

# Operational Programme Enterprise and Innovation for Competitiveness 2014–2020 (OP EIC)

*Sharing the first experiences with the opening  
of the 2014–2020 programming period*

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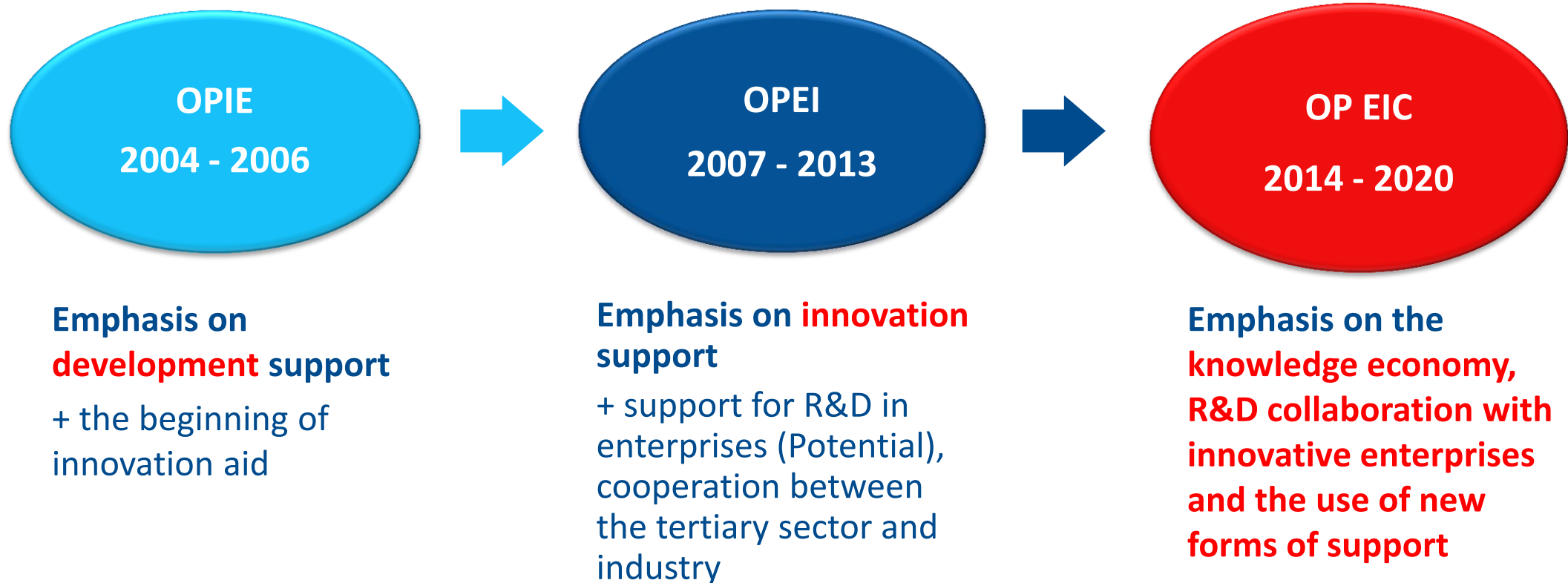


# Content

- ➔ MIT's Previous Experience (OPIE ➔ OPEI ➔ OP EIC)
- ➔ Goals and Structure of OP EIC
- ➔ MS2014+ System
- ➔ Current Situation and Supported Activities
- ➔ RIS3: Research and Innovation Strategy for Smart Specialisation
- ➔ Financial Instruments
- ➔ Investment Incentives



# The MIT's experience with support from European structural and investment funds from 2004



# Operational Programme Enterprise and Innovation 2007–2013

- This primarily focused on business development and promoting the business environment, support for innovation, the introduction of new technologies and the commercialisation of results of research and development
- The programme was long perceived as risk-free (according to MRD statistics)
- At the end of 2015 the Ministry of Industry and Trade achieved great success by being the first ministry in the CR to draw down all of the resources allocated to the 2007-2013 programming period from EU funds



