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**Business Support within the periods
2004-2006 and 2007-2013. Programmes in
the Czech and Slovak Republics**

Iveta Černá

**Faculty of International Relations
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Business Support within 2004-2006 and 2007-2013 Programmes in Czech Republic and Slovak Republic

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Summary:

This paper compares the business support system in the Czech Republic (CR) with the one in the Slovak Republic (SR); both implemented over the EU programming periods 2004-2006 and 2007-2013. Uniquely, Objectives 1 and 2 (Objective Convergence and Regional Competitiveness and Employment) of the EU Cohesion policy are under scrutiny. Particular attention is being paid to differences in the character of the programmes, supported activities, institutional apparatus' and the rates of expenditure of available allocations. The paper also compares the business bases in both countries, classified, mainly, in line with the Frascati manual, so that the positions of the high-tech manufacturing sector and the knowledge-intensive services in regard to the low-tech sector are revealed.

Key words: business support, enterprise promotion, EU structural funds.

Podpora podnikání v České republice a Slovenské republice v rámci programů pro léta 2004-2006 a 2007-2013

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Abstrakt:

Článek se zaměřuje na srovnání systému podpory podnikání v ČR se systémem na Slovensku. Srovnání se týká pouze programů spadajících v programovacím období EU let 2004-2006 pod Cíle 1 a 2 a v období 2007-2013 pod Cíle Konvergence a Regionální konkurenceschopnost a zaměstnanost. Ve středu zájmu se nachází zejména povaha programů, oblasti podpory, institucionální aparáty a také míra čerpání disponibilních alokací. Předmět analýzy představuje také komparace podnikatelských základů v obou zemích, zejména pak dle technologické a znalostní náročnosti odvětví zpracovatelského průmyslu a služeb v souladu s Frascati manuálem. Výstupem pak je srovnání postavení high-tech oborů a znalostně náročných služeb s postavením low-tech sektorů.

Klíčová slova: podpora podnikání, strukturální fondy EU.

JEL: H25, H71, H81

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Introduction

The character and orientation of the economic policy is considered one of the determinants of the competitiveness of an economy as a whole and, as a result, of business organisations as well. The business support system, as part of the overall economic policy, shapes the performance of the businesses in the given economy. Because of the concept of the industry life cycle (Gort, Klepper 1982), when granting the business support, it is deemed important to follow the level of technology and knowledge intensity of the various branches of the manufacturing industry and services, since it is considered one of the determinants of the innovation activities and competitiveness of businesses.

After EU accession in 2004, the CR and the SR were granted access to considerable financial allocations from the EU structural funds (SF), as well as from the Cohesion fund (CF), through the *supranational programmes* that are financed by both the EU budget and national financial sources. Indeed, the allocations dedicated to the aforementioned programmes exceed largely the allocations from the so-called *national programmes* financed completely by national resources. Owing to this fact, the supranational programmes represent the key tool of enterprise promotion in both countries and, as a consequence, are the target of this paper. Indeed, special attention is paid to programmes, whose primary, and virtually exclusive, goal is to promote enterprise; i.e. the Operational Programme Industry and Enterprise (OPIE) and the Operational Programme Enterprise and Innovation (OPEI) in the case of the CR, and the Sectoral Operational Programme Industry and Services (SOPIS) and Operational Programme Competitiveness and Economic Growth (OPCEG) in the case of the SK.

Yet, not all the priorities of the aforementioned programmes are available to businesses, and hence, represent the instrument of enterprise promotion. So, in order to determine what priorities genuinely involve the business support, the '*criterion of beneficiary*' was defined – the point being whether businesses belong among the eligible beneficiaries of the aid. The above-mentioned condition is not fulfilled when examining the level of actual expenditure of EU allocations in all supranational programmes in the CR, as well as in the SR – separate data for priorities involving business support were not available.

In this paper, two economies of very similar economic, political, as well as historical backgrounds are analysed and compared. The countries used to constitute a single state, or to be part of the same state, and even after the disintegration of the federation in 1993, they stayed politically and economically close to each other. Now, again, they are part of the same grouping of States, i.e. the European Union, which results, *inter alia*, in the adoption and implementation of the programmes involving business support through the Cohesion policy. Over the shortened programme period 2004-2006 (following

EU accession), the CR and the SR had the opportunity to draw money from the SF. Because of that, both of them had to establish the institutional and programme apparatus', and also to find the ways of improving the administration process for the subsequent programme period 2007-2013. Thanks to the aforementioned facts, not only does the comparison of both systems demonstrate whether the countries opted for the same, or at least similar, system of implementation of the programmes, but it also forms the basis for the assesment of the Czech system. It can be assumed that, given the aforementioned factors, the systems of enterprise promotion, as well as the business bases, were be very analogous over the 2004-2006 period, as they also are over the period 2007-2013.

