

## **ICT AND BUSINESS SUPPORT SERVICES**

This Programme implements Priority Axis 2 “Development of Firms” of the Operational Programme Enterprise and Innovation 2007-2013.

The public support provided under this Programme complies with all terms and conditions of Commission Regulation (EC) No. 1628/2006 of 24 October, 2006, on the application of Articles 87 and 88 of the EC Treaty to national regional investment aid (OJ L 302, 1 November, 2006, pp. 29-40), and of Commission Regulation (EC) No. 70/2001 of 12 January, 2001 on the application of Articles 87 and 88 of the EC Treaty to state aid to small- and medium-sized enterprises (OJ L 10, 13 January, 2001, pp. 33-42), and Commission Regulation No. 1998/2006 of 15 December, 2006, on the application of Articles 87 and 88 of the EC Treaty to de minimis aid<sup>1</sup>, and it is compatible with the common market within the meaning of Article 87(3) of the EC Treaty and it is exempt from the notification requirement under Article 88(3) of the EC Treaty.

### **1. Objective of the Programme**

The Programme objective is to use the subsidies to promote competitiveness and growth of the ICT sector in the Czech Republic, support increased availability of new information systems, ICT solutions, new software products and services. The Programme is also focused on development of information and knowledge-based society and increasing the availability of information on ICT products.

Further objectives of the Programme include support to selected business support services with close links to information and communication technologies and with significant international focus that should lead to reduction of internal company costs and increase of effectiveness in enterprises, contributing thus to competitiveness growth of such enterprises.

Last but not least, one of the Programme’s objectives is also development of human resources (their mobility) and creation of qualified jobs in the service sector.

### **Fundamental provisions**

- a) The Programme Administrator is the Ministry of Industry and Trade of the Czech Republic, ([www.mpo.cz](http://www.mpo.cz)).
- b) The intermediate body for this Programme is the Investment and Business Development Agency – CzechInvest, organisation receiving contributions from the Ministry of Industry and Trade of the Czech Republic, with its seat at Štěpánská 15, 120 00 Praha 2, ([www.czechinvest.org](http://www.czechinvest.org)).
- c) The Programme is implemented based on calls, which will specify detailed Programme criteria.

### **Basic terms**

#### **Terms in the framework of supported activities:**

- **IS** – Information System; an information system is a system constituting of the following elements: information and communication technology, data, and people. The goal of an information system is to provide efficient support in information and decision-making processes at all levels of the management of an organisation (enterprise).
- **ICT** – Information and Communication Technologies; this term means hardware and software for collection, transfer, storage, processing and distribution of data. Hardware (technical) elements include servers, stationary and portable personal computers, printers, communication and network equipment (particularly transmitters, routers, switches), and specialised peripherals (mouse, tablet, scanner, camera, PDA, mobile phone, etc.). Software (programme) elements include basic software (operating system, database system, and communication system), application software, and software for IT system modelling and development.
- **An IS/ICT Design and Implementation Centre** means a functionally independent unit which further provides its services to subsidiary enterprises within the group or to external customers as outsourcing.
- **Business Support Services** in this Programme mean selected back-office activities of enterprises provided on the principle of outsourcing that are characterised by close links to information and communication technologies and significant international focus; these are specifically Shared Services Centers, Customer Contact Centres, and High-tech Repair Centers.

- **A Shared Services Centre** means a functionally independent unit, which takes over responsibility for management, operation, and administration of a certain internal function of the enterprise. The Centre takes over and combines performance of such functions of the parent company and/or the subsidiaries within the group, or of external customers (outsourcing), for whom such functions are not their core activities. Activities related to the performance of the relevant processes thus become the core activity of the unit. These are in particular such internal functions as accounting, finance, HR administration, information systems, customer and supplier relationship management, and sophisticated creative activities such as the work of graphic designers, animators, design engineers, civil engineers, etc. Activities such as catering, cleaning, or security services are not considered internal functions.
- **A Customer Contact Centre** means a functionally independent unit that is responsible for customer relationship management through information and communication technologies.
- **A High-tech Repair Centre for Products and Technologies** means a functionally independent unit, which carries out repairs of selected products for companies within the group, or for external customers (outsourcing) that are enterprises to the effect of S. 2(2) of Act No. 513/1991 Coll., Commercial Code.

