



Innovation support in the Czech Republic and its regional context

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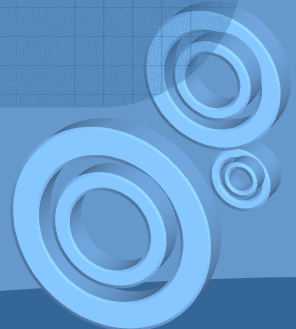
Introduction

- Creation of innovations is believed to be the main source of enhance competitiveness
- EU member states implement various public programmes focusing on innovation support
- Innovations contribute to the enhancement of competitiveness of regions but they can also result in the increase of regional differences
- Is the innovation support in fact a support of the more developed regions? Is it failure of the regional policy?



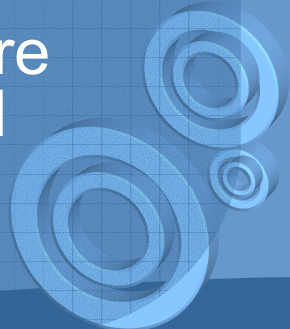
Paper Objectives

- I. present basic programme instruments of innovation creation support in the CR
- II. analyse the results of the most important of them - the Innovation programme - from the regional perspective
- III. examine the relationship between the successfulness of individual regions in obtaining the support from the Innovation programme and the selected macroeconomic characteristics



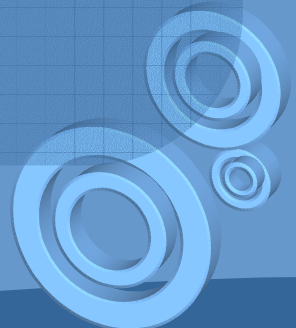
Programming period 2004-06 in the CR

- shorter period 2004-2006
- the Czech Republic is divided into 8 regions on the NUTS II level, seven of them belong Objective 1
- five operational programmes
- support of innovative enterprises: **Operational Programme Industry and Enterprise (OPIE)**
- OPIE - 17.94 % of finances from the structural funds (347.8 million EUR), territory of Objective 1
- goals of OPIE: develop competitive and effective industry potential and to contribute to increasing economic performance of enterprises
- OPIE is divided in to 11 programmes – two of them are focused on innovations: **Innovation Programme** and **Prosperity Programme**



Innovation Programme

- aim: to help implementation of entrepreneurial development projects focused on the support of commercializing the results of R&D in the form of introducing new products, technologies and services
- 12 % of total financial amount for OPIE
- in great demand among entrepreneurs
- subsidy – max 46 % of the eligible expenses; 3–25 million Czk / about 103–862 thousand EUR per project



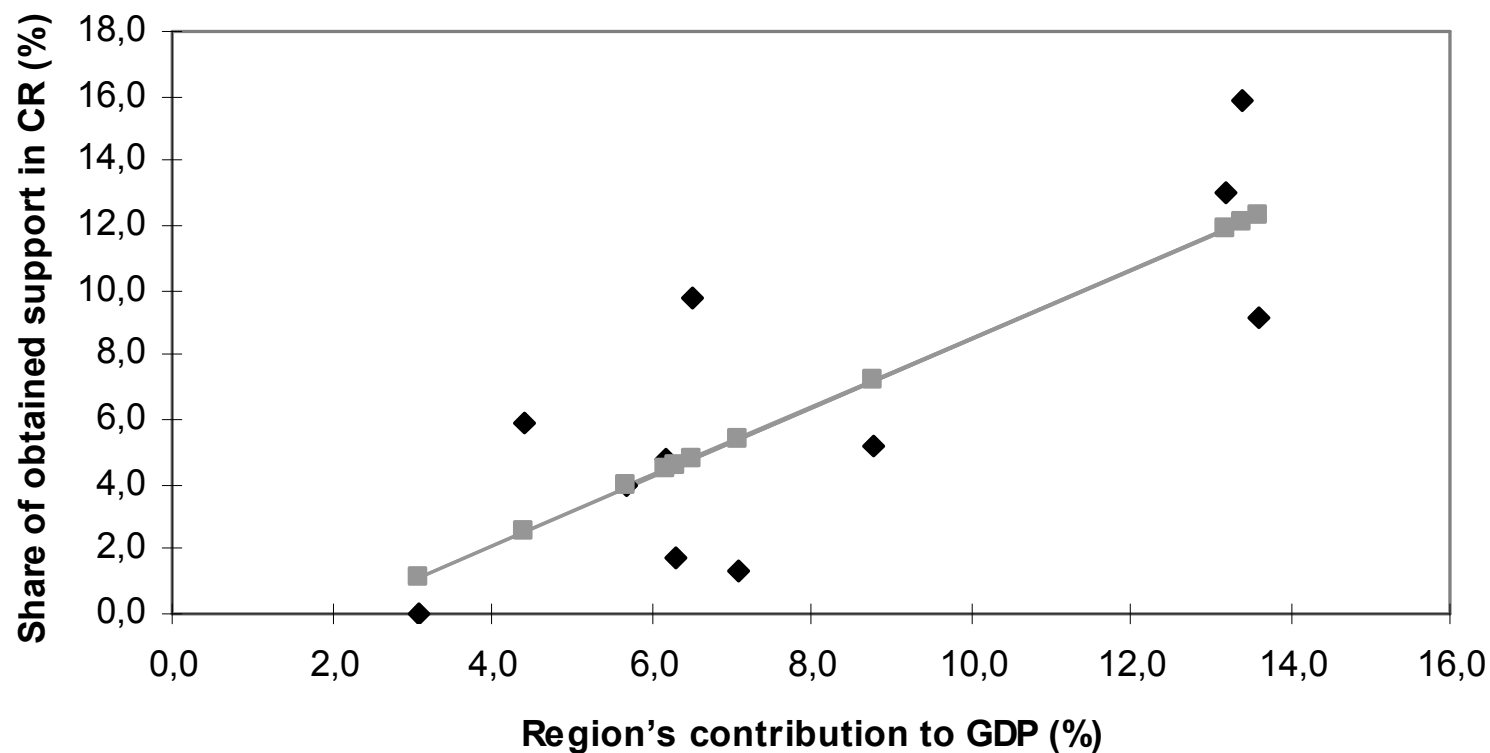
Innovation Programme *(mid-term evaluation)*

