

**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
DEVELOPMENT**

Call identification	Programme Development
Priority axis	2
Number of the call announcement	II
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Receipt of Full Applications	15.6.2009 – 15.9.2009
System of application collection	Round
Planned allocation for this call	2 mld. CZK

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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, 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.

1. *The call's objective*

This call to the programme Development satisfies the goal of stimulating growth of performance and competitiveness of small and medium-sized enterprises (hereinafter SMEs) in regions with higher unemployment rates to improve their market position and in this context, to maintain or increase jobs.

2. *Aided Activities*

Acquisition of new equipment with higher technological and technical parameters of use and implementation of projects to increase the efficiency of processes.

3. *Aid Beneficiary*

3.1. The aid beneficiary may be:

A natural or a legal person engaged in business (e.g. a joint-stock company, a limited liability company, a limited partnership company, an unlimited liability company, and cooperatives) satisfying the SME definition mentioned in Annex No 1 to Commission Regulation (EC) No 800/2008. The aid beneficiary must fulfil the following criteria:

- 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; the aided CZ – NACE are mentioned in Annex No 1.
- They must be registered as an income tax payer at the Tax Office in accordance with Section 33, (1) of Act No 337/1992 Coll., On the administration of taxes and charges, as amended,

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- They must not have, according to their own affirmation, any arrears towards the selected institutions¹ and towards the aid providers from projects co-financed 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,
- It may not be small-scale² enterprise in the municipality with a population up to 2 thousand³.

3.2. The aid beneficiary may not be an entrepreneur if, as of the day 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,
- They have gone into liquidation,
- They are an aid beneficiary for rescuing and restructuring firms in difficulty in accordance with the Community guidelines on State aid for rescuing and restructuring firms in difficulty, Communication from Commission No 2004/C

¹ Tax Office, Czech Social Security Administration, health insurance companies, Land Fund, National Property Fund, State Environmental Fund, State Housing Development Fund, Customs 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.

² Entrepreneur employing less than 10 employees, with the assets/property or sales/receipts do not exceed the equivalent of CZK 2 million EUR. (See the definition of SMEs according to Annex I of Commission Regulation (EC) No 800/2008)

³ <http://aplikace.mvcr.cz/adresa/index.html>, valid from 3.10.2008

244/02, for small- and medium-sized enterprises, they are the aid beneficiary for firms in difficulty,⁴

- The entrepreneur is an undertaking in difficulty (pursuant to Communication from the Commission 2004/C 244/02 and Commission Regulation No 800/2008),
- 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.

4. Formal project acceptability conditions

- a) The project must be implemented in the Czech Republic outside the territory of the Capital City of Prague.
- b) If the work on the project commences before the project's acceptability is confirmed, the entire project shall not be eligible for an award of aid
- c) The project must contain all the mandatory parts mentioned in this call for its submission, including the energy audit.
- d) The project must comply with the EU horizontal policies, particularly:
 - equal opportunities for men and women
 - sustainable development

5. 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

⁴ Small- and medium-sized enterprises are firms in difficulty if they fulfil the following conditions:

- a) for limited liability companies where a loss of more than one-half of the registered capital occurred and where a loss of more than one-quarter of this capital occurred during the last 12 months, or
- b) for liability companies where at least some partners bear full liability for the company's obligations where a loss of more than one-half of the capital recorded in the accountancy occurred and where a loss of more than one-quarter of this capital occurred during the last 12 months; or
- c) where, regardless of the type of company, the company satisfies the conditions of the Insolvency Act (182/2006 Sb., on Bankruptcy and Ways of its Resolution) for commencing collective insolvency proceedings.

Small- and medium-sized enterprises existing for a shorter period than three years are considered firms in difficulty only if they fulfil the conditions mentioned in subparagraph letter c).

shall be formed by the Conditions for the Provision of a Subsidy (hereinafter referred to as the “Conditions”)

- b) The aid beneficiary is obligated to keep separate accounting information and documentation about the project’s eligible expenses and use of the subsidy intended for the funding of eligible expenses, as stipulated in the Conditions for the Provision of a Subsidy and to keep them for a period of 10 years following the project’s termination date⁵. These records must be kept at least until 3 years following the closure of the OP Enterprise and Innovation in accordance with Article 90 of Council Regulation (EC) No 1083/2006. All aid beneficiaries shall be notified of the closure of the OP Enterprise and Innovation.
- c) 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.
- d) Applicants must clearly demonstrate ownership or other rights to property and land where the project will be implemented by presenting statutory declaration on the above-mentioned rights. This property or other rights to property and land must be maintained for three years after completion of the entire investment
- e) The aid beneficiary shall possess the tangible and intangible assets for which the subsidy was fully or partly provided a minimum of ten years from the day of the project’s completion. After the first five years of the project’s completion, the property can be sold to another operator, but the activities of the centre shall be also kept for ten years after the project’s completion.
- f) The investment must take place in the NUTS IV region, where the aid is provided, it must be retained for at least three years following the completion of the entire investment.
- g) Each applicant may submit only one project within the framework of this call.
- h) As of the date of submission of the application, the subsidy beneficiary must have concluded at least 2 successive tax periods.
- i) The recipient of subsidy must have at least 2 consecutive tax years at the date of application.
- j) 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

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137/2006 Sb., on public procurement, and in accordance with the rules defined by the programme's administrator.

k) Additional subsidy beneficiary's obligations are specified in the Conditions.