The aim of this paper is to analyse and compare the systems of business support incorporated into the supranational programmes for the CR and the SR under Objectives 1 and 2 implemented over the shortened programme period 2004-2006. Moreover, the programmes earmarked for the EU programme period 2007-2013 are under scrutiny in order to follow the changes across the programme spectra and the institutional frameworks that were introduced vis-à-vis the previous programme period. In addition, in the case of the period 2004-2006, it is possible to track the level of the actual expenditure of the allocations – if the necessary data are available, special attention is to be paid to the level of technology and knowledge intensity of the branches in which the approved projects were, or are intended to be, carried out.

Firstly, overviews of both systems for the period 2004-2006 are introduced and compared – with special attention being paid to OPIE and SOPIS. Secondly, the level of the 2004-2006 allocations actually spent (activities and sectors that were granted financial assistance), as well as the technological and knowledge intensity structure of businesses operating in both economies are examined. Thirdly, the period 2007-2013 is at the centre of interest – the nature of the programmes, their layout and also the institutional apparatus' are compared with those of the period 2004-2006.

The branches of the services and manufacturing industry, according to which, respectively, technology and knowledge intensity, are classified in conformity with so-called *Frascati manual*. The detailed methodology can be found in Český statistický úřad (2006b.). It represents the methodology developed by the OECD, and is recognized worldwide.

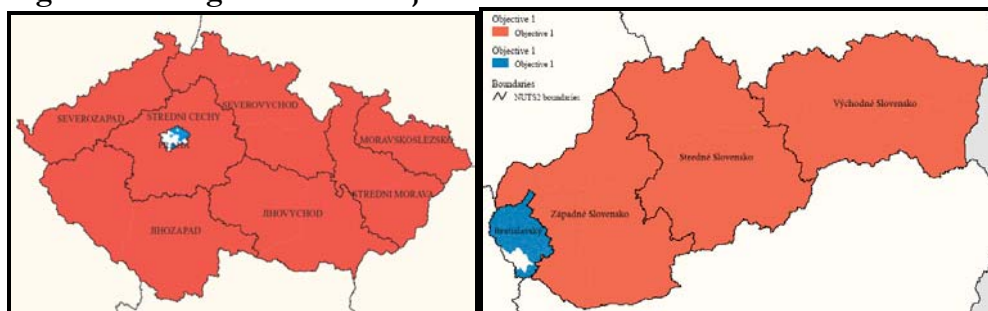
In the CR, the data concerning the branches of approved projects were available, so it was possible to classify them (i.e. the branches) into Frascati groups in line with the Frascati manual. Manufacturing industries were divided into the following four Frascati groups – high-tech (HT), medium high-tech (MHT), medium low-tech (MLT) and low-tech (LT) industries. The Frascati groups into which the services were divided are listed below – high-tech

knowledge-intensive services (HT IK), financial knowledge-intensive services (financial IK), market knowledge-intensive services (market IK), other knowledge-intensive services (other IK), market less knowledge-intensive services (market LIK) and other less knowledge-intensive services (other LIK). The data consists of approved (committed) projects and offered grants and loans, not the actual spending of allocations. In case of the SR, the aforementioned data were unavailable.

1. Overall comparison of systems implemented over the period 2004-2006

Objectives 1 and 2 played similar roles in both the CR and the SR; see Fig. 1. Assistance under Objective 1 was available all over the countries, except for the capital, or its surroundings. In the Prague region, assistance under Objectives 2 and 3 applied, while in the region of Bratislava, Bratislava itself belonged to Objective 3 and the rest to Objective 2.

Fig. 1 Areas eligible under Objectives 1 and 2 in CR and SR



Source: European Commission (2003), European Commission (2004d).

Tab. 1 SF allocations on business support in 2004-2006 in EUR, (number of business as in end of 2005)

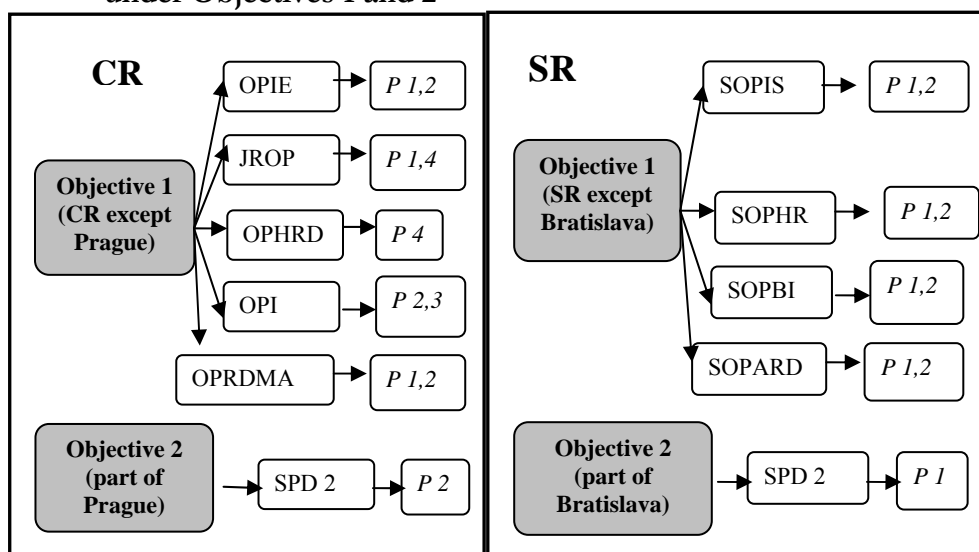
Regions in CR	Allocation 2004-2006 (million)	Allocation per business	Regions in SR	Allocation 2004-2006 (million)	Allocation per business
Obj. 1	797.3	406.3	Obj. 1	1 041.0	-
Obj. 2	15.9	37.3	Obj. 2	37.2	-
CR	813.5	340.4	SR	1 078.2	2 183,2