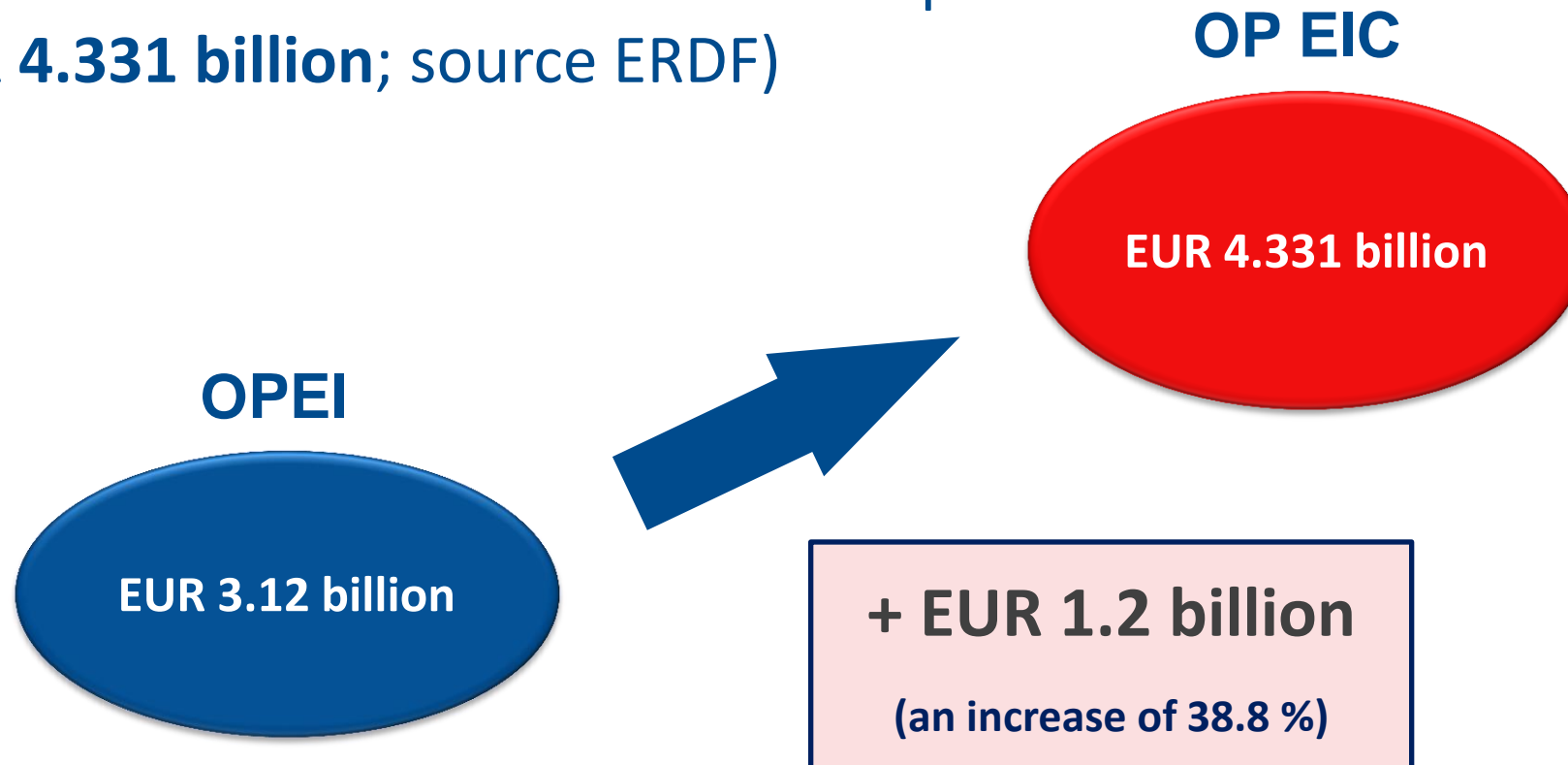
# Changes in the contents of aid under OP EIC vs OPEI