The share of regions in accepted projects and in other indicators

Region	Share of obtained support in CR (%)	Share of total number of enterprises (%)	Region's contribution to GDP (%)	Unemployment-share of unemployment in the CR (%)
South Bohemian	1.4	7.4	7.1	4.4
South Moravian	15.9	13.0	13.4	12.9
Karlovy Vary	0.0	3.9	3.1	3.7
Hradec Králové	17.3	6.3	6.3	4.4
Liberec	5.9	5.6	4.4	3.9
Moravian Silesian	13.0	11.8	13.2	20.6
Olomouc	1.7	6.7	6.3	7.7
Pardubice	12.2	5.3	5.5	4.7
Plzeň	9.8	6.5	6.5	4.0
Central Bohemian	9.1	13.6	13.6	8.6
Ústí nad Labem	5.2	8.5	8.8	14.3
Vysočina	3.9	5.0	5.7	4.8
Zlín	4.8	6.6	6.2	6.0
Total CR	100.0	100.0	100.0	100.0

Innovation Programme (*mid-term evaluation*)

The relation between the granted support and the regional GDP



Legend: ♦ actual values ■ expected values (regression)

Innovation Programme *(final evaluation)*

Approved amount of support according to regions, the share of regions in accepted projects (2004–2006)

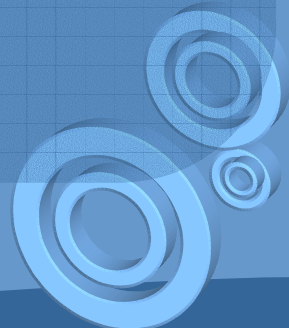
Region	Number of accepted projects	Approved amount of subsidy (in million Czk)	Average subsidy per one project (in mil. Czk)	Share of obtained support in CR (%)	Share of total amount of subsidy (%)
South Bohemian	3	15.574	5.191	3.2	1.1
South Moravian	19	234.083	12.320	20.0	16.8
Karlovy Vary	0	0.000	0.000	0.0	0.0
Hradec Králové	9	209.394	23.266	9.5	15.0
Liberec	4	67.180	16.795	4.2	4.8
Moravian Silesian	7	86.137	12.305	7.4	6.2
Olomouc	7	87.288	12.470	7.4	6.2
Pardubice	9	200.900	22.322	9.5	14.4
Plzeň	3	36.875	12.292	3.2	2.6
Central Bohemian	15	214.460	14.297	15.8	15.3
Ústí nad Labem	6	91.463	15.244	6.3	6.5
Vysočina	5	66.540	13.308	5.3	4.8
Zlín	8	87.334	10.917	8.4	6.3
Total CR	95	1397.228	14.708	100.0	100.0

Innovation Programme (*appendix*)