Source: European Commission (2004b.), Český statistický úřad (2006c.), Štrukturálne fondy pre Slovensko (2008), Štatistický úrad SR (2008a.), author's own calculations.

As far as the amount of financial allocations is taken into account, despite having a greater territorial area, the CR was granted, in absolute terms, fairly lower allocations than the SR. As a result, the allocation available per business accounts for less than one sixth of the sum that is, on average, at the disposal of each business in the SR.

In the CR there were five Operational Programmes (OP) and one Single Programming Document (SPD); whereas, in the SR, there were four sectoral operational programmes (SOP) and one SPD; see Fig. 2. Given the ‘criterion of beneficiary’, not all the priorities (P) of the programmes were instruments of business support. Indeed, in the CR, the OPIE acted as the main instrument of enterprise promotion, since that was its primary focus. In the SR, its counterpart, SOPIS played a comparable role. The position of enterprise promotion in other programme documents in both countries did not play an important role. In fact, it was, rather, a kind of ‘side effect’.

Fig. 2 Programmes¹ and their Priorities involving enterprise promotion under Objectives 1 and 2



Source: European Commission (2004b.), Štruktúrálné fondy pre Slovensko (2008), author's own elaboration.

To sum up, it can be stated that the Czech and the Slovak systems resembled each other to a considerable extent, even the names of programmes and fields of intervention were, in fact, the same. Yet, the JROP represented the only exception – the SR did not have a similar programme at its disposal; see Fig. 3.

1 OP Industry and Enterprise (OPIE), OP Human Resources Development (OPHRD), Joint Regional OP (JROP), OP Infrastructure (OPI), OP Rural Development and Multifunctional Agriculture (OPRDMA), SPD for the Objective 2 (SPD 2), SOP Industry and Services (SOPIS), SOP Human Resources (SOPHR), SOP Basic Infrastructure (SOPBI), SOP Agriculture and Rural Development (SOPARD).

Nevertheless, the promotion of services (which represented one of the main fields of interest of JRPOP) was incorporated into SOPIS.

In the period 2004-2006, both countries opted for a system based on the nationwide implementation of the programmes - except for the capital (or also its environs) where regional programmes applied. Hence, all the programmes were monothematic, i.e. each of them specialized in a very narrow field of intervention. Consequently, in each region, five (in the SR four) different programmes were available.

Fig. 3 Supported activities – distribution among programmes (2004-2006)

CR	SR
<p>OPIE → Enterprise promotion, alternative resources of energy, HR development</p>	<p>SOPIS → Enterprise promotion, tourism, alternative resources of energy,</p>
<p>JROP → Regional development, promotion of local enterprise and businesses in tourism</p>	<p>HR development</p>
<p>OPHRD → HR development Promotion of HR in businesses</p>	<p>SOPHR → Promotion of HR in businesses</p>
<p>OPI → Environment, transport infrastructure, promotion of businesses in transport sector and those using alternative energy sources</p>	<p>OPBI → Environment, transport, local infrastructure, promotion of businesses in transport sector</p>
<p>OPRDMA → Rural development, promotion of farmers, fishers, food processors</p>	<p>SOPARD → Rural development, promotion of farmers, fishers, food processors</p>
<p>SPD 2 → Regional development, promotion of local enterprise</p>	<p>SPD 2 → Regional development, tourism, SME development,</p>

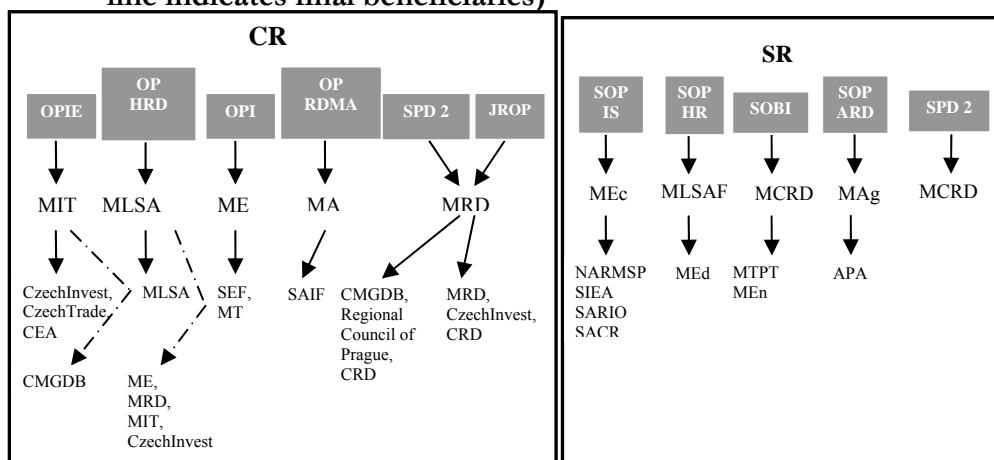
Source: Author's own elaboration.

