



EUROPEAN REGIONAL  
DEVELOPMENT  
FUND

# ANNUAL IMPLEMENTATION REPORT 2007



OPERAČNÍ PROGRAM  
PODNIKÁNÍ  
A INOVACE

**Prepared by: Structural Funds Section  
Ministry of Industry and Trade of the  
Czech Republic  
June 2008**

## CONTENT

<b>1. INTRODUCTION</b> .....	<b>5</b>
1.1 CHARACTERISTICS OF THE OPERATIONAL PROGRAMME ENTERPRISE AND INNOVATION .....	5
<b>2. OVERVIEW OF THE OPERATIONAL PROGRAMME IMPLEMENTATION</b> .....	<b>8</b>
2.1 PROGRESS ACHIEVED AND ITS ANALYSIS .....	8
2.1.1 <i>Information on material progress of the operational programme</i> .....	8
2.1.2 <i>Financial data (the ERDF, EUR)</i> .....	11
2.1.3 <i>Information on the breakdown of the use of funds</i> .....	13
2.1.4 <i>Assistance by target groups</i> .....	14
2.1.5 <i>Returned or reused assistance</i> .....	17
2.1.6 <i>Qualitative analysis</i> .....	17
2.2 INFORMATION ON COMPLIANCE WITH THE COMMUNITY LEGISLATION .....	22
2.3 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM .....	24
2.4 POSSIBLE CHANGES IN CONNECTION WITH IMPLEMENTATION OF THE OPERATIONAL PROGRAMME .....	25
2.5 POSSIBLE SUBSTANTIAL MODIFICATION AS DEFINED IN ARTICLE 57 OF REGULATION (EC) No 1083/2006 .....	25
2.6 COMPLEMENTARITY WITH OTHER PROGRAMMES .....	26
2.7 MONITORING MEASURES .....	33
<b>3. PRIORITY AXIS 1 – ESTABLISHMENT OF FIRMS</b> .....	<b>41</b>
3.1 CHARACTERISTICS OF THE PRIORITY AXIS .....	41
3.1.1 <i>Area of intervention 1.1. support to new entrepreneurs</i> .....	41
3.1.2 <i>Area of intervention 1.2. use of new financial instruments</i> .....	41
3.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE .....	42
3.3 OVERVIEW OF FINANCIAL ALLOCATION FOR PRIORITY AXIS 1 – ESTABLISHMENT OF FIRMS FOR THE PERIOD 2007-2013 (IN EUR) .....	42
3.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 1 .....	44
3.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM .....	44
<b>4. PRIORITY AXIS 2 – DEVELOPMENT OF FIRMS</b> .....	<b>46</b>
4.1 CHARACTERISTICS OF THE PRIORITY AXIS .....	46
4.1.1 <i>Area of intervention 2.1 Bank instruments for the support of small and medium-sized enterprises</i> .....	46
4.1.2 <i>Area of intervention 2.2 support for new production technologies, ICT and selected strategic services</i> .....	47
4.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE .....	48
4.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 2 – DEVELOPMENT OF FIRMS FOR THE PERIOD 2007-2013 (IN EUR) .....	49
4.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 2 .....	50
4.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM .....	52

<b>5. PRIORITY AXIS 3 – EFFECTIVE ENERGY .....</b>	<b>53</b>
5.1 CHARACTERISTICS OF THE PRIORITY AXIS .....	53
5.1.1 Area of intervention 3.1 energy savings and renewable energy sources.....	53
5.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE.....	53
5.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 3 – EFFECTIVE ENERGY (IN EUR).....	54
5.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 3.	55
5.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM.....	56
<b>6. PRIORITY AXIS 4 – INNOVATION .....</b>	<b>57</b>
6.1 CHARACTERISTICS OF THE PRIORITY AXIS .....	57
6.1.1 Area of intervention 4.1. increasing the innovative performance of firms .....	57
6.1.2 Area of intervention 4.2. capacities for industrial research and development.....	58
6.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE.....	59
6.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 4 – INNOVATION FOR THE PERIOD 2007-2013 (IN EUR) .....	59
6.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 4.	60
6.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM.....	61
<b>7. PRIORITY AXIS 5 - ENVIRONMENT FOR ENTERPRISE AND INNOVATION .....</b>	<b>62</b>
7.1 CHARACTERISTICS OF THE PRIORITY AXIS .....	62
7.1.1 Area of intervention 5.1. cooperation platforms.....	63
7.1.2 Area of intervention 5.2. Infrastructure for human resources development.....	64
7.1.3 Area of intervention 5.3. Business infrastructure.....	64
7.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE .....	65
7.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 5– ENVIRONMENT FOR ENTERPRISE AND INNOVATION.....	65
7.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 5.	66
7.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM.....	67
<b>8. PRIORITY AXIS 6 – BUSINESS DEVELOPMENT SERVICES.....</b>	<b>68</b>
8.1 CHARACTERISTICS OF THE PRIORITY AXIS .....	68
8.1.1 Area of intervention 6.1 support for consulting services.....	68
8.1.2 Area of intervention 6.2. support for marketing services .....	69
8.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE.....	69
8.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 6 – BUSINESS DEVELOPMENT SERVICES FOR THE PERIOD 2007-2013 (IN EUR) .....	70
8.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 6.	71
8.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM.....	71
<b>9. MAJOR PROJECTS .....</b>	<b>72</b>
<b>10. TECHNICAL ASSISTANCE.....</b>	<b>72</b>
<b>11. INFORMATION AND PUBLICITY .....</b>	<b>73</b>

11.1 INFORMATION AND PUBLICITY ACTIVITIES UNDER THE OPEI.....	73
11.1.1 Implementation of the annual Communication Plan for the OPEI for 2007.....	73

## 12. LIST OF ABBREVIATIONS..... 86

### List of tables

Table 1: Funds allocated to the OPEI for the programming period 2007 - 2013 ( EUR).....	6
Table 2: Structure of the Operational Programme Enterprise and Innovation.....	7
Table 3: Context indicators .....	9
Table 4: Indicators at programme level.....	10
Table 5: Financial data (ERDF, EUR) .....	11
Table 6: Distribution of funds allocated to the OPEI priority axes 2007-2013 (EUR).....	12
Table 7-11: Indicative breakdown of the OPEI allocation (ERDF, EUR).....	13
Table 12: Groups of the OPEI support beneficiaries by priority axes .....	16
Table 13: Scheme of coordination of joint activities of the OPEI and the OP RDI.....	27
Table 14: Overview of areas of intervention – synergies between the OPEI and the OP RDI.....	29
Table 15: Allocation for Priority axis 1 (EUR).....	42
Table 16: Monitoring the development of Priority axis 1 .....	43
Table 17: Material indicators of Priority axis 1 .....	44
Table 18: Allocation for Priority axis 2 (EUR).....	49
Table 19: Monitoring the development of Priority axis 2.....	50
Table 20: Material indicators Priority axis 2.....	51
Table 21: Allocation for Priority axis 3 (EUR).....	54
Table 22: Monitoring the development of Priority axis 3 .....	55
Table 23: Material indicators of Priority axis 3 .....	56
Table 24: Allocation for Priority axis 4 (EUR) .....	59
Table 25: Monitoring the development of Priority axis 4 .....	60
Table 26: Material indicators of Priority axis 4 .....	61
Table 27: Allocation for Priority axis 5 (EUR).....	65
Table 28: Monitoring the development of Priority axis 5 .....	66
Table 29: Material indicators of Priority axis 5 .....	67
Table 30: Allocation for Priority axis 6 (EUR).....	70
Table 31: Monitoring the development of Priority axis 6.....	70
Table 32: Material indicators of Priority axis 6 .....	71
Table 33: Material indicators of Priority axis 7 .....	73
Table 34: Status of TA funds drawn down for the OPEI Annual Communication plan in CZK / EUR.....	75
Table 35: Aggregate data (most important carried out measures between 1 January and 31 December 2007) .....	79

## 1. INTRODUCTION

<b>IDENTIFICATION OF THE OPERATIONAL PROGRAMME</b>	
OPERATIONAL PROGRAMME	The objective concerned : Convergence
	The eligible region concerned: NUTS II
	Central Bohemia CZ02
	South West CZ03
	North West CZ04
	North East CZ05
South East CZ06	
Central Moravia CZ07	
Moravia - Salesia CZ08	
	Programming period: 2007 - 2013
	Programme number (CCI code) : CCI 2007 CZ 161 PO 004
	Programme name: Operational Programme Enterprise and Innovation
ANNUAL IMPLEMENTATION REPORT	Year, for which the Annual Report is presented: 2007
	Date of the AR approval by the Monitoring Committee

The exchange rate used for currency conversion of received applications and in the text in this report is rate valid for 12/2007, i.e. 26,380 CZK / EUR.

### 1.1 CHARACTERISTICS OF THE OPERATIONAL PROGRAMME ENTERPRISE AND INNOVATION

The Operational Programme Enterprise and Innovation (OPEI) is the basic programming document of the governmental department of the industry and trade for the drawdown of resources from the EU Structural Funds in the period 2007 — 2013. The OPEI, on the basis of which Czech business entities will receive support from the EU Structural Funds in this programming period, is based on the core principles of the Lisbon Strategy which is now, as a new feature, primarily geared towards achieving higher economic growth and employment (jobs) while complying with the sustainable development principles.

The Operational Programme Enterprise and Innovation develops an important part of the strategic objective of the National Strategic Reference Framework of the Czech Republic for the period 2007 — 2013 "Competitive Czech economy", it is based on the main strategic documents of the Czech Republic (The Economic Growth Strategy, The Regional Development Strategy, etc.) and it is in line with the Community Strategic Guidelines on economic, social and territorial cohesion 2007 – 2013. The Operational Programme Enterprise and Innovation (OPEI) is the main programming document for implementation of the Economic and Social Cohesion Policy in the industry sector and an important tool for implementation of the Concept of Development

of Small and Medium-Sized Enterprises for the period 2007-2013 approved by the Government of the Czech Republic under Resolution No. 392/2006.

For financing the aid from the European Union Structural Funds in the period 2007-2013, the mono-fund principle applies. Thus the aid provided within the Operational Programme Enterprise and Innovation is being drawn from the European Regional Development Fund (ERDF). The mono-fund principle is accompanied with the possibility to finance up to 10 % of the activities in terms of eligible costs from the European Social Fund (ESF). However, these activities are financed from the ERDF (so called cross-financing). **Cross-financing is not being considered for the first three years of the implementation of the OPEI.**

The Operational Programme Enterprise and Innovation prepared under the responsibility of the Ministry of Industry and Trade was approved by the Government of the Czech Republic on 15 November 2006 under the Resolution No. 1302. The final version of the OPEI document was approved on 3 December 2007 by the European Commission.

The OPEI focuses on increasing the competitiveness of the industry and enterprise sector, maintaining the attractiveness of the Czech Republic and its regions and towns/cities for investors, support for innovation, speeded-up introduction of research and development results into the production sphere, in particular by stimulating demand for research and development results, commercialization of research and development results, the promotion of entrepreneurial spirit and growth of the knowledge economy through capacities for the introduction of new technologies and innovative products, including new information and communication technologies (ICT).

*Table 1: Funds allocated to the OPEI for the programming period 2007 - 2013 ( EUR)*

OPEI Priority axes	EU (ERDF) 85%	State Budget (Ministry of Industry and Trade) 15%	Total
<b>1. Establishment of firms</b>	79 074 126	13 954 257	93 028 383
<b>2. Development of firms</b>	663 006 134	117 001 083	780 007 217
<b>3. Effective energy</b>	243 305 004	42 936 177	286 241 181
<b>4. Innovation</b>	680 155 247	120 027 397	800 182 644
<b>5. Environment for enterprise and innovation</b>	1 076 624 642	189 992 584	1 266 617 226
<b>6. Business development services</b>	209 546 434	36 978 783	246 525 217
<b>7. Technical Assistance</b>	89 600 959	15 811 933	105 412 892
<b>Total</b>	<b>3 041 312 546</b>	<b>536 702 214</b>	<b>3 578 014 760</b>

The global objective of the Operational Programme Enterprise and Innovation is by the end of the programming period to increase the competitiveness of the Czech economy and bring the innovation performance of the industry and services sectors closer to the level of leading industrial EU Member States.

Based on the analysis of specific objectives of the Operational Programme and taking into account the global objective, six material priorities and Technical Assistance were set out and subsequently 14 areas of intervention developed into 16 support programmes were defined.



Table 2: Structure of the Operational Programme Enterprise and Innovation

Global objective of the OPEI	Specific objective of priority axis	Priority axis / share in allocation %	Area of intervention	Support programme
„By the end of the programming period to increase the competitiveness of the Czech economy and bring the innovation performance of the industry and services sectors closer to the level of leading industrial EU Member States“	Increase the motivation for starting a business, intensify the activity of small and medium-sized enterprises and create conditions for the use of new financial instruments for starting a business	<b>1.Establishment of firms 2.60%</b>	1.1 Support to new entrepreneurs	<b>Start</b>
			1.2 Use of new financial instruments	<b>Jeremie</b>
	Increase the competitiveness of firms through implementation of new production technologies, intensify the development of information and communication technologies and business services	<b>2.Development of firms 21.80%</b>	2.1 Bank instruments for the support of small and medium-sized enterprises	<b>Progress</b>
			2.2 Support for new production technologies, ICT and selected strategic services	<b>Guarantee</b>
				<b>Development</b>
	Increase effectiveness of energy use in industry and use of renewable and possibly secondary energy sources (except for incinerators)	<b>3. Effective energy 8.00%</b>	3.1 Energy savings and renewable energy sources	<b>ICT and strategic services</b>
				<b>ICT in enterprises</b>
	Strengthen innovative activities of firms (implementation of innovative technologies, products and services)	<b>4. Innovation 22.36%</b>	4.1 Increasing the innovative performance of firms	<b>Eco-Energy</b>
			4.2 Capacities for industrial research and development	<b>Innovation</b>
	Encourage cooperation of industry sector with R&D organizations, increase quality of infrastructure for industrial research, technological development and innovation, increase effectiveness of human resources in industry and increase quality of infrastructure for enterprise	<b>5. Environment for enterprise and innovation 35.40%</b>	5.1 Cooperation platforms	<b>Potential</b>
			5.2 Infrastructure for human resources development	<b>Cooperation</b>
				<b>Prosperity</b>
	Intensify development of consulting and information services for business	<b>6. Business development services 6.89%</b>	5.3 Business infrastructure	<b>Training Centres</b>
			6.1 Support for consulting services	<b>Real Estate</b>
Develop institutional, technical and administrative conditions for the implementation of the operational programme	<b>7. Technical Assistance 2.95%</b>	6.2 Support for marketing services	<b>Consultancy</b>	
		7.1 Technical Assistance in management and implementation of the OPEI	<b>Marketing</b>	
		7.2 Other Technical Assistance		

## 2. OVERVIEW OF THE OPERATIONAL PROGRAMME IMPLEMENTATION

### 2.1 PROGRESS ACHIEVED AND ITS ANALYSIS

#### 2.1.1 INFORMATION ON MATERIAL PROGRESS OF THE OPERATIONAL PROGRAMME

The material framework for the system of measurement and quantification of programme objectives is determined by the nature of the anticipated outputs of the implemented activities and in compliance with the methodology of the European Commission has three levels of indicators:

- **output indicators** - representing the extent of the activities carried out; these indicators are part of a continuous monitoring process,
- **result indicators** - characterizing direct effects of the programme on beneficiaries,
- **impact indicators** - expressing medium and long-term effects of the programme on the social and economic situation at which global and specific objectives of the programme have been aimed.

Furthermore, at the programme level, **context indicators** have been specified that characterize the main determinants influencing the environment in which the programme activities are implemented. The choice of context indicators is based on the characteristics of the macroeconomic environment in which programme activities are being implemented. Individual indicators are defined in such a manner as to reflect by their content the level of competitiveness of the Czech economy and factors that create conditions for positive development of competitiveness.

According to the methodological guidelines of the European Commission for the programming period 2007-2013, an obligatory part of the system of indicators of each operational programme are additional **main (core) indicators**, at programme level and at the level of priority axes. The core indicators represent Community priorities and are common for all Member States. **The indicators designated for the quantification of objectives at the programme level** have been derived from the global objective and from specific objectives set down by this Operational Programme. The proposed indicators express through result indicators immediate effects of interventions supporting the creation and development of entrepreneurial activities among small and medium-sized enterprises, in the form of impact indicators – the synergistic effect of interventions on the high technology manufacturing industry competitiveness (sectors labelled as high-tech and medium high-tech) where higher quality demands regarding human capital can be expected.

The target values of the OPEI indicators, in line with the National Strategic Reference Framework, have been defined relative to 2015.



**QUANTIFICATION OF OBJECTIVES AND PROGRAMME FOCUS**

Table 3: Context indicators

National Indicator Classification Code	Indicator name	Unit of measurement	Source	Value*	2007	Target value 2015	Total
EU Code / Lisbon							
Type of indicator							
011101 Lisbon context	Total labour productivity	GDP in PPS (Purchasing Power Standard) per employee EU25=100	Czech Statistical Office Eurostat	Achieved			
				Planned		95 % EU25	
				Initial	68.3 % (2005) EU25		
072200 Lisbon context	Employment rate	Employment in the age category 15 –64 years (as a % of labour force)	Czech Statistical Office Eurostat	Achieved			
				Planned		65.6 %	
				Initial	64.8 % (2005)		
130200 Lisbon context	Patent applications registered with the European Patent Office	Number of patent applications per 1 million inhabitants	Czech Statistical Office Eurostat	Achieved			
				Planned		60 % EU25	
				Initial	8.2 (2004) EU25= 133.6 (2003)		
131000 context	Overall innovativeness index	European Innovation Scoreboard	EIS database Eurostat	Achieved			
				Planned		0.36	
				Initial	0.26 (2005)		
140600 context	Employment in knowledge services	Share of employees in knowledge services in total employed as a result of support in %	Czech Statistical Office	Achieved			
				Planned		38 %	
				Initial	27.7 % (2004)		
011401 Lisbon context	Energy performance of the economy	Kgoe (1 000 EUR GDP)	Czech Statistical Office	Achieved			
				Planned		30 % decrease	
				Initial	852 kgoe		

\* due to absence of issuing the grant decisions in 2007, the first indicators values will be available in 2008 Annual report

Table 4: Indicators at programme level

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value*	2007	Target value 2015	Total
070100 (total) Core 1 result	Number of created jobs of which:: - men - women (link to the NSRF)	Gross number of created job position (FTE) generated by the programme (indicator will monitor created jobs broken down by gender)	ISOP	Achieved			
070101 (man) Core 2 result				Planned		+ 40 000	
070102 (woman) Core 3 result				Initial	0 0 0		
120100 Lisbon impact	Expenditure on R&D in the business sector (link to the NSRF and the Lisbon Strategy)	Gross domestic expenditure on R&D in the business sector in % of GDP	Czech Statistical Office	Achieved			
				Planned		1.50 %	
				Initial	0.77 % (2005)		
140100 (total) impact 140102 (woman) impact	Employment in R&D (link to the NSRF)	Number of employees in R&D (prorated) per 1 000 employed total	Czech Statistical Office	Achieved			
				Planned		10.8 of which: women 6.3	
				Initial	9.1 (2005) of which: women 5.1		
121000 impact	Production in high-tech sector branches	Share of production in high-tech branches of the manufacturing industry and high-tech branches of services of the business sector in total value added of the high-tech sector (%)	Czech Statistical Office	Achieved			
				Planned		9.5 %	
				Initial	7.5 % (2003)		
491400 output	Number of supported projects	Total number of projects supported within the OPEI	ISOP	Achieved			
				Planned		21 180	
				Initial	0		
360300 Core 24 result	Additional capacity of production from renewable energy sources (RES)	MW	ISOP	Achieved			
				Planned		120	
				Initial	0		

## 2.1.2 FINANCIAL DATA (ERDF, EUR)

Table 5: Financial data (ERDF, EUR)

	Expenditure paid by beneficiaries included in applications for payment sent to the Managing Authority	Relevant contribution from public funds	Expenditure paid by the entity responsible for payments to beneficiaries	Total payments received from the European Commission
<i>Priority axis 1</i> Establishment of firms Please, specify the fund: ERDF	2 577 710	2 577 710	2 577 710	1 581 482.52
<i>Priority axis 2</i> Development of firms Please, specify the fund: ERDF	40 276 725	40 276 725	40 276 725	13 260 122.0
<i>Priority axis 3</i> Effective energy Please, specify the fund: ERDF	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	4 866 100.10
<i>Priority axis 4</i> Innovation Please, specify the fund: ERDF	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	13 600 749.70
<i>Priority axis 5</i> Environment for enterprise and innovation Please, specify the fund: ERDF	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	21 532 492.83
<i>Priority axis 6</i> Business development services Please, specify the fund: ERDF	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	not relevant for 2007 due to absence of issuing the grant decisions	4 190 928.67
<i>Priority axis 7</i> Technical assistance Please, specify the fund: ERDF	1 116 180	1 116 180	1 116 180	1 794 374.40
<b>Sum total</b>	<b>43 970 615</b>	<b>43 970 615</b>	<b>43 970 615</b>	<b>60 826 250.92</b>

In the 2007 the advance payment of 60 826 250.92 EUR was credit to the Payment and certification authority account for the OPEI, which is 2 % of the ERDF allocation for the OPEI. The advance payment was prorated according to the share of the allocation for each priority axis in the table hereinbefore.

