

**Ministry of Industry and Trade
of the Czech Republic
Structural Funds Division – Governing Body of OPEI**



**CALL FOR SUBMISSION OF PROJECTS
WITHIN OPEI
POTENTIAL**

Call identification	Potential
Priority axis	4 - Innovation
Number of the call announcement	III - extension
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Receipt of Full Applications	17.9.2012 – 16.11.2012
System of application collection	continual
Planned allocation for this call	CZK 2 billion

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State aid provided via this call fulfils the conditions of Articles 13 and 31 of Commission Regulation (EC) No. 800/2008 of 6 August 2008 declaring certain categories of aid compatible with the common market in the application of Articles 87 and 88 of the EC Treaty¹ (hereinafter referred to as “Commission Regulation (EC) No. 800/2008”) and can therefore be compatible with the common market in the meaning of Article 107(3) of the Treaty on the Functioning of the European Union and is exempt 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 aid².

1. Objective of the Call

The aim of the Potential Programme call is to support the establishment and expansion of business entities’ capacities for implementation of research, development and innovation activities, and at the same time to increase the number of enterprises carrying out their own research, development and innovation.

The Potential Programme further has the goal of enhancing cooperation between business entities and research and development organisations, creation of high-skilled jobs and thus development of the knowledge-based economy, improvement of conditions for companies’ involvement in national and European R&D programmes, and the permanent improvement of the Czech economy’s competitiveness.

1.1. Basic provision

The Programme Administrator (aid provider) is the Ministry of Industry and Trade of the Czech Republic (hereinafter referred to as the “MIT”), (www.mpo.cz).

The mediating entity for this programme is CzechInvest, the Investment and Business Development Agency, an organisation of the MIT, with its registered office at Štěpánská 15, 120 00 Prague 2 (hereinafter referred to as **CzechInvest**), (www.czechinvest.org).

¹ Official Journal of the EU, L 214, 9 August 2008, pgs. 3-47

² Official Journal of the EU, L 379, 28 December 2006, pgs. 5–10

1.2. Basic definitions of the Programme

- For the purposes of the Programme, a **Project** is understood to be a project that is coherent in terms of content, place and time with purpose to establish or extend a development centre (department) aimed at research, development and innovation of products and technologies including specific software and its applications that form a part thereof, leading to the implementation of technologically new or improved products, product lines, production processes and technologies if there exists the expectation that these will be transferred and used in production.
- **Small and medium- sized enterprise (SME)** is an enterprise fulfilling the conditions set forth in Annex I of Commission Regulation No. 800/2008

2. Supported Activities

2.1. Supported Activities

Supported activities are:

- Establishment or expansion of industrial research, development and innovation centres based on the acquisition of land, buildings, machinery and other equipment necessary to carry out the activities of the centre and used for ensuring the activities of such a centre.

2.2. Unsupported Activities

Supported activities are not:

- Simple renewal of assets,
- Activities related to supporting exports to member states of the European Union and to third countries, be it support directly related to export quantity or support related to the establishment and operation of a distribution network or other current costs of export activities,
- Activities related to supporting preferential use of domestic goods over imported goods,
- Production activities.

3. Aid Recipient

3.1. Aid Recipient definition

The aid recipient can be a business entity that is a legal entity (see selected forms below)³ operating in accordance with Act No. 513/1991 Coll., the Commercial Code, or a natural person with his/her place of business in the Czech Republic entered in the Commercial Register in accordance with Act No. 513/1991 Coll., the Commercial Code, and who is planning to implement a project pursuant to section 2.1.