The programme, as well as the institutional layouts of the programmes reflected the moderate division of the political, but also administrative, powers in the two countries. Thus, both of them displayed a highly centralized approach to the implementation of the programmes. The leading powers (i.e. the role of *Managing Authorities*) were in hands of ministries; the role of the *Intermediate Bodies* or the final beneficiaries (dash-dotted line) was played either by ministries or their subordinated bodies; see Fig. 4.

The CR and the SR divided powers among the ministries and institutions in practically the same way. Obviously, the ministries, and their subordinated bodies, were in charge of the administration of the same kind of programmes in the two countries.

Basically, each implementing body in the CR had its opposite number with a comparable role and character in the SR – for instance, SARIO combined the role of both, CzechInvest and CzechTrade, while CEA played the same role as SIEA etc.

Fig. 4 Institutional frameworks in CR² and SR³ in 2004-2006 (dash-dotted line indicates final beneficiaries)



Source: European Commission (2004a.), European Commission (2004b.), European Commission (2004c.), own elaboration.

As has been already stated, as far as enterprise promotion is concerned, OPIE in the CR, and SOPIS in the SR, were the key media through which the aid was implemented.

Tab. 2 indicates the eligible activities and forms of aid available within the OPIE. The OPIE involved three priorities, out of which two (Priority 3 comprised Technical assistance) were constituted by measures whereby enterprise and business were supported. Within Priority 1, which was focused on the development of the business environment, the aid always took the form of a grant. Unlike Priority 1, Priority 2 served as an instrument of direct support, since its allocation was used in order to purchase e.g. equipment, stock and so forth. In general, in the case of new small and medium-sized enterprises (SMEs) as target beneficiaries, the aid took the form of a loan. Otherwise, it took the form of a grant.

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- 2 Ministry of Industry and Trade (MIT), Ministry of Labour and Social Affairs (MLSA), Ministry of the Environment (ME), Ministry of Agriculture (MA), Ministry for Regional Development (MRD), Investment and Business Development Agency (CzechInvest), Czech Trade Promotion Agency (CzechTrade), Czech Energy Agency (CEA), Czech-Moravian Guarantee and Development Bank (CMGDB), State Agricultural Intervention Fund (SAIF), Ministry of Transport (MT), Centre for Regional Development (CRD).
 - 3 Ministry of Economy (MEc), National Agency for the Development of SMEs (NARMSP), Slovak Innovation and Energy Agency (SIEA), Slovak Investment and Trade Development Agency (SARIO), Slovak Tourist Board (SACR), Ministry of Labour, Social Affairs and Family (MLSAF), Ministry of Education (MEc), Ministry of Construction and Regional Development (MCRD), Ministry of Environment (MEn), Ministry of Transport, Posts and Telecommunications (MTPT), Ministry of Agriculture (MAg), Agricultural Paying Agency (APA)

Tab. 2 Priorities and Measures leading to business support within OPIE

Priority	Measure	Form
Priority 1 Business Environment Development	1.1 Infrastructure for industrial research, development and innovations	grant
	1.2 Development of business infrastructure	grant
	1.3 Infrastructure for HRD in industry and business services	grant
	1.4 Development of information and consulting services	grant
Priority 2 Development of Enterprise Competitiveness	2.1 Establishing and development of SMEs	loan or grant
	2.2 Support of innovation of products, technologies and services	loan or grant
	2.3 Reducing energy consumption and higher use of renewable sources of energy	grant

Source: Ministerstvo průmyslu a obchodu (2003), own elaboration.

Contrary to OPIE, the division of the priorities of SOPIS was not attributable to the nature of the aid (i.e. whether it is direct or indirect), but rather to the thematic direction of aid. Both priorities involved both, direct and indirect aid; see Tab. 3. A grant represented the only possible form of aid.