**Terms in the framework of unsupported activities:**

- Services of a **Collocation Centre** include in particular server housing and leasing, telehousing, web-hosting, lease of electronic commerce facilities, etc.
- **Server-housing** enables placing a customer's server in the premises of the provider and its connection to the provider's backbone network. The provider then operates the server and provides for its technical maintenance, security, air-conditioning, etc.
- **Telehousing** (a service used in particular by telecommunication operators) enables the customer to place their telecommunication equipment in the premises of a data center or to lease certain capacity of the provider's telecommunication facility.
- **Web-hosting** enables physical location and creation of customer websites on the provider's server.

- **Telecommunication Services** mean provision of basic licensed and regulated telecommunication services without added value.
- **Distribution Services** mean services of conventional product distribution, including warehousing.

## **2. Supported Activities**

### **2.1. Supported activities include:**

- a) Creation of new IS/ICT solutions and applications,
- b) IS/ICT Design and Implementation Centers,
- c) Shared Services Centers,
- d) Customer Contact centers,
- e) High-tech Repair Centers for products and technologies.

### **2.2. Supported activities shall not include:**

The following activities cannot receive support: particularly tourism services; recreational, cultural and sports services; health and other social services; transportation and carrier services; distribution and logistic services; mail, courier, consulting and advisory services; bank, real estate and leasing services; telecommunication services (voice, data, and image transmission); collocation centers services; audiovisual services; direct marketing; and services related to environmental protection. The Programme also cannot support development and innovation of products and technologies that are subsequently implemented in production, including development of specific software and applications that shall become part of such products and technologies.

## **3. Beneficiary of a Subsidy**

Beneficiaries are enterprises. <sup>2</sup>

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<sup>2</sup> Support to large enterprises will be granted under this Programme provided that such enterprise is not a multinational corporation or a part thereof.

#### **4. Programme Criteria**

##### **4.1. Formal eligibility criteria of a project:**

- a) The project shall be implemented in the Czech Republic, outside the territory of the Capital City of Prague.
- b) The beneficiary shall demonstrably prove its title or other rights to buildings and land plots where the project will be implemented. The method and deadline for proving these titles or other rights shall be specified by the Programme Administrator in the respective call.
- c) The project shall contain all mandatory elements specified in the call for submission.
- d) The project shall not violate the EU horizontal policies, particularly:
  - Equal opportunities for men and women,
  - Sustainable development.

##### **4.2. Other criteria**

- a) The subsidy shall be provided to the beneficiary based on a Decision to Provide Subsidy issued by the Programme Administrator (hereinafter the “Decision”), containing also the binding Terms and Conditions of Subsidy Provision (hereinafter the “Terms and Conditions”).
- b) The beneficiary shall keep separate records and documents on eligible project expenditure and on the use of the subsidy intended for the funding of the eligible expenditure as stipulated in the Terms and Conditions of the Decision to Provide Subsidy and keep it for a period of 10 years following the date of closure of a project, and at the same time for a period of at least three years following the closure of the OP Enterprise and Innovation (anticipated in 2020) in compliance with Article 90 of Council Regulation (EC) No. 1083/2006. All beneficiaries will be informed of the closing date of OP Enterprise and Innovation.
- c) The beneficiary may not be an entrepreneur, if, as at the date of submission of the application, s/he is the beneficiary to rescue and restructure a firm in difficulty as specified in the Community guidelines on state aid for rescuing and restructuring firms in difficulty, Communication No. 2004/C 244/02 from the Commission; this shall not apply to small entrepreneurs.

- d) The subsidy is paid out to the beneficiary retroactively, or upon termination of a particular phase of the project, provided that the Terms and Conditions of the Decision are observed.
- e) Other obligations of beneficiaries are specified in the Terms and Conditions.

### **4.3. Eligible expenditure**

#### **4.3.1. The eligible expenditure shall comply with the following criteria:**

- Shall be expended in accordance with the objectives of the Programme and immediately related to the project implementation,
- Shall be expended no earlier than on the date of eligibility of a project,<sup>3</sup>
- Shall be demonstrably paid by the beneficiary before they are reimbursed from the Structural Funds, unless stipulated otherwise in the call,
- Shall be supported by conclusive evidence, paid to suppliers, assets may not be acquired by means of capitalisation.

#### **4.3.2. The eligible expenditure include:**

- Tangible fixed assets (particularly purchase of buildings, project documentation, refurbishment of buildings, newly built structures; hardware and networks; machinery and equipment, etc.),
- Intangible fixed assets (particularly licences, know-how, software),
- Selected operating costs (particularly selected wage cost, consulting and expert services, surveys; compiling the application for support; organising tenders; access to information and databases; mandatory publicity; utility non-storable supplies; and other services).