Table 6: Distribution of funds allocated to the OPEI priority axes 2007-2013 (EUR)

Priority axis	Fund	% share in total allocation	Contribution from EU Funds in EUR	Total funds in EUR
1. Establishment of firms	ERDF	2.60%	79 074 126	93 028 383
2. Development of firms	ERDF	21.80%	663 006 134	780 007 217
3. Effective energy	ERDF	8.00%	243 305 004	286 241 181
4. Innovation	ERDF	22.36%	680 155 247	800 182 664
5. Environment for enterprise and innovation	ERDF	35.40%	1 076 624 642	1 266 617 226
6. Business development services	ERDF	6.89%	209 546 434	246 525 217
7. Technical Assistance	ERDF	2.95%	89 600 959	105 412 892
<b>Total</b>		<b>100%</b>	<b>3 041 312 546</b>	<b>3 578 014 780</b>

### 2.1.3 INFORMATION ON THE BREAKDOWN OF THE USE OF FUNDS

Table 7-11: Indicative breakdown of the OPEI allocation (ERDF, EUR)

Code Table 1 Priority theme	Allocation
2	183 265 480
3	271 966 004
4	170 038 811
5	324 692 722
6	132 601 226
7	289 252 288
8	331 280 314
9	165 335 047
11	132 601 226
14	112 297 136
15	132 601 236
39	48 661 000
40	48 661 000
41	48 661 001
42	48 661 000
43	50 663 125
50	118 600 000
62	152 065 627
63	170 038 811
68	19 768 531
85	44 800 479
86	44 800 480
Total	3 041 312 546

Code Table 2 Form of finance	Allocation
1	2 731 098 667
2	249 387 628
3	60 826 251
Total	3 041 312 546

Code Table 3 Territory type	Allocation
1	2 128 918 782
5	912 393 764
Total	3 041 312 546

Code Table 4 Economic activity	Allocation
3	73 419 394
4	56 807 471
5	26 569 512
6	1 336 497 973
8	121 652 502
11	10 001 273
12	200 478 063
13	408 891 812
14	62 199 682
16	380 290 975
17	89 600 959
18	17 074 948
19	4 101 593
20	116 543 249
21	13 748 442
22	123 434 696
Total	3 041 312 546

Code Table 5 Location	Allocation
CZ01	44 800 480
CZ02	421 276 532
CZ03	525 841 070
CZ04	186 314 466
CZ05	569 761 817
CZ06	504 506 506
CZ07	446 714 117
CZ08	342 097 558
Total	3 041 312 546

#### 2.1.4 ASSISTANCE BY TARGET GROUPS

The Operational Programme Enterprise and Innovation (OPEI) is a sectoral based operational programme which includes a wide range of all branches within the remit of the Ministry of Industry and Trade. In line with the chosen strategic focus, support provided under this programme will be geared in particular towards the areas having the potential to become competitive on both the European and global scale. This competitiveness relies in particular on the use of new science and research know-how, implementation of innovative measures, quality qualified labour force and the functioning network of business services.

The provision of support under the OPEI is specifically targeted on the promotion of positive changes in the structure of industrial production, in particular in the manufacturing sector and services (especially ICT services). In particular the so-called high-tech branches are preferred, since projects centering on these branches receive more points in the scoring process (bonification points) on the basis of the set selection criteria. The so-called low-tech branches are not disqualified from assistance, but with regard to the structure of the evaluation system in place for projects submitted under the OPEI, the support they receive will be much lower. The sectoral definition of support is specified within 16 individual support programmes in the form of annexes to the announced calls for proposals as a list of supported activities under the SCEA – Sectoral



Classification of Economic Activities - OKEČ, or NACE - Community Statistical Classification of Economic Activities.<sup>1</sup>

Under this programme, entities that will be able to raise their innovation potential and boost the development of knowledge of their employees will be supported to maximum possible extent. In the course of the OPEI implementation, the principle that the provided support be geared in line with the Community Strategic Guidelines, in particular towards small and medium-sized enterprises (SMEs), is consistently adhered to<sup>2</sup>. Support programmes under the OPEI comply with this requirement and small and medium-sized enterprises as grant beneficiaries are defined in individual announced programmes.

---

<sup>1</sup> Sectoral Classification of Economic Activities (The Czech Statistical Office), since 1 January 2008 replaced by Classification of Economic Activities (CZ-NACE)

<sup>2</sup> Under Commission Regulation (EC) No 70/2001 as amended (pursuant to Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, Official Journal L 124, 20.5.2003, p. 36)

Table 12: Groups of the OPEI support beneficiaries by priority axes

	Priority axis 1	Priority axis 2	Priority axis 3	Priority axis 4	Priority axis 5	Priority axis 6
SMEs	X	x	x	x	x	x
Large enterprises		x	x <sup>3</sup>	x	x <sup>4</sup>	x <sup>5</sup>
Territorial self-governing units				x	x	
Natural persons				x	x	
Consulting entities						x
Associations of entrepreneurs					x	
Non-profit organizations					x	
Science & research inst.				x	x	
CzechTrade						x
CzechInvest					x	x
Venture capital funds	X					

#### SUPPORT FOR REGIONAL DEVELOPMENT

Under the OPEI, support is provided on a nationwide basis, i.e. the territorial focus concerns all regions of the Czech Republic, except for Prague. Under three selected programmes, however, it is allowed to provide preferential support for projects, namely in the so-called regions with concentrated state support, as defined under Czech Government Resolution No. 560 of 17 May 2006 (a list of regions supported only till the end of 2008 is then set out in Government Resolution No. 829 of 3 July 2006). The Managing Authority of the OPEI in 2007 announced time-limited call for proposals under the programme Development in the area of intervention 2.2 Support for new production technologies, ICT and selected strategic services. The programme Development is the linchpin of the regional political dimension of the OPEI interventions since supported projects can be implemented exclusively in regions with concentrated state support. The applicants submitted a total of 691 registration applications, with the total required grant of 189.5 million EUR. A total of EUR 30 million will be distributed among selected projects. Currently (March 2008) the process of project evaluation by evaluation committees is in

<sup>3</sup> The first call for proposals under the programme Eco-Energy was intended only for small and medium-sized enterprises. The OPEI envisages support for large enterprises only in justified cases.

<sup>4</sup> Only in justified cases.

<sup>5</sup> Large enterprises will be supported only exceptionally under the programme Marketing in the case of joint participation of enterprises in foreign fairs and exhibitions, if they are complementary to the majority participation of small and medium-sized enterprises in the given joint event.

progress. Additional call for proposals for the programme Development is tentatively scheduled for October 2008.

Another support programme that gives preferential treatment to affected regions is the programme Guarantee within the area of intervention 2.1 Bank instruments for the support of small and medium-sized enterprises. This scheme is implemented by the Czech-Moravian Guarantee and Development Bank (CMGDB) which is the administrator of the guarantee fund. The applicants who implement their projects in the territory of regions with concentrated state support may use, apart from the instrument *preferential guarantee*, which can be used in all NUTS 2 regions of the Czech Republic under the „Convergence“ objective, also the instrument *preferential loan guarantee with financial subsidy*. The 1st call for proposals under the programme Guarantee was announced on 29 June 2007 and the intake of registration applications still continues.

The 1st call for the programme within the area of intervention 2.2 ICT in Enterprises, which was also announced in 2007, reflects disadvantaged regions in selection criteria – projects implemented in regions with concentrated state support receive automatically a bonus of 2 points.

For more detail on implementation of assistance under the programmes Development, Guarantee and ICT in Enterprises in 2007, see part 3.2 of this Report.

#### 2.1.5 RETURNED OR REUSED ASSISTANCE

In 2007, no assistance was returned or reused under the OPEI.

#### 2.1.6 QUALITATIVE ANALYSIS

The OPEI was approved by the European Commission on 3 December 2007. In 2007 a total of 9 calls for proposals under the OPEI were announced, nevertheless project evaluation, issuing of decisions and payment for the closed (wound up) projects is carried out only in 2008, **for 2007, therefore, it is not possible to evaluate the programme's progress in terms of benefits of the implemented projects.**

#### CHECKS

As in 2007, due to the delayed approval of the OPEI, no funds were invested in project implementation (except for allocation to the revolving fund of the Czech-Moravian Guarantee and Development Bank), particular attention was paid to the preparation of the implementation system for the OPEI in the following areas:

##### a) procedural checks

The Department of Coordination of Structural Funds (*OKSF-08100*) (with participation of the staff having the subject-matter responsibility) performed procedural checks with the primary objective of verifying whether the intermediate bodies, i.e. the agency CzechInvest and the Czech-Moravian Guarantee and Development Bank are duly prepared for obligations laid down

in the OPEI Core Manual (*i.e. the Implementation Manual of the Operational Programme Enterprise and Innovation*), in particular in the course of project evaluation, authorization of payments, implementation of internal actions, on-the-spot checks, including compliance with the minimum sample requirement. Checks will be performed on the basis of the annual plan prepared by the Department of Coordination of Structural Funds.

Under the Operational Programme Enterprise and Innovation for the period 2007-2013 in 2007, the Managing Authority of the OPEI performed 2 procedural checks in terms of material aspects – at the agency CzechTrade (registration applications under the programme Marketing, initial experience) and at the agency CzechInvest (registration applications under the programme Development, initial experience).

#### **b) on-the-spot checks prior to the payment**

The agency CzechInvest was charged with the task to perform on-the-spot-checks on the basis of the Measure of the Minister of Industry and Trade No. 11/2007. The staff of the Section of Structural Funds will carry out on-the-spot checks on projects on a sample basis prior to the payment pursuant to Article 13 of Commission Regulation (EC) No 1828/2006, together with project managers of the agency CzechInvest. In 2007, still no on-the-spot-check prior to the payment was performed.

#### **c) audits of operations**

Audits of operations on a sample of operations within the OPEI will be carried out by the Department of Inspection and Internal Audit pursuant to Article 16/17 of Commission Regulation (EC) No 1828/2006. In 2007 no audit of operations was carried out (formerly public on-the-spot check on projects).

#### **d) other audits**

Some performed audits and findings from audits of projects in the previous period of the OPIE have direct intervention status and can, in terms of prevention, contribute to the securing of the new OPEI period. Such internal audit action was carried out in 2007 by the Department of Inspection and Internal Audit (01200) of the Ministry of Industry and Trade. This was the system audit of programmes START and CREDIT/ OPIE 2004-2006 on the basis of the requirement from the Central Harmonization Unit of the Ministry of Finance at the Czech-Moravian Guarantee and Development Bank. The audit output (deliverable) was a 10 page report registered under Ref. No. 82/07/01200. This auditor's report reviewed the status of projects for the period between 1 July 2004 and 25 February 2008 (*i.e.* including experience of the previous programming period). Auditors of the Ministry of Industry and Trade issued an opinion on whether the Czech-Moravian Guarantee and Development Bank complied with the Agreement between the Ministry of Industry and Trade and the Czech-Moravian Guarantee and Development Bank a.s. and the concluded Amendments between the Bank and the Ministry of Industry and Trade, concluding that the Bank complied with the conditions of the Agreement.

The auditors also criticized certain aspects of controls and proposed measures suggesting how to prevent the occurrence of a number of early terminated risky loan transactions. Furthermore, the auditors noted that the management and control system is in place and is functioning properly and recommended a number of measures, including the extension of a sample of projects to be checked/verified. However, it will be possible to use most recommended measures only for the new programmes OPEI 2007-2013. To this effect, amendments to the Agreement between the Ministry of Industry and Trade and the Czech-Moravian Guarantee and Development Bank for the OPEI will be prepared in 2008.

## AUDITS

The audit conducted by PricewaterhouseCoopers (PwC) – Compliance audit for the OPEI 2007-2013 was commissioned by the Ministry of Finance to the firm PwC with a view to reviewing the state of readiness of participating ministries at the level of the Managing Authorities for the new planning/programming period. In the case of the Ministry of Industry and Trade the audit concerned in particular the review of the OPEI Core Manual (assessing compliance with regulations) also in view of the involvement of intermediate bodies (the agency CzechInvest and the administrator of the loan and guarantee fund – the Czech-Moravian Guarantee and Development Bank a.s.). The evaluation of the auditor's report included several findings pertaining to minor weaknesses that have been already eliminated or are already addressed at the level of management discussing the appropriate measures to be taken. A response to the findings of the external audit of the OPIE conducted by the European Court of Auditors (ECA) in 2007 can be viewed similarly. During the audit, ECA auditors identified several likely errors on the part of grant beneficiaries, in particular in the area of transparency of tenders for supplies for the approved OPIE projects. Some findings of the auditors can be explained by reference to the national legislation. Due to the possibility of a maximum grant/subsidy at 46 % , the Public Procurement Act did not apply to entrepreneurs – beneficiaries of grants from the OPIE, however, it was necessary to proceed in accordance with the methodology of the Ministry of Industry and Trade determined for the selection of suppliers. For this reason, there are differences in an approach towards transparent selection of suppliers. The findings from the ECA audit will be used for defining the Decision and Conditions for OPEI transactions.

## IRREGULARITIES

Admittedly, in 2007, during the year calls for OPEI programmes were announced and applications from applicants for grants were accepted, but due to the delayed approval of the OPEI by EU institutions, the funds allocated to equity financing of projects from the Structural Funds were released only at the year end. For this reason, the Decisions of the Managing Authority of the OPEI, i.e. the Ministry of Industry and Trade, could not have been issued, either, and therefore in 2007 irregularities were neither reported nor recorded under the OPEI.

## HORIZONTAL OBJECTIVES

In the programming period 2007-2013, the Economic, Social and Territorial Cohesion Policy pursues in particular two horizontal objectives that pervade all activities: equality of opportunities (with primary focus on equality of opportunities between men and women in the labour market) and sustainable development (environmental protection as defined in Article 17 of Council Regulation 1083/2006<sup>6</sup>).

Relevant priority axes /areas of intervention of the OPIE reflect the horizontal theme of equality of opportunities in the selection criteria of individual support sub-programmes. The obligation to respect equality of opportunities, as one of the EU horizontal priorities, is laid down already in the specification of conditions for the provision of support within the scope of individual sub-programmes. The actual application for support contains a part on horizontal indicators of the submitted project. Therefore, even at this early stage, the applicant for support/project author must assess and describe, in the relevant part of the application, the project's impact on equality of opportunities, i.e. determine whether the project focuses primarily on the promotion of equality of opportunities, whether it has a positive effect on equality of opportunities or whether it is neutral from the perspective of effect on equality of opportunities. The reflection of equality of opportunities in a project is subsequently also subject of the project evaluation by the evaluation committees. Indicators at programme level and at the level of priority axes that are directly associated with respecting equality of opportunities (for instance Number of newly created jobs) will be monitored broken down by gender. The OPEI due to its main focus – increase competitiveness of enterprises, in particular of SMEs, does not have any special programmes focused on the promotion of equality of opportunities. Thematic operational programmes financed from the assistance under the European Social Fund are focused directly on equality of opportunities.

Environmental problems have both direct and indirect impacts on economic entities. Limited natural resources increasingly contribute to the new focus of business entities, in particular in the extractive and manufacturing industries. Society determines by means of a number of instruments in the field of environmental protection the framework in which the enterprises must operate, if they wish to be prosperous. Hence, a necessary prerequisite for the enterprises long-term existence is compliance of the corporate conduct with non-economic values defined by society. The solution of environmental protection problems by enterprises is not treated as a factor limiting growth, but rather as a necessary prerequisite for growth.

The OPEI monitors four of 19 environmental indicators proposed by the Ministry for Regional Development for the purposes of monitoring within the National Strategic Reference Framework, namely *Energy savings in the business sector*, *Electric power generation from renewable energy sources*, and *Generation of heat from renewable energy sources*, that are related to the support programme Eco-Energy, and *Area of regenerated sites for business purposes* as part of monitoring of the programme Real Estate. These indicators are in line with the requirements of

<sup>6</sup> For this interpretation, see *Horizontal themes top-down in documentation. Prague: 2006, The Ministry for Regional Development, p. 20.*



the Ministry for Regional Development reflected in selection criteria of the 1st call of the programme Eco-Energy that was announced on 25 April 2007. Priorities 1-3 of the call for the Eco-Energy programme are directly focused on projects that will lead to energy savings in enterprises and use of renewable energy sources (RES) for generation of electricity and heat. The call for the programme Real Estate that would be related to the above indicator *Area of regenerated sites for business purposes*, has not yet been announced by the Managing Authority of the OPEI (this concerns projects such as the Site regeneration). Apart from the above two programmes in 2007 special selection criteria related to environmental protection were used by the following calls for the OPEI: Development, Potential I and Real Estate (call for projects, such as the Preparation of the project documentation, Site preparation, Building reconstruction and Rental Building Development).

Similarly as in the case of equality of opportunities, also with respect to sustainable development, the obligation to respect this horizontal priority is laid down already in the specification of conditions for the provision of support within the scope of individual sub-programmes. The actual application for support contains a part on horizontal indicators of the submitted project. Therefore, even at this early stage, the applicant for support/project author must assess and describe, in the relevant part of the application, the project's impact on sustainable development, i.e. determine whether the project focuses primarily on sustainable development, whether it has a positive effect on sustainable development or whether it is neutral from the perspective of effect on sustainable development. The reflection of sustainable development in a project is subsequently also subject of project evaluation by the evaluation committees

## LISBON STRATEGY

The Lisbon Strategy is aimed at resolving the long-term macroeconomic and structural problems of the EU as a whole and of individual Member States and it should contribute to a higher consistency of the positions in determining economic priorities. On the basis of refocused Lisbon Strategy or Integrated Guidelines for Growth and Jobs (2005 to 2008), the Czech Republic prepared the National Reform Programme (NRP). The OPEI as a whole is related in particular to the microeconomic part of the NRP to which all material priority axes are strongly linked. Priority axis 5 (the areas of intervention 5.1 a 5.2) has medium strong link to the part employment, to which also Priority axes 1, 2 and 4 have weaker relation. An important connection of all OPEI Priority axes with the NRP is noticeable in the areas of business environment, research and innovation; further relation consists in effective use of energy through Priority axis 3 and furthermore in the area of ICT (in particular through Priority axis 2).