3.2. Criteria for aid recipients

The aid recipient shall meet the following criteria:

- The aid recipient must be entitled to conduct business in the Czech Republic, which is in compliance with the supported economic activity, to which the project is realised; supported activities defined by CZ-NACE classifications are stated in the article 6 of this Call and ANNEX 3.
- According to the aid recipient's affidavit, the aid recipient must be registered as an income-tax payer with the Tax Office pursuant to Section 33(1) of Act No. 337/1992 Coll., on Administration of Taxes and Fees, as amended.
- As of the date of submission of the Registration Application, the aid recipient must have closed at least two consecutive accounting periods.
- According to the aid recipient's affidavit, the aid recipient should not have any outstanding liabilities towards selected institutions⁴ or towards providers of aid from projects co-financed from the European Union budget. Deferment of payment of outstanding liabilities or an agreement on the payment of outstanding liabilities shall be considered as settled liabilities.

³ General commercial partnership, limited liability company, limited partnership company, joint-stock company, cooperative, production cooperative, consumer association, other association, cooperative enterprise, contributory organisation, European economic interest grouping, European company, European cooperative society.

⁴ Tax Office, Czech Social Security Administration, health insurance companies, Land Fund, the Ministry of Finance as the legal successor of the State Property Fund, State Environmental Fund, State Residential Development Fund, Customs Administration of the Czech Republic, State Cultural Fund, State Fund of the Czech Republic for Support and Development of Czech Cinematography, State Agricultural Intervention Fund, regions, municipalities and associations of municipalities.

- According to the aid recipient's affidavit, the aid recipient should not have an outstanding liabilities in terms of wage claims towards its employees.

3.3. An enterprise cannot be an aid recipient if as of the date of submission of the application:

- pursuant to the Act on Bankruptcy and Settlement, a court has declared bankruptcy against its assets, granted a settlement or rejected a proposal for declaration of bankruptcy for lack of assets,
- a ruling on its bankruptcy has been issued pursuant to Section 136 of Act No. 182/2006 Coll., on Insolvency and Its Resolution,
- a court has issued a ruling on the order of execution of a decision on its assets or ordered the execution of its assets,
- it is in liquidation,
- it is an enterprise in difficulties (pursuant to Commission Communication (EC) 2004/C 244/02 and Commission Regulation (EC) No. 800/2008)⁵,
- it has an outstanding liability arising on the basis of an order to return financial resources issued following the prior ruling of the Commission declaring that aid is contrary to law and incompatible with the common market,
- it is a recipient of aid for young innovative enterprises pursuant to Article 35 of Commission Regulation (EC) No. 800/2008, provided less than three years prior to the date of submitting the aid application,
- it has the legal form of a joint-stock company with documentary bearer shares.

⁵ An enterprise is considered to be an enterprise in difficulties if it fulfils the following conditions:

- a) in the case of a limited liability company, where a loss of more than half of the basic capital has occurred and where a loss of more than one-fourth of such capital has occurred in the past twelve months, or
- b) in the case of a company in which at least some of the partners fully guarantee the company's liabilities, where there has occurred a loss of more than one-half of the basic capital recorded in the company's accounting and where there has occurred a loss of more than one-fourth of such capital in the past twelve months, or
- c) where, regardless of the type of company, the enterprise fulfils the conditions of the Insolvency Act (Act No. 182/2006 Coll., on Insolvency and Its Settlement) for commencing collective insolvency proceedings.

A small or medium-size enterprise that has been in existence for less than three years is considered an enterprise in difficulties during the stated period only if it fulfils the conditions set forth in subparagraph c).

4. Programme conditions

4.1. Formal conditions of project acceptability

- a) The project must be implemented in the Czech Republic, outside the territory of Prague.
- b) The project must comply with the EU horizontal policies, particularly:
 - equal opportunities for men and women,
 - sustainable development.
- c) The objectives of the project must be in accordance with the objectives of the programme.