6. The eligible expenses

- 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 date⁶,
- 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.

6.1 The eligible expenses are:

- Long-term tangible assets – the purchase of machinery and equipment, including the control software that has not been subject to depreciation.
- Long-term intangible assets – costs of acquiring patent licences for know-how, and control software for the machinery and equipment being acquired.

6.2 The eligible expenses are not:

- Construction projects
- VAT, provided that the aid beneficiary is a VAT payer.
- The costs incurred before the project's acceptability date
- Loan and credit instalments
- Sanctions and penalties
- Costs for guarantees, insurance, interest, bank charges, exchange rate losses, customs and administration charges
- Leasing

⁵ Fulfilment of all the conditions stipulated in the Decision on the Provision of a Subsidy is understood as the project's termination date.

⁶ 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.

- Costs for the project's publicity.

7. Sectoral Classification

Within the framework of this call, the aid may not be provided for activities connected with exports, namely aid directly linked to quantities exported, aid for the establishment and operation of a distribution network or for other current costs linked to export activities; and furthermore, aid conditioning the use of domestic goods to the detriment of imported goods.

The aided activities must be directed into the following specified areas:

- Manufacturing and trade according to CZ – NACE mentioned in Annex No 1.
- Cross-cutting sector activities (e.g. biotechnologies, nanotechnologies, optoelectronics, etc.)

Projects being oriented at the manufacture, processing and marketing of the products mentioned in Annex No 2 shall not be aided.⁷

8. Form and Amount of the aid

The aid is provided in the form of a subsidy.

The subsidy is purpose-built for reimbursing the eligible expenses incurred in connection with the performance of the subject matter of the project. The subsidy is provided in the amount of CZK 1 - 20 million, however the maximum is to be specified by the Regional Map of Public Aid Intensity for the regions of the Czech Republic and Commission Regulation (EC) No 800/2008 as amended

NUTS II region	Small-sized enterprises in a municipality with 2 000 or more inhabitants	Small-sized enterprises	Medium-sized enterprises
Central Moravia, North-West, Central Bohemia, Moravia-Silesia, North-East, South-East	60%	60%	50%
South-West 1 January 2007 – 31 December 2010 ⁸	56%	56%	46%

⁷ Annex I to the EC Treaty

9. Selection Criteria

The selection criteria are specified in Annex No 4 to this call.

10. Project Selection Method

Evaluations of the applications for aid are carried out based on the selection criteria. The resulting evaluation is performed by the Programme Evaluation Committee that, based on the results reached, shall recommend or shall not recommend the application to the Managing Authority for aid or shall request additional aiding documents. If there is approval of the aid, the Managing Authority shall issue a Decision on the Provision of a Subsidy, a part of which shall be formed by the Conditions for the Provision of a Subsidy. The final evaluation results of the projects submitted during the 2nd call of this programme shall be published at www.mpo.cz and <http://www.czechinvest.org/>

11. Participation in Other Aid Programmes

For the eligible expenses of a project aided from the DEVELOPMENT Programme, no other public aid may be provided, i.e. the public aid in accordance with Article 87 (1) of the EC Treaty or the aid within the de minimis rule in accordance with Commission Regulation (EC) No 1998/2006. If the aid beneficiary has received capital within the framework of risk capital in accordance with Article 29 (aid in the form of risk capital) of Commission Regulation (EC) No 800/2008, and in the course of the first three years after the first risk capital investment they apply for aid within the framework of this programme's call, the respective threshold values shall be reduced by 20%. However, the reduction shall not exceed the total value of the acquired risk capital.

If a beneficiary has been provided aid for young innovative enterprises, the beneficiary may not be provided aid within the framework of this programme's call during the first three years following the provision of aid for young innovative enterprises.

⁸ 1 January 2007 – 31 December 2010 relates to the date of issue of the Decision on Provision of a Subsidy

12. The Application for Provision of Aid and the Manner of its Submittal

1st 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.

2nd step: Within one month following the confirmation of a successful registration or the date of commencement of accepting full applications, whichever occurs later, the applicant shall electronically submit **the full application**, including the project financial feasibility form. The full application contains detailed information on the applicant and the project. The procedure on how to complete the registration application is a part of the Instructions for Applicants and Aid Beneficiaries from the OPEI.

14. Other Provisions

There is no legal entitlement to a subsidy.

Announcement of the call shall be suspended if the amount of the subsidy required exceeds double the allocation

Specific terms

- Aid – a subsidy acquired by an aid beneficiary based on a Decision on the Provision of a Subsidy.
- Project – the aid beneficiary's activity that has a defined schedule, during which the objective described in the application for aid is to be reached.