Under Article 9(3) of the General Regulation on the Structural Funds and the Cohesion Fund, the assistance co-financed by the Funds shall target the European Union priorities of promoting competitiveness and creating jobs, including meeting the objectives of the Integrated Guidelines for Growth and Job (2005 to 2008), as set out by Council Decision 2005/600/EC of 12 July 2005. To this end, in accordance with their respective responsibilities, the Commission and the Member States shall ensure that 60 % of expenditure for the Convergence objective for all the Member

States of the European Union as constituted before 1 May 2004 is set for the abovementioned priorities.

Although the above provision does not apply to new Member States that acceded to the European Union on 1 May 2004 and later, the Czech Republic does not forget to stress in the National Strategic Reference Framework compliance of the proposed strategy with the National Reform Programme and the Lisbon Strategy.

The OPEI fully respects the requirements of the European Commission set out in Article 9 of the General Regulation on the Structural Funds and the Cohesion Fund. In line with categories of expenditure defined in Annex IV of Council Regulation (EC) No 1083/2006 it becomes obvious that 93.15 % of the OPEI, in terms of the anticipated use of financing, are focused on the Lisbon Strategy. The highest allocations are geared towards categories related to research and technology development, innovation and enterprise.

## **2.2 INFORMATION ON COMPLIANCE WITH THE COMMUNITY LEGISLATION**

The basic power sharing in the implementation of the Operational Programme Enterprise and Innovation has been carried out in line with Council Regulation (EC) No 1083/2006, and Commission Regulation (EC) No 1828/2006. The Managing Authority performs its role pursuant to Article 60 of the Regulation (EC) No 1083/2006 and in accordance with its provisions, furthermore, delegates selected activities (however, not project approval) to the designated intermediate bodies. In the area of grants, the agency CzechInvest, CzechTrade and the Czech Energy Agency were intermediate bodies originally. As at 1 October 2007, concentrated powers in the area of grant administration were entrusted to the agency CzechInvest. The duties of the administrator of loan and guarantee funds are discharged by the Czech-Moravian Guarantee and Development Bank.

As part of individual calls for the OPEI announced in 2007, the relevant provisions of Articles 87 – 89 of the EC Treaty related to the public support (state aid) rules are respected. Due to the fact that the OPEI was approved only in December 2007, during 2007 under the OPEI, no support was provided. In the following years of the programming period 2007-2013 support will be provided while respecting the relevant provisions applicable to the rules for public support.

During 2007 the compliance audit was conducted by the firm of auditors PricewaterhouseCoopers which carried out the contract commissioned by the Ministry of Finance – as the Audit Authority. As at 14 September 2007 the auditors received complete supporting documentation for assessing compliance.

The auditors' most serious qualification was the non-functioning information system, both at the level of the Ministry of Industry and Trade and at the level of the Ministry for Regional Development - uniform information system. The weakness identified in this audit finding is being eliminated on an ongoing basis. Till the end of 2007, the implementation of module Evaluation ISOP 7-13 which enables to issue Grant Award Decisions for grant projects, has been

completed. Another finding was unclear definition of the term irregularity with respect to guarantee and loan funds. This controversial issue was clarified at a meeting that took place on 14 December 2007 at the Ministry of Finance.

## **2.3 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM**

### **REPLACEMENT OF CZECHINVEST'S MANAGEMENT PERSONNEL**

In the first half of 2007, significant replacement of CzechInvest's management personnel occurred in connection with changes in the Agency's top management. This change has temporarily caused poorer performance of this component of the implementation structure. Under the closer supervision of the Managing Authority and thanks to gradual completion of training courses for the new staff, the personnel situation was stabilized and now the Agency works properly. The Managing Authority organizes training courses for the Agency's staff on an ongoing basis, in order to achieve the required level of knowledge and experience.

### **TENDER FOR THE SUPPLIER OF THE INFORMATION SYSTEM**

Another controversial issue of 2007 was the tender for the supplier of the information system ISOP that was carried out already in 2001 and since then work on further add-ons to the system was awarded to the single supplier on the grounds of the need for copyright protection of this supplier. Due to legal certainty the Office for the Protection of Competition was asked to review this tender in terms of compliance with the Public Procurement Act. The Office confirmed that the procedure of the Contracting Authority was correct.

### **SYSTEM FUNCTIONALITY**

Due to the controversial tender and unclear relationship with the supplier, no contract was concluded with the supplier. For this reason, there were minor delays in the development of individual system functionalities, since the fact that no contract was in place significantly limited the enforceability of the requirements assigned to the supplier. The situation managed to be completely stabilized only since September 2007, when the Managing Authority carried out a tender for the project manager who had to assist to both the Managing Authority and the Agency which is the system administrator in negotiations with the supplier. Since then cooperation with the supplier has become much more effective and gradually further terms of reference for partial modules are being assigned to the supplier and their implementation continues. The system functionality was criticized also by PricewaterhouseCoopers as part of the compliance audit. The project manager's activity is limited to the time when a standard contract with the supplier is concluded. The contract is expected to be concluded in February 2008.

### **LOAN AND GUARANTEE FUNDS**

At the time when the agreement with the Czech-Moravian Guarantee and Development Bank, a.s. was concluded, the Ministry of Finance – the Paying Authority objected that it is necessary to organize the tender for the administrator of loan and guarantee funds. The Managing Authority, due to legal certainty, requested the opinion from the Office for the Protection of Competition which confirmed that a tender was not necessary, referring to Altmark, an analogous case in Germany, that is part of the case law of the European Court of Justice.

## **2.4 POSSIBLE CHANGES IN CONNECTION WITH IMPLEMENTATION OF THE OPERATIONAL PROGRAMME**

The Core Manual and the information system were in 2007 subject to rapid development and their structure will continue to be improved on an ongoing basis depending on further progress of implementation and risks identified, to which the management and control system should respond flexibly. In 2007, a total of 3 issues of the Core Manual entered into force and through the ISOP a total of 6 registration applications and 6 full applications under 6 programmes were carried out.

At the end of 2007, on the basis of an official query, the opinion of the Ministry of Finance on matters of changes in grant beneficiaries was obtained. This issue is governed by the Methodology for financial flows and control which, however, is not sufficiently specific in the provisions concerned. Under the opinion of the Ministry of Finance also passage of title (legal succession) from one legal entity to another legal entity is acceptable. Passage of title from a natural person to a legal entity is not acceptable.

At the level of the Managing Authority, in the course of 2007, two significant reorganizations took place. As at 1 March 2007 the original Department of Structural Funds was transformed into the Section of Structural Funds which newly consists of two departments – Department of Coordination of Structural Funds responsible for issues of the public support, operational programmes, monitoring, methodology and irregularities and Department of Implementation of Structural Funds, responsible for the development of support programmes, project evaluation, authorization of payments, Technical Assistance and the ISOP. As at 1 October 2007, additional reorganization was carried out whereby more clearly arranged structure consisting of individual units within the section was put in place. The key changes included the establishment of new training and education departments, coordination with the Operational Programme Research and Development for Innovation, merging the methodology and information system agendas and splitting of the previously only one unit responsible for the development and evaluation of programmes into three new units among which the programmes were distributed subject to their affinities (energy and infrastructural programmes, programmes for small and medium-sized enterprises, programmes with innovation features, research and development programmes).

## **2.5 POSSIBLE SUBSTANTIAL MODIFICATION AS DEFINED IN ARTICLE 57 OF REGULATION (EC) NO 1083/2006**

No such modification occurred in the OPEI in 2007.

## 2.6 COMPLEMENTARITY WITH OTHER PROGRAMMES

### MINISTRY OF EDUCATION, YOUTH AND SPORTS – OPERATIONAL PROGRAMME RESEARCH AND DEVELOPMENT FOR INNOVATION

#### Information on implementation of synergies between the OPEI and OP RDI

When formulating the National Development Plan and the National Strategic Reference Framework and in the subsequent preparation of individual operational programmes account was taken of the fact that the Ministry of Education, Youth and Sports is responsible for the supply side of the innovation process and the Ministry of Industry and Trade is responsible for the demand side, because it represents the business community. The operational programmes of both ministries (The Operational Programme Enterprise and Innovation under the responsibility of the Ministry of Industry and Trade and the Operational Programme Research and Development for Innovation under the responsibility of the Ministry of Education, Youth and Sports) cover the whole innovation process from the research and development phase to market commercialization of the results.

The synergy of interventions which are intertwined and were identified in the preparation of the OPEI and the OP RDI are addressed in an Agreement between the Minister for Education, Youth and Sports and the Minister for Industry and Trade on coordination mechanisms in the management and implementation of the OP Research and Development for Innovation and the OP Enterprise and Innovation. The Agreement on synergies between the Ministry of Education, Youth and Sports and the Ministry of Industry and Trade was concluded on 6 September 2007

One of the principal aims of the operational programmes OPEI and OP RDI is to provide for the creation of new advanced know-how in science and research and to transfer it to the commercial sphere.

The OP RDI is a system of aid programmes channelled to the academic sphere, universities, research institutes and other legal entities.

The OPEI will support measures for establishment of new innovative firms (OPEI Priority axes 1 and 5 – link to area of intervention 3.1 of the OP RDI), development of R&D capacities in enterprises and commercialization of R&D outputs through individual firms (OPEI Priority axis 4 – link to the areas of intervention 1.1 and 2.1 of the OP RDI).

There is a close linkage between the two operational programmes. Therefore it is necessary to focus the cooperation between them also on the creation of a suitable environment for establishment and development of innovative business, cooperation platforms and support of infrastructure for industrial research, development and innovation (OPEI Priority axis 5 – link to areas of intervention 1.1, 2.1 and 3.1 of the OP RDI).



## Synergy effects between the OPEI and OP RDI

- **vertical synergy effects** – within the individual Operational Programme will be produced after consultation with the commercial sphere (the Economic Chamber of the Czech Republic, the Confederation of Industry etc.) through the identification and use of the measures by the commercial sphere
- **horizontal synergy effects** – are produced between the OPEI and the OP RDI
  - follow-up projects – planned in a different period – the OPEI projects are linked to outputs from the OP RDI projects
  - projects planned in parallel – established in the same period and referring to each other, the applicants are using the OP RDI and the OPEI at the same time, e.g. jointly prepared calls for proposals

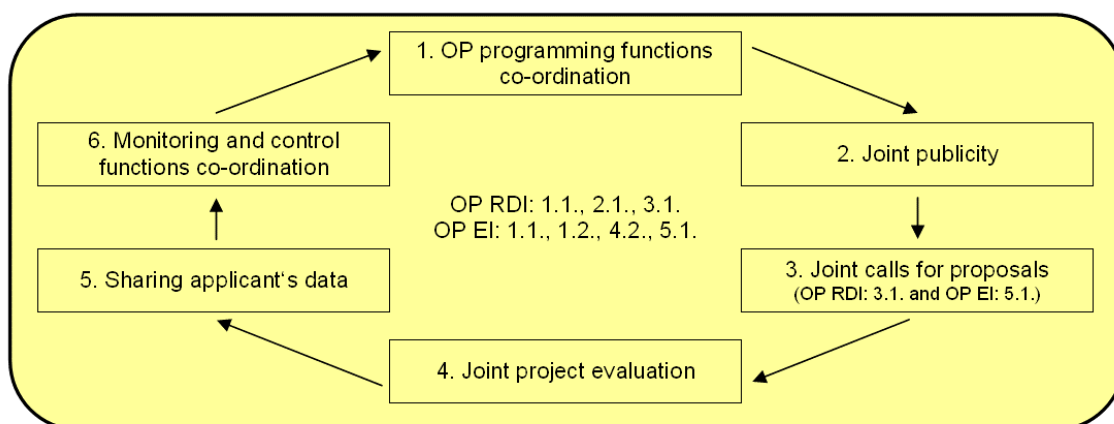
The following measures will be used in order to achieve horizontal and vertical synergies:

- **bonification points** for synergic projects when evaluating grant applications
- under the OP RDI, within areas of intervention 1.1 „European Centres of Excellence “ and 2.1 „Regional R&D centres“ the projects will be only approved if applicants prove that they have sustainable financial backing for the operational phase of a research institution through cooperation with the private sector

## Institutional coordination between the OPEI and the OP RDI

The joint programme coordination of projects will be essential in order to ensure the synergies. The scheme below shows the programme coordination in key Priority axes and areas of intervention of the OP RDI and the OPEI within 6 joint activities at the level of the Managing Authorities and both ministries (The Ministry of Industry and Trade and the Ministry of Education, Youth and Sports).

Table 13: Scheme of coordination of joint activities of the OPEI and the OP RDI



The institutional coordination proceeds from the mandate given by the National Strategic Reference Framework (NSRF) of the Czech Republic (Chapter 11 „Management and Coordination of the Economic and Social Cohesion Policy“) which establishes the Coordination Committee Competitive Czech Economy. This Committee will report to the Monitoring Committee of the National Strategic Reference Framework (i.e. the Management and Coordination Committee). The Research and Development Council of the Czech Republic’s Government will be also represented in the Committee.

The Committee will, in particular, monitor and evaluate the process of achievement of horizontal and vertical synergies agreed in accordance with obligations set out in the National Strategic Reference Framework and in this document. The Committee will also coordinate the national co-financing part of the OP RDI and fulfilment of the following obligations at level of:

- Monitoring Committees,
- Evaluation Committees,
- external evaluators of projects,
- coordination of calls for project proposals, establishment of the legal institute of joint call for proposals is anticipated, etc.

The Managing Authorities will also share data on applicants and projects.

Table 14: Overview of areas of intervention – synergies between the OPEI and the OP RDI

Area of intervention of the OPEI	Area of intervention of the OP RDI
<b>Support for establishment of innovative start-ups</b>	
1.1 – Support to new entrepreneurs 1.2 – Use of new financial instruments 5.1 – Cooperation platforms	3.1 – Commercialization of results of research organizations and protection of their Intellectual Property Rights
<b>Support for development of R&amp;D capacities</b>	
4.2 – Capacities for industrial research and development	1.1 – European Centres of Excellence 2.1 – Regional R&D Centres
<b>Cooperation of enterprises with science and research sphere</b>	
5.1 – Cooperation platforms	1.1 – European Centres of Excellence 2.1 – Regional R&D Centres 3.1 – Commercialization of results of research organizations and protection of their Intellectual Property Rights
<b>Transfer of know-how and technologies</b>	
5.1 – Cooperation platforms	3.1 – Commercialization of results of research organizations and protection of their Intellectual Property Rights
<b>Implementation of corporate innovative projects</b>	
4.1 – Increasing the innovative performance of firms	1.1 – European Centres of Excellence 2.1 – Regional R&D Centres

### Monitoring of the OPEI, OP RDI and their synergies

The monitoring of the area of support is performed at the level of both operational programmes.

- Monitoring of mutual synergies of OPIE and OP RDI will be performed after the approval of the OP RDI at the level of the NSRR in the context of the system MSC2007 using common indicators.
- Up until the end of 2007 the final form of the concrete indicators had not been approved. The discussions between the CB OPIE and OP RDI will be performed at the start of 2008 with the aim of agreeing on the monitoring of the following indicators:
  - Number of OPIE projects with identified synergetic links to the projects of OP RDI (indicator of input, source: monitoring systems of OPIE and OP RDI)
  - Share of revenues of firms from innovated products using the results of R&D processes of the supported OPIE and OP RDI out of expenditure of OP RDI and OPIE for these R&D processes (indicator of result, source: monitoring systems of OPIE and OP RDI)
  - Share of revenues of firms from innovated products out of gross domestic expenditure for R&D (impact indicator, reference value for indicator of result; source: CSO – conclusions of regular investigation concerning innovations and R and D statistical year book)
  - Summarised innovation index (context indicator, source: annual European Innovation Scoreboard of the initiative Commission Pro Inno Europe) Ministry of Agriculture – the rural development programme

## MINISTRY OF AGRICULTURE, RURAL DEVELOPMENT PROGRAMME

The OPEI of the Ministry of Industry and Trade is complementary to the Rural Development Programme (RDP) under the responsibility of the Ministry of Agriculture. The negotiations regarding possible overlaps between the OPEI and the RDP concerned the processing of biomass for energy purposes and support for non-agricultural production and support for non-agricultural production in rural regions.

In compliance with the National Strategic Reference Framework of the Czech Republic for the period 2007 – 2013 (Chapter 9. „Focus of Economic and Social Cohesion Policy and its link to the Rural Development“) the sharing of responsibilities for support in the area of biomass processing between the Ministry of Industry and Trade and the Ministry of Agriculture and the definition of support beneficiaries is governed by written agreement between the ministries.

The RDP will exclusively support, through its measures, investments related to the processing of biomass. The OPEI will also promote investments connected with biomass processing in cases where the applicant is a business whose principal activity is not classified in the fields of agriculture. The RDP will in its programmes focused on investments in renewable energy sources (RES) provide support only to natural persons and legal entities engaged in agricultural production<sup>7</sup>. The OPEI, on the other hand, will support business entities other than those defined by the Act on Agriculture (focusing in particular on the manufacturing sectors and related business services) and also related business services (as well as municipalities, or associations of municipalities). Assistance for non-agricultural activities in rural areas is laid down in the approved RDP where, in relation to the OPEI, support is available (in the form of grants/subsidies) to municipalities with up to 2,000 inhabitants and for activities relating to the establishment and development of the existing non-agricultural enterprises in the smallest size category – micro-enterprises<sup>8</sup>, including new trades in the fields of production, processing and services for the economy and rural population, with a view to creating jobs and developing a diverse economic structure of non-agricultural activities in rural areas.

The food industry will be dealt with in line with Annex I to the EC Treaty.

Products listed in Annex I to the Treaty will be supported from the RDP level, while products not listed in Annex I to the Treaty through the OPEI interventions. The RDP will support natural persons and legal entities engaged in business in agricultural production under the Act on Agriculture, while the OPEI will support business entities other than those defined by the Act on Agriculture, as well as municipalities (or associations of municipalities).

The OPEI will support through its support programme Development investments into the acquisition of new technological equipment with higher technical and utility parameters, or the

<sup>7</sup> In line with Section 2 e) of Act No. 252/1997 Coll., on agriculture, as amended.

<sup>8</sup> i.e. enterprises which employ fewer than 10 persons (employees), as defined in Commission Recommendation No 2003/361/EC)

implementation of projects increasing the efficiency of processes (apart from the products listed in Annex I to the EC Treaty). Support will be provided to small and medium-sized enterprises<sup>9</sup> in municipalities of up to 2,000 inhabitants in areas with concentrated state support (in line with the Czech Government Resolutions No. 560/2006 and 829/2006) and in regions with higher unemployment rate.

The RDP will, through Measure 3.1.2 Support for establishment of companies and their development, support the establishment and development of non-agricultural microenterprises (in particular in the area of crafts and services) with the aim of creating new jobs and developing the economic structure of non-agricultural activities..

In the case of brownfield type buildings and real properties, the RDP will deal with projects for the regeneration of brownfields with a future use in agriculture and processing under Annex I to the EC Treaty, while the OPEI of the Ministry of Industry and Trade will deal with the regeneration of brownfields with a future use for industrial purposes.

In institutional terms, the complementarity between both programmes is ensured also by participation of representatives of the Ministry of Industry and Trade in the RDP Monitoring Committee and representatives of the Ministry of Agriculture in the OPEI Monitoring Committee.

### REGIONAL OPERATIONAL PROGRAMMES (ROPs)

The wording of chapter 2.4.3 of the OPEI indicates links to ROPs – this concerns in particular the definition of support for brownfields and complementarity in the Integrated City Development Plans (ICDP).

