

**Ministry of Industry and Trade  
of the Czech Republic  
Division of EU Funds, Research and Development – Managing  
Authority for the OPEI**



**CALL FOR SUBMISSION OF PROJECTS  
WITHIN THE OPEI  
INNOVATION – Innovation  
project**

<b>Call identification</b>	INNOVATION – Innovation project
<b>Priority axis</b>	4
<b>Number of the call announcement</b>	IV - continuation
<b>Date of publication of the call</b>	15 September 2011
<b>Date of Registration Applications</b>	3 November 2011 – 20 January 2012
<b>Receipt of Full Applications</b>	21 November 2011 – 29 February 2012
<b>System of application collection</b>	Continuous
<b>Planned allocation for this call</b>	3,5 billion CZK <sup>1</sup>

## INVESTING IN YOUR FUTURE

<sup>1</sup> The programme administrator reserves the right to **prematurely terminate acceptance of registration applicants**, without prior notification, in the case that the financial volume of the submitted registration applications reaches the amount of **double the planned allocation** for this Call. Registration applications submitted after the above-mentioned amount will be excluded from further evaluation.

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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 Articles 13, 26, 39 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>2</sup> and can therefore be compatible with the Common Market within the meaning of Article 1007 (3) of the Treaty on the Functioning of the European Union and is exempted from the notification obligation pursuant to Article 108 (3) of the Treaty on the Functioning of the European Union. Aid is further provided in accordance with 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>3</sup>.

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

The call defines the conditions for the INNOVATION programme that aims at creating 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)

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<sup>2</sup> OJ L 214, 9 August, p. 3 – 47

<sup>3</sup> OJ L 379, 28 December 2006, p. 5 - 10

- b) Improving production processes and service efficiency (process 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.

### **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>4</sup>.
- Projects that only address product, technology, machinery or equipment renewal, or production rationalisation.

## **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>5</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

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<sup>4</sup> These activities are supported within the Eco – Energy programme (part of OPEI)

<sup>5</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).

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 125 (1) of Act No. 280/2009 Coll., the Tax Code, 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 not have, according to their own affirmation, any arrears towards the selected institutions<sup>6</sup> and towards the aid providers from projects co-finance 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 ruling on its bankruptcy was issued pursuant to the provisions of Section 136 of Act No. 182/2006 Coll., on Insolvency, as amended,
- a court has issued a resolution of an order to execute a judgment regarding their assets or has ordered an execution of their assets,

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<sup>6</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).

- 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>7</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 are 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.

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

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

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<sup>7</sup> 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. 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 3 years shall not be considered to be in difficulty with regard to that period unless it meets the condition set out in subparagraph c).

activities; and, in addition, any aid that would be conditioned by using domestic goods instead of imported goods.

## **4.2. Other conditions**

- a) Each applicant is authorised to submit only one project within this Call.
- b) 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”)
- c) 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 5 years (for small and medium-sized businesses 3 years) after this period.
- d) The subsidy beneficiary is obligated to keep separate analytical accounting records and documentation about the project’s eligible costs and use of the subsidy intended for financing eligible costs, as stipulated in the Terms and conditions and to keep such records and documentation for a period of ten years following the project’s terminativ date. Furthermore, these records must be kept for a period of at least 3 years following the closure of the Operational Programme Enterprise and Innovation in accordance with article 90 of Council Regulation (EC) No. 1083/2006<sup>8</sup>. All aid recipients shall be notified of the closure of the Operational Programme Enterprise and Innovation.
- e) 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.
- f) The subsidy is paid out to the beneficiary retroactively upon the project’s

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<sup>8</sup> OJ L 210, 31 July 2006, p. 25 - 78

termination or of its stage provided that the Conditions of the Decision are observed.

- g) The applicant must ensure financing project realization cost including VAT.
- h) The subsidy 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.
- i) The subsidy beneficiary is obligated, during the project and for a period of 3 years from the project's implementation 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.
- j) The subsidy beneficiary is obligated to ensure that the project will remain in existence<sup>9</sup> for a minimum period of 5 years (3 years for SMEs) from the completion date of the project's implementation in the NUTS 2 region where the project's implementation was started.
- k) The subsidy beneficiary is obligated, during the project and for a period of 5 years (3 years for SMEs) from the project's implementation termination date, to use the assets acquired from the subsidy mainly for the supported economic activities.
- l) The large enterprises must demonstrate the so-called incentive effect (Article 8 of Commission Regulation (EC) No. 800/2008) when submitting the Registration Application.
- m) Other Conditions for Beneficiary are defined in the Conditions.

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<sup>9</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.

## **4.3. Eligible costs**

### **4.3.1. Eligible costs 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 not be 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:**

For innovation projects that are defined in Annex 1 to this call.

### **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 no. 1 – 6 listed in Annex 1 to this call) must fulfil the following conditions:

- They must be included in the beneficiary's assets for 5 years (3 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.
- Any technical appreciation of tangible assets must be used exclusively by the aid beneficiary.

b) Intangible assets (costs no. 7 and 8 listed in Annex 1 to this call) must fulfil

<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.

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 5 years (3 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.

Projects within this Call shall comply with the conditions applicable for investment and 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,
- 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 - 33; E 38.32; J 58, 59.20, 60, 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:

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

### **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 – 50 million;

for regions with concentrated state support<sup>11</sup>, a subsidy up to CZK 100 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 c).

- c) The percentage limits for subsidies for eligible expenditures are specified according to the regional map of public aid intensity and may not exceed:

<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 %

- d) Aid cost no. 9 that is specified in Annex 1 to this call is granted, taking into account the limits laid down in point c), up to a maximum amount of 50 % of the eligible expenditures for the provision of these services.
- e) Cost 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 c), up to a maximum amount of 45 % of the eligible expenditures for the provision of these services.
- f) Aid for cost no. 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 c). 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 3 financial years does not exceed 200 000 €.
- g) Where the aid is calculated on the basis of tangible or intangible investment costs (costs no. 1 – 8), the beneficiary must provide a financial contribution of at least 25 % of the eligible costs, either through its own resources or by external financing, in a form which is free of any public support.
- h) Aid provided on the basis of Commission Regulation (EC) No. 800/2008 and aid

<sup>11</sup> The definition of regions with concentrated state support is an Annex no. 3 to this Call.

under Commission Regulation (EC) No. 1998/2006 will be counted in the calculation of the maximum aid intensity

## **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 costs for any project supported by this programme, it isn't possible to obtain other public aid pursuant to Article 107 (1) of the Treaty on the Functioning of the European Union or aid within the de minimis rule pursuant to Commission Regulation (EC) No. 1998/2006.

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 3 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 2014.

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

An application for subsidy shall be issued on the application form for a subsidy, which is available on the website of the programme administrator and the intermediate body. Together with application the applicant shall submit the documents specific on the above website.

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 submission of the registration application, no later than 29 February 2012, 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.