4.2. Other conditions

- a) Every applicant is allowed for this call to submit only one project (one approved Registration application⁶) for one region. In the case of projects that are submitted by economically or personally related entities, controlling and controlled entities in the meaning of Section 66 of Act No. 513/1991 Coll., the Commercial Code, as amended, the limitation of one project for one region will also be applied.
- b) The financial health of the Applicant expressed by the rating evaluation of the mediating entity may not be lower than C+.
- c) The minimum amount of investment⁷ in long-term assets used for the purposes of ensuring the activities of the project shall amount to CZK 5 million for small and medium-sized enterprises, CZK 10 million in the case of large enterprises. This condition must be fulfilled by the date of completion of the

⁶ For these purposes, the term “active application” is understood as the Registration Application or Full Application that is being actively processed within the administration process, tj. it has not been rejected, withdrawn or refused.

⁷ The investment amount is defined as investment in long-term tangible and intangible assets used for activities of the project, expressed in acquisition prices, whose acquisition is directly related to the supported activity. The minimum investment amount shall be expended no earlier than from the date of eligibility of the project. The minimum investment for the purposes of fulfilling the binding indicator is understood as the eligible investment costs of the project.

project.⁸ Part of the minimum investment can be comprised of costs that are eligible for this call.

- d) Costs expended on the purchase of land can amount to a maximum of 10% of the total eligible costs; costs expended on the acquisition and technical improvement of structures can amount to a maximum of 40% of eligible costs (see Annex No. 2).
- e) A subsidy shall be provided to the aid recipient based on a Decision to Grant a Subsidy issued by the programme administrator (hereinafter referred to as the “Decision”), a part of which is formed by the binding Terms and Conditions of the Decision to Grant a Subsidy (hereinafter referred to as the “Terms and Conditions”).
- f) The aid recipient is obligated to keep analytical accounting records and documentation of the eligible costs and of the use of the subsidy intended for financing the eligible costs as stipulated in the Terms and Conditions of the Decision to Grant a Subsidy and keep such records and documentation for a period of 10 years following the date of completion of the project, and at the same time for a period of at least three years following the closure of the Operational Programme Enterprise and Innovation in compliance with Article 90 of Council Regulation (EC) No. 1083/2006⁹. All aid recipients will be informed of the closing date of OP Enterprise and Innovation.
- g) In the case of a subsidy intended for the payment of wages and insurance (mandatory contributions of the employer) and cost travel, the aid recipient is obligated to demonstrably prove that such personnel costs relate to jobs occupied by specialist employees, i.e. employees who perform research and development hence implementation activities directly related to the project, i.e. in a supported research and development capacity (a specialist employee is not an administrative worker, accountant, economist, manager, etc. and project implementation is not a supported activity).

⁸ The completion date of the project is understood to be the date specified in the Rules of Eligible Costs set forth in the Terms and Conditions of Aid Provision.

⁹ Official Journal of the EU, L 210, 31 July 2006, pp. 25-78

- h) Travel costs can be claimed as eligible costs only if the aid recipient participates in a project within the ERA-NET/EraSME initiative and this fact is verified with the submission of an approved application.
- i) In the case of a subsidy intended for the payment of costs for materials demonstrably intended for the production of a prototype, the aid recipient is obligated to demonstrate the use of such materials in the production of the prototype. Materials demonstrably intended for the production of a prototype must be specified in detail in the business plan, as part of the aid application, and their necessity for the project's implementation must be duly substantiated. The necessity of such materials will be individually assessed by an external appraiser and the assessment committee of the Potential Programme.
- j) The subsidy is paid to the aid recipient following completion of the project or following completion of a particular phase of the project provided that the Terms and Conditions of Decision to Provide Subsidy are complied with.
- k) The aid recipient must ensure financing expenditures related to the implementation of the project including VAT. The financial contribution of the Beneficiary must amount to at least 25% of eligible costs, whether from the Beneficiary's own resources or through external financing, in a form which does not contain any state aid. In the event that the project costs exceed the value of the applicant's assets, documentation on external means of financing the project shall be submitted with the Full Application.
- l) For the entire period of implementation of the project, the aid recipient is obligated to allow direct access to authorised employees of the Programme Administrator and the mediating entity for the purpose of performing inspections pursuant to Act No. 552/1991 Coll., on State Inspection, as amended. Furthermore, the aid recipient shall allow these employees direct access for the purpose of verifying compliance with the conditions of the programme and the specific utilisation of resources from the provided subsidy as well as inspecting the financial situation and accounting or tax records of the aid recipient, both at the place of project implementation and at the aid recipient's registered office.