Under the OPEI, support for brownfields with a future use for business purposes is envisaged (under the SCEA – Sectoral Classification of Economic Activities - OKEČ 15-37 or this will involve strategic services or technology centres). This link under the OPEI concerns site regeneration projects under the programme Real Estate within the area of intervention 5.3 Business Infrastructure. In the course of 2007 no call for proposals under the programme Real Estate was announced.

In line with Government Resolution No. 883/2007 on the main principles for the preparation, approval and evaluation of the Integrated City Development Plan (ICDP), the relevant OPEI support programmes reflect in selection criteria bonification points at the level of 10 % which are awarded within the evaluation process to projects based on the approved ICDP (the call for proposals contains the criterion of synergy with the ICDP). In the 4th quarter of 2007, interdepartmental specification negotiations coordinated by the Ministry for Regional

---

<sup>9</sup> Under Commission Regulation No 70/2001, as amended (pursuant to Commission Recommendation No 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises, OJ L 124, 20.5.2003, p. 36)

Development took place, dealing, inter alia, with the manner of incorporation of bonification into the calls for thematic operational programmes. The criterion of synergy with the ICDP was incorporated into the calls for proposals announced after 1 January 2008. For more detail on the manner of reflection of the ICDP within the OPEI implementation see the OPEI Implementation document in part 3. Procedures applicable to project evaluation under the OPEI.

### **MINISTRY OF LABOUR AND SOCIAL AFFAIRS – OPERATIONAL PROGRAMME HUMAN RESOURCES AND EMPLOYMENT (OP HRE)**

The OP HRE under the responsibility of the Ministry of Labour and Social Affairs which uses the ESF resources within the objective „Convergence“, is focused, inter alia, on human resources development in the industry and services sectors (including R&D). For the period 2007-2013, continuation of links, that have been established between the OPIE and the OP HRD in the previous programming period (programmes Profession and Investors in People of the Ministry of Labour and Social Affairs), is envisaged. In 2007 no call for proposals under the programme OP HRE was announced, implementation of links (primarily between the areas of intervention 5.2 of the OPEI and 1.1 and 1.2 of the OP HRE) will be carried out in the following years.

The Ministry of Industry and Trade in collaboration with the agency CzechInvest will implement the supraregional grant scheme within the priority area of intervention 1.1 „Increasing the adaptability of the labour force and competitiveness of firms“ under the OP HRE focused on further specific education of business entities’ staff in connection with the building of infrastructure for human resources development (the area of intervention 5.2 of the OPEI). Apart from the Ministry of Industry and Trade, significant beneficiaries of support intended for business entities in the area of human resources development will be also individual regions of the Czech Republic. Their activities will be focused on local small and medium-sized enterprises.

Furthermore, implementation of individual projects of the Ministry of Industry and Trade is envisaged (again, in collaboration with the agency CzechInvest) in the area of intervention 1.2 under the OP HRE „Increasing adaptability of employees of restructured enterprises“ focused on implementation of systems of quality of the management of human resources development in enterprises and institutions for adult education and in support of consulting services allowing the companies to develop their own strategy of human resources development. Also support for projects focused on partnership and cooperation platforms between educational institutions (in particular in the area of secondary technical education) and the business sphere that would lead on one hand to the popularization of technical education and the development of specialized additional education for the purposes of business entities in a given locality on the other is envisaged.



## 2.7 MONITORING MEASURES

### Monitoring Committee

The OPEI Monitoring Committee has been set up in compliance with Article 63 of the General Regulation on the Structural Funds and the Cohesion Fund. The OPEI Monitoring Committee acts on the basis of the Statutes and Rules of Procedure.

Members of the Monitoring Committee are executives of the Ministry of Industry and Trade, representatives of agencies CzechInvest and CzechTrade, the Czech-Moravian Guarantee and Development Bank, the National Coordination Authority (The Ministry for Regional Development), the Paying and Certifying Authority (National Fund Department of the Ministry of Finance), OPEI implementation agencies, other managing authorities of operational programmes of the Czech Republic (Operational Programme Human Resources and Employment, Operational Programme Education for Competitiveness, Operational Programme Research and Development for Innovation, Operational Programme Environment), Ministry of Agriculture (Managing Authority of the Rural Development Programme), Cohesion Regions and institutions within the partnership principle – economic and social partners (Economic Chamber of the Czech Republic, Confederation of Industry of the Czech Republic, Czech-Moravian Confederation of Trade Unions, Association of Non-government Non-profit Organizations, Association of Women Entrepreneurs of the Czech Republic, Union of Towns and Municipalities of the Czech Republic, Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic, Federation of the Food and Drink Industries of the Czech Republic). Due to close ties between the OPEI and the OP RDI, representatives of the Research and Development Council and the Council of Higher Education Institutions are also members of the OPEI Monitoring Committee. On the basis of the request or on own initiative of the Monitoring Committee, also representatives of the European Commission can participate in the work of the Monitoring Committee with an advisory vote. Representatives of the European Investment Bank and the European Investment Fund can participate in the meetings of the OPEI Monitoring Committee as advisors, if these institutions provide financial contribution to certain measures implemented by this operational programme.

### Tasks of the Monitoring Committee

According to Article 65 of the General Regulation on Structural Funds and the Cohesion Fund the Monitoring Committee is responsible for an effective and quality implementation of the operational programme:

- a) it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs,
- b) it shall periodically review progress made towards achieving the specific objectives of the operational programme on the basis of documents submitted by the Managing Authority;

- c) it shall examine the results of implementation, particularly achievement of the targets set for each priority axis and the evaluations referred to in Article 48(3) of the General Regulation on the Structural Funds and the Cohesion Fund;
- d) it shall consider and approve the annual and final implementation reports referred to in Article 67 of the General Regulation on the Structural Funds and the Cohesion Fund;
- e) it shall be informed of the annual control reports and of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f) it may propose to the Managing Authority any adjustment or review of the operational programme likely to make possible the attainment of the Funds' objectives referred to in Article 3 of the General Regulation on the Structural Funds and the Cohesion Fund or to improve the management of the operational programme, including its financial management;
- g) it shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the ERFD.

#### **Activities of the Monitoring Committee**

In 2007 three meetings of the OPEI Monitoring Committee and one written procedure during the discussion of selection criteria for loan and guarantee programmes of the Czech-Moravian Guarantee and Development Bank took place. In the course of 2007 the Monitoring Committee has not set up any working groups.

#### **1<sup>ST</sup> MEETING OF THE MONITORING COMMITTEE (9 FEBRUARY 2007)**

The first constituent meeting of the OPEI Monitoring Committee was held on **9 February 2007** in the **YASMIN** hotel, Politických vězňů 12/913, 110 00 Prague 1.

#### **Agenda of the 1st meeting:**

- 1) Introductory address by JUDr. Ing. Břetislav Grégr
- 2) Status of the OPEI and approval of the OPEI Rules of Procedure
- 3) Signing of the Impartiality Statement by members of the OPEI Monitoring Committee
- 4) Status of preparation of the OPEI implementation
- 5) Discussion and approval of selection criteria for the announced programmes
- 6) Any other business
- 7) Conclusion

#### **Conclusions of the meeting:**

- 1) The OPEI Monitoring Committee approved the Rules of Procedure of the OPEI Monitoring Committee.

- 2) The OPEI Monitoring Committee approved selection criteria for the programmes MARKETING and DEVELOPMENT with the recommendations for reviewing the weights for the benefit of part IV, if the working committee comes to the same conclusion.
- 3) The OPEI Monitoring Committee took note of information on the preparation of the call for proposals for the programmes MARKETING and DEVELOPMENT, while in the case of the programme DEVELOPMENT members support a proposal for shortening the deadline by 30 June 2007.
- 4) The OPEI Monitoring Committee decided by resolution that selection criteria for programmes scheduled to be announced on 1 May 2007 will be discussed and approved at a regular meeting that will be held in April.

## **2<sup>ND</sup> MEETING OF THE MONITORING COMMITTEE (13 APRIL 2007)**

The second meeting of the OPEI Monitoring Committee was held on **13 April 2007** on the premises of the Ministry of Industry and Trade, Politických vězňů 20, 110 00 Prague 1.

### **Agenda of the 2nd meeting:**

- 1) Introductory address and evaluation of fulfilment of the tasks assigned at the 1st meeting of the OPEI Monitoring Committee
- 2) Signing of the Impartiality Statement (by newly appointed members of the OPEI Monitoring Committee)
- 3) Status of the OPEI preparation and changes to the management and implementation structure
- 4) Discussion and approval of selection criteria for the announced support programmes INNOVATION, ICT IN ENTERPRISES , POTENTIAL and ECO-ENERGY
- 5) Any other business
- 6) Conclusion

### **Conclusions of the meeting:**

- 1) The OPEI Monitoring Committee took note of information on the status of the OPEI preparation and on changes to the management and implementation structure and on the preparation of the discussed programmes.
- 2) The OPEI Monitoring Committee approved selection criteria for the programme Eco-Energy, with respect to the programmes Innovation, Potential and ICT in Enterprises approves these criteria as defined in comments recorded in the minutes of the meeting.
- 3) The Monitoring Committee took note of the fact that the specificity of selection criteria for loan and guarantee programmes allows for these criteria to be approved by written procedure.
- 4) The Monitoring Committee requested that the Managing Authority of the OPEI take with respect to the implementation structure such steps that will ensure proper drawdown and

implementation of the OPIE and charges the OPEI Secretariat with the task to brief the next meeting of the OPEI Monitoring Committee on these steps.

### **1<sup>ST</sup> REGULAR MEETING OF THE MONITORING COMMITTEE (17 DECEMBER 2007)**

The first regular meeting (after adoption of the OPEI by EC) of the OPIE Monitoring Committee was held on **17 December 2007** at the JALTA Hotel, Václavské náměstí 45, Prague

#### **Agenda of the 1st meeting:**

- 1) Managing Authority's briefing on fulfilment of the tasks assigned at the previous Committee meeting
- 2) Briefing on the current status of negotiation and approval of the OPEI
- 3) Confirmation and repeated approval of all previous decisions taken by the OPEI Monitoring Committee
- 4) Discussion and approval of selection criteria for the programme Training Centres
- 5) Discussion and approval of selection criteria for the programme ICT and Strategic Services
- 6) Discussion and approval of selection criteria for the programme Real Estate
- 7) Discussion
- 8) Any other business
- 9) Conclusion

#### **Conclusions of the meeting:**

- 1) The Monitoring Committee approved or confirmed decisions taken at the previous meetings of the Monitoring Committee, namely:
  - a. The Rules of Procedure of the OPEI Monitoring Committee approved at the 1st meeting of the OPEI Monitoring Committee on 9 February 2007,
  - b. Selection criteria for programmes Marketing and Development approved at the first meeting of the OPEI Monitoring Committee on 9 February 2007,
  - c. Selection criteria for programmes Innovation, Potential, Eco-Energy and ICT in Enterprises approved at the second meeting on 13 April 2007,
  - d. Selection criteria for programmes Start, Progress and Guarantee approved by written procedure on 20 June 2007.
- 2) The Monitoring Committee approved selection criteria for the newly announced programmes Training Centres, ICT and Strategic Services and Real Estate, in the approved wording.
- 3) The Monitoring Committee will deal in 2008 with the detailed information on the progress and result of selection criteria for Technical Assistance, also in response to the manner in which the given issue is presented by some media.

### 1ST WRITTEN PROCEDURE PER ROLLAM

The first written procedure since the commencement of the Monitoring Committee's activities pertaining to the approval of selection criteria for loan and guarantee programmes START, PROGRESS and GUARANTEE took place between 6 June 2007 and 20 June 2007.

### Results of the written procedure:

Consenting opinion on the proposed selection criteria was sent by 24 Committee members with right to vote of the total number of 32 members with right to vote, 8 members abstained from the vote and no member has sent a dissenting opinion.

Consenting opinion of an absolute majority of Committee members, i.e. 17 persons, is required within the written procedure under the Committee's Rules of Procedure for the approval of the criteria for selection of the financed operations (i.e. the approval of selection criteria for each announced scheme of the Operational Programme Enterprise and Innovation).

### DESCRIPTION OF THE DECISIONS THAT WERE TAKEN BY THE MONITORING COMMITTEE IN 2007

The Monitoring Committee took in 2007 the following crucial decisions:

- 1) The OPEI Monitoring Committee approved the OPEI Rules of Procedure.
- 2) The OPEI Monitoring Committee approved selection criteria for the programmes MARKETING and DEVELOPMENT with the recommendation for reviewing the weights for the benefit of part IV, if the working committee comes to the same conclusion.
- 3) The OPEI Monitoring Committee approved selection criteria for the programme Eco-Energy, with respect to the programmes Innovation, Potential and ICT in Enterprises approves these criteria as defined in comments recorded in the minutes of the meeting
- 4) The OPEI Monitoring Committee approved selection criteria for the announced programmes Training Centres, ICT and Strategic Services and Real Estate, in the approved wording.
- 5) The OPEI Monitoring Committee approved selection criteria for programmes Start, Progress and Guarantee, by the written procedure per rollam .

### Monitoring principles

1. The Managing Authority and the Monitoring Committee shall ensure a quality implementation of the operational programme.
2. The Managing Authority and the Monitoring Committee shall carry out monitoring by reference to financial indicators and the indicators referred to in Article 37(1)c) of the General Regulation on the Structural Funds and the Cohesion Fund specified in the operational programme.

Where the nature of the assistance permits, the statistics shall be broken down by gender and by the size of the beneficiary undertakings.

3. Data exchange between the Member State and the European Commission for this purpose shall be carried out electronically in accordance with the implementing rules adopted by the Commission according to the procedure referred to in Article 103 (3) of the General Regulation on the Structural Funds and the Cohesion Fund.

### **Data sources and periodicity of collecting data for indicators**

The collection of data is adequate to the nature of indicators. Input, output and result indicators are based on data taken from the forms on opening and closing (winding up) projects and from periodic reports by implementing agencies. Impact indicators require deeper statistical surveys. Global impact indicators at programme level are derived from regular statistical data.

The frequency of collecting indicators will respect both the needs of monitoring and the possibilities of collecting the relevant data. Collecting input indicators (financial data) and output indicators will take place biannually as in this case the data will change most frequently. Result indicators will be collected on a yearly basis (unless specified otherwise directly for a particular indicator). Impact indicators usually rely on the data taken from the monitored statistics of the Czech Republic.

### **Information system, data flow**

The system is based on uniform integrated data and is used by all entities involved in the OPEI implementation. The information system meets the appropriate requirements regarding security of stored data. The information system will ensure monitoring of the following activities:

- records of drawdown of resources from the Structural Funds that are supposed to be covered from the means of the Structural Funds and State Budget Funds allocated to the national financing,
- monitoring, evaluation and control,
- communication with the National Coordination Authority (NCA) and through the NCA with the European Commission and provision of data to the monitoring table of the European Commission,
- monitoring data at the beneficiary level,
- connection to the relevant public administration information systems,
- accomplishing monitoring indicators.



The uniform information system is implemented through three modules in total:

1. central module (MSC 2007), whose task is monitoring, planning, implementing and evaluating operational programmes in terms of material, financial and procedural aspects;
2. executive module (ISOP 7-13 in the case of the OPEI) for the purposes of monitoring specific operational programmes, which ensures executive activities concerning the programme preparation and management, i.e. in particular selecting projects, recording projects, monitoring and evaluation in terms of material and financial aspects at project level and reporting. Under the responsibility of the Ministry of Industry and Trade it is installed and operated by the intermediate body (CzechInvest);
3. information module for applicants and support beneficiaries (eAccount in the case of the OPEI), which facilitates project application submission and project application completion; the information module is connected to other information system modules; it will serve also to further communicate with support beneficiaries during the project implementation stage (applications for payment, reporting).

The monitoring system ISOP 7-13 is a part of the uniform monitoring system and right from the start it has been shaped with a view to meeting all requirements set by the Monitoring Methodology issued by the Ministry for Regional Development, which serves as a guidance for all Managing Authorities in the Czech Republic in the field of information systems and monitoring; and at the same time it has been shaped with the aim to meet all specific needs of the Managing Authority of the OPEI for the management of this operational programmes or individual announced support programmes.

The monitoring system ISOP 7-13 enables flow of the required data to the central module through technical interface and the system, at all implementation levels, provides necessary data needed for the management, monitoring and evaluation of programmes and projects, including regular data collection from beneficiaries, for the purposes of monitoring the progress on project implementation.

For the applicants' and beneficiaries' needs, as a component of the system ISOP 7-13, the web application eAccount has been created. The web application enables application submission and flexible communication between the beneficiaries and the intermediate body. At the same time, the eAccount application transfers the data from beneficiaries into the ISOP-Centre, which is another component of the system ISOP 7-13, where, at the level of intermediate body and the Managing Authority, the data obtained from beneficiaries are processed.

The use of the application eAccount results, compared to the previous system, in significant time savings on the part of both applicants and the implementation structure. There is no need to send the documents by post (save for some exceptions in the case of voluminous documents where scanning would be extremely time consuming) and any communication can be performed on-line. In 2007 six calls for proposals were announced, which were associated with the use of 6



registration and full applications for the programmes DEVELOPMENT, MARKETING, ECO-ENERGY, ICT IN ENTERPRISES, POTENTIAL and INNOVATION. Work on the module Evaluation, that will enable recording of evaluation documents and processes till the decision-making stage (launch scheduled for 3 January 2008) was completed. In the second half of the year the terms of reference for modules Payments, Monitoring, Checks started to be prepared. In 2008, they will be followed by modules Internal projects and Reporting.

### 3. PRIORITY AXIS 1 – ESTABLISHMENT OF FIRMS

#### 3.1 CHARACTERISTICS OF THE PRIORITY AXIS

Priority Axis 1 – Establishment of firms currently focuses on support to new entrepreneurs. Small and medium-sized enterprises (SMEs) will be mostly support beneficiaries.

##### 3.1.1 AREA OF INTERVENTION 1.1. SUPPORT TO NEW ENTREPRENEURS

This area of intervention is focused on boosting the motivation to do business by offering subsidized financing and services for pursuing entrepreneurial activities. The purpose of the support is to enable to start business and to implement business plans to small entrepreneurs (entrepreneurs starting their business for the first time or resuming it after a longer period of time), with special focus on implementation of projects in the field of new technologies and competitive products and services

The objectives of this area of intervention are as follows:

- to improve in particular access of new small firms to financial instruments,
- to finance the implementation of business plans for new start-ups and for entrepreneurs resuming their business after a longer period of time,
- to boost interest in doing business, to help new companies to start up, to remove barriers to the financing of projects for new entrepreneurs and increase employment.

Within Priority axis 1 the programme START is implemented. It builds on the successful programme having the same name, implemented under the Operational Programme Industry and Enterprise 2004 – 2006.

The programme objective is to enable implementation of business plans to persons starting their business for the first time or resuming it after a longer period of time. Support under the programme is carried out in two forms, namely through the provision of an interest-free loan or a subsidized preferential guarantee for the guaranteed loan.

##### 3.1.2 AREA OF INTERVENTION 1.2. USE OF NEW FINANCIAL INSTRUMENTS

This area of intervention focuses on the introduction of new financial instruments that should help to address the issue of financing high risk projects whose risk stems from the nature of support beneficiaries and types of implemented projects. Within this area of intervention, support for investments in the development of small and medium-sized enterprises through venture capital is envisaged, using the JEREMIE-type instruments and other instruments.

Financial support should stimulate the self-financing capability based on cooperation between private equity and public funds, strengthen the position of small and medium-sized enterprises and thereby support their future development.

The objectives of this area of intervention are as follows:

- to offer a range of instruments for financing projects of new entrepreneurs with minimum equity enabling the implementation of minor capital expenditure (investment) projects with special focus on differentiation of the support nature, in particular for the purposes of innovative projects at the initial stage of company development (seed and start-up capital)
- to actively support the development of spin-off firms implementing in particular the results of research and development financed from public and private funds.