Tab. 3 Priorities and Measures leading to business support within SOPIS

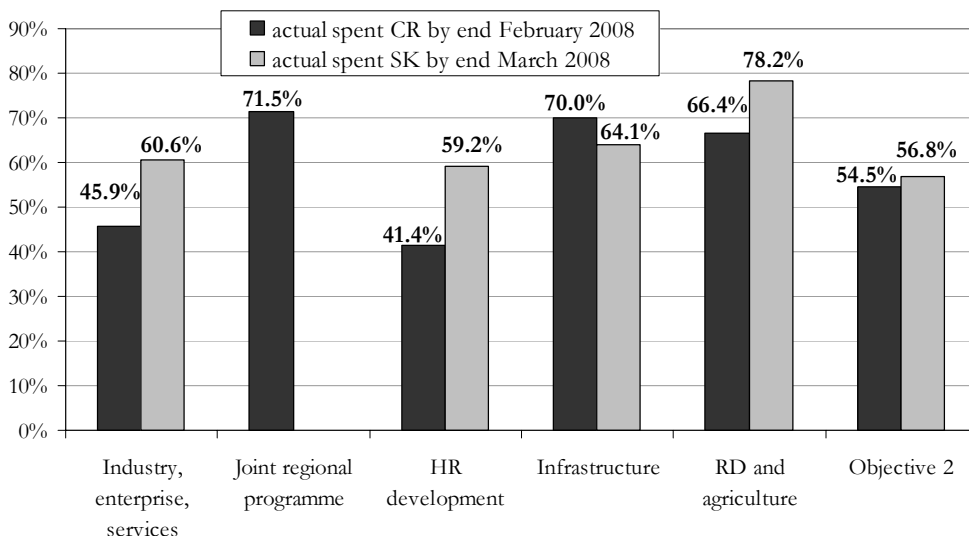
Priority	Measure	Form
Priority 1 Growth of the competitiveness of industry and services using domestic growth potential	1.1 Support for new and existing enterprises and services	grant
	1.2 Support for building and reconstruction of infrastructure	grant
	1.3 Support for business, innovation and applied research	grant
	1.4 Support for energy saving and use of renewable energy sources	grant
	1.5 Development of foreign cooperation and image of the Slovak Republic	grant
Priority 2 Development of tourism	2.1 Support for building and reconstruction of tourism infrastructure	grant
	2.2 Support for business activities in tourism	grant
	2.3 Support for promotion of tourism and creation of an information system	grant

Source: Štrukturálne fondy pre Slovensko (2008); author's own elaboration.

2. Comparison of the use of 2004-2006 allocations, structure of business bases

The chapter is divided into two parts – the comparison of the overall levels of actual expenditure of SF allocations on the one hand and the comparison of technological and knowledge intensity structure of business bases on the other.

Fig. 5 Comparison of the actual expenditure of allocations (by the end of February 2008 in the CR and by the end of March 2008 in the SR)



Source: Strukturální fondy (2008), Štrukturálne fondy pre Slovensko (2008), author's own elaboration.

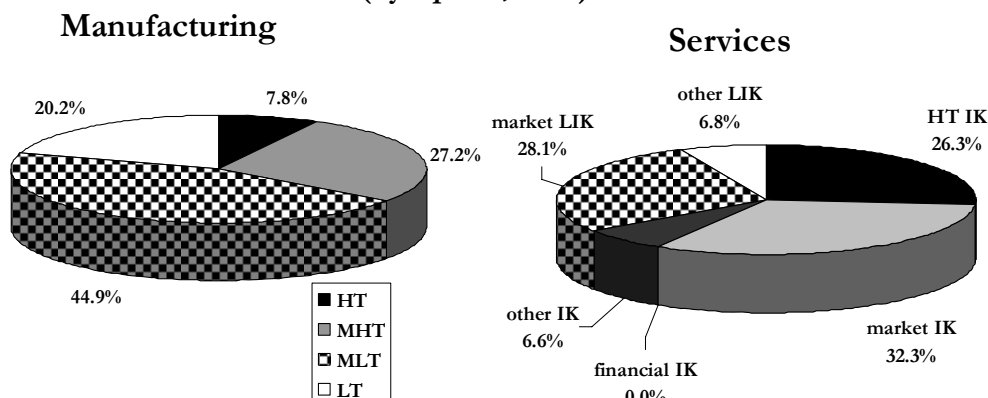
Both countries are quite far from having spent the allocations completely. In the case of OPIE and OPHRD, the level of actual expenditure stays below 50 %. In line with the 'n+2 principle', the projects approved at the end of 2006 are eligible to be granted support by the end of 2008. Due to this fact, there is still some, but very limited room for further spending.

In general, the SR is more successful in drawing available allocations. In the case of human resources development, the actual expenditure percentage even exceeds the figures concerning the CR by more than 17 percentage points. Only in the case of infrastructure projects the CR shows a higher level of the share of actual expenditure.

In general, it is seen as a very difficult task to measure the actual effects of any aid; which is considered the weak point of, *inter alia*, all State aid or aid granted under the EU Cohesion policy. The level of technology or knowledge intensity of a branch is considered to be the criterion of a certain informative value. Within the OPIE, it is possible to analyze the structure of approved projects according to the technological and knowledge intensity of the branch, in which

the project is to be carried out; see Fig. 6. (In the case of the SR, it is impossible to follow the SOPIS results in a similar way due to the lack of information about the industries into which the assistance flowed.) The financial services were not eligible to be granted an aid, which is also reflected in the picture (zero shares of financial services).

