

PROSPERITY

This Programme implements Priority Axis 5 “Environment for Enterprise and Innovation” of the Operational Programme Enterprise and Innovation 2007-2013.

1. Objective of the Programme

The objective of the Programme is to support the establishment and further development of infrastructure required for industrial research, technological development and innovation focusing in particular on implementation of new technologies, development of competitive products and services. In relation to support of innovation infrastructure for newly created innovation companies, the Programme further focuses on supporting establishment, operation and further development of business incubators or business innovation centres (BIC, PIC, etc.). Special attention is focused on support to the Business Angels networks and new non-subsidy financial instruments to support start-up small- and medium-sized enterprises.

Fundamental provisions

- a) The Managing authority is the Ministry of Industry and Trade of the Czech Republic (hereinafter the “MIT”), (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 (hereinafter the “CI”), (www.czechinvest.org).
- c) The Programme is implemented based on calls, which will specify detailed Programme criteria.

Basic terms

- **Science and Technology Park** – is an institution oriented to the fields of science, technology, innovative business and professional training, which closely collaborates with universities, scientific centres and research institutes performing two fundamental functions – innovation and incubation.

- **Science Park** – is an institution managed by specialised professionals the main purpose of which is to increase the wealth of its stakeholders by supporting the culture of innovation and competitiveness in its associated enterprises and knowledge-centred institutions.
- **Technology Transfer Center** – is an entity that in cooperation with research institutes and universities provides services helping to transfer technologies to companies on both national and international levels, procuring sources necessary to implement the technology transfer and at the same time providing professional consultancy and consultancy in the area of intellectual property protection. A technology transfer center does not operate its own research facilities neither does it conducts its own research or verification research of transferred technologies.¹
- **Business incubator** – is a facility mainly for innovative start-ups who benefit from preferential rent and services provided by the incubator operator under predefined conditions and who are able to place their product on a market in a reasonable time horizon.
- **Business innovation center (BIC, PIC, etc.)** – is a professional organisation providing comprehensive services to small- and medium-sized innovative companies, integrating business and territorial entities and enhancing development of innovative business while using partnership with local and regional organisations (in particular with territorial bodies, local chambers, universities and research organisations, financial institutions, enterprises, etc.).
- **Business Angels (BA)** – entities willing to invest their disposable capital into innovative start-ups with high growth potential.
- **Business Angels Networks (BAN)** – entities associating Business Angels in order to provide for more efficient access to information and more rational use of Business Angels capital.
- **Innovative Businesses** – are typically SMEs whose main business activity is to prepare a project for a new product (goods, technology, services) which is mature to be commercialized and be marketed.

¹ The definition of the Technology Transfer Center as used in this Programme corresponds to the definition used by the European Commission (see for instance outputs from the EC project entitled “Improving institutions for the transfer of technology from science to enterprises”: Technology transfer institutions in Europe from January 2004 or the report by the EPG expert group from July 2004 (EPG-DG/PC-04-28).

2. Supported Activities

- a) Establishment and development of science and science and technology parks.
- b) Establishment and development of technology transfer centres.
- c) Establishment and development of business incubators and business innovation centres (BIC, PIC, etc.) operating an incubator.
- d) Establishment and development of Business Angels Networks – support of infrastructure for activities of Business Angels Networks. It is a facility that will provide for networking between investors and companies in an early stage of their development (spin-offs, start-ups), which are facing difficulties when looking for financing of their projects due to a higher level of risk related to this development stage. Within this facility, services such as investors database, listing of project profiles, consultancy when preparing business plans, etc. will be provided. This does not represent direct support of financial investments by individual investors.
- e) Implementation of activities relating to improvements in the quality of Programme implementation – activities implemented on an on-going basis by the Programme Implementing Agency aimed at project generation for supported activities as per Article 2, items (a) to (d) of the Programme. They include – *inter alia* – preparation of studies, application of foreign experience, networking, training, promotional and other support activities aimed at efficient use of resources for support of innovation infrastructure.

3. Beneficiary

- a) A legal entity pursuant to S.18(2)(a), (c) and (d) of Act No. 40/1964 Coll., Civil Code, as amended. This legal entity shall be the operator of the science park, science and technology park (for activities as per Article 2(a)) or of the technology transfer center (for activities as per Article 2(b)) or a business incubator or a business innovation center (for activities as per Article 2(c)), and under the Programme criteria shall keep separate records for the eligible project costs and its Articles of Association shall explicitly state that the entity has been founded for the purpose of supporting intensity, quality and speed of innovation introduction and technology transfer in the business practice of a given region with emphasis on progressive technologies (high-

tech). Activities under Article 2(d) do not require the above specified explicit definition of the activity in the Articles of Association.

- b) Investment and Business Development Agency – CzechInvest, an agency of the Ministry of Industry and Trade of the Czech Republic – for activities specified in Article 2(e).
- c) Non-profit non-governmental organisations – public benefit organisations established and existing according to Act No. 248/1995 Coll., on Public Benefit Organisations, and further associations of legal entities established and existing according to Article 20(f) *et seq.* of Act No. 40/1964 Coll., Civil Code, as amended, with the same explicit definition of activities as stated in Article 3(a) applicable to them.

