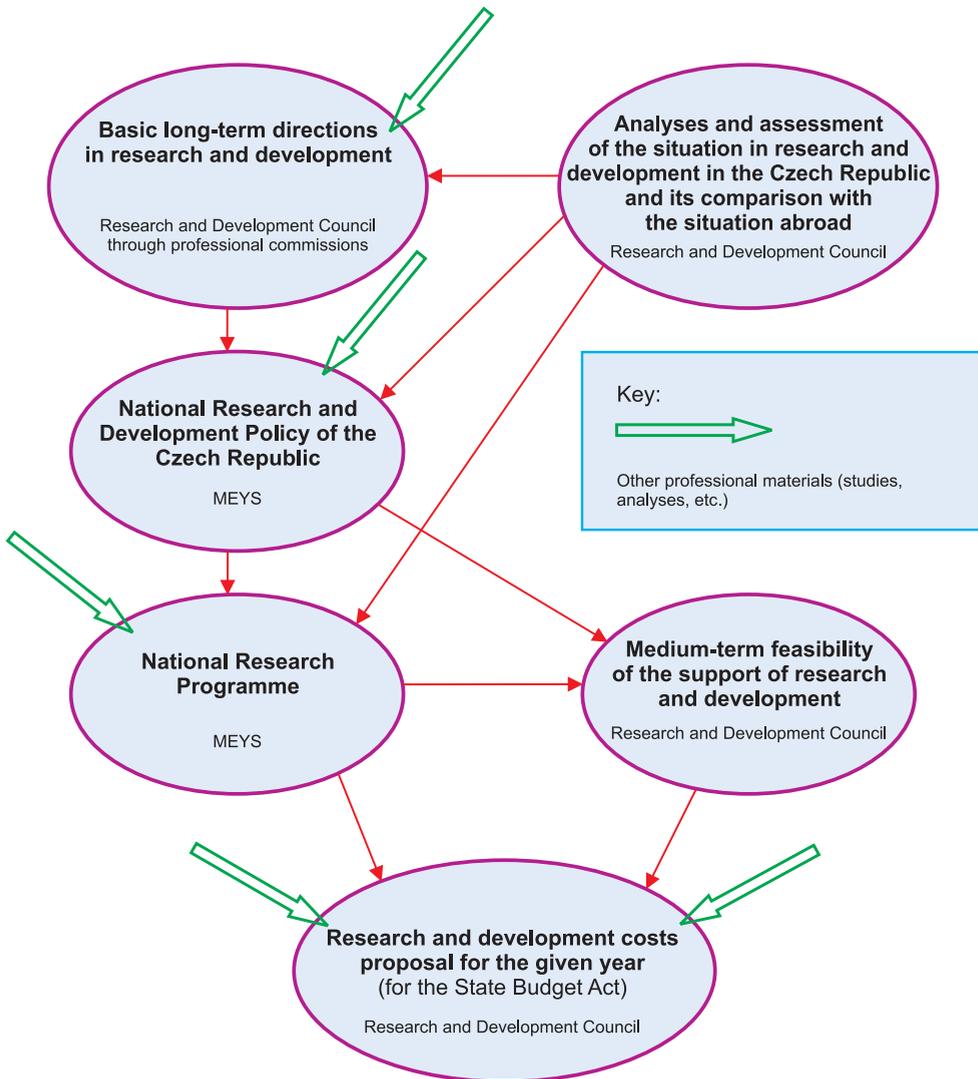


4. CURRENT SYSTEM OF THE STATE SUPPORT IN RESEARCH AND DEVELOPMENT

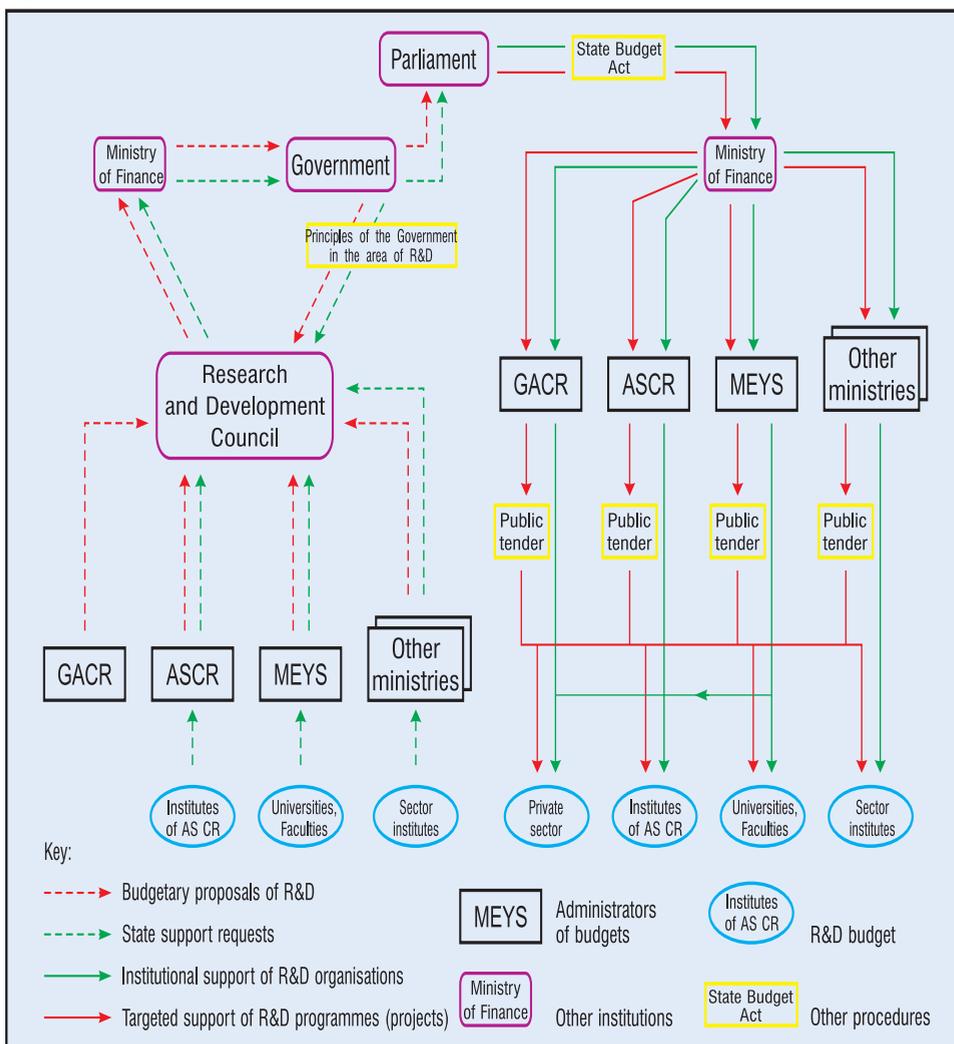
The basic mechanism of support of R&D from public funds is presented in **Fig. 1**. The main activities are mentioned together with their gestors. The system of the public support of R&D in the Czech Republic is much decentralised. In fact, all ministries and the central administration support R&D within their budgetary chapters. The Ministry of Education, Youth and Sports (MEYS) and the Research and Development Council (RDC) are the most important for the system.

Fig. 1 Basic steps (stages) in the preparation of the support of research and development from public funds, according to the Research and Development Support Act No. 130/2002 Coll.



The actual information about individual activities is in Chapter 5. This Chapter 4 provides for more detailed description of the R&D funding from public funds and describes the principles in this public support. There are also mentioned issues of the R&D assessment and the strengthening of the dependency of the provided support on achieved results. Processes of the preparation of the state budget and the provision of public support are described in **Fig. 2**. The left part of the figure shows the preparatory stage of the state budget – from suggestions by the administrators of individual budgetary chapters (GA CR, AS CR, and sectors) to the approval of the budget by Parliament. It is clear that the most important role in the creation of the research and development budget is played by the Research and Development Council, while the Ministry of Finance is the most important in proposing the final level of the budget. The Ministry of Finance assigns funds to individual administrators of the budgetary chapters after the state budget is approved by Parliament.

Fig. 2



The cycle presented in **Fig. 2** lasts usually for about one year. Proposals for individual budgetary chapters are prepared for each following year in the period May–July in the given year and the assigned funds are available in the period March–June in the following year.

The state support of research and development is provided for in two forms:

a) As target-oriented funding, i.e. the support of research projects (the red lines in **Fig. 2**):

- The support of “grant projects”, i.e. the projects proposed by natural or legal persons,
- The support of “programme projects”, i.e. the projects fulfilling programmes announced by the providers. Programmes are proposed and announced by administrators of the budgetary chapters and assessed by the Research and Development Council. They are approved by the government,
- In the form of “public contracts”, i.e. the projects, in which the state administration determines parameters of results. As the state is the only user, public tenders are announced in accordance with the Act No. 40/2004 Coll.

The administrators of the state budgetary chapters assign target-oriented funds in two ways:

- As subsidies assigned to legal and natural persons and by funding activities of allowance and budgetary organisations undertaking the projects, the results of which are determined for publicising, for needs of the state administration bodies, or for more users,
- As loans (the returnable financial aid) to legal and natural persons undertaking projects, the results of which are determined for a single user only (with the exception of results determined for needs of the state administration bodies).