NACE		Projects
17000	Manufacture of textiles and textile products	5
24000	Manufacture of chemicals, chemical products and man-made fibres	15
25000	Manufacture of rubber and plastic products	8
26000	Manufacture of other non-metallic mineral prod.	7
27000	Manufacture of basic metals and fabricated metal products	4
28000	Manufacture of metal construction and metal-working products	7
29000	Manufacture of machinery and equipment	14
31000	Manufacture of electric machines	10
32000	Manufacture of radio, TV and telecommunication machines	2
33000	Manufacture of medical, precision, optical and timing machines	5
35000	Manufacture of other transport machines and equipment	3
37000	Material recycling	2
72000	Activities in computer technology	5

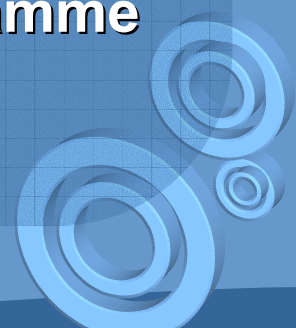
Prosperity Programme

- support of the infrastructure to strengthen the links of research and development to the industry
- business incubators, science parks, centres for technology transfer
- 16 % of means for OPIE
- grant of up to 75 % of plausible expenses
- 0.5-30 m Czk (*about 17.2 thousand EUR–1 m EUR*)
- a project not including construction
- or 3–150 m Czk (*about 103.4 thousand EUR–5.2 m EUR*) - a project including construction



Programming period 2007-13 in the CR

- the Czech Republic is divided into 8 regions on the NUTS II level, seven of them belong to Convergence Objective
- within the Convergence objective there are 15 operational programmes
- support of innovative enterprises: **Operational Programme Enterprise and Innovations (OPEI)**
- OPEI - 12 % of finances from the structural funds (3041 million EUR),
- goals of OPEI: increase the competitiveness of the Czech economy and increase the innovation performance of the industry and services
- OPEI is divided in to 15 programmes – three of them are focused on innovations: **Innovation Programme, Potential Programme and Prosperity Programme**



Innovation Programme (2007-13) – *mid-term evaluation*

Approved amount of support according to regions, the share of regions in accepted projects (31/12/2008)

Region	Number of accepted projects	Approved amount of subsidy (in million Czk)	Average subsidy per one project (in million Czk)	Share of obtained support in CR (%)	Share of total amount of subsidy (%)
South Bohemian	4	21.752	5.438	3.9	1.2
South Moravian	16	221.036	13.815	15.5	12.6
Karlovy Vary	5	114.035	22.807	4.9	6.5
Hradec Králové	11	181.461	16.496	10.7	10.3
Liberec	5	92.717	18.543	4.9	5.3
Moravian Silesian	6	120.447	20.075	5.8	6.8
Olomouc	5	94.457	18.891	4.9	5.4
Pardubice	6	119.729	19.955	5.8	6.8
Plzeň	1	27.600	27.600	1.0	1.6
Central Bohemian	19	298.833	15.728	18.4	17.0
Ústí nad Labem	5	97.053	19.411	4.9	5.5
Vysočina	9	90.643	10.071	8.7	5.1
Zlín	11	281.343	25.577	10.7	16.0
Total CR	103	1761.106	17.098	100.0	100.0

Potential Programme

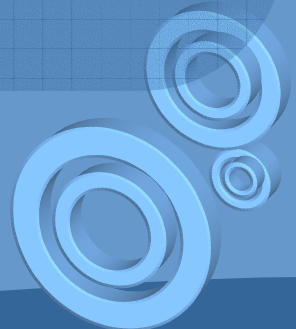
2007 - 2013

- enterprise capacities for research, development and innovative activities
- 8 % of the total financial budget for OPEI
- subsidy is 37.000–3.700.000 EUR

Prosperity Programme

2007 - 2013

- business incubators, science parks, centre for technology transfer, networks of business angels
- subsidy is 0.185–11 m EUR (a project including construction) or 0.37–1.1 m EUR (a project not including construction).



Conclusions

- Both the midterm and the final assessment of 2004–2006 and the midterm assessment of 2007–2013 show that there are considerable differences between the individual Czech regions of NUTS 3 considering the number of successful projects as well as the amount of the subsidy granted.
- Innovation policy in the CR does not really correspond with the regional policy. The most successful regions of the Innovation programs are the regions that are most developed.
- The question is whether the discrepancy we have found out is the reason to reduce the innovation support, or whether this support should be excluded from the regional policy.
- What remains to be discussed is the implementation of some regulations on providing grants which would respect the principles of the regional policy even in the area of innovations .



Thank you for your attention

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