4. Programme Criteria

4.1. Formal eligibility criteria of a project:

- a) The project shall be implemented in the Czech Republic, outside of the territory of the Capital City of Prague.
- b) The beneficiary shall demonstrably prove his/her title or other rights to buildings and land plots where the project will be implemented. The method and deadline required to prove such ownership or other rights shall be specified by the Managing authority in the respective call.
- c) The project shall contain all mandatory elements specified in the call for submission.
- d) The project does not violate the horizontal policies of the EU and their basic principles, particularly:
 - Equal opportunities of 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 Managing authority (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 and keep it for

a period of 10 years following the date of closure of the 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 shall own the tangible and intangible fixed assets acquired fully or partially from the provided subsidy for a period of five years from the end of the project; or for a period of three years in the case of SMEs.²
- d) 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.
- e) The subsidy is paid out to the beneficiary retroactively upon termination of the project, or a particular project phase, provided that the Terms and Conditions are complied with.
- f) Other obligations of beneficiaries are specified in the Terms and Conditions.

4.3. Eligible expenditure

4.3.1. 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.³
- Shall be demonstrably paid by the beneficiary before they are reimbursed from the Structural Funds, unless stipulated otherwise.
- Shall be supported by conclusive evidence, paid to suppliers, property may not be acquired by means of capitalisation.

² Closure of the project is a moment when all terms and conditions set by the Decision to Provide Subsidy are fulfilled.

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

4.3.2. The eligible expenditure of a project shall include:

- Tangible fixed assets, in particular in form of land plots, buildings, machinery and other equipment (i.e. assets acquisition, including their technical appreciation), especially purchase and modification of land plots, purchase of buildings, new buildings, removal of buildings, reconstruction/modernisation of buildings, engineering activities in construction, project documentation, networks and communications, other machinery and equipment including their technical appreciation, hardware and networks.
- Intangible fixed assets, in particular software, licences and know-how.
- Operating costs, in particular services of advisors, experts, studies, training and retraining, seminars, workshops, salaries, insurance premium, utility supplies, etc.
- Costs of project publicity.

The eligible expenditure of a project shall be further specified in particular calls.

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

- VAT, provided that the beneficiary is a VAT payer.
- Expenditure paid prior to the project eligibility date.
- Loan and credit instalments.
- Sanctions and penalties.
- Costs of guarantees, insurance policies, interests, bank charges, exchange losses, customs and administration charges.

4.4. Sectoral classification

Support shall not be granted to projects whose outputs will impact any of the following sectors:⁴

5. Form and Amount of the Support

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

⁴ To be further specified once the relevant EC legislation is adopted and based on a notification procedure pursuant to Council Regulation (EC) No. 659/1999.

- b) Percentage of support shall be specified based on results of the notification procedure pursuant to Council Regulation (EC) No. 659/1999. In case of projects including construction activities, the subsidy may amount to CZK 5-200M. In case of projects not including construction activities, the subsidy may amount to CZK 1-30M.
- c) In case of support for activities as per Article 2(e) not constituting state aid, compatible with the common market pursuant to Article 87(3) of the EC Treaty and exempt from the notification requirement of Article 88(3) of the EC Treaty, the amount of support may equal up to 100% of eligible project expenditure.
- d) In case of a subsidy for activities defined in Article 2(c) the beneficiary may provide discounted services to innovative companies using services of the business incubator and falling under the definition of an SME in the following form:
 - 1) Preferential rents, however of degressive nature. Expenditure related to preferential lease of space to innovative companies in a business incubator may be eligible in amount of 50%, or 40%, or 30% of the rent for the period of three consecutive years for an innovative company in the incubator. At the same time, the amount of preferential rent shall be based on the price usual in the given region not exceeding CZK 2,000/m² per year. The preferential rent may include a fee for high-speed Internet connection.
 - 2) Services of advisors, experts and studies provided by external consultants and not having nature of permanent or regular activities or nor related to regular operating costs of the company. The subsidy is provided in the maximum amount of 50% of eligible expenditure for these services.
 - 3) Trainings and retrainings provided by external trainers, max. 45% of eligible expenditure for these services.

Drawing and providing of support under this item for paragraph (1), (2) and (3) shall be governed by the de minimis rule as stipulated by Commission Regulation (EC) No. 69/2001 of 12 January, 2001 on the application of Articles 87 and 88 of the EC Treaty (OJ L 10, 13 January, 2001, pp. 30-32)

The scope of support shall be further specified by the Managing authority 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 Managing authority. 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 expenditure of a project supported under this Programme shall not receive any other state aid, i.e. the 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 will be implemented based on calls which will be published at the website of the Managing authority (MIT) and of CzechInvest. The Managing authority 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 Subsidy 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.