Fig. 6 The share of Frascati groups by the amount of offered grants and loans within OPIE (by April 9, 2008)



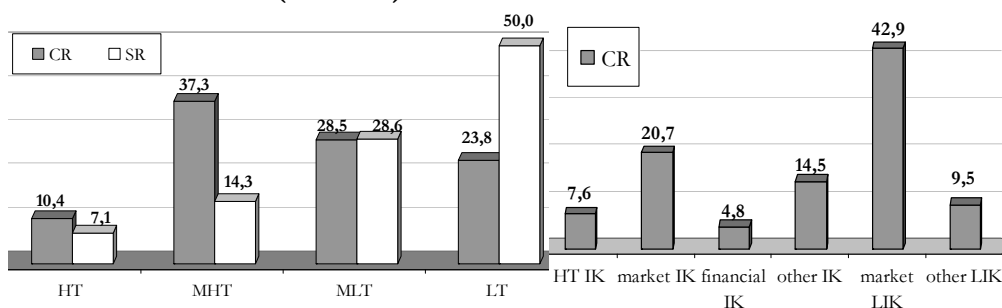
Source: CzechInvest (2008), author's own calculations.

More than 65% of aid granted flowed to either LT or MLT manufacturing industries. Approximately, a mere 8% is attributable to HT projects. As a result, a decisive majority of all aid has been allocated within sectors with a very low level of added value and a weak attitude to innovation. As for the service sector, HT KI services occupy more than 26%, accompanied by the market IK with 32% and other IK services (accounting for nearly 7%).

Indeed, the Frascati structure of projects and aid offered is highly dependent on the Frascati structure of the business base itself. The CR shows a considerably better Frascati structure in the manufacturing sector than the SR, where a half of all sales in manufacturing is generated by LT industries; see Fig. 7. (The data concerning services in the SR were not available.) Nevertheless, the share of HT and LT in drawing OPIE allocations is lower than their share in sales in manufacturing, which is to be considered a sign of inefficiency in the way business support is allocated.

Unlike the manufacturing sector, the service sector shows very satisfactory results - the share of HT KI services in the amount of offered grants and loans exceeds more than three times their share in the amount of generated gross value added in the service sector as a whole. A similar situation can be observed in the case of market KI services. The market LIK services and the other IK services show opposite trends.

Fig. 7 The share of Frascati groups in sales (manufacturing) and gross value added (services) in 2006



Source: Český statistický úřad (2006a.), Ministerstvo průmyslu a obchodu (2006), Štatistický úrad SR (2008b.), author's own calculations.

3. Overall comparison of systems implemented over period 2007-2013

In the period 2007-2013, the vast majority of the territory is, in both countries, covered by Objective Convergence (hereafter: Objective C), whilst, either, only the capital itself (the case of the CR) or the capital and its surroundings (the case of the SR) belong to Objective Regional Competitiveness and Employment (hereafter: Objective RCE); see Fig. 8.

Fig. 8 Areas eligible under Objectives C and RCE in the CR and the SR



Source: European Commission (2006), European Commission (2007).

In the period 2007-2013, the SR remains more underdeveloped than the CR. Thus, its allocation per business exceeds that of the CR, even though the allocation of the CR in total is higher than that of the SR; see Tab. 4. It is also attributable to the fact, that the number of businesses in the CR is more than four times higher than in the SR (approx. 2.37 mil.: 0.53 mil.).

Yet, not all supranational programmes can be considered genuine instruments of enterprise promotion, since sometimes the role of businesses as beneficiaries is either nil, or negligible – in both the CR and the SR three programmes are excluded - OP Technical Assistance, Integrated OP, OP Research and

Development for Innovation in the CR, and OP Technical Assistance, OP Healthcare and OP Informatisation of Society in the SR.

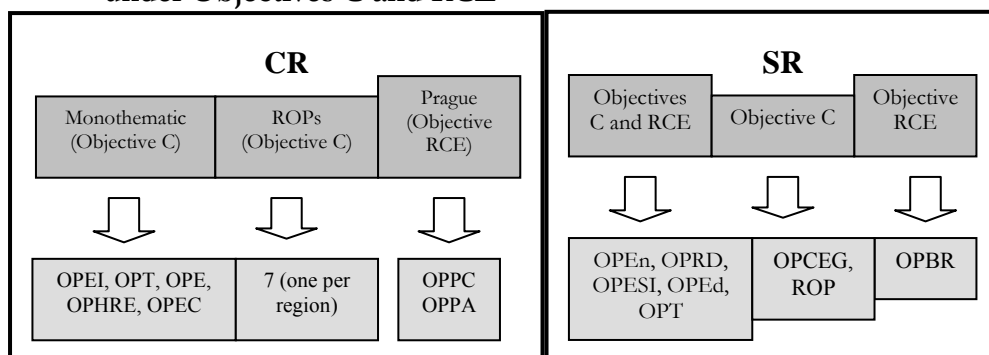
Tab. 4 SF and CF allocations for business support in 2007-2013 in EUR, (number of businesses at the end of 2005)

Regions in CR	Allocation 2007-2013 (million)	Allocation per business	Regions in SR	Allocation 2007-2013 (million)	Allocation per business
Obj. C	11 738,5	5 981,9	Obj. C	9 932.9	-
Obj. RCE	329,9	774,1	Obj. RCE	87.0	-
CR	12 068,4	5 052,7	SR	10 019.9	20 288.5

Source: European Commission (2006), European Commission (2007), Český statistický úřad (2006c.), Štatistický úrad SR (2008a.), author's own calculations.

