3. **Aid beneficiary**

#### 3.1. **Definition of the aid beneficiary**

- A subsidy beneficiary 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 subsidy beneficiary must fulfil the following conditions*

- They 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.
- They must be registered, according to its affidavit, with the tax office as an income tax payer pursuant to Section 33 (1) of Act No 337/1992 Coll., on the administration of taxes and charges, 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.
- They must evidence that it has paid its income tax liabilities for two tax periods preceding the date that the aid application was submitted. In the event that the applicant displayed zero income tax liability in either of the tax periods, it shall, on request, duly evidence or substantiate this fact in writing.
- They must not have, according to their own affirmation, any arrears towards the selected institutions<sup>5</sup> and towards the aid providers from projects co-financed

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<sup>4</sup> A partnership, a limited liability company, a limited partnership, an incorporated company, a cooperative, a production cooperative, a consumer cooperative, another cooperative, a cooperative establishment, an allowance organisation, a European economic interest group, a Societas Europaea (European company).

<sup>5</sup> Tax Office, Czech Social Security Administration, health insurance companies, Land Fund, National Property Fund, State Environmental Fund, State Housing Development Fund, Customs

from the European Union budget. Deferred payment of the arrears or an agreement to pay the arrears are considered as settled arrears,

- They must not have, according to his own affirmation, any arrears from their employees' wage and salary claims.

*An entrepreneur cannot be a subsidy beneficiary if the following applies as of the date of submitting 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,
- they have gone into 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>
- 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.
- They is the beneficiary of aid to young innovative enterprises pursuant to Article 35 of Commission Regulation (EC) No 800/2008 that was granted no more than 3 years before the date of submitting the aid application.
- They business activities are primarily to produce agricultural products or the

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Administration of the Czech Republic, State Cultural Fund, State Fund of the Czech Republic for Support and Development of Czech Cinematography, the State Agricultural Intervention Fund, regions, municipalities and unions of municipalities.

- <sup>6</sup> An enterprise shall be considered to be an undertaking in difficulty if it fulfils the following conditions:
- a) in the case of a limited liability company, where more than half of its registered capital has disappeared and more than one quarter of that capital has been lost over the preceding 12 months; or
  - b) in the case of a company where at least some members have unlimited liability for the debt of the company, where more than half of its capital as shown in the company accounts has disappeared and more than one quarter of that capital has been lost over the preceding 12 months; or
  - c) whatever the type of company concerned, where it fulfils the criteria under the Insolvency Act (182/2006 Coll., on bankruptcy and methods of its resolution) for being the subject of collective insolvency proceedings.
  - d) An SME which has been in existence for less than three years shall not be considered to be in difficulty with regard to that period unless it meets the condition set out in subparagraph c).

fishery and aquaculture sectors (CZ-NACE A 01 a 03)<sup>7</sup>.

## **4. The conditions of the programme**

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

The project must fulfil the following conditions:

- 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 for men and women
  - sustainable development
- c) The project's objectives must be in compliance with the programme's objectives.

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.

### **4.2. Other conditions**

- a) The subsidy shall be provided to the aid beneficiary based on a Decision on the Provision of a Subsidy (hereinafter referred to as the "Decision"), a part of which shall be formed by the Conditions for the Provision of a Subsidy (hereinafter referred to as the "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.

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

- c) The subsidy beneficiary is obligated to ensure that the project will remain in existence<sup>8</sup> for a minimum period of five years (three years for SMEs) from the completion date of the project's implementation in the NUTS 2 region where the project's implementation was started.
- d) The subsidy beneficiary is obligated, in the relation to the project's eligible expenses 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 beneficiary retroactively upon the project's termination or of its stage provided that the Conditions of the Decision are observed.
- f) The applicant must ensure financing project realization cost including VAT.
- g) The aid beneficiary 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 beneficiary 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 subsidy beneficiary is obligated to ensure the project shall be minimally retained<sup>9</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) Other obligations of the Beneficiary are stipulated in the Conditions.

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<sup>8</sup> Production or other activities are performed for which aid was granted, regardless of the scope of aid. The condition does not apply to cases of bankruptcy or liquidation of the aid beneficiary or another manner of terminating the aid beneficiary's business activities.

<sup>9</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

## 4.3. Eligible expenditures

### 4.3.1. Eligible expenditure must fulfil the following conditions:

- they must be expended in accordance with the programme's objectives and must be immediately related to the project's implementation,
- they must be not expended earlier than the project's acceptability date<sup>10</sup>,
- before the reimbursement, they must be provably paid by the aid beneficiary, unless stipulated otherwise,
- they must be substantiated by conclusive vouchers, paid to suppliers; the assets may not 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) – expenditures 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) – expenditures specified in Annex 1 to this call, with the exception of expenditure nos. 1, 2, 3, 4 and 6.