Under the OPEI, this area of intervention is closely related to the areas of intervention within other priority axes. First of all, there is a relation to the areas of intervention within Priority axis 4 focused on support for innovations and innovative activities of firms and to the infrastructure for innovation, i.e. to the area of intervention Cooperation Platforms within Priority axis 5.

In the 1.2 Area of intervention the usage of the new financial instruments in cooperation with the European investments bank or other interested bodies is being considered for purpose of SME's support in the field of innovative area support.

### 3.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE

On 29 June 2007, the Ministry of Industry and Trade announced time-limited call I for the submission of applications for support for the programme START, in the form of continuous, time-limited intake of applications.

The intake of applications for the provision of an interest-free loan and preferential guarantee was started on 2 July 2007 and closed on 31 January 2008.

### 3.3 OVERVIEW OF FINANCIAL ALLOCATION FOR PRIORITY AXIS 1 – ESTABLISHMENT OF FIRMS FOR THE PERIOD 2007-2013 (IN EUR)

Table 15: Allocation for Priority axis 1 (EUR)

Priority axis/area of intervention	Allocation total 2007-2013 (in EUR)	Allocation 2007 (in EUR)	Drawn down and certified funds 2007 (in EUR)		
			Total	ERDF	State budget
Priority axis 1	93 028 383		0	0	0
Area of intervention 1.1	21 468 088		0	0	0
Area of intervention 1.2	71 560 295		0	0	0

In 2007, under the programme START 39 loans in the aggregate amount of EUR 936 ths. were provided.

In 2007, under the programme START 20 guarantees with support in the aggregate amount of EUR 208 ths. were provided.

The amount of 20 mil. CZK / EUR 758 ths. was transferred to the CMGDB loan fund and 60 mil. CZK / EUR 2 274 ths. was transferred to the CMGDB guarantee fund for START programme.

*Table 16: Monitoring the development of Priority axis 1*

Status as at 31 December 2007								
Priority axis/area of intervention	Received registration applications		Approved registration applications		Received full applications		Approved full applications	
	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number
Priority axis 1	4 624	202	4 624	202	4 624	202	1 250	67
Area of intervention1.1	4 624	202	4 624	202	4 624	202	1 250	67

### 3.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PROROTY AXIS 1

Table 17: Material indicators of Priority axis 1

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value	2007	Target value 2015	Total
380100 Core 7 output	Number of supported projects of direct support to small and medium-sized enterprises	Number of supported projects for new start SMEs	ISOP/ CMGDB	Achieved	59		
				Planned		4 000	
				Initial	0		
380210 result	Number of newly established firms	Number of firms established as result of provided financial support	ISOP/ CMGDB	Achieved	59		
				Planned		3000	
				Initial	0		
380300 (total) Core 9 impact	Number of newly created jobs (SME) - of which**::	Gross number of newly created jobs (FTE) as result of support	ISOP	Achieved			
				Planned		15 000 8 000 7 000	
				Initial	0		
380301 (man) impact	- men						
380302 (woman) impact	- women						

\* ISOP 7-13 is not working yet for the transfer of loans and guarantee data, so they are transferred by CMGDB electronically, \*\* realization of the projects have not been finished in 2007, data will be available for 2008

### 3.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM

In order to accomplish the objective of reducing the project risk exposure and with a view to minimizing the number of irregularities, stricter criteria for the selection of projects eligible for the provision of interest-free loans were adopted since the beginning of scoring the applications submitted within the first call for proposal. The reason of this tightening up was setting the more demanding targets in the field of lost in granted loans.

In connection with these limitations, the share of rejected applications increased (c. 50 % applications refused compared to 10 % in OPIE) and the real absorption capacity of the

programme decreased. The new call for the submission of applications for support under the programme START reflecting the existing experience of programme implementation will include a change in the programme conditions and focus on support in the form of guarantees.

Quantification of the absorption capacity decrease is not possible, but the rate of impact is seen on the share of refused applications.



## 4. PRIORITY AXIS 2 – DEVELOPMENT OF FIRMS

### 4.1 CHARACTERISTICS OF THE PRIORITY AXIS

Priority axis 2 – Development of firms contains two areas of intervention. The first area is focused on support for implementation of business development plans by small and medium-sized enterprises which are prevented from obtaining external bank finance due to lower levels of equity capital and due to their limited ability to provide a guarantee (collateral) for a loan. The second area is focused on improving the technical equipment of firms by purchasing new modern technologies including information and communication technologies (ICT). It also focuses on support for the development of selected strategic services. Small and medium-sized enterprises will be mostly support beneficiaries.

#### 4.1.1 AREA OF INTERVENTION 2.1 BANK INSTRUMENTS FOR THE SUPPORT OF SMALL AND MEDIUM-SIZED ENTERPRISES

This area of intervention is focused on increasing the competitiveness of small and medium-sized enterprises by supporting implementation of minor business development projects of small entrepreneurs with shorter history, and by supporting implementation of business projects of small and medium-sized enterprises securing their competitiveness or further expansion. The purpose of the provided support is to accelerate the development of small and medium-sized enterprises capable of implementing major projects leading to their increased competitiveness or enterprises having the potential to become part of subcontractor chains of big companies.

The area is further focused on support for business in energy services and support for increasing effectiveness of production and consumption by the use of EPC („Energy Performance Contracting“, a project whose basic principle is to repay the implemented project to a third party from contractually secured energy savings).

The objective of this area of intervention is as follows:

- to support implementation of minor business development projects of small entrepreneurs with shorter history with low capital resources or with limited ability to provide a guarantee (collateral) for a loan for whom these factors represent a barrier to obtaining external financing,
- to support more extensive business development projects of small and in particular medium-sized entrepreneurs with special focus on purchasing new technologies,
- to facilitate implementation of business projects of small and medium-sized entrepreneurs helping to maintain competitiveness or drive further expansion of the firm in cases where providing bank loan is more risky due to limited ability of providing sufficient guarantee (collateral) for a loan,

- by means of a comprehensive energy service, ensure a reduction in energy consumption, and support performance enhancements in energy generation and consumption in customers' equipment, while using the EPC ("Energy Performance Contracting").

Within this Priority axis, the programme PROGRESS (preferential subordinate loans) and the programme GUARANTEE (guarantees, guarantees with financial subsidy) are implemented.

The programme PROGRESS is focused on support in the form of subordinate loans strengthening for a period of up to 6 years enterprises equity capital. Only small and medium-sized enterprises can be beneficiaries. The programme's objective is to enable implementation of business development projects of small and medium-sized enterprises for which the lower level of own equity capital or limited possibility to provide a guarantee (collateral) for a loan are barriers to obtaining external financing. The programme is also intended to serve as an incentive for increasing employment through support in the form of financial subsidy to the subordinate loan.

The aim of the programme GUARANTEE is to facilitate through preferential guarantees and preferential loan guarantees with financial contribution in particular implementation of capital expenditure (investment) business projects of only small and medium-sized enterprises and thereby increase their competitiveness. The emphasis is placed on support for projects of small enterprises in regions with concentrated state support, where enterprises can take advantage of loan guarantees with financial subsidy.

#### **4.1.2 AREA OF INTERVENTION 2.2 SUPPORT FOR NEW PRODUCTION TECHNOLOGIES, ICT AND SELECTED STRATEGIC SERVICES**

The support for new production technologies is implemented through the programme DEVELOPMENT which builds on the successful programme under the Operational Programme Industry and Enterprise 2004 – 2006 having the same name.

Experience of the previous programming period indicates that in order to develop and increase the competitiveness of small and medium-sized enterprises it is necessary to continue to gear support towards the implementation of investments related to technology and equipment. When providing this type of support, under the Operational Programme Enterprise and Innovation, as a new feature, also regional aspects are considered (see Government Resolution No. 560/2006).

The objective of the programme DEVELOPMENT is to support, in selected regions, the implementation of business development projects among small and medium-sized enterprises related to investments in new state-of-the-art technologies and to contribute to strengthening the market position of the firms supported and thereby contribute to maintaining and increasing employment.

Supported projects within this area of intervention are development projects for the purchase of technology with higher technical and utility parameters and implementation of projects enhancing

the effectiveness of processes. This concerns in particular the purchase of machinery, construction costs directly associated with the projects and the cost of purchasing patent licences for know-how and non-patented know-how.

Measures having direct impact on boosting competitiveness of enterprises through cost savings and increasing effectiveness of business activities include both implementation and use of ICTs, and use of the supply of services closely related to information and communication technologies. Consequently, in this area of intervention also activities geared towards the area of ICT development and a more extensive use of ICT components in enterprises and towards the development of selected strategic services are supported. Within the programme ICT IN ENTERPRISES activities entailing the launch and expansion of information systems having impact on the internal effectiveness of undertakings, the launch and expansion of information systems having impact on the effectiveness of the customer-supplier relationships, the development and enhancement of technical infrastructure and software, the launch and expansion of information systems in the development or innovation of the existing products and technologies or the launch and expansion of the outsourcing of information systems or their part in enterprises are supported. Under the programme ICT AND STRATEGIC SERVICES the development of new IS/ICT solutions and applications, establishment and development of centres for the design and implementation of IS/ICT, service pooling centres, customer support centres and centres for the repair of high-tech products and technologies are supported, namely in the form of a subsidy for the payment of a part of staff costs associated with employees taking up the newly created jobs or the acquisition of tangible and intangible fixed assets associated with project implementation.

#### **4.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE**

A time-limited call I for the submission of applications for support under the programme PROGRESS in the form of continuous, time-limited intake of applications was announced by the Ministry of Industry and Trade on 29 June 2007. The intake of applications for subordinate loans was started on 2 July 2007 and was scheduled to be closed on 31 December 2008. Due to the high number of the received applications for support exceeding the funding allocated to the implementation of this programme the intake of applications for support under the programme PROGRESS was closed on 19 October 2007.

A time-limited call I for the submission of applications for support under the programme GUARANTEE in the continuous form was announced on 29 June 2007. The intake of applications for the provision of guarantee was started on 2 July 2007 and is scheduled to be closed on 31 December 2008.

The first call for proposals under the programme DEVELOPMENT was announced on 28 February 2007 and subsequently on 25 April 2007 the programme ICT IN ENTERPRISES was announced. The call under both these programmes was intended only for small and medium-sized enterprises. The first call for proposals under the programme ICT AND STRATEGIC SERVICES was announced on 2 January 2008.

In contrast with the Operational Programme Industry and Enterprise, grant applications were newly submitted exclusively via the web application eAccount, namely in two steps: the registration application and the full application. The intake of registration applications under the programme DEVELOPMENT was carried out between 1 March 2007 and 31 May 2007. Since the day of approval of the registration application, the 60-day deadline was set for applicants for the submission of the full application which could be submitted between 2 May 2007 and 31 July 2007. Under the programme ICT IN ENTERPRISES the intake of registration applications was carried out between 1 June 2007 and 30 September 2007. Full applications were accepted between 1 September 2007 and 29 December 2007. The intake of registration applications for the programme ICT AND STRATEGIC SERVICES was started on 3 March 2008.

The announcement of the 2nd calls for proposals under the programmes DEVELOPMENT and ICT IN ENTERPRISES is anticipated in the second half of 2008.

#### 4.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 2 – DEVELOPMENT OF FIRMS FOR THE PERIOD 2007-2013 (IN EUR)

Table 18: Allocation for Priority axis 2 (EUR)

Priority axis/area of intervention	Allocation total 2007-2013 (in EUR)	Allocation 2007 (in EUR)	Drawn down and certified funds 2007 (in EUR)		
			Total	ERDF	State budget
Priority axis 2	780 007 217		0	0	0
Area of intervention 2.1	271 929 122		0	0	0
Area of intervention 2.2	508 078 095		0	0	0

The amount of CZK 550 mil. / EUR 20 849 ths. was transferred to the CMGDB loan fund and CZK 700 mil. / EUR 26 535 ths. was transferred to the CMGDB guarantee fund for GUARANTEE and PROGRESS programmes.

In 2007, under the programme PROGRESS a total of 89 loans in the aggregate amount of CZK 792.8 million / EUR 30 mil. were provided. The programme attracted enormous interest from entrepreneurs and therefore the intake of applications was temporarily suspended.

Under the programme GUARANTEE, a total of 402 guarantees, in the aggregate amount of support of CZK 533.6 million / EUR 20.2 mil. were provided. The total volume of the provided guarantees was CZK 1 542 million / EUR 58.4 mil.. The intake of applications for the programme GUARANTEE by the Czech-Moravian Guarantee and Development Bank was not interrupted and was in continuous progress in 2007.

In 2007, under the programme DEVELOPMENT, a total of 691 registration applications in the aggregate amount of some CZK 5 billion / EUR 189.5 mil. were received. Till the end of the deadline for the submission of full applications, the applicants submitted a total of 632 full grant applications with the aggregate required grant in the amount of almost CZK 4 552 million / EUR 172.5 mil. which more than five times exceeds the allocation for the call for proposals in this year (EUR 30 million). In spite of the fact that grant beneficiaries were limited to small and medium-sized enterprises, interest in the drawdown of funds from the programme DEVELOPMENT was enormous. Already in December 2007 three meetings of Evaluation Committees took place.

In 2007, for the programme ICT IN ENTERPRISES a total of 426 registration applications were received, of which 412 applications with the required grant of less than CZK 1 billion / EUR 37.9 mil. were approved. Till the end of the deadline for the submission of full applications, the applicants submitted 324 full grant applications with the aggregate required grant of CZK 752 million / EUR 28.5 mil. which is about by 1/3 more than allocation for the call for proposals in this year (CZK 500 million / EUR 19 mil.).

*Table 19: Monitoring the development of Priority axis 2*

Status as at 31 December 2007								
Priority axis/area of intervention	Received registration applications		Approved registration applications		Received full applications		Approved full applications	
	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number
Priority axis 2	358 719	2 005	346 058	1 954	311 978	1 761	53 184	531
Area of intervention 2.1	131 274	888	131 274	888	110 917	805	53 184	531
Area of intervention 2.2	227 445	1 117	214 784	1 066	201 061	956	0	0

#### 4.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 2

Due to the delayed approval of the above strategic documents in 2007 within Priority axis 2 – Development of firms, no application for support was approved. Consequently, the below indicators cannot show any progress in any of the monitored areas. Hence, the effects of action and progress made in 2007 will manifest itself only next year.

Table 20: Material indicators Priority axis 2

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value*	2007	Target value 2015	Total
EU Code / Lisbon							
Type of indicator							
380100 Core 7 output	Number of supported projects	Number of projects supporting firms' development	ISOP / CMGDB	Achieved	491**		
				Planned		8 000	
				Initial	0		
380211 output	Number of firms supported by projects for the purchase of new technology	Number of supported firms	ISOP	Achieved			
				Planned		1 400	
				Initial	0		
382110 (total) output	Number of ICT development projects	Number of supported projects of ICT development and use	ISOP	Achieved			
				Planned		1 400 50	
				Initial	0		
382111 (large enterprises) output	- of which: Number of projects submitted by large enterprises		ISOP	Achieved			
				Planned			
				Initial			
380611 result	Added value increment of supported projects	%	ISOP	Achieved			
				Planned		+ 30 %	
				Initial	+ 10 %		
070100 (total) impact	Number of newly created jobs of which: - men - women	Gross number of newly created jobs (FTE) as result of support	ISOP	Achieved			
				Planned		17 000 10 000 7 000	
				Initial	0		

\* due to absence of issuing the grant decisions in 2007, the first indicators values will be available in 2008 Annual report, realization of the loans and guarantees projects have not been finished in 2007, data will be available for 2008

\*\* data for loans and guarantees



#### **4.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM**

In the course of 2007, during the implementation of the Operational Programme Enterprise and Innovation, Priority axis 2 – Development of firms within the procedure referred to in Art 62 (1).d i) of Regulation (EC) No 1083/2006 no shortcomings have been found.

A partial problem that has occurred upon commencement of the OPEI implementation within this Priority axis can be deemed to be the delayed timetable of project evaluation that was caused by the programme approval by the European Commission on 3 December 2007, since before this date it was not possible to start evaluation of the projects received. Another reason for the delay was the implementation of the system eAccount and the information system ISOP-Centre which was slightly delayed, too. Nevertheless, all these problems have been addressed on an ongoing basis.

## 5. PRIORITY AXIS 3 – EFFECTIVE ENERGY

### 5.1 CHARACTERISTICS OF THE PRIORITY AXIS

Priority axis 3 – Effective energy contains one area of intervention aimed at stimulating the activity of entrepreneurs in reducing the energy intensiveness of the production processes, reducing the consumption of primary fossil fuels and at supporting new entrepreneurs in activities leading to higher use of renewable and secondary energy sources. The support provided within this priority axis will be geared towards increasing the effectiveness of the production, transmission and consumption of energy and the generation of power, heat and fuel from renewable and secondary energy sources. For the most part, small and medium-sized enterprises are support beneficiaries.

#### 5.1.1 AREA OF INTERVENTION 3.1 ENERGY SAVINGS AND RENEWABLE ENERGY SOURCES

This area will focus on supporting entrepreneurial activities in the area of energy savings and renewable or secondary energy sources (except for direct support for incinerators). The objective of the support is to reduce energy intensiveness per unit of production while maintaining the long-term stability and accessibility of energy to entrepreneurs, reduce dependence of the Czech economy on imports of energy commodities, reduce the consumption of primary fossil energy sources and support entrepreneurs in the use of renewable energy sources. The intention is also to exploit significant potential for energy savings and for the use of renewable energy sources in larger firms.

Support focuses on building facilities for the generation and distribution of power and heat generated from renewable energy sources and on the reconstruction of the existing production facilities in order to use renewable energy sources. Furthermore, support is provided for modernization of the existing energy facilities to increase their efficiency, for implementation and modernization of systems for measurement and regulation of energy, for modernization, reconstruction and loss reduction in the distribution of power and heat and for the use of energy lost in industrial processes.

8% of the OPEI allocation has been earmarked for this area of intervention which is EUR 243,305,004 for the whole period 2007 – 2013.

Financial distribution of Priority axis 3 „Effective energy“: On the basis of the portfolio of project plans it is envisaged that one third of the funds allocated to this priority axis will be the support geared towards increasing energy savings and two thirds of the funds allocated to this priority axis will be the support geared towards the use of renewable energy sources.

Currently, the support is provided in the form of subsidies.

### 5.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE

Within the Operational Programme Enterprise and Innovation on 25 April 2007 the 1st call for proposals under the programme Eco-Energy, which is intended only for small and medium-sized enterprises, was announced.

In contrast with the Operational Programme Industry and Enterprise, grant applications were newly submitted exclusively electronically via the web application eAccount, namely in two steps: the registration application and the full application. The intake of registration applications was carried out between 1 June and 31 July 2007 and the intake of full applications between 1 November 2007 and 29 February 2008.

In 2007, 434 registration applications for the Use of renewable and secondary energy sources and 145 registration applications for Increasing effectiveness in the generation, transmission and consumption of energy, in the aggregate amount of some CZK 10.2 billion / EUR 386 656 ths. were received. The allocation for this call for proposals amounts to CZK 1.7 billion / EUR 64 442 ths.

### 5.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 3 – EFFECTIVE ENERGY (IN EUR)

Table 21: Allocation for Priority axis 3 (EUR)

Priority axis/area of intervention	Allocation total 2007-2013 (in EUR)	Allocation 2007 (in EUR)	Drawn down and certified funds 2007 (in EUR)		
			Total	ERDF	State budget
Priority axis 3	286 241 181		0	0	0
- Area of intervention 3.1	286 241 181		0	0	0

The allocation drawdown is expected to be started in the course of 2008.