- m) Pursuant to Article 4.2 c) of this Call, the aid recipient is obligated to retain the investment for a period of at least five years (three years in the case of SMEs_ from the date of project completion, i.e. the recipient may not sell or otherwise give up possession of the investment during the above-mentioned period.
- n) The aid recipient is obligated to conduct the supported activity at the site of project implementation set forth in the Terms and Conditions and for a period of five years from the date of completion of the project (three years in the case of small and medium-size enterprises) retain (i.e. have in its ownership) at this site the long-term tangible and intangible assets that were fully or partially acquired with the provided subsidy.¹⁰
- o) For the entire period of project implementation and for a period of five years (three years in the case of SMEs) from the date of completion of project implementation, the aid recipient must use the assets acquired with the use of the subsidy which the recipient has in its ownership primarily for the supported economic activity (i.e. for research and development).
- p) If the project derives from the Integrated Urban Development Plan (IUDP) of the municipality, it has the possibility, based on Decree of the Government of the Czech Republic No. 883 of 13 August 2007, to receive within selected criteria of the aid programme a bonus in the amount of 10%. No later than at the time of submitting the Full Application, the applicant shall provide the above-mentioned information and substantiate it with a confirmation from the municipality (bearer of the IUDP) that the project is part of and in accordance with the IUDP.
- q) In the case that the project strengthens synergies with areas of support 1.1 and 2.1 of the Operational Programme Research and Development for Innovation (the project relates to a particular project under OPRDI in the given area of support), such project shall be entitled to obtain a bonus in the amount of 10% within the selection criteria of the aid programme. The applicant shall indicate this fact by marking the relevant field in the Full Application and

¹⁰ This condition thus does not affect the right of the Beneficiary to replace assets due to their deterioration or obsolescence within the above-mentioned time period with other assets of comparable value expressed in the acquisition price that directly correspond to the subject of project implementation provided that economic activity is maintained in the supported region for the above-mentioned time period.

submitting a document on the registration of the project in OPRDI with the Full Application.

- r) When submitting the Registration Application, large enterprises must demonstrate the so-called incentive effect (Article 8 of Commission Regulation (EC) No. 800/2008).
- s) The aid recipient is obligated to keep time records of the use of acquired technologies for the purposes of research and development.
- t) If part of the activities for the supported research-innovation capacity comprises an activity in the area of research and development of products or product lines whose result is the construction or design of prototypes, then such prototypes must undergo prototype trials for which detailed records shall be kept and an evaluation shall be conducted. If the prototypes are subsequently sold, they shall always be declared as sales of trial prototypes for a price not exceeding the direct material costs. If the material for construction of a prototype is the subject of a subsidy, then the sale price must be reduced by the amount of the provided subsidy.
- u) In relation to the eligible costs of the project for which payment of aid is requested, the aid recipient is obligated to proceed in accordance with Act No. 137/2006, on Public Procurement, as amended, and in accordance with the rules stipulated by the programme administrator.
- v) Further obligations of the aid recipient are stipulated in the Terms and conditions.

4.3 Mandatory annexes

1. At the moment of submitting the Registration Application, the aid applicant must submit the following document via the eAccount system:

- a) scanned and electronically signed balance sheets and profit-and-loss statements for the last two closed accounting periods.
- b) In the case of a large enterprise, the so-called incentive effect must also be documented.