The regional layout of programmes involving business support is very dissimilar; see Fig. 9.

Fig. 9 Regional layout of programmes⁴ involving enterprise promotion under Objectives C and RCE



Source: Strukturální fondy (2008), Štrukturálne fondy pre Slovensko (2008), author's own elaboration.

In the SR, there is an obvious centralized approach to the administration of the system – a majority of the instruments are monothematic, nationwide programmes (except for OPBR, which is implemented uniquely in the Bratislava region under Objective RCE and also ROP and OPCEC. These are

⁴ OP Enterprise and Innovation (OPEI), Regional Operational Programmes (ROPs), OP Transport (OPT), OP Environment (OPE), OP Human Resources and Employment (OPHRE), OP Education for Competitiveness (OPEC), OP Prague Competitiveness (OPPC), OP Prague Adaptability (OPPA); OP Competitiveness and Economic Growth (OPCEG), OP Environment (OPEn), OP Research and Development (OPRD), OP Employment and Social Inclusion (OPESI), Regional OP (ROP), OP Bratislava Region (OPBR), OP Education (OPEd), OP Transport (OPT).

implemented in the whole SR except for the Bratislava region, i.e. only in Objective C regions).

Unlike the SR, in the CR a strict division of programmes according to the Objective is observed. There are two programmes destined only for Prague, 7 ROPs (one per each Objective C region) and five monothematic programmes implemented on a nationwide basis in Objective C regions only (i.e. Prague is excluded).

Both countries show very similar fields of intervention and also their distribution among programmes; see Fig. 10. OPEI and OPCEG play comparable roles – both are key instruments of business support. Again, the other programmes are not primarily targeted at the promotion of enterprise.

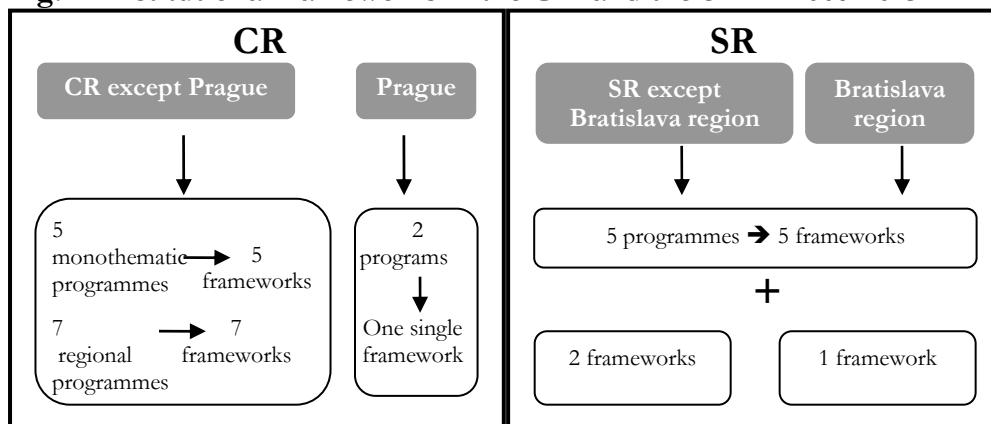
Fig. 10 Supported activities in CR and SR – distribution among programmes in 2007-2013

CR		SR	
OPEI →	Wide range: innovation, business sites and premises, business finance, patents, ICT, counselling, eco energy, technology transfer, internationalization	OPCEG →	Wide range: innovation, technology transfer, tourism, business support services, business sites and premises, e-business, business finance, patents, energy savings, internationalization
Other monothematic programmes →	collaborative research, HR, environmental protection, R&D commercialization, infrastructure	Nationwide programmes →	Environment, R&D, ICT, education, transport infrastructure, HR development,
Programmes for Prague →	Innovation and enterprise, commuting, HR development	Regional programme →	Regional development
Regional programmes →	Tourism, commuting, regional development, business environment	Bratislava region programme →	Infrastructure, cultural potential, tourism and education infrastructure, heritage funds

Source: own elaboration.

The institutional apparatus' reflect the regional layout of programmes; see Fig. 11. In the CR, there are six different institutional frameworks in each Convergence region, while there is only one framework in Prague. On the other hand, in the SR, there are seven frameworks operating in the Objective C regions and six apparatus' in the Objective RCE region. Thus, in overall terms, the Slovak system seems to be more complicated and less user-friendly than the Czech one, even though there are only eight programmes implemented (compared to fourteen programmes in the CR).