- **Expansion of interventions** (applied industrial research, new technologies in the energy sector, high-speed Internet – as an entirely new area)
- **Support for new sectors** (energy savings in agriculture)
- **Extension of the scope of beneficiaries** (involvement of public universities and public research institutions; however main emphasis is on support for SMEs)
- **Increased share of allocation in the area of financial instruments**



# Changes in allocation for OP EIC compared to OPEI

→ A higher allocation for the OP EIC despite a reduction in the overall amount of resources for the Czech Republic (EUR 4.331 billion; source ERDF)



# Operational Programme Enterprise and Innovation for Competitiveness 2014–2020 (OP EIC)

## Vision

- A competitive and sustainable Czech economy based on knowledge and innovations

## Global goal

- Increasing the competitiveness of the Czech economy by supporting the business environment, promoting innovations in the production and services sectors, energy treatment and development of ICT



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# Priority Axes (PA) OP EIC

The OP contains four factually-oriented priorities

<b>PA 1</b>	<b>Promotion of research and development for innovation</b>	<ul style="list-style-type: none"><li>• EUR 1.35 billion</li><li>• 31 % of allocation</li></ul>
<b>PA 2</b>	<b>Development of SME's (small and medium-sized enterprises) entrepreneurship and competitiveness</b>	<ul style="list-style-type: none"><li>• EUR 0.89 billion</li><li>• 21 % of allocation</li></ul>
<b>PA 3</b>	<b>Efficient energy management, development of energy infrastructure and renewable energy sources, support for the introduction of new technologies in the management of energy and secondary raw materials</b>	<ul style="list-style-type: none"><li>• EUR 1.22 billion</li><li>• 28 % of allocation</li></ul>
<b>PA 4</b>	<b>Development of high-speed internet access networks and information and communications technologies</b>	<ul style="list-style-type: none"><li>• EUR 0.74 billion</li><li>• 17 % of allocation</li></ul>





# Conditions of OP EIC approved by the Commission

- ➔ **Limited support for large companies** – 20 % of the allocation for PA 1, PA 3 (excluding specific objective 3.6) and PA 4 (excluding specific objective 4.1)
- ➔ **New requirements on beneficiaries** – aid only for those who publish – to a reasonable extent – their ownership structure (to ensure transparency and prevent potential conflict of interest)
- ➔ However, we were able to make small traders eligible as aid beneficiaries (in relation to Article 2 paragraph 10 of the General Regulation)



## Large enterprises – proposed changes

A proposal was submitted to the OP EIC Monitoring Committee meeting, held from 12–13 May, limiting **aid for large enterprises to cca 35% of the OP EIC allocation** without SO 3.6, SO 4.1 and excluding PO 5 (on the basis of an external study prepared by the National Centre for Energy Savings)

- ➔ According to the **European Commission** support for large enterprises up to a maximum of **20% of the allocation is sufficient**, there is no provision for financial instruments up to this limit
- ➔ The Monitoring Committee **approved the proposed amendment and authorised** the Managing Authority to complete the proposal on the basis of further negotiations with the EC