2. When submitting the Full Application, the applicant must submit the following:
- documents unambiguously demonstrating the ownership or other rights to the property where the project will be implemented.
- a) In the case that the building or land plot is already in the applicant's ownership, the applicant shall prove its ownership rights when submitting the Full Application by providing an **extract from the property register and a facsimile image from the cadastral map** (not older than three months).
- b) In the case of purchasing land or buildings, the applicant must, when submitting the Full Application, submit the **purchase contract or contract on a future purchase contract** and demonstrate that the property belongs to the (future) seller by submitting an extract from the property register (not older than three months).
- c) In the case of renting land or buildings, the applicant shall submit, when submitting the Full Application, the **rental contract or, as the case may be, a contract on a future rental contract**. The rental contract must be concluded minimally for the period of project implementation and for at least an additional five years (three years in the case of SMEs) from the expected date of completion of the project.
- d) In the case of construction of a building or the technical improvement of a building, the applicant must, when submitting the Full Application, also submit an extract from the property register demonstrating its ownership rights to the land on which the building will be constructed or, as the case may be, the purchase contract or contract on a future purchase contract for the land on which the construction is to be realised. It is also possible to realise construction on land that is 100% owned by the applicant's parent company. In this case, the applicant shall submit an extract from the property register demonstrating the parent company's 100% ownership right to the land on which the construction will be realised.
- e) In the case of technical improvement of a leased building, the aid applicant shall submit the lessor's statement of consent with the performed technical improvement (in the form of an annex, addendum or amendment of the lease contract).

- Confirmation from the municipality (bearer of the Integrated Urban Development Plan – IUDP) that the project is part of and in accordance with the IUDP for the purpose of verification of the project's compliance with the IUDP (if relevant).
 - Document on registration of the project in the Operational Programme Research and Development for Innovation for the purpose of verification of enhancement of the project's synergies with areas of support 1.1 and 2.1 of OPRDI (if relevant).
 - Business plan according to the recommended structure.
 - Other documents verifying the facts set forth in the business plan (e.g. contracts on cooperation, certificates, documents demonstrating the assurance of external financing for the project – always if such documents are relevant).
 - In the case of construction or technical improvement of a building in a scope requiring land-use and building approval, the aid recipient must submit the land-use ruling with designation of the legal authority or land-use consent or, as the case may be, a valid statutory agreement superseding the land-use ruling (if not submitted together with the Full Application) and, at the same time, the building permit with designation of the legal authority or valid statutory agreement or certificate issued by an authorised inspector superseding the building permit, or the building authority's positive standpoint on registration of the construction.
 - In the case of structural modifications that are not subject to building-approval proceedings, the aid recipient shall submit the standpoint of the relevant building authority confirming such fact.
3. When signing the Terms and Conditions of Aid Provision, the aid recipient shall be obligated to submit the following annexes:
- a) Extract from the Trade Licence Register according to the CZ-NACE category which the recipient selected as the main output of the project (officially notarised copy), only in the case that the corresponding trade will

not be listed in the Trade License Register at www.info.mfcr.cz/ares at the time of sending the Terms and Conditions of Aid Provision for signature.

4. When submitting the first Payment Application:

- a) In the case of purchasing property, the recipient shall demonstrate its ownership rights to the property with an extract from the property register and a facsimile image from the cadastral map (not older than three months).
- b) Other mandatory annexes to the Payment Application are set forth in Annex No. 8 of this Call – Instructions for Material Correctness of the Payment Application.

5. Upon completion of the project (i.e. not later than at the time of submission of the Payment Application for the final phase), the recipient is obligated to submit the final building approval or document on commencement of trial operation if such is required in the land-use and building-approval proceedings.

5. Eligible Costs

5.1 Conditions of eligible costs

Eligible costs must fulfil the following conditions:

- Must be expended in accordance with the objectives of the Programme and must immediately relate to the project implementation.
- Must be expended no earlier than on the date of eligibility of the project.¹¹
- Must be demonstrably paid by the Aid Recipient before they are reimbursed from Structural Funds.
- Must be supported by conclusive evidence and paid to suppliers; assets cannot be acquired by means of capitalisation.