Table 22: Monitoring the development of Priority axis 3

Status as at 31 December 2007								
Priority axis/area of intervention	Received registration applications		Approved registration applications		Received full applications		Approved full applications	
	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number
Priority axis 3	386 656	579	0	0	0	0	0	0
- Area of intervention 3.1	386 656	579	0	0	0	0	0	0

The approval of registration applications will be started in 2008.

#### 5.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 3

Indicators of Priority axis 3 measure the results of projects supported in the area of effective energy (renewable energy sources, energy savings).

The below target values within this priority axis result from much higher allocation of resources to this programme, compared to the programming period 2004 – 2006 and from the anticipated higher absorption capacity due to the fact that a number of projects under the OPIE could not be implemented in the period 2004 – 2006 due to insufficient funding.

Table 23: Material indicators of Priority axis 3

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value	2007	Target value 2015	Total
EU Code/ Lisbon							
Type of indicator							
380100 (SME) Core 7 output  380102 (large enterprises) output	Number of supported effective energy projects  - of which: projects submitted by large enterprises	Number of supported projects	ISOP	Achieved			
				Planned		450 20	
				Initial	0		
362700 Lisbon impact	Power generation from renewable sources	Share of power generation from renewable sources in overall power consumption	Czech Statistical Office	Achieved			
				Planned		9 %	
				Initial	5 % (2005)		
364030 impact	Energy savings	thousands GJ	ISOP	Achieved			
				Planned		8 000	
				Initial	0		

\* due to absence of issuing the grant decisions in 2007, the first indicators values will be available in 2008 Annual report

## 5.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM

In 2007, the responsibility for project administration was devolved from the Czech Energy Agency (CEA) to the agency CzechInvest.

Part of CEA's project managers joined the agency CzechInvest, others preferred to terminate their employment.

Due to this situation (understaffing), several problems have occurred (for instance, the delayed approval of registration applications by the Agency) that needed to be addressed promptly. Even for this reason, the deadline for the submission of full applications was extended from 31 December 2007 to 29 February 2008.

## 6. PRIORITY AXIS 4 – INNOVATION

### 6.1 CHARACTERISTICS OF THE PRIORITY AXIS

The objective of Priority axis 4 – Innovation is to strengthen innovative activities of firms through implementation of innovative technologies, products and services. Two areas of intervention are conducive to the achievement of this priority axis objective, namely the area of intervention 4.1 Increasing the innovative performance of firms and the area of intervention 4.2 Capacities for industrial research and development which focus on:

- support for technical innovation (innovation of products and processes) and non-technical innovation (organizational and marketing innovation) in enterprises, including the development of their cooperation with research and development organizations,
- support for the development of internal capacities of enterprises for R&D and related activities, in particular in small and medium-sized enterprises in order to increase innovative activities of enterprises and the number of enterprises that carry out their own research and development.
- commercialization of the results of R&D which can direct, accelerate and improve innovative processes leading to higher competitiveness of the industry and service sectors.
- support for activities associated with intellectual property rights protection.

Enterprises, with no limit on their size, however, for the most part, small and medium-sized enterprises, should be support beneficiaries. In the case of support for patent activities, support is focused on small and medium-sized enterprises, public research institutions, universities and natural persons.

The whole priority area is linked to the Operational Programme Research and Development for Innovation (OP RDI, under the responsibility of the Ministry of Education, Youth and Sports) and it shows synergy with this OP's areas of intervention 1.1, 2.1 and 3.1. Close cooperation manifests itself in bonification points awarded for projects and the identification of subject-matter focus of calls for proposals, specifically for the area of intervention 4.2 also in joint approval of calls for proposals, selection criteria and indicators by the OPEI Monitoring Committee and the OP RDI Monitoring Committee, joint evaluation committees, sharing the databases of external evaluators and sharing the data on applicants and projects.

#### 6.1.1 AREA OF INTERVENTION 4.1. INCREASING THE INNOVATIVE PERFORMANCE OF FIRMS

This area of intervention is implemented through the programme INNOVATION which builds on the successful programme having the same name under the Operational Programme



Industry and Enterprise (2004-2006, Measure 2.2 Support for innovation of products, technologies and services). In contrast with its predecessor, the programme Innovation was in the course of preparation for the programming period 2007-2013 subject to a number of both minor and major modifications which reflect its position within the OPEI and the corresponding allocation and its gained practical know-how and experience. Support for industrial property rights protection, which is ensured through announcing separate calls for proposals Innovation-innovative project aimed at industrial property rights protection, is the crucial new feature of this programme. Such projects reduce the costs of legal protection of industrial property rights through patents, industrial designs, utility designs and trade marks in the Czech Republic and abroad.

Within its second part (separately announced call for proposals Innovation-innovative project), the programme supports implementation of projects focused on increasing technical and utility values of products and services (product innovation) or increasing the efficiency of production processes and the provision of services (process innovation). Apart from these activities, small and medium-sized enterprises may apply for support also for the introduction of new methods for organization of corporate processes and cooperation with companies or public institutions (organizational innovation) or the introduction of new sales channels (marketing innovation).

#### **6.1.2 AREA OF INTERVENTION 4.2. CAPACITIES FOR INDUSTRIAL RESEARCH AND DEVELOPMENT**

The area of intervention 4.2 which did not have its predecessor in the Operational Programme Industry and Enterprise now coming to a close, is a response to the increasing need of enterprises to carry out their own research, development and innovation, namely by means of their own capacities.

This area of intervention is implemented through the completely new programme POTENTIAL focused specifically on support for introducing and increasing the capacities of business entities for implementation of research, development and innovative activities. Newly built, or extended research and innovation centres (units) should contribute to the implementation of products, product series, production processes and technologies, based on new technology or innovation, if there is realistic potential for their use in production. Small and medium-sized enterprises can, apart from support for the acquisition of fixed assets, also exploit the opportunity for the reimbursement of selected operating costs of their centres.

The programme objective is, apart from increasing the number of business entities carrying out their own research, development and innovation, also to promote the intensification of cooperation of business entities with research and development organizations, creation of qualified jobs, improvement of the conditions for participation of enterprises in national and European research and development programmes and steady improvement in the competitiveness of the Czech economy.

## 6.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE

Despite the delayed approval of key strategic documents – the National Strategic Reference Framework and the Operational Programme Enterprise and Innovation – on the basis of the decision taken by the Managing Authority of the OPEI on 25 April 2007 support programmes Innovation-innovative project and Potential implementing the areas of intervention 4.1 and 4.2. were announced. For both support programmes, calls for proposals were intended only for small and medium-sized enterprises.

In contrast with the OPIE, applications for non repayable grants (subsidies) were newly submitted via the web application eAccount, namely in two steps: registration applications and full applications. The intake of registration applications for the programme Innovation-innovative project was carried out between 1 June 2007 and 30 September 2007, for the programme Potential then between 1 June 2007 and 31 December 2007. Since the day of approval of registration applications, the 90-day deadline was set for applicants to submit full applications that were accepted between 1 September 2007 and 30 November 2007, while for the programme Innovation-innovative project and for the programme Potential till 31 January 2008.

On the basis of the decision taken by the Managing Authority, for both programmes the deadline for submission of full applications was extended, namely by one month. In the case of the programme Potential, the original deadline for the intake of registration applications was also extended by one month.

In the course of the first half of 2008, all submitted applications should be evaluated and the drawdown under individual projects started.

As at 2 January 2008, the 1st call for proposals under the programme Innovation – innovative project for intellectual property rights protection and the 2nd call under the programme Potential were announced. It is envisaged that the 2nd call for proposals under the programme Innovation – innovative project will be announced in the first half of 2008.

The overview of allocation within Priority axis 4 – Innovation in 2007 is shown in the Table below:

## 6.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 4 – INNOVATION FOR THE PERIOD 2007-2013 (IN EUR)

Table 24: Allocation for Priority axis 4 (EUR)

Priority axis/area of intervention	Allocation total 2007-2013 (in EUR)	Allocation 2007 (in EUR)	Drawn down and certified funds 2007 (in EUR)		
			Total	ERDF	State budget
Priority axis 4	800 182 644		0	0	0
- Area of intervention 4.1	500 922 066		0	0	0
- Area of intervention 4.2	299 260 578		0	0	0

As at 31 December 2007 within Priority axis 4 – Innovation a total of 399 projects meeting the eligibility criteria in the aggregate amount of CZK 6.751 million/ EUR 255 914 ths. were submitted. On the basis of the submitted projects we may note that the areas of intervention within this priority axis attract interest from the business public which is steadily rising.

*Table 25: Monitoring the development of Priority axis 4*

Status as at 31 December 2007								
Priority axis/area of intervention	Received registration applications		Approved registration applications		Received full applications		Approved full applications	
	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number
Priority axis 4	334 799	509	255 914	399	137 263	223	0	0
- Area of intervention 4.1	209 212	317	151 555	239	130 023	209	0	0
- Area of intervention 4.2	125 587	192	1040 359	160	7 240	14	0	0

The most sought-for is the support programme Innovation-innovative project implementing the area of intervention 4.1 Increasing the innovative performance of firms. In 2007, a total of 317 registration applications were received, of which 239 applications with the required grant of about CZK 4 billion / EUR 151 555 ths. were approved, by the end of the deadline for the submission of full applications the applicants submitted 209 full grant applications, with the total required grant of CZK 3.430 billion / EUR 130 023 ths., which more than once exceeds the allocation for the call for proposals in this year (CZK 1.5 billion / EUR 56 861 ths.). Despite the fact that grant beneficiaries have been limited to small and medium-sized enterprises, interest in the drawdown of funds under the programme Innovation – innovative project is high.

The newly announced support programme Potential had a completely different initial position (the area of intervention 4.2). However, based on the results obtained in 2007, we can conclude already now that the programme focus affected the correct target group of applicants. Originally, a total sum of CZK 600 million / EUR 22 745 ths. was earmarked for allocation to the 1st call for proposals in 2007. Nevertheless, due to an enormous interest shown in the programme, in November 2007, the allocation was increased to the final CZK 900 million / EUR 34 117 ths. and at the same time the intake of registration applications was extended till 31 December 2008. A total of 192 registration applications, in the aggregate amount of about CZK 3.3 billion / EUR 125 587 ths., were submitted, of which 160 registration applications with the required grant of CZK 2.8 billion / EUR 104 359 ths. were approved. A total of 14 full applications with the required grant of about CZK 190.5 million / EUR 7 240 ths. were received by the end of 2007 (intake of full applications continued till 31 January 2008),

## 6.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 4

Due to the delayed process of approval of the above mentioned strategic documents in 2007 within Priority axis 4 – Innovation no application for support was approved. Consequently,

the below indicators cannot show any progress in any of the monitored areas. Hence, the effects of action and progress made in 2007 will manifest itself only next year.

Table 26: Material indicators of Priority axis 4

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value	2007	Target value 2015	Total
110100 (total) Core 4 output 110101 (large enterprises) output	Number of supported projects for R&D, innovations and patents - of which: projects submitted by large enterprises	Number of supported projects	ISOP	Achieved			
				Planned		1 650 120	
				Initial	0		
381621 result	Share of revenues from innovative products as a proportion of total revenues of supported firms	Share of revenues from own innovative products and services in %	ISOP	Achieved			
				Planned		25 %	
				Initial	10 %		
381501 impact	Expenditure on innovation in the business sector	Expenditures on innovations incurred by innovative activities, in CZK bln. (current prices)	Czech Statistical Office	Achieved			
				Planned		+ 30 %	
				Initial	46.7 (2004)		
381611 impact	Share of innovative economic entities in the business sector	Share of firms with innovative product or process in %	Czech Statistical Office	Achieved			
				Planned		45 %	
				Initial	33 % (2003)		

\* due to absence of issuing the grant decisions in 2007, the first indicators values will be available in 2008 Annual report

## 6.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM

In the course of 2007, during the implementation of the Operational Programme Enterprise and Innovation, Priority Axis 4 – Innovation, within the procedure referred to in Art 62 (1) d) i) of Regulation (EC) No. 1083/2006 no serious problems have been found.

## 7. PRIORITY AXIS 5 - ENVIRONMENT FOR ENTERPRISE AND INNOVATION

### 7.1 CHARACTERISTICS OF THE PRIORITY AXIS

The objective of Priority axis 5 – Environment for enterprise and innovation is to stimulate an appropriate environment that will encourage the establishment and development of innovative enterprises. Three areas of intervention are conducive to the achievement of the objective of this priority axis, namely the area of intervention 5.1 Cooperation platforms, 5.2 Infrastructure for human resources development and 5.3 Business infrastructure. These areas of intervention are focused on:

- Creation of the necessary infrastructure for new businesses (in particular with respect to innovative projects), through the provision of business incubators, in order to extend and increase the quality of cooperation between companies, educational and research and development institutions with a view to supporting and accelerating innovative processes in firms. The priority axis supports all forms of effective cooperation between enterprises, in particular between small and medium-sized enterprises and other entities.
- Support for establishing and developing new cooperative sectoral groups (clusters), technology platforms and furthermore, support for establishing, managing and developing the infrastructure for industrial research, technology development and innovation (through establishing and developing science and technology parks and centres for technology transfer).
- Creating quality infrastructure for the education and development of human resources of firms and institutions providing services to companies and their employees.
- Increasing the quality of infrastructure for businesses, in particular through creating and developing commercial real estate to European standards, through the regeneration of brownfield sites and reconstruction of outdated and unusable real estate transformed to state-of-the art industrial buildings.

Support beneficiaries can be within all areas of intervention business entities without any limit on their size (however, support should be for the most part geared towards small and medium-sized enterprises) and territorial self-governing units. Within the area of intervention 5.1 also associations of entrepreneurs, cooperative structures, public research institutions, universities and other educational institutions, non-profit organizations, public benefit organizations and the agency CzechInvest can be support beneficiaries. In the area of intervention 5.2, apart from the above mentioned parties, also associations of entrepreneurs, cooperative structures, territorial self-governing units and organizations established and founded by them, public research institutions, private educational institutions<sup>10</sup> and non-profit organizations can be support beneficiaries. In the area of intervention 5.3 also organizations established and founded by territorial self-governing authorities can be applicants for support.

---

<sup>10</sup> Educational institutions providing education services outside the formal education system in selected disciplines and branches having proven practical experience in the education field.



The area of intervention 5.1 is linked to the Operational Programme Research and Development for Innovation (OP RDI, under the responsibility of the Ministry of Education, Youth and Sports) and it shows synergies with this OP's areas of intervention 1.1, 2.1 and 3.1. Close cooperation manifests itself in bonification points awarded for projects and the identification of material focus of calls for proposals, joint approval of calls for proposals, selection criteria and indicators by the OPEI Monitoring Committee and the OP RDI Monitoring Committee, joint evaluation committees, sharing the databases of external evaluators and sharing the data on applicants and projects. Support for educational activities under the Operational Programme Human Resources and Employment (OP HRE, under the responsibility of the Ministry of Labour and Social Affairs), in whose implementation the Ministry of Industry and Trade participates, builds on the area of intervention 5.2.

### 7.1.1 AREA OF INTERVENTION 5.1. COOPERATION PLATFORMS

This area of intervention, implemented by the programmes Cooperation and Prosperity, focuses on support for cooperation between enterprises, scientific research and educational institutions and municipal authorities at regional and national levels, with the possibility of supporting also international cooperation between new and existing structures. The support is in particular geared towards projects to identify, found and develop clusters and technology platforms.

The prevailing focus in this area is to create the infrastructure to encourage cooperation mainly in research and development, education, internalization, know-how transfer and support for specific projects to be implemented using the results of collaborative industrial research and development undertaken by companies and research and development institutions.

Under the programme Cooperation several types of cooperative structures and projects will be supported on the basis of looser forms of cooperation. Support in the form of subsidies (grants) will be provided to create and develop regionally concentrated sectoral groupings of firms and supporting institutions, including research and training institutions, i.e. clusters. Within this area, also technology platforms will be supported, both in the form of foundation and development of national technology platforms and as linkages between the public and private sectors in strategically important R&D technology branches (linked to the Operational Programme Research for Competitiveness and the Operational Programme Research and Development for Innovation) and the integration of Czech research institutions and firms into international technology platforms.

The support provided under the programme Prosperity will be geared towards the development of infrastructure for industrial research, development and innovation with special focus on technology transfer between innovative environment entities and on support for direct links between research institutions and the business sphere.

The processes of establishing, managing and developing business incubators, technology transfer centres, establishing Business Angel Networks and establishing and developing science and technology parks that create the conditions for establishing and developing small and medium-sized innovative firms (in particular start-ups and spin-offs) geared towards the



implementation of new technologies and competitive products and services will be also supported.

### **7.1.2 AREA OF INTERVENTION 5.2. INFRASTRUCTURE FOR HUMAN RESOURCES DEVELOPMENT**

Support provided in this area of intervention is focused on improving conditions for education and development of key skills in the field of further professional growth of business sector staff.

The objective of this area of intervention, implemented under the programme the Training Centres, is to increase, through putting in place optimum conditions for the implementation, organization and management of educational, personnel and other activities associated with human resources development, the competitiveness of enterprises and business entities in defined sectors and also employability of individuals in line with the needs arising from the introduction of new technologies and innovation, production processes and procedures, extension of capacities and professional growth of employees with respect to the effectiveness and quality of production or services.

Through the development of the infrastructure for human resources development in line with the needs of individual sectors, further maintaining, deepening and increasing of professional knowledge of employers and employees will be ensured, together with their management, technical, language and other skills.

The support for educational activities under the Operational Programme Human Resources and Employment (OP HRE, under the responsibility of the Ministry of Labour and Social Affairs), implemented in collaboration with the Ministry of Industry and Trade, builds on this support for the training/educational infrastructure.

The support under the programme the Training Centres is focused on extending the capacities for training/education in individual businesses and possibly also in educational institutions and on equipping these facilities with adequate technical instruments whereby the conditions for employee training and education at all levels will be improved. Supported activities are the construction, purchase, reconstruction, modernization, equipping and furnishing the infrastructure intended for education and human resources development of business entities in sectors specified under the programme (NACE).

The programme builds on a similar programme implemented under the Operational Programme Industry and Enterprise (2004-2006), while in the new programming period 2007-2013 changes were made in particular to the area of possible support beneficiaries – since the scope of individual legal forms has been extended.

### **7.1.3 AREA OF INTERVENTION 5.3. BUSINESS INFRASTRUCTURE**

Within this area of intervention implemented under the programme Real Estate, the support is geared towards increasing the quality of business infrastructure. In practice, it aims to support the development of commercial real estate and related infrastructure, including in particular building and further development of existing industrial parks and building halls using

primarily the brownfield sites and buildings. The area concerned also focuses on supporting the knowledge and information base for the development of regional business infrastructure, on supporting the development of a commercial real estate market by training experts specializing in this field, on the preparation of commercial real estate projects and on developing the regional infrastructure and information systems for the registration and support of the commercial real estate market. Supported activities include the Site Preparation Project, Rental Building Development Project, Building Reconstruction Project, The Project Documentation Preparation Project.

## 7.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE

Due to the delayed approval of key strategic documents – the National Strategic Reference Framework and the Operational Programme Enterprise and Innovation – and in the case of programmes Prosperity and Real Estate also due to the notification process of the European Commission, on the basis of the decision taken by the Managing Authority of the OPEI in 2007, no support programme implementing Priority axis 5 was announced. The first calls for the submission of projects under the support programmes Cooperation, Prosperity, the Training Centres and Real Estate will be announced in the course of 2008.