All operating costs included in the project eligible expenditure shall be of a degressive nature (i.e. they shall gradually decrease with the duration of support). This doesn't concern personal costs serving as a basis for a computation of a public support in compliance with Commission Regulation (EC) No. 1628/2006 of 24 October, 2006, on the application of Articles 87 and 88 of the EC Treaty to national regional investment aid and were chosen by a beneficiary as an alternative of the public support computation.

The eligible expenditure shall be further specified in particular calls.

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<sup>3</sup> The eligibility date of a project shall be the date when the provider or the relevant agency confirms in writing to the beneficiary that s/he complies with the eligibility criteria of the given Programme.

to se nevztahuje na osobní náklady, které slouží jako základ pro výpočet veřejné podpory podle Nařízení Evropské komise č. 1628/2006 ze dne 24.10. 2006, o aplikaci článků 87 a 88 Smlouvy ES na vnitrostátní regionální podporu a které si příjemce zvolil jako alternativu výpočtu veřejné podpory.

Bližší vymezení způsobilých výdajů bude obsaženo v jednotlivých výzvěch.

#### **4.3.3. The eligible expenditure of a project shall not include:**

- VAT, if the beneficiary is a VAT payer,
- Costs paid before the submission date of the application for support,
- Loan and credit installments,
- Sanctions and penalties,
- Costs of guarantees, insurance, interests, banking fees, exchange rate losses, customs and administration fees.

#### **4.4. Sectoral classification**

Support shall not be granted to project whose outputs will impact any of the following sectors:

- Manufacture, processing and marketing of products specified in Annex 1 of this Programme, <sup>4</sup>
- Agriculture, fishing, aquaculture, <sup>5</sup>
- Manufacture of coke oven products. <sup>6</sup>
- Manufacture of steel defined in Annex 2 of this Programme,
- Manufacture of man-made fibres defined in Annex 3 of this Programme,
- Building of ships. <sup>7</sup>

### **5. Form and Amount of the Support**

a) Support is provided in the form of a subsidy.

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<sup>4</sup> Annex I to the EC Treaty

<sup>5</sup> NACE A01, A02 and B 05

<sup>6</sup> NACE C 10, D 23.1

<sup>7</sup> NACE D 35.11

- b) The subsidy is granted according to the Regional Map of State Aid Intensity for the Czech Republic for years 2007-2013 as a percentage of the project eligible costs, between minimum of CZK 1M and maximum of CZK 100M.
- c) The amount of support towards eligible expenditure on consulting services incurred in relation to an investment project by an SME shall be maximum 50% (pursuant to Commission Regulation (EC) No. 70/2001 of 12 January, 2001 on the application of Articles 87 and 88 of the EC Treaty (OJ L 10, 13 January, 2001, pp. 33-42)).

A subsidy provided under the block exemption regime shall be governed by the Regional Map of State Aid Intensity and it shall not exceed:

<b>NUTS II region</b>	<b>Small-sized enterprise</b>	<b>Medium-sized enterprise</b>	<b>Large enterprise</b>
Central Moravia, Northwest, Central Bohemia, Moravia-Silesia Northeast, Southeast	60%	50%	40%
Southwest 1 January, 2007- 31 December, 2010	56%	46%	36%
Southwest 1 January, 2011- 31 December, 2013	50%	40%	30%

The amount of support shall be further specified by the Programme Administrator in particular calls.

## **6. Project Selection**

### **6.1. Selection criteria**

Selection criteria including evaluation methodology shall be stipulated by the call.



## **6.2. Project selection method**

Project selection and evaluation shall be performed based on the criteria specified by the Programme Administrator. The OPEI Managing Authority (MIT) shall decide on the provision of a subsidy based on Government Resolution No. 175/2006.

Further details shall be specified in the call.

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

The eligible expenditures of a project supported under this Programme shall not receive any other state aid, i.e. state aid as defined under Article 87 of the EC Treaty.

## **8. Duration of the Programme**

The Programme shall be implemented in the period 2007-2013. It shall be implemented through calls which will be published on the website of the Programme Administrator (MIT) and of CzechInvest. The Programme Administrator reserves the right to suspend the Programme or terminate it prematurely (e.g. due to exhaustion of the allocated funds).

## **9. Details of an Application for Support and its Submission**

The method of submission of an application and its essential elements shall be stipulated by the call.

## **10. Sanctions for Violation of Programme Criteria**

Sanctions for violation of the Programme criteria are stipulated in the Terms and Conditions of a Decision to Provide Subsidy.

## **11. Other Provisions**

There is no legal entitlement to the subsidy.