¹¹ The date of eligibility of the project is understood to be the day on which the provider of the subsidy or the mediating entity confirms in writing to the Applicant that the project essentially complies with the given Programme's conditions of eligibility (i.e. approval of the Registration Application).

5.2 Definition of eligible costs

Eligible costs are:

- a) Costs stated in Annex 2 of this Call.¹²
- b) Costs for the acquisition and technical appreciation of tangible assets No. 1 through 3.2 listed in Annex 2 of this Call are eligible under the condition that these long-term tangible assets will be included in the aid recipient's assets.
- c) Costs No. 2.1 through 3.2 listed in Annex 2 of this Call are eligible under the condition that such costs concern depreciable assets. In the case of acquisition of assets falling under eligible costs No. 3.1 and 3.2 acquired by enterprises that do not fulfil the definition of an SME, such costs must at the same time concern assets that are new (i.e. that have not been depreciated) and which are not older than two years.
- d) Cost No. 1 and 2.4 are eligible up to the amount stipulated in an expert appraisal and under the condition that the subjects of such costs will be acquired from third parties.
- e) Costs No. 4.1 and 4.2 for the acquisition of long-term intangible assets listed in Annex 2 of this Call are eligible provided that these intangible assets fulfil the following conditions:
 - must be used exclusively at the site of implementation of the project set forth in the Terms and Conditions,
 - must concern depreciable assets,
 - must be included in the aid recipient's assets and retained in the supported operating facility for a period of at least five years (three years in the case of SMEs) from the date of completion of project implementation,
 - must be purchased from third parties under market conditions without the purchaser having the ability to exercised control over the seller in the

¹² A detailed description of eligible costs is also provided in the Eligible Costs Handbook for the Potential Programme – Call III - extension.

meaning of Article 3 of Commission Regulation (EC) No. 139/2004¹³, or conversely,

- must concern new assets (not depreciated) – only for enterprises that do not fulfil the definition of an SME,
 - in the case of enterprises that do not fulfil the definition of an SME, costs for the acquisition of long-term intangible assets are eligible only up to the amount of 50% of the total eligible investment costs of the project.
- f) Expenditures consisting in selected non-investment (operating) costs No. 6.1, 6.2, 6.3, 6.4 and 6.5 are eligible only for SMEs. It is possible to claim travel costs only if the aid recipient participates in a project within the ERA-NET/EraSME initiative and verifies this fact by submitting an approved application.
- g) Costs No. 5 for reasonable publicity of the project are eligible only if such costs have the characteristics of mandatory publicity set forth in the rules defined by the programme administrator.

In the case of all projects within the framework of this call, it is necessary to comply with the conditions valid for investment aid set forth in Article 12 of Commission Regulation (EC) No. 800/2008.

5.3 Items not included among eligible costs

Eligible costs are not:

- Costs arising or paid prior to the date of eligibility of the project,
- Only for enterprises not fulfilling the definition of an SME – costs for the acquisition of tangible assets falling into categories No. 10 and 11 listed in Annex 2 of this Call which have been depreciated and are older than two years and costs for the acquisition of depreciated intangible assets,
- VAT, provided that the beneficiary is a VAT payer,
- Loan and credit instalments,

¹³ Official Journal of the EU L 24, 29. 1. 2004, p. 1.

- Sanctions and penalties,
- Costs of guarantees, insurance, interest, banking fees, exchange-rate losses, customs and administration fees,
- Leasing.
- Other possible ineligible costs are set forth in the Eligible Costs Handbook for the Potential Programme – Call III – extension.

6. Branch delimitation

Supported projects are those whose outputs will be realised in the sectors defined by CZ-NACE classifications C 10, 13-33, E 38.32, J 62, M 71.2, and S 95.1 (see ANNEX 3).