# MS2014+ system

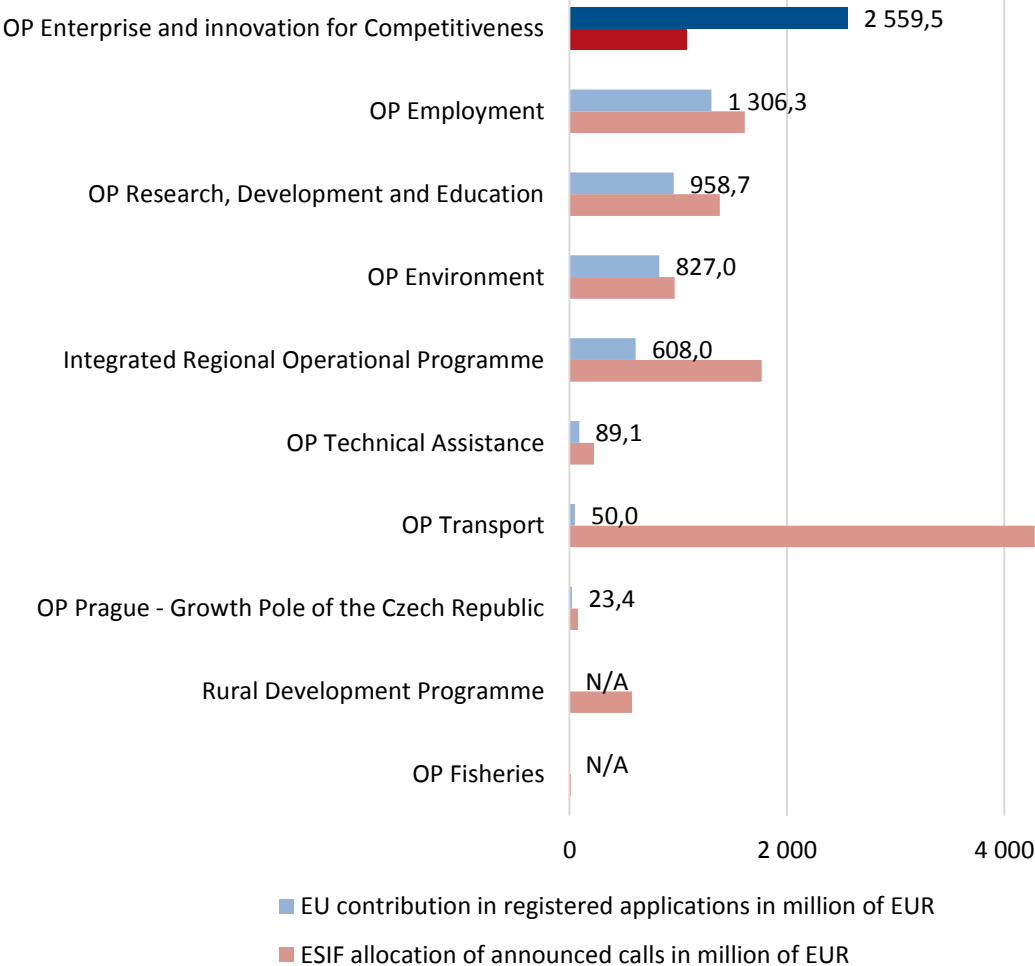
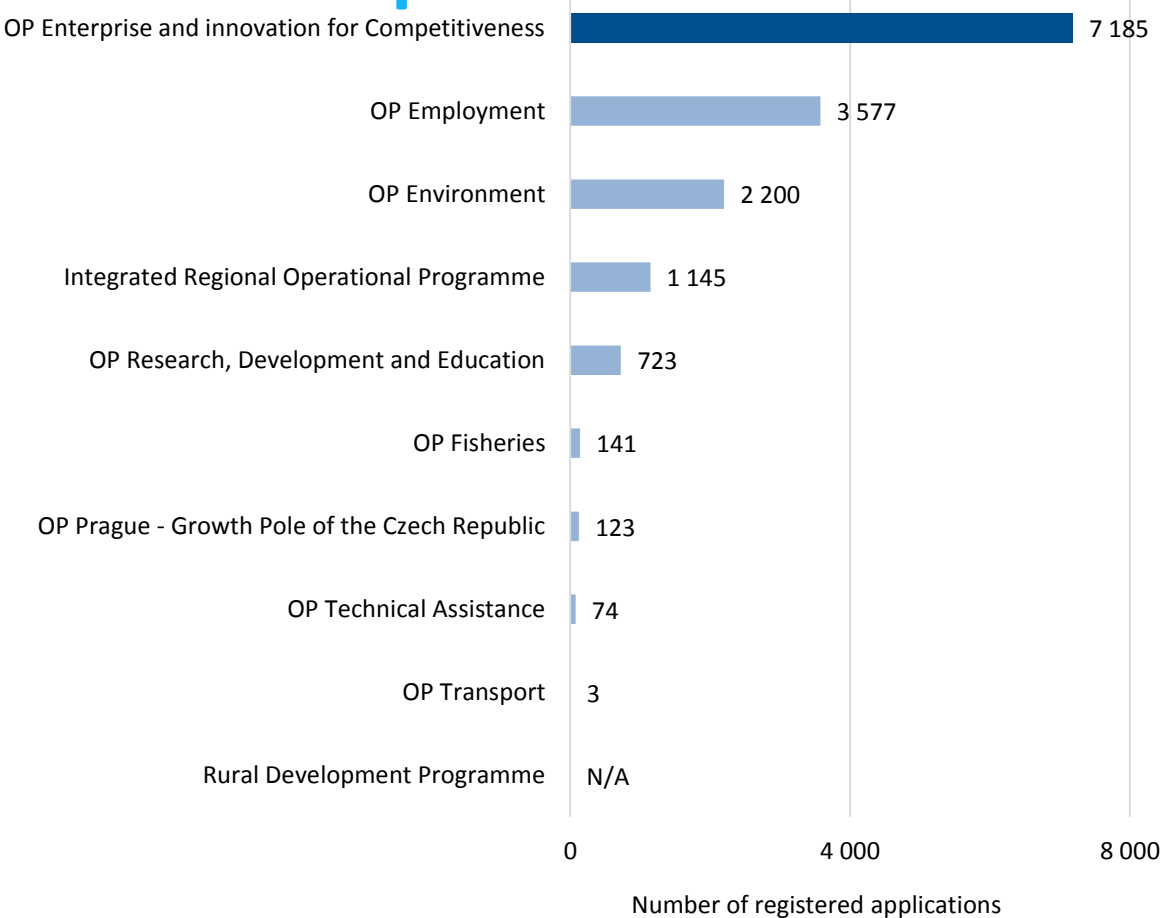
Applicants may submit applications for aid during the new programming period through the IS portal KP14+ MS2014+ application. However the problem is the MS2014+, system's functionality as it is still plagued with a whole series of problems, while the full functionality and, particularly, the sophistication of the MS2014+ system is essential for the proper and smooth implementation of the programme.