## 7.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 5 – ENVIRONMENT FOR ENTERPRISE AND INNOVATION

The overview of the financial allocation for Priority axis 5 – Environment for enterprise and innovation for the period 2007-2013 (in EUR) and the overview of the status of received applications within this priority axis is shown in the following tables:

Table 27: Allocation for Priority axis 5 (EUR)

Priority axis/area of intervention	Allocation total 2007-2013 (in EUR)	Allocation 2007 (in EUR)	Drawn down and certified funds 2007 (in EUR)		
			Total	ERDF	State budget
Priority axis 5	1 266 617 226		0	0	0
- Area of intervention 5.1	618 996 554		0	0	0
- Area of intervention 5.2	178 900 738		0	0	0
- Area of intervention 5.3	468 719 934		0	0	0

Table 28: Monitoring the development of Priority axis 5

Status as at 31 December 2007								
Priority axis/area of intervention	Received registration applications		Approved registration applications		Received full applications		Approved full applications	
	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number
Priority axis 5	0	0	0	0	0	0	0	0
- Area of intervention 5.1	0	0	0	0	0	0	0	0
- Area of intervention 5.2	0	0	0	0	0	0	0	0
- Area of intervention 5.3	0	0	0	0	0	0	0	0

#### 7.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 5

Due to the delayed process of approval of the above mentioned strategic documents in 2007 within Priority axis 5 – **Environment for enterprise and innovation**, no application for support was approved. Consequently, the below indicators cannot show any progress in any of the monitored areas. Hence, the effects of action and progress made in 2007 will manifest itself only next year.

Table 29: Material indicators of Priority axis 5

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value	2007	Target value 2015	Total
382120 output	Number of supported projects for business infrastructure development	Number of supported projects	ISOP	Achieved			
				Planned		380	
				Initial	0		
110200 (total) Core 5 output	Number of supported projects to establish and develop cooperation between firms and research institutions - of which:	Number of supported projects	ISOP	Achieved			
				Planned		640 300	
				Initial	0		
110201 (large enterprises)	projects submitted by large companies						
382154 output	Number of newly established technology transfer centres and science and technology parks	Number of established centres and parks	ISOP	Achieved			
				Planned		40	
				Initial	0		
382115 result	Development of sites and buildings for business use.	Volume of new capacities established due to the support in thousands m <sup>2</sup>	ISOP	Achieved			
				Planned		800	
				Initial	0		
382125 result	Increase in capacities for training activities	Number of new seats for training	ISOP	Achieved			
				Planned		9 000	
				Initial	0		
382121 output	Number of newly established incubators	Number	ISOP	Achieved			
				Planned		40	
				Initial	0		

\* due to absence of issuing the grant decisions in 2007, the first indicators values will be available in 2008 Annual report

## 7.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM

In the course of 2007 during the implementation of the Operational Programme Enterprise and Innovation, Priority axis 5 – Environment for enterprise and innovation within the procedure referred to in Art 62 (1) d) i) of Regulation (EC) No 1083/2006 no serious shortcomings have been found.

## 8. PRIORITY AXIS 6 – BUSINESS DEVELOPMENT SERVICES

### 8.1 CHARACTERISTICS OF THE PRIORITY AXIS

Priority axis 6 – Business development services consists of two areas of intervention. The first area is geared towards the promotion of the supply of quality consulting services and their use by business entities, in particular small and medium-sized enterprises, but also other entities, in connection with the introduction of innovation, increasing competitiveness, setting up and developing enterprises. This area of intervention also supports systematic monitoring and selective sectoral technical and economic evaluation of the available information on the application of new R&D know-how and innovative processes and on aspects of their putting into industrial practice, including information on the best forms of enterprise and in general on management methods and systems applied in the world and in the Czech Republic.

The second area of intervention focuses on support for educational/training, assistance and information services and consulting in international trade, preparing SMEs to be market ready with a view to increasing their competitiveness in foreign markets and improving the quality of the Czech Republic's presentation abroad through joint participation of the firms in international fairs and exhibitions and missions, exceptionally also in the most important international fairs in the Czech Republic.

#### 8.1.1 AREA OF INTERVENTION 6.1 SUPPORT FOR CONSULTING SERVICES

The objective of this area of intervention is to develop a quality and professional network of consulting services for enterprise and innovation, including information on the development of enterprise and innovation in the world and in the Czech Republic.

- improving the quality and availability of consulting, information and educational/training services for small and medium-sized enterprises (SMEs) and thereby increasing their competitiveness,
- putting in place the system for analyses of global and Czech development trends affecting the innovative activity of the Czech Republic's economy and thereby its competitiveness.

The programme CONSULTANCY is focused on support for consulting services. The programme has 4 specific activities:

1. maintaining and developing the National Register of Consultants as the source of competent consultants capable of providing quality consulting services to entrepreneurs in the Czech Republic
2. support for consulting services provided to small and medium-sized enterprises
3. provision of subsidized information, consulting and educational/training services to small and medium-sized enterprises through the Regional information and consulting infrastructure

4. analyses of global and Czech development trends affecting the innovative activity of the Czech Republic's economy and thereby its competitiveness.

### **8.1.2 AREA OF INTERVENTION 6.2. SUPPORT FOR MARKETING SERVICES**

The objective of this area of intervention is to increase the competitiveness of small and medium-sized enterprises in foreign markets and reduce the costs related to their market entry.

- reducing costs related to foreign market entry of small and medium-sized enterprises,
- increasing marketing readiness of small and medium-sized enterprises,
- support for presentation of manufacturers and service providers at specialized foreign exhibitions and fairs,
- improving the quality of the Czech Republic's presentation abroad at international fairs and exhibitions abroad.

The support for marketing services is implemented through the programme MARKETING under the Operational Programme Enterprise and Innovation 2007 – 2013.

The objective of the programme MARKETING is increasing the international competitiveness of small and medium-sized enterprises having their registered office in the Czech Republic. The programme has 4 specific activities:

1. Individual projects for SMEs and for SMEs structures promoting foreign market entry
2. Joint participation in specialized exhibitions and fairs abroad approved by the Ministry of Industry and Trade for the relevant period
3. Sectoral and catalogue presentations carried out by the agency CzechTrade with a view to promoting increased competitiveness of the Czech Republic in foreign markets
4. Development of services provided by the agency CzechTrade in the area of international trade (internationalization)

### **8.2 ACHIEVEMENT OF OBJECTIVES AND ANALYSIS OF PROGRESS MADE**

Within the preparation of the programme CONSULTANCY in 2007 two core activities have been defined, namely support for consulting services for small and medium-sized enterprises and the provision of subsidized information, consulting and educational/training services to small and medium-sized enterprises through the Regional information and consulting infrastructure. Currently, intense work is under way on the preparation of the draft first call for proposals for Subsidized consulting services. The preparation of the project and tender documents for tenders for the Regional information and consulting infrastructure will be another task.

On 28 February 2007, the Ministry of Industry and Trade announced the first round of the call for the submission of applications for support under the programme MARKETING in the form of continuous, but time-limited intake of applications. The allocation for the first round of the



call was EUR 7 500 000 (about CZK 200 million). The intake of electronic registration grant applications was started on 1 March 2007 through the web application eAccount. The deadline for applicants to submit the registration application was 31 December 2007. As at this date, a total of 879 registration applications in the aggregate amount of CZK 581.7 million / EUR 22 051 ths. were registered.

In this context, it needs to be noted that the intake of registration applications was relatively continuous, except for the months of November and December, when their increased number was received (for the month of December a total of 359 registration applications were received).

The intake of full applications was started on 16 April 2007. As at 31 December 2007 a total of 439 full applications in the aggregate amount of CZK 264.8 million / EUR 10 038 ths. were received.

As early as in December 2007, two meetings of the evaluation committees took place, during which a total of 37 projects were evaluated. All projects under the programme MARKETING need to be evaluated by the end of May 2008 due to the requirements of the relevant Community legislation.

### 8.3 OVERVIEW OF THE FINANCIAL ALLOCATION FOR PRIORITY AXIS 6 – BUSINESS DEVELOPMENT SERVICES FOR THE PERIOD 2007-2013 (IN EUR)

Table 30: Allocation for Priority axis 6 (EUR)

Priority axis/area of intervention	Allocation total 2007-2013 (in EUR)	Allocation 2007 (in EUR)	Drawn down and certified funds 2007 (in EUR)		
			Total	ERDF	State budget
Priority axis 6	246 525 217		0	0	0
Area of intervention 6.1	161 010 664		0	0	0
Area of intervention 6.2	85 514 553		0	0	0

Table 31: Monitoring the development of Priority axis 6

Status as at 31 December 2007								
Priority axis/area of intervention	Received registration applications		Approved registration applications		Received full applications		Approved full applications	
	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number	Volume (ths. EUR)	Number
Priority axis 6	22 051	879	14 746	590	10 038	439	656	37
Area of intervention 6.1	0	0	0	0	0	0	0	0
Area of intervention 6.2	22 051	879	14 746	591	10 038	479	656	37

## 8.4 OVERVIEW OF PROGRESS WITHIN MAIN INDICATORS OF PRIORITY AXIS 6

Table 32: Material indicators of Priority axis 6

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value	2007	Target value 2015	Total
382130 (total) output	Number of supported business development consulting service projects – of which: number of supported innovation consulting projects	Number of supported projects Number of projects oriented to support the implementation of worldwide innovation trends	ISOP	Achieved			
382131 (ICP) output				Planned		860 50	
				Initial	0 0		
382133 (total) output	Number of supported international marketing projects - of which: projects submitted by large companies	Number of projects for manufacturers and service providers	ISOP	Achieved			
382134 (large enterprises) output				Planned		2 000 300	
				Initial	0		
383125 output	Number of specialized fairs and exhibitions attended	Number	ISOP	Achieved			
				Planned		1 750	
				Initial	0		
380611 result	Added value increase among supported firms	%	ISOP	Achieved			
				Planned		+ 30 %	
				Initial	9 %		

\* due to absence of issuing the grant decisions in 2007, the first indicators values will be available in 2008 Annual report

## 8.5 SERIOUS PROBLEMS THAT HAVE OCCURRED AND MEASURES TAKEN TO ELIMINATE THEM

During the preparation of the programme CONSULTANCY under the OPEI, no serious problems have occurred as yet since the programme implementation has only begun. However, in the future, it will be necessary to address the issue of checks on services rendered for both activities and in particular the check covering 100% of the subsidized services and their invoicing within the Regional information and consulting infrastructure (RIPI) – information services part.

The delayed timetable of the project evaluation under the programme Marketing was caused by the programme approval by the European Commission on 3 December 2007.

Another reason for the delay was the implementation of the system eAccount and the information system ISOP-Centre which was also surrounded by problems. Nevertheless, all these problems have been addressed on an ongoing basis.

## 9. MAJOR PROJECTS

Under the Operational Programme Enterprise and Innovation no major project has been indicated as yet.

## 10. TECHNICAL ASSISTANCE

Under Article 46 of the General Regulation on the Structural Funds and the Cohesion Fund, Priority axis 7 - Technical Assistance may finance the preparatory, management, monitoring, evaluation, information (publicity) and control activities of operational programmes. OPEI funds for technical assistance will also pay for the costs of the meetings of the evaluation committees and the Monitoring Committee, and for activities related to the need to reinforce the administrative capacity for implementing (assistance from) the EU Structural Funds.

It concerns all the required supporting activities implemented by the Managing Authority of the Operational Programme Enterprise and Innovation and entities of the implementation structure with the aim to increase effectiveness of the implemented support. The beneficiaries of support provided within this priority axis will be the Managing Authority of the OPEI – The Ministry of Industry and Trade of the Czech Republic and the agency CzechInvest.

2.95 % of the OPEI allocation was earmarked for Priority axis 7 – Technical assistance which means that the allocation amounts to EUR 105 412 892 (the Structural Funds and the state budget).

In 2007, a total sum of EUR 1 313 153 was allocated to Technical Assistance. These funds pertain in particular to the cost of remuneration of employees (including social security contributions) involved in the preparation, selection, evaluation and monitoring of the Operational Programme, audits and checks aimed at increasing the absorption capacity of the managing structure of the OPEI. Other significant eligible costs concerned promotion, publicity, advertising and awareness raising actions/events, since we deem it very important to inform the business public about the possibilities of obtaining grants from programmes of the new programming period.

Table 33: Material indicators of Priority axis 7

National Indicator Class. Code	Indicator name	Unit of measurement	Source	Value	2007	Target value 2015	Total
EU Code/ Lisbon							
Type of indicator							
480500 output	Number of evaluation studies	Number of studies	ISOP	Achieved	0		
				Planned		15	
				Initial	0		
481100 output	Number of realized seminars	Number of seminars	ISOP	Achieved	15		
				Planned		650	
				Initial	0		

## 11. INFORMATION AND PUBLICITY

### 11.1 INFORMATION AND PUBLICITY ACTIVITIES UNDER THE OPEI

#### 11.1.1 IMPLEMENTATION OF THE ANNUAL COMMUNICATION PLAN FOR THE OPEI FOR 2007

##### IMPLEMENTATION OF INFORMATION AND PUBLICITY MEASURES

Securing the implementation of information and publicity measures at all levels of implementation of the Operational Programme Enterprise and Innovation for the period 2007-2013 (OPEI) is in line with the implementation rules of Commission Regulation (EC) No 1828/2006 and the Manual of the Managing Authority of the OPEI, which has set out the obligation for the implementation structure to draw up annual communication plans (ACPs), implement these measures and prepare supporting documents for monitoring outputs and results and assessing impact of these measures. Furthermore, the Managing Authority of the OPEI cooperates with the National Coordination Authority (NCA) and other managing authorities (MA) of programmes of the European Regional Development Fund (ERDF). It supports mutual information exchange and informal cooperation of all entities.

Under the National Strategic Reference Framework of the Czech Republic for the period 2007–2013, the overall responsibility for effectiveness, correctness of management and implementation of assistance provided from the Structural Funds and the Cohesion Fund in the Czech Republic rests with the National Coordination Authority. This authority reports to the Government of the Czech Republic on coordination of the management of Economic and Social Cohesion Policy in particular in the area of control and management, data collection and their

electronic exchange (monitoring), assessment (evaluations), including the awareness raising (information) and publicity and communication with the European Commission.

Coordination of publicity and information measures under the Operational Programme Enterprise and Innovation (OPEI), which is administered by the Ministry of Industry and Trade of the Czech Republic (MIT), is secured by the Working Group Publicity managed by the communication officer of the Managing Authority of the OPEI (Section of Structural Funds). This Working Group prepares and approves publicity measures always for the one-year period including the budget for their implementation. It controls on an ongoing basis the fulfilment of the annual plan and on the basis of the development takes extraordinary measures aimed at boosting the publicity of support programmes under the OPEI, even on the basis of public opinion polls that monitor impact of these campaigns (monitoring impact indicator) on target groups.

The Annual Communication Plan for the OPEI for 2007 sets out responsibilities of individual implementation entities, as they arise from the OPEI Implementation Manual in connection with securing information and publicity measures, implementation levels, communication strategy objectives, target groups, budget and monitoring of these publicity instruments covered from the OPEI Technical Assistance. The OPEI Annual Communication Plan was prepared in December 2006 and subsequently approved in January 2007 by the Director of the Department of Structural Funds (SSD). Members of the OPEI Monitoring Committee were informed about state of preparing the Communication plan and annual communication plan at the first MC meeting on 9 February 2007.

In accordance with the Article 4, par. 2, letter b) of Commission Regulation (EC) No 1828/2006, the Managing authority shall be responsible for organizing electronic or otherwise list of beneficiaries, the names of the operations and the amount of public funding allocated to operations. Due to absence of issuing the grant decisions in 2007, the publication of this list is due during 2008 on the [www.mpo.cz](http://www.mpo.cz) and [www.czechinvest.org](http://www.czechinvest.org) websites.

#### **BUDGET OF THE ANNUAL COMMUNICATION PLAN FOR 2007**

The budget that has been prepared for 2007 for the Operational Programme Enterprise and Innovation for the period 2007-2013 (OPEI), reflects also activities associated with the closure of the programming period 2004 -2006 for the Operational Programme Industry and Enterprise (OPIE), that are provided from OPIE TA budget.. The Annual Communication Plan for 2007 was fully paid from Technical Assistance funds in line with the plan for 2007. At the same time, the indicative volume of funds that were planned to be allocated to the implementation of information and publicity measures for the whole implementation structure of the OPEI was not exceeded in this year.

In terms of the frequency of actions and costs incurred, in 2007 most actions and measures were carried out by the Managing Authority of the OPEI and the agency CzechInvest. Expenditure of the Managing Authority of the OPEI on information and publicity measures accounted for 58 % of the total volume of funds invested, while CzechInvest's expenditure accounted for 34 % of the total costs.

Table 34: Status of TA funds drawn down for the OPEI Annual Communication plan in CZK / EUR

Implemented by	Budget	Funds drawn down (implemented publicity campaigns/actions)	Difference in CZK / EUR
Managing Authority of the OPEI – Section of Structural Funds	18 908 000 / 716 755	16 899 938 / 640 634	2 008 062 / 76 121
CzechInvest	34 346 000/ 1 301 971	9 861 702 / 373 833	24 484 298 / 928 139
CMGDB	*890 000 / 33 738	*966 000 / 36 619	-76 000 / - 2 881
CzechTrade	9 800 000 / 371 494	1 009 382 / 38 264	8 790 607 / 333 230
Czech Energy Agency	2 113 000 / 80 099	**506 710 / 19 208	1 606 290 / 60 890
<b>TOTAL</b>	<b>66 057 000 / 2 504 056</b>	<b>29 243 742 / 1 108 557</b>	<b>36 813 257 / 1 395 499</b>

\*it is not included in the Technical Assistance Drawdown Plan for information and publicity measures (The CMGDB covers promotion and publicity costs from fees paid to the Bank)

\*\*Expenditure outside the scope of (in excess of) the Annual Communication Plan (expenditure on the organization of the conference on launching the programme Eco-Energy)

As the comparison between the planned and actual costs incurred in information and publicity measures indicates (see the above table), **the biggest difference from the planned budget was found in the case of the agency CzechInvest**. The reason for this difference was the fact that some communication activities were not carried out or were carried out only partly. The biggest „cost savings“ were achieved due to the fact that the planned nationwide advertising was carried out only partly (the difference between actual costs and planned costs of almost CZK 5 million / EUR 189.5 ths.). Another reason for the above difference between actual and planned costs was the fact that conferences and some seminars were organized only partly or not at all, and the fact that the quarterly newsletter was not published, and also the fact that the Agency’s web site was promoted only partly through selected portals, and finally, the quarterly and specifically targeted mailing campaigns and other actions were not carried out.

Another significant difference from the planned budget was found in the case of the agency **CzechTrade**. Of the total planned sum of CZK 5 million / EUR 189.5 ths. intended for advertising (both nationwide and regional), only less than CZK 500 000 / EUR 18 953 were used, furthermore, TV presentation in economic programmes, with the planned budget of CZK 1 million / EUR 37 907 was not carried out and the printed booklet on the OPEI (the programme Marketing and its subprogrammes) with the planned budget of CZK 600 000 / EUR 22 745 was not published, either. Other budget „cost savings“ were achieved, for instance, due to the fact that promotion through selected web portals or press conferences were not carried out. This progress was also caused due to reorganization of the implementing structure of OPEI. CzechTrade agency started promotion of the **MARKETING** programme in the 2007, but in the



mid-year 2007 the further implementation and promotion of the programme (due to reorganization of implementation structure) was shifted to the CzechInvest agency.

The planned budget was adhered to by **the Managing Authority of the OPEI** in most of the areas. Only in the area of publications, budget cost savings of about CZK 2.4 million / EUR 90 978 were achieved (publications Guidelines for applicants and beneficiaries of support under the OPEI, Booklet on financial instruments of the OPEI and Booklet on support programmes in English were not published). On the other hand, in the area of promotional gifts the planned budget was exceeded by about CZK 1 million / EUR 37 907.