Details about the provision of target-oriented support are described in the government Resolution No. 461/2002 Coll. on the target-oriented support of research and development from public funds and about public tenders in research and development¹.

b) As institutional funding, i.e. the provision of institutional funds for research intentions, specific research at universities, or for selected activities within the international co-operation of the Czech Republic in R&D.

The original wording of the Act No. 130/2002 Coll. on the public support of R&D and about its implementation regulations required that only public universities, military and police academies, allowance organisations, and organisation units of the Czech Republic could ask for the institutional support of research intentions².

As from 2004, legal persons from the private sector can also ask for the institutional support, when they fulfil certain conditions. The most important limiting conditions are as follows: The activity, the relevant subject is involved in, must be registered in the articles of partnership, or in a similar document, all profit after

¹ The full wording is available at the address www.vyzkum.cz in the part Research and Development Legislature. The English version is also available at that address.

² The full wording is available at the address www.vyzkum.cz in the part Research and Development Legislature. The English version is also available at that address.

tax and contributions to the funds established in the law (e.g. the reserve fund) must be again invested in R&D.

The details are in the government Resolution No. 462/2002 Coll. on the institutional support of R&D from public funds and on the assessment of research intentions.

The “Proposal of expenditures from the state budget for research and development in 2006, with the outlook for the period 2007 and 2008” has been prepared in the way presented in the left side of **Fig. 2**. This Proposal was presented to the government by the Research and Development Council in June 2005 and it was approved by the government Resolution No. 822 of 29 June 2005.

The government Resolution No. 1131 of 7 September 2005 approved the Czech State Budget Act proposal for 2006, including the budgetary documentation and the proposal of the medium-term expenditure plan for research and development for 2007 and 2008 as suggested by the Council.

The total expenditure volume related to research and development in 2006 has reached the level of CZK 18 167 883 thousand, i.e. 0.58 % GDP (the year-on-year increase 2006/2005 is CZK 1.8 billion). The approved expenditures for 2007 are at the level of CZK 22 439 568 thousand, i.e. 0.66 % GDP (the year-on-year increase 2007/2006 is CZK 4.2 billion) and the expenditures for 2008 are at the level of CZK 25 778 505 thousand, i.e. 0.72 % GDP (the year-on-year increase 2008/2007 is CZK 3.4 billion).

The effort within the increasing expenditures in research and development, which belong among the government priorities, aim especially at the support of target-oriented expenditures going to the applied research co-funded from other than public sources.

The increases in expenditures in R&D do not guarantee that high quality results for the benefit of the economy and the society will be achieved. RDC in co-operation with MEYS prepared a proposal for the R&D assessment on the basis of long-term discussions and studies. The proposal was approved by the government in its Resolution No. 644 on 22 June 2004. The Resolution presented a number of tasks, including the preparation of a more detailed assessment methodology, the assessment of all R&D programmes finished in 2002 and 2003, etc³. The detailed R&D assessment methodology was prepared by RDC in co-operation with MEYS in 2005. The methodology was approved in the meeting of RDC on 9 September 2005 and distributed to the individual sectors supporting R&D from their budgets. The objective of the assessment of results achieved in the research and development supported with public funds is to determine the level of provided funds, according to the scope, quality, and potential benefit of the achieved results. The assessment increases the pressure on the result improvement with regard to scientific releases for the press, or the number of usable results, including the number of patents, and thus the gaining of a higher benefit for the Czech economy.

The requirements related to the increased demands and the assessment objectivity resulted, inter alia, from the concluded assessment of R&D programmes finished in the period 2000–2003. The findings have shown the following: Shortcomings in the establishing programme objectives (not specific and demanding), the terms and criteria

³ All government resolutions are available at the address www.vlada/vlada/cinnostvlady_usneseni.htm.

of public tenders did not correspond with the programme objectives and focuses, and the fund providers (the programme gestors) often did not control and assessed the finished programmes. The relatively best situation in R&D programmes existed in the MIT sector.

The government discussed the R&D programme assessment and issued the Resolution No. 432 on 13 April 2005. It asked for the preparation of provisions, which should remove the shortcomings, and making them parts of the improved assessment methodology. The methodology must be strictly observed⁴.

The demanding, objective and transparent R&D assessment principles and the strengthening of the dependency of the provided public support on achieved results become increasingly more important in the Czech Republic as it happens also in other countries. The assessment utilises databases of the progressively improving R&D information system administered by the Office of the Government of the Czech Republic. Details of this system are in the government Directive No. 267/2002 Coll. on the research and development information system⁵.

⁴ All government resolutions are available at the address www.vlada/vlada/cinnostvlady_usneseni.htm.

⁵ The full wording is available at the address www.vyzkum.cz in the part Research and Development Legislation. The English version is also available at that address.