Projects whose outputs will be realised in any of the following sectors shall not be supported:

- Manufacture, processing, and marketing of products listed in Annex 4 of this Call¹⁴
- Agriculture, forestry, fishing, aquaculture (CZ-NACE A 01, A 02, A03)
- coal industry (CZ-NACE B 05, C 19.1)
- steel industry (industry specified in Annex 5 to this Call)
- synthetic-fibre production (industry specified in Annex 5 to this Call)
- shipbuilding (CZ-NACE C30.11)
- transportation

7. Form and Amount of Aid

- a) Aid is provided in the form of a subsidy in the amount of CZK 1 million – CZK 50 million. In regions with concentrated state aid for the period 2007-2013

¹⁴ Annex I of the EC Treaty

(pursuant to Decree No. 560/2006) and in regions with a higher rate of unemployment, which are defined in accordance with the methodology for selecting regions with higher unemployment, the subsidy is provided in the amount of CZK 1 million – CZK 100 million.¹⁵

b) Aid is specifically intended for:

1. payment of eligible investment costs (costs no. 1 – 4.2 set forth in Annex No. 2) connected with ensuring the fulfilment of the project's objective, though maximally up to the amount of the percentage limits stipulated by the Regional Map of State Aid Intensity for regions of the Czech Republic for the period 2007-2013 increased with a bonus for small and medium-size enterprises.
2. Payment of eligible non-investment (operating) costs No. 6.1, 6.2, 6.3, 6.4 and 6.5 listed in Annex 2. This subsidy, which is provided according to the de minimis rule, can be provided to the Beneficiary – SME – only providing that the aid thus provided, together with all aid provided to the Beneficiary according to the de minimis rule for a period of three fiscal years (i.e. for the period defined as the fiscal year in which the subsidy is provided and the two preceding fiscal years – see Item 17 of Commission Regulation (EC) No. 1998/2006, on de minimis aid) does not exceed the amount of EUR 200,000. Eligible costs are only costs that are incurred and paid following the date of project acceptability and in the course of the project's implementation pursuant to the Terms and Conditions.
3. In the case of the applicant's documented participation in a project within the ERA-NET/EraSME network, an additional EUR 300,000 can be used for payment of costs of an international research and development project in accordance with Article 31 of Commission Regulation (EC) No. 800/2008. The given research and development project must fall within the category of industrial research and/or experimental development. Eligible costs of a research and development project are costs no. 6.1, 6.2, 6.3, 6.4 and 6.5 set forth in Annex No 2. Eligible costs must be assigned to a

¹⁵ See Annex No. 9 – Designation of regions and areas entitled to aid up in the amount of up to CZK

specific research and development category. The basic aid intensity pursuant to Article 31 of Commission Regulation (EC) No. 800/2008 amounts to 50% for industrial research or 25% for experimental development, to which a bonus of 20% can be added for small enterprises or 10% for medium-sized enterprises; furthermore, a bonus of 15%¹⁶ is applied for projects which are realised minimally in two member countries and the individual enterprise does not pay more than 70% of eligible costs of the project implemented in cooperation (or, as the case may be, the project includes effective cooperation with a research organisation which bears at least 10% of the eligible costs of the project and which has the right to publish the results of the research project in the extent in which such results derive from the research conducted by such organisation). Only projects that fulfil the conditions of the above-mentioned bonus can be supported. For the purposes of this Call, the maximum aid intensity is reduced in accordance with the Regional Map of State Aid.

Regional Map of State Aid for regions of the Czech Republic for the period 2007-2013¹⁷

NUTS II region	Small enterprise	Medium-sized enterprise	Large enterprise
Central Moravia, Northwest, Central Bohemia, Moravia-Silesia, Northeast, Southeast	60 %	50 %	40 %
Southwest 1. 1. 2011 – 31. 12. 2013	50 %	40 %	30 %

The amounts of aid provided on the basis of Commission Regulation (EC) No. 800/2008 and aid under the de minimis regime for the same project are counted

100 million.

¹⁶ The increase of 15 percentage points can be applied up to the maximum aid intensity in the amount of 80% of eligible costs.