**The Czech Energy Agency** has not carried out any of the activities planned in the Annual Communication Plan for 2007. The only event that was organized outside the scope of the Annual Communication Plan was the conference on the launching of the programme Eco-Energy on 24 April 2007 (expenditure of CZK 506 710 / EUR 19 208).

**The Czech-Moravian Guarantee and Development Bank** has slightly exceeded the planned budget by CZK 76 000 / EUR 2 880. One of the reasons for its budget overrun was probably organization of the seminar on the drawdown of funds and support for the public outside the scope of the Annual Communication Plan (costs of CZK 100 000 / EUR 3 791).

#### TARGET GROUPS (TG) OF THE OPEI COMMUNICATION PLAN

- **potential applicants and applicants for support;**
- **economic (business) and social partners** (unions, associations);
- **general public** (media, EU nationals).

#### IMPLEMENTATION OF THE OPEI ANNUAL COMMUNICATION PLAN FOR 2007

Within the implementation of information and publicity measures of the OPEI Communication Plan, the implementation structure and the Managing Authority of the OPEI focused on achieving the highest possible level of awareness of the subject matter (material) focus of individual OPEI programmes among decisive target groups and on boosting trust in collaboration with the EU and in transparency of the project selection process among these groups in particular through the following information and publicity tools:

- Web portal for the implementation structure and the Managing Authority of the OPEI – update for all documents, publicity of the OPEI web site through other portals ([www.seznam.cz](http://www.seznam.cz)) using the LOGO module, ongoing modification and changes to the design of CzechInvest's web site;
- Extension of the volume of the provided services of the OPEI **infoline 800 800 777** (about 700 calls per month on the average)
- **TV media campaign through nationwide TV stations (ČT1, PRIMA):** at the beginning of 2007 TV media campaign was launched through nationwide TV stations, about 180 OPEI TV spots „the Chosen“ were broadcasted by nationwide TV stations, the campaign affected the target group and gave rise to higher number of questions and boosted interest for information about the OPEI from potential applicants and entrepreneurs.
- **Conferences of the Ministry of Industry and Trade**, that were held under the aegis of the Minister of Industry and Trade, with the active participation of an EC representative

and other representatives involved in the OPEI implementation. The first conference took place in Prague in June under the name „*OPEI – investment in your future*“. The objective of this conference was to inform its participants about the status of negotiations on the National Strategic Reference Framework of the Czech Republic, present support programmes under the new OPEI, whose content builds on successful OPIE programmes and further develops the areas of competitiveness, innovation and the knowledge economy, and also the new web application *e—Account*. The Vice-President of the Economic Chamber of the Czech Republic and the Director of the Section of Structural Funds were invited to the conference „*OPEI – support for Czech enterprises during the seven years of the new programming period*“ which was held in Prague in December. At the conference the OPEI already approved by the European Commission and also issues associated with the implementation of partial support programmes were discussed. Both conferences met with an enormous response from entrepreneurs.

- **Press conferences** were held, with the participation of the Minister of Industry and Trade, and the Director of the Section of Structural Funds, on the issues of the OPEI/OPIE implementation. On the occasion of the international and later also national conference in Prague the approved OPEI was presented. A multimedia recording of the December conference was produced which was then available from the web site of the Ministry of Industry and Trade to applicants for support under the OPEI and interested parties from the ranks of entrepreneurs who could not attend the conference.
- **The periodical *Dotační věstník* (Grant Bulletin)** – since the second half of 2007 the Ministry of Industry and Trade has launched targeted advertising through a total of six issues of the periodical *Dotační věstník* (later on named *Dotace/Grants*), in order to present the OPIE by means of successful OPIE projects, that are followed up in the new programming period, to all target groups and the general public. Half of these periodicals were associated exclusively with the OPEI.
- **Seminars** were organized repeatedly in all regional cities and almost by all implementation agencies on individual OPEI programmes or the representatives of the implementation structure and the Managing Authority participated in events/actions of other entities (economic partners, the professional public, etc.). The agencies CzechInvest and CzechTrade were presenting throughout the year information on support under the OPEI at specialized seminars, conferences and meetings with partners with special focus on the EU Structural Funds and individual programmes. During 2007 about 250 events/actions focusing on the EU Structural Funds took place.
- **Printed materials, publications:** The entrepreneur’s guide to the OPEI, leaflets presenting all OPEI support programmes, a leaflet on partial OPEI support programmes, The bulletin of the CMGDB on the bank’s products under the OPEI, a poster on the OPEI and leaflets on the electronic intake of registration applications through the *eAccount*.
- **Fairs** – International Consumer Goods Fair in Brno – The implementation agency CzechInvest participated in the second half of the year in the international engineering fair at which project managers and analysts provided consulting services and consultations on all grant projects under the OPEI.

## MONITORING THE OPEI ANNUAL COMMUNICATION PLAN FOR 2007

1. **Output and result indicators** are monitored in the annual and half-yearly ACP Implementation Report, which serves as the basis for the OPEI Annual Report for the

given year (*Example of indicator: tool: seminars, output: number of seminars, result: number of participants*)

Table 35: Aggregate data (most important carried out measures between 1 January and 31 December 2007)

Tool/Measure	Target group	Output/Result indicator	Impact indicator
<p>Internet: <a href="http://www.mpo.cz">www.mpo.cz</a> + implementation structures <a href="http://www.czechinvest.org">www.czechinvest.org</a> <a href="http://www.czechtrade.cz">www.czechtrade.cz</a> <a href="http://www.cmzrb.cz">www.cmzrb.cz</a> <a href="http://www.ceacr.cz">www.ceacr.cz</a></p> <p>Publicity of web site through selected portals (key words, banners, etc.): <a href="http://www.czechinvest.org">www.czechinvest.org</a></p>	All target groups	<p><b>Operation:</b> 12 months access to the OPIE/ OPEI web site (signpost via logo, accessible from the whole implementation structure)</p> <p><b>Number of visits:</b> 22 241/49 075</p> <p><b>Number of users:</b> 18 277/32 393</p> <p>statistics of agencies' web site visits are monitored separately below</p> <p><b>Number of clicks:</b> 22 300</p>	marketing survey January 2008
Infoline 800 800 777	All target groups	<p><b>Operation:</b> 12 months</p> <p><b>Number of queries:</b> 8 600</p>	not carried out
Printed materials OPEI publications	The public/ Potential final beneficiaries	<p><b>Number of types:</b> 3</p> <p><b>Number of produced publications:</b> 37 100 pcs</p> <p><b>Number of distributed publications:</b> 37 080 pcs</p> <p><b>Distribution channels:</b> implementation structure, Eurocentres, regional authorities, MIT actions/events</p>	marketing survey January 2008
Poster on the OPEI	The public/ Potential final beneficiaries	<p><b>Number of types :</b> 1</p> <p><b>Number of printed posters:</b> 1000 pcs</p> <p><b>Distribution channels:</b> <u>CzechTrade head office,</u> <u>Regional Export Points</u></p>	marketing survey January 2008
Leaflets	All target groups	<p><b>Number of types:</b> 8</p> <p><b>Number of printed posters:</b> 105,308 pcs</p> <p><b>Distribution channels:</b> implementation structure, regional authorities, Eurocentres, MIT actions/events</p>	marketing survey January 2008

Advertising	All target groups	<p><b>Number of advertisements: obligatory call for proposals under the OPEI: 9</b></p> <p><b>Number of other advertisements: about 40</b></p> <p><b>Distribution channels:</b> Dailies and professional periodicals (nationwide and regional)</p>	marketing January 2008	survey
Advertising stand	All target groups	<p><b>Stand: 10 pcs</b></p> <p><b>Distribution channels:</b> CzechInvest head office and regional centres</p>	not carried out	
Press and media outputs	Media, the public	<p><b>Number of press conferences on the OPEI: 6</b></p> <p><b>Number of articles periodicals/internet: About 820</b></p> <p><b>Number of issued press releases: 14</b></p>	marketing January 2008	survey
TV SPOT	All target groups	<p><b>Number of types: 1x30, 5x15</b></p> <p><b>Number of broadcasted TV spots: 180 on TV</b></p> <p><b>Distribution channels:</b> TV, conferences, seminars fairs, marketing campaigns</p>	marketing January 2008	survey
Promotional gifts	All target groups	<p><b>Number of types: 29</b></p> <p><b>Distribution channels:</b> implementation structure, economic partners and MIT actions/ events (seminars, conferences), regional authorities, Eurocentres</p>	not carried out	
Seminars	All target groups	<p>Number of seminars : - own: 15</p> <p>Number of trainees: about 1 600</p> <p>- organized by other parties: 60</p> <p>Number of trainees: about 2 740</p>	marketing January 2008	survey
Conferences	All target groups	<p><b>Number of conferences 4</b></p> <p>Number of participants: 665</p>	marketing January 2008	survey

<b>Fairs</b>	All target groups	<b>Number of attended fairs:</b> 1 <b>Number of exhibitors:</b> 2 100 <b>Number of visitors:</b> 100 000 <b>Number of participating states:</b> 32	marketing survey January 2008
<b>Marketing mailing</b>	Potential beneficiaries individual measures final by	<b>Frequency of sending e-mails:</b> on an ad hoc basis (seminar) on an ongoing basis (January-CI, October-CMGDB) <b>Number of distributed letters, reports:</b> 5 000	marketing survey January 2008
<b>Training</b>	Implementation structures	<b>Number of training courses:</b> 1 <b>Number of participants:</b> 110	marketing survey January 2008

## 2. Impact indicators – Public opinion poll

Impacts of organized information and publicity actions/events and client satisfaction with individual marketing tools were assessed by the public opinion poll.

The Managing Authority of the OPEI commissioned in December 2007 repeated sociological survey: „**The OPIE / The OPEI – current opinions of the public**“. This has been already the 4<sup>th</sup> wave of the survey which followed up on surveys conducted between 2004 and 2006. Due to the defined project objectives the survey was carried out by telephone interviews.

The survey focused on target groups of support under the OPIE/OPEI – **with special emphasis on small and medium-sized enterprises** (according to the branch of business (Sectoral Classification of Economic Activities - OKEČ/NACE) and location (7 NUTS II regions – except for Prague).

A total of 610 telephone calls with representatives of target groups were conducted, including:

- **483 interviews –small and medium-sized enterprises (SMEs);**
- **50 interviews – universities, research institutions, innovation centres and business incubators;**
- **26 interviews – unions, associations;**
- **51 interviews – City authorities, municipal authorities and regional authorities.**

The survey was completed on 25 January 2008 and its outcomes were presented to the Ministry of Industry and Trade and to the representatives of the implementation structure at the meeting of the Working Group Publicity on 27 February 2008.

The most important findings of the survey that can be compared to the outcomes of answers of representatives of target groups to similar questions from previous years need to be used in the implementation of the communication strategy for the new programming period. The survey was



primarily focused on the Operational Programme Enterprise and Innovation (OPEI), although it contained also some findings relating to the reduced programming period of the Operational Programme Industry and Enterprise (OPIE). This Annual Communication Plan for 2007 reflects the impacts of the organized information and publicity actions/events for the OPEI. The findings from the sociological survey are outlined below:

#### **a) Knowledge and awareness of the OPEI**

In all the surveyed groups **there was a slight decline in the awareness of the Operational Programme Enterprise and Innovation (OPEI) compared to the previous year**. The survey implied that this can be attributed to the changed programme name (the OPEI has replaced the OPIE which was closed last year)<sup>11</sup> and the content of the operational programmes. However, **general knowledge of the OPEI remained basically the same compared to the 2006 figures**, with even slight increase in this share.

More significant change occurred in the perception of the key possible benefit of the OPEI – small and medium-sized enterprises are becoming much more aware of the fact that the OPIE does not mean only obtaining funds in the form of grants, but rather they now realize that by means of assistance from the Structural Funds they can boost their competitiveness in both domestic and foreign markets.

#### **b) Current and planned use of the OPEI**

After the year of the OPEI history, the group of small and medium-sized enterprises so far appears to be the most active one in terms of the submission of applications compared to other groups monitored.

- **17 % of small and medium-sized enterprises** took advantage of the opportunity to submit loan applications or grant applications under some of the OPEI programmes in 2007. **10 % of representatives of small and medium-sized enterprises noted that they were considering to submit another application.**
- The most frequent reason for the decision not to submit an application among small and medium-sized enterprises was the fact that they did not have in place an appropriate project.

Representatives of the group of universities, research institutions, innovation centres and business incubators were the second most active category of applicants in terms of the submission of applications for the OPEI support programmes. **55 % of representatives of this group declared that they were considering to submit the application in the future**, 6 % of them have even already submitted their application.

Within the group „**unions and associations**“ 11 % of the respondents took advantage of the opportunity to submit grant applications in 2007, whereas a half of them so far only plans to make use of some OPEI programme.

---

<sup>11</sup> The OPEI was launched in 2007.

Representatives of **the public administration sector** declared that they had not submitted any grant application, preferential (subsidized) loan/guarantee application under the OPEI. 23 % of the respondents from this group are considering to submit the application.

### c) Appraisal of the OPEI, knowledge of partial programmes

**Among all target groups, respondents most frequently agreed to the statement that „the whole process of preparation and processing of the grant application, loan application or guarantee application, including the justification of its benefits, is very time-consuming and demanding in administrative terms“.**

- **Small and medium-sized enterprises** objected that they did not have staff possessing sufficient skills for the preparation and submission of grant applications.
- Representatives of **universities and research institutions** and **public administration** representatives agreed to the statement that „the submission of the project grant application is very costly“.

All target groups most frequently referred to the following OPEI support programmes: the **Training Centres, Prosperity and Innovation**.

### d) Advertising spot and logo

The TV advertising spot promoting the possibility of the drawdown of a grant under the OPEI was noted by **39 % of representatives of unions and associations, 33 % of public administration representatives**, and furthermore by **30 % of representatives of universities, research firms and business incubators and 24 % of representatives of small and medium-sized enterprises**.

Uniform **layout and logo of the OPEI contributes to better orientation** in a wide range of materials on the Structural Funds of about **50 per cent of the surveyed**.

### e) Appraisal of the electronic system of the submission of applications and the two-step process

The idea of an electronic account was **highly supported** among all target groups. **Always at least 80 % of representatives** consider the electronic system<sup>12</sup> to be beneficial for the given target group. There was a slight increase in this share compared to the last year's figures. About 70 % of representatives of all segments are convinced that this electronic system **will make the submission of applications easier**. Approximately the same percentage share of representatives of small and medium-sized enterprises and universities, research institutions and business incubators **are convinced that a grant under a particular partial OPIE / OPEI programme is beneficial for the development of their business**.

On the other hand, we may note that **more than a half** of the representatives of all target groups **did not have any experience yet of the two-step process** of the submission of applications. Those who already have one, view it positively.

<sup>12</sup> e-Account (administered by CzechInvest)

## **f) Information sources and their quality**

All target groups mostly appreciate the reliability, availability and benefits of information on the OPEI – specifically **through on-line services - the web site of the Ministry of Industry and Trade, the agency CzechInvest and the Ministry for Regional Development of the Czech Republic.**

Also **consultations and information obtained at regional offices of CzechInvest** are considered to be the valuable information source.

However, the sociological survey indicated that target groups find it difficult to orientate themselves in information sources (the Internet, printed materials) and that they cannot get there certain important information. Most often these are partial, specifying pieces of information or insufficient details.

Similarly, as in previous years, all representatives of target groups most frequently defined three areas of their interest, which should be, in their opinion, improved: **have access to information in advance, get model procedures for the use of individual support programmes and (insufficient) availability of information from the relevant web sites.**

### **Conclusion:**

The current communication strategy has produced relatively positive results, as regards the awareness of the content of the OPEI programmes among target groups. The 4<sup>th</sup> wave of the survey has clearly shown that the chosen communication strategy has been set on a reasonable and goal-directed basis. In the future, it will be necessary to diversify further communication tools with respect to individual target groups, in particular to intensify the communication with small and medium-sized enterprises.

Obviously, **the INTERNET** remains to be the most frequently used and the most valuable information source. According to the representatives of the surveyed groups, it would be desirable to publish the latest information on changes in individual programmes under the OPEI sufficiently in advance and, where appropriate, add to these pieces of information also other information sources such as booklets, model procedures for the use of individual support programmes or guidance to this effect. Furthermore, the survey has shown that a less frequently used, but indispensable information source for potential applicants for support from the OPEI, apart from direct consultations at CzechInvest's regional offices, seminars and related conferences on the OPEI, are also periodicals (press) and advertising. Due to the rising knowledge of the Operational Programme on the part of entrepreneurs and the public, also an increased number of new applicants, whom such information should be tailored to, is expected.

In connection with the two-step process for the submission of grant applications and a new form of time-limited calls for the submission of applications for support from individual partial OPEI support programmes, a change was made, compared to the past programming period, to the deadline for the submission of applications for support and therefore it seems to be definitely of paramount importance to intensify the communication and raise the awareness of such changes on the part of beneficiaries, potential grant beneficiaries and the general public, using all media to this effect.



## 12. LIST OF ABBREVIATIONS

MF CHU	Central Harmonization Unit of the Ministry of Finance
CI	CzechInvest
TG	Target groups
CT	CzechTrade
CZK	Czech crown (Kč)
CEA	Czech Energy Agency
CMCTU	Czech-Moravian Confederation of Trade Unions
CMGDB	Czech-Moravian Guarantee and Development Bank
CR	Czech Republic
CSO	Czech Statistical Office
EIB	European Investment Bank
EIF	European Investment Fund
EIS	European innovation scoreboard
EC	European Commission
EPC	Energy performance contracting
ERDF	European Regional Development Fund
EC	European Communities
ESF	European Social Fund
EU	European Union
ECA	European Court of Auditors
EUR	Euro
CF	Cohesion Fund
GDP	Gross Domestic Product
EC CR	Economic Chamber of the Czech Republic
ICT	Information and Communication Technologies
IPR	Intellectual Property Rights
ICDP	Integrated City Development Plan
IS	Information System
ISOP 7-13	Information System for the Operational Programme Enterprise and Innovation
JEREMIE	Joint European Resources for Micro and Medium Enterprises
CZK	Czech crown
Kgoe	Kilogram of oil equivalent
mil.	million
bil.	billion
MRD	Ministry for Regional Development
MIT	Ministry of Industry and Trade
MoLSA	Ministry of Labour and Social Affairs
MSC2007	Central Monitoring System
SME	Small and medium-sized enterprise
MEYS	Ministry of Education, Youth and Sports
MC OPEI	Monitoring Committee of the Operational Programme Enterprise and Innovation
MW	Megawatt
MoA	Ministry of Agriculture
MoE	Ministry of the Environment
NACE	Classification of economic activities
NICC	National Indicator Classification Code
NF MF	National Fund of the Ministry of Finance
NCA	National Coordination Authority
NRP	National Reform Programme
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of territorial units for statistics
DISF	Department of Implementation of Structural Funds
SCEA	Sectoral classification of economic activities

DCSF	Department of Coordination of Structural Funds
OP	Operational Programme
OP HRE	Operational Programme Human Resources and Employment
OPEI	Operational Programme Enterprise and Innovation
OPIE	Operational Programme Industry and Enterprise
OP RDI	Operational Programme Research and Development for Innovation
OP EC	Operational Programme Education for Competitiveness
OP E	Operational Programme Environment
RES	Renewable Energy Sources
PPS	Purchasing Power Standard
RDP	Rural Development Programme
PwC	PricewaterhouseCoopers
RIPI	Regional information and consulting infrastructure
ACP	Annual Communication Plan
ROP	Regional Operational Programme
MA	Managing Authority
SF	Structural Funds
SB	State budget
SSF	Section of Structural Funds
TA	Technical Assistance
R&D	Research and development
UN	university
SRI	Scientific and research institutions