The main deficiencies of the MS2014+ system are as follows:

- ➔ Impossible to upload into the Decision template (Decisions have to be filled in manually)
- ➔ Impossible to return projects from the commission to the assessors (After approving the assessment, there is no way of returning the assessment to the assessors for completion)
- ➔ The system for producing statistics is too complicated for normal users and the necessary statistical summaries are still not available
- ➔ The absence of a complete module for financial instruments



# Applicants' interest in operational programmes in the Czech Republic



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# Current situation of implementation of OP EIC

- ➔ The implementation of the OP EIC currently includes a **total of 45 calls** with a total allocation of **EUR 1.1 billion** registered in MS2014+, of which **11** calls are currently announced and open (with total allocation of nearly EUR 223 mil.). Within these 11 calls applicants may submit projects.
- ➔ **34 calls have already been closed** (in the meaning of closure the acceptance of aid applications)

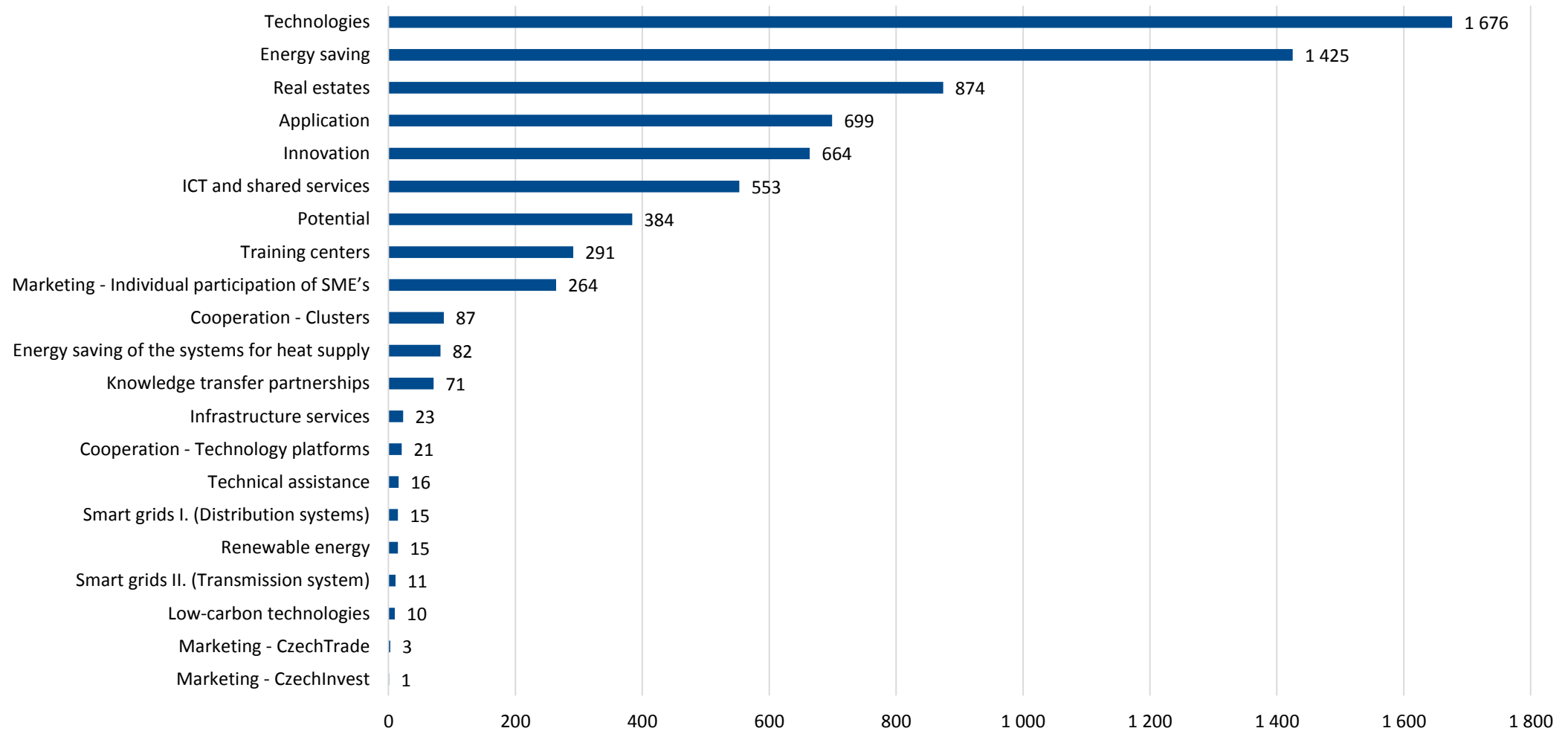


# Current situation of implementation of OP EIC

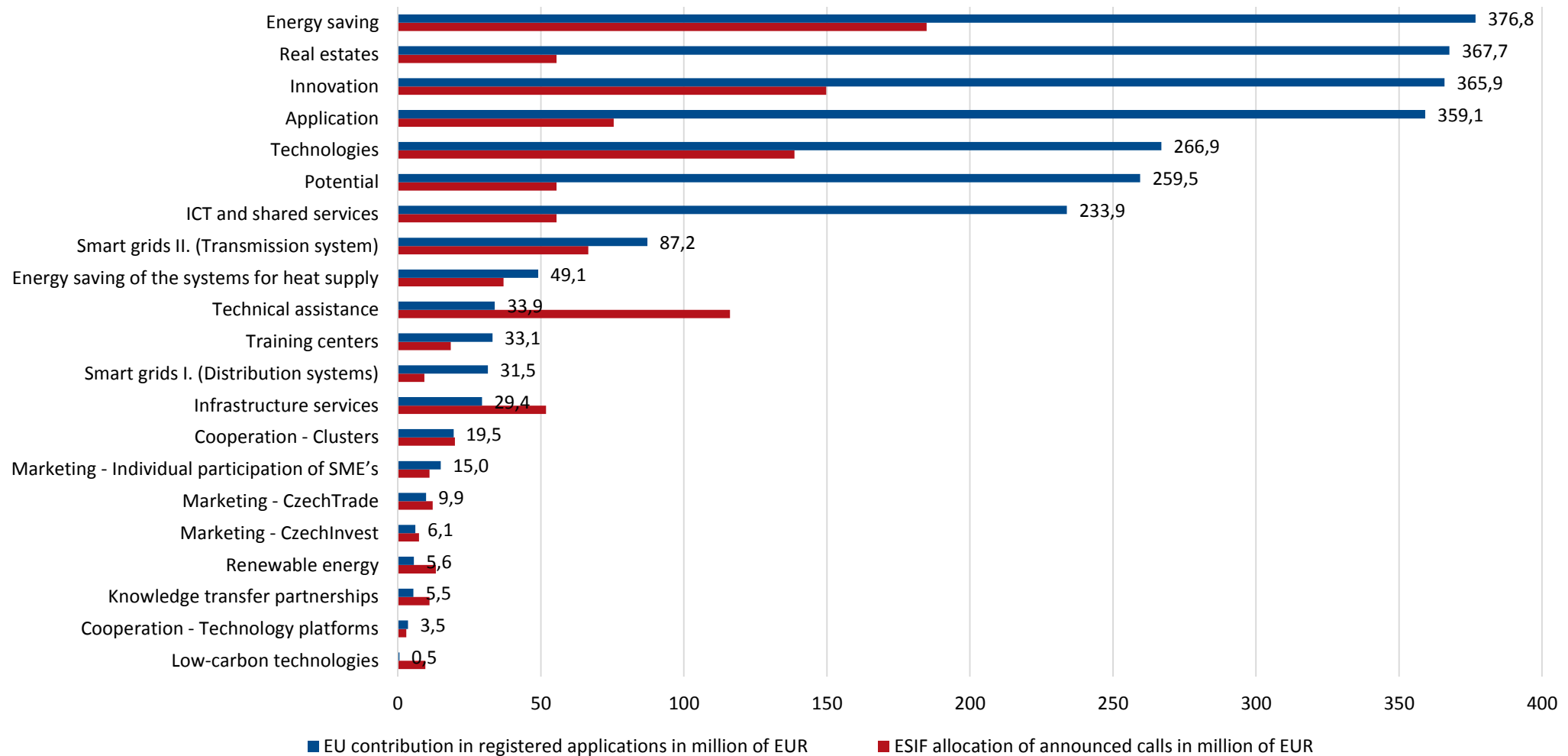
➔ **As at 29 May 2016** a total of **7 185** aid applications had been registered in the MS2014+ system (of which **3 264** called preliminary and **3 921** full aid applications), with total expected eligible expenditure of more than **EUR 6.4 billion** and requested EU contribution of **EUR 2.6 billion** (the actual subsidies will vary depending on the aid intensity according to the different programmes or calls).