Fig. 11 Institutional frameworks in the CR⁵ and the SR⁶ in 2007-2013



Source: Strukturální fondy (2008), Štrukturálne fondy pre Slovensko (2008), author's own elaboration.

Compared to OPIE, its successor, OPEI involves all the fields of intervention of its predecessor, and, in addition, some new fields, such as support of patent activities; see Tab. 5.

Tab. 5 Business support within OPEI

Priority Axis	Main fields of intervention
1 Creation of firms	Purchase and reconstruction of real estate; purchase of equipment, intellectual property and stock
2 Expansion of firms	Purchase and reconstruction of real estate, equipment; purchase of intellectual property, stock, or of undertakings facing bankruptcy; ICT, clusters
3 Effective energy	Use of alternative sources of energy, energy savings
4 Innovation	Innovation, patents, industrial R&D centres
5 Business and innovation climate	creation of clusters, poles of excellence, collaborative research, (re)construction of training centres, industrial parks and business sites and premises, purchase of their equipment, technology transfer; creation of business angels networks, technology parks
6 Business support services	Creation of register of consultants; development of education, information and counselling services; internationalization, strategic and high-tech services

Source: Strukturální fondy (2008), author's own elaboration.

5 MIT, MLSA, Ministry of Education, Youth and Sports, ME, MT, regional councils.

6 MCRD, MEc, MEn, MED, MLSAF, MTPT, Government Office (GO). Information on intermediate bodies in the SR are not fully available.

As far as OPCEG is concerned, the fields of intervention are genuinely identical to those of SOPIS; see Tab. 6. In general, both countries have very similar programmes at their disposal. Yet in the SR, particular attention is paid to tourism.

Tab. 6 Business support within OPCEG

Priority Axis Rise in the competitiveness of industry and services via the development of home growth potential
Support for new and existing enterprises and services
Support for building and reconstruction of infrastructure
Support for business, innovation and applied research
Support for energy saving and use of renewable energy sources
Development of foreign cooperation and the image of the SR
Priority Axis Development of tourism
Support for building and reconstruction of tourism infrastructure
Support for business activities in tourism
Support for promotion of tourism and creation of an information system

Source: Štruktúrálné fondy pre Slovensko (2008), own elaboration.

Although the position of grants in both countries remains apparently dominant, the alternative forms of aid (favourable credits, etc.) are increasingly gaining ground.

Conclusion

The comparison of programme spectra, institutional frameworks and expenditure rates in the CR and in the SR has been accomplished. The CR and the SR showed similar approaches to programme administration and institutional frameworks over the period 2004-2006. In both countries, Objective 1 of the EU Cohesion policy supplied the criterion according to which the layout of the programmes was established. However, in the period 2007-2013, important changes were introduced. The CR's system turned into a hybrid of nationwide and regional programmes, whereas the SR uses the system which is based on nationwide programmes irrespective of the Objective; see Tab. 7.

In either country, the system underwent further fragmentation of the competence of the implementing bodies and the programme spectrum. In the case of the SR, the system seems to be even less user-friendly than the Czech system due to the higher number of institutions involved, mainly in the capital city and its surroundings.

As has been proven, the OPIE unfortunately fails to promote mainly the innovative and promising manufacturing sectors with higher added value represented mostly by HT and also MHT. Indeed, the structure of the projects is primarily determined by the structure of the business base, but in the case of, e.g. HT, their stake in the grants and loans offered is even lower than their share in the sales of the manufacturing sector. The CR shows better Frascati structure in the manufacturing industry than the SR, though.

Tab. 7 Summary of crucial differences and similarities

	CR	SR
Position of Objectives	Stable key role of Objective 1 (Objective C)	Stable key role of Objective 1 (Objective C)
Spectrum of programmes	‘Hybrid system’ of nationwide monothematic and regional programmes (‘Objective-sorted’)	System of monothematic programmes (‘thematically-sorted’) complemented by regional programmes
Institutions in 2007-2013	6 frameworks in each region (1 -2 frameworks in Prague)	6 or 7 apparatus’ in each region
Level of user-friendly approach	Considered limited, fragmentation of aid into many programmes	Considered to be very limited, dispersion of aid into many programmes
Main changes in 2007-2013 vis-à-vis 2000-2006	Considerable; creation of regional programmes even outside Prague, rise in number of programmes and frameworks	Considerable; creation of ‘Objective-mixed’ programmes, rise in number of programmes and frameworks

Source: Author’s own elaboration.

Both business support systems were subject to considerable changes, apparently due to the lack of experience in implementing Cohesion policy tools. As for the actual expenditure of allocations, it turns out that in overall terms, the CR is less successful in drawing money from the EU budget than the SR. Still, it seems that both countries are not capable of drawing available allocations in their full amount. However, it is likely that the rate of actual expenditure of allocations will be higher in the current period, because businesses will have more time to improve their experience in submitting viable projects.

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