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

- a) Tangible assets and their technical appreciation (expenditure nos. 1 – 6 listed in Annex 1 to this call) must fulfil the following conditions:
  - They must be included in the beneficiary'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 an eligible expenditure that ensures the project's continuity or development.
  - They must be depreciable assets.

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<sup>10</sup> For the project's acceptability date, the date is considered as of when the provider or the relevant agency confirms the applicant in writing that they fulfil, on principle, the Programme's acceptability conditions.

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- Any technical appreciation of tangible assets must be used exclusively by the aid beneficiary.

b) Intangible assets (expenditure nos. 7 and 8 listed in Annex 1 to this call) must fulfil the following conditions:

- They must be used exclusively in the establishment receiving the aid.
- They must be depreciable assets.
- They must be included in the beneficiary'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 expenditures up to 50% of the total eligible investment expenditure on the project.

Both tangible and intangible assets must be new.

#### **4.3.4. Non-eligible expenditure**

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

#### **4.4. Branch delimitation**

Such projects that will affect any of these branches will be subsidized CZ-NACE C 10, 11, 13 - 23, 24.5 – 33; E 38.32; J 58, 59.20, 60, 62 63.1, M 71.2, S 95.1 (excluded CZ-NACE C 19.10, 20.60 a 30.11)

Such projects that will not affect any of the below-mentioned branches will be subsidized:

- The production, processing and marketing of products which are specified in Annex 3 to this Call
- Agriculture, fishery and aquaculture sectors (CZ-NACE A 01, A 02, A03)
- Coal industry (CZ-NACE B 05, C 19.1)
- Steel industry specified in Annex 2 to this Call
- Synthetic fibre production industry specified in Annex 1 to this Call
- Shipbuilding (CZ-NACE C30.11)

#### **5. *The form and amount of aid***

- a) Aid is provided in the form of subsidies.
- b) Subsidies for eligible expenditures 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>11</sup>, a subsidy up to CZK 150 million is granted, however, the maximum amount is limited by the percentage of eligible expenditures that are specified by the regional map of public aid intensity (see point d).
- c) Subsidies for eligible expenditures 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 expenditures that are specified by the regional map of public aid intensity (see point d).
- d) The percentage limits for subsidies for eligible expenditures are specified according to the regional map of public aid intensity and may not exceed:

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<sup>11</sup> The definition of regions with concentrated state support is an annex to the call.

<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 1 Jan 2007 – 31 Dec 2010	56%	46%	36%

- e) Aid for expenditure 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.
- f) Expenditure No 10 that is specified in Annex 1 to this call is eligible up to a maximum amount of 20% of the total eligible expenditures. Aid for expenditures is granted, taking into account the limits laid down in point d), up to a maximum amount of 45% of the eligible expenditures for the provision of these services.
- g) Aid for expenditure 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 beneficiary on the condition that the granted aid together with all aid that has been granted to the beneficiary for a period of three financial years does not exceed 200 000 €.
- h) Where the aid is calculated on the basis of tangible or intangible investment costs (expenditure nos. 1 – 8), the beneficiary 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.

## **6. Project selection**

### **6.1. Selection criteria**

The selection criteria are specified in Annex 2 to 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 intermediate body 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 a Decision on Granting a Subsidy, which shall also include the Conditions for Granting a Subsidy.

## **7. *Participation in other aid programmes***

For the eligible expenditures 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 beneficiary 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. *The project's implementation period***

The latest date for completing a project supported within this Call is 31 December 2012.

## **9. *The Application for the Provision of Aid and the Manner of its Submittal***

- a) An application for subsidy shall be issued on the application form for a subsidy, which is available on the website of the program administrator and the

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intermediate body. Together with the application the applicant shall submit the documents specified on the above website.

- b) The applicant submits an application for aid in two steps via an electronic account (eAccount) at [www.czechinvest.org/eaccount](http://www.czechinvest.org/eaccount). An electronic signature is necessary for submitting the application for aid.

1<sup>st</sup> step: The applicant shall complete and electronically send a simplified **registration application** and the financial statement form. Upon formal inspection and acceptability inspection of the registration application, including the applicant's economic assessment, **CzechInvest** shall inform the applicant of the result of the evaluation. In case of the project's preliminary acceptability, **CzechInvest** shall send the applicant information on the project's preliminary acceptability and the date of incurring eligible expenses.

2<sup>nd</sup> step: Within 90 days following the submittal of the registration application ..., the applicant shall electronically submit **the full application**. The full application contains detailed information on 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 Conditions for the Provision of 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.