¹⁷ National Map of Regional Aid – Czech Republic, Official Journal of the EU C 280/2006, 18 November 2006, page 7

together in the calculation of maximum aid intensity pursuant to the Regional Map and may not exceed the stipulated percentage values.

8. Selection of projects

8.1 Selection criteria

The selection criteria are stated in Annex 6 of this Call.

8.2 Methods of project selection

The selection and evaluation of projects is performed on the basis of criteria stipulated by the programme administrator.

The mediating entity submits the Subsidy Application (including expert assessments conducted by external, independent assessors) to an evaluation committee with a draft positive recommendation (including the Terms and Conditions of the Decision to Provide a Subsidy) or a negative recommendation of the project for the provision of a subsidy. The committee assesses the compliance with the selection criteria and recommends or does not recommend the provision of a subsidy. Expert assessments serve only as a basis for the evaluation committee's decision-making. The programme administrator shall decide on the provision of aid by issuing a Decision to Provide a Subsidy, part of which shall comprise the Terms and Conditions of Aid Provision.

9. Participation in other aid programmes

Neither other state aid pursuant to Article 107(1) of the Treaty on the Functioning of the European Union nor aid in the de minimis regime pursuant to Commission Regulation (EC) No. 1998/2006 can be provided for the eligible costs of a project supported from this programme.

If the aid recipient has obtained capital within the venture-capital measure pursuant to Article 29 (aid in the form of venture capital) of Commission Regulation (EC) No. 800/2008 and afterwards, in the course of the first three years following the first investment of venture capital, requests aid within the framework of this Call of the programme, the relevant threshold values of aid shall be reduced by 20%, whereas the reduction shall not exceed the total amount of the received venture capital.

10. The project's implementation period

The latest deadline for completion of the project is **31 May 2015**.

The Payment Application must be submitted no later than six months after the date of completion of the project (this concerns both submission of the application as well as removal of defects of which the Provider notified the Aid recipient), though no later than 30 June 2015.

11. The Aid Application and the Manner of its Submission

- a) The Application shall be submitted on the Application Form, which is available on the websites of the programme administrator and the mediating entity. Together with the Application, the Applicant shall submit the documents specified on the above-mentioned websites. The process of completing the Registration and Full Applications forms is a part of the Guidelines for Applicants and Beneficiaries of Subsidies from OPEI – Potential Programme.
- b) The Applicant shall submit the Application in two steps via the electronic account (eAccount) on the website at www.czechinvest.org/eaccount. In order to submit the Application, it is necessary to have an electronic signature.

Step 1: The Applicant first fills out and electronically sends the simplified **Registration Application**. Based on a formal inspection of the acceptability of the Registration Application, including an economic assessment of the Applicant or entity/entities having a controlling interest in the Applicant, CzechInvest shall inform the Applicant of the results of the evaluation. In the case of preliminary eligibility of the project, CzechInvest will send to the Applicant information on the preliminary eligibility of the project and the date from which eligible costs may be incurred.

Step 2: The applicant shall electronically submit the **Full Application** by the date of termination of receipt of Full Applications. The Full Application contains detailed information on the applicant and the project.

12. Sanctions for Non-compliance with the Programme's Conditions

Sanctions for non-compliance with the conditions of the Programme are stipulated in the Terms and Conditions of Decision to Provide Subsidy.

13. Other provisions

There is no legal entitlement to the provision of a subsidy. The administrator of the Programme decides the final amount of the subsidy.

The programme administrator reserves the right to suspend or prematurely terminate the Call (e.g. due to exhaustion of allocated financial resources).

Annexes

- 1 Change (Transformation) of the Entity
- 2 Definition of eligible costs
- 3 Supported CZ – NACE Categories
- 4 Annex I the EC Treaty
- 5 Definition of the steel industry and manufacture of synthetic fibres
- 6 Selection Criteria
- 7 Recommended structure of the business plan
- 8 Instructions for Material Correctness of the Payment Application
- 9 Designation of regions and areas entitled to aid in the amount of up to CZK 100 million