# Number of registered applications



# Requested EU contribution in registered applications





# Strategies for Smart Specialisation (RIS3)

- Prerequisite for funding set by the European Commission
- National RIS 3 + regional annexes
- The guarantor is the Office of the Government of the Czech Republic
- During June RIS3 will go through the interministerial comment procedure and will subsequently be sent to the EC for approval. Updates have been made in particular to Chapter 7 – *Institutional management and implementation of the National RIS3* and Chapter 8 - *Financing the National RIS3 from operational programmes*
- RIS3 will be implemented through OP EIC in PA1 and PA4 and also, partially, in SO 2.1 (NF only): *Enhancing competitiveness of start-ups and developing SMEs* and in SO 2.2 as a whole: *Enhancing the internationalisation of small and medium-sized enterprises*



# RIS3 – Innovation platforms (IP)

- ➔ In the RIS 3 Guide the European Commission envisages the establishment of innovation platforms for domain specialisation
- ➔ 4 innovation platforms are proposed, others are dependent on the „*entrepreneurial discovery process*“
  - *engineering + generation and distribution of electricity + part of electrical engineering,*
  - *IT services and software + part of electronics and electrical engineering*
  - *manufacture of transport equipment*
  - *pharmaceuticals and medical technologies*
- ➔ The MIT is permanently represented in IP
- ➔ The specific form of implementation will be proposed by the MA OPEIC by the OPEIC call in August (EC requirement)



# Financial Instruments of OP EIC – Present state

- **Financial instruments based on ex ante assessment – 10 % of total OP allocation (EUR 431 mil)**
- **Mainly in cooperation with ČMZRB:**
  - **Expansion (SO 2.1)** – EUR 327 mil of loans and guarantees, access to finance for SMEs
  - **Energy savings in enterprises (SO 3.2), Energy savings in heat supply (SO 3.5)** – financial instruments for energy efficiency – EUR 31 mil.
- **An investment platform National Innovation Fund is being created in close cooperation with EIF and EIB – innovative equity financial instruments for pre-seed, seed and startup funding**
  - It is intended to invest **EUR 40 mil. in cooperation with the EIF (EIB would add another EUR 10 mil), EUR 25mil** directly via NIF, out of which **EUR 12 mil on Proof-of-Concept projects** (for commercialization of research and development) and **EUR 13 mil on start-ups in seed stage.**
- **Currently under discussion – central management of financial instruments and activation of national development bank ČMZRB**
  - creation of a central fund of funds available to all operational programmes
  - NIF shall be the central implementation body for those Managing Authorities who opt in
  - Transformation of ČMZRB: ČMZRB will become shareholder of NIF, capital increase of ČMZRB - CZK 2.5 bil., law on ČMZRB as national development bank



# Investment Incentives – supported activities

## ➔ Manufacturing industry

- ▶ starting or expanding production facilities

## ➔ Technology centres

- ▶ establishment or expansion of R&D centre

## ➔ Business support services centres

- ▶ establish or expansion of

1. shared service centres
2. SW development centres
3. high-tech repair centres
4. data centres
5. call centres



# Investment Incentives – types of incentives

**Following items summed up cannot exceed the ceiling of state aid 25 %**

- ➔ Corporate income tax relief for 10 years
- ➔ Real estate tax exemption for 5 years in Special Industrial Zones
- ➔ Job creation grants (EUR 3 600–11 000, depending on the region)
- ➔ Cash grant on capital investment (in case of strategic investment)

**Granted above the ceiling of state aid**

- ➔ Training and retraining grants (25–50 %, depending on the region)



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# Conclusion

- ➔ **OP EIC** = 1<sup>st</sup> approved operational programme in the Czech Republic, total allocation of EUR 4.331 billion
- ➔ Increasing the competitiveness of the Czech economy based on **knowledge** and **innovations**
- ➔ Promotion and support of the business environment, SME's, research and development, energy infrastructure, renewable energy resources, ICT sector ...



# Thank you for your attention

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Section of EU Funds, Research, Development,  
Innovations and Investment Incentives

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