

Report from the Czech Republic in accordance with Article 9 of the

SGEI Decision and paragraph 62

of the SGEI Framework

Office for the Protection of Competition
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Introduction

Commission Decision 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest (SGEI Decision) is applied in the Czech Republic at all levels of public administration. It is used most often at regional or local level, which is associated with ensuring the compatibility of support for those organisations that are regional or local bodies founded or set up to provide services of public interest for citizens within their catchment area. Since 2015 there has been a noticeable increase in support provided under the SGEI Decision in the social sphere, resulting from the introduction of a single system for financing social services in line with the SGEI Decision globally in the Czech Republic.

As regards content, it should be clarified that the report does not contain data relating to the implementation of Commission Notice - European Union **Framework** for State aid in the form of public service compensation (SGEI Framework), since, in the period under scrutiny, no aid payments were made on its basis¹.

Report structure

The Report is divided into four parts. Part one contains an overview of the aggregate expenditure granted in the Czech Republic under the SGEI Decision in the individual years of the period under review. The second part is more extensive and contains information on the individual sectors, with a section devoted to each. This part is therefore divided into a total of ten sections describing the situation in the following sectors: hospitals (1); social services – health and long term care (2); social services – childcare (3); social services – access to and reintegration into the labour market (4); social services – social housing (5); social services – care and social inclusion of vulnerable groups (6); social services – other (7); airports and ports (8); and compensation not exceeding EUR 15 million: culture (9); other sectors (10).

The report does not contain sectors that were not supported at all on the basis of the SGEI Decision in the period under review².

As already described above in respect of the non-application of the SGEI Framework, there are no sections included in this report which would be exclusive to this legislation. Nor does the report contain data on compensation for air or maritime links to islands, in view of the Czech Republic's geographical location, which in itself excludes any potential application in this area.

The following two parts summarise the statements obtained from compensation grantors concerning complaints submitted to them (3) and on various issues related to the application of the SGEI Decision (4).

¹ The Czech Republic had two aid measures approved in 2018 with reference to the above Notice, by Commission Decisions in Joined Cases SA.45281 and SA.44859 and in Case SA.47293. In both cases the aid is yet to be paid out.

² Postal services, energy, waste collection, water supply, financial services.

For all parts of the report an exchange rate of **CZK 25.50 to the euro** was applied for the purposes of establishing the amount of aid granted in EUR.

The report respects the format set out in the Commission letter of 8 February 2018.

1. Expenditure overview

Total SGEI government expenditure (millions EUR)		
	2016	2017
Compensation for Services of General Economic Interest (1+2)	631.7	782.6
1) Compensation granted on the basis of the SGEI Decision	631.7	782.6
2) Compensation granted on the basis of the SGEI Framework	0	0

Amounts of public aid granted under the SGEI decision (in EUR) in individual sectors in 2016 and 2017

Sectors	Amount of aid (in EUR)	
	2016	2017
Hospitals	52 187 645.90	65 982 655.46
Health and long term care	56 053 501.98	67 985 788.37
Childcare	4 479 185.84	4 668 535.93
Access to and reintegration into the labour market	9 030 467.59	10 872 604.45
Social housing	1 008 006.16	1 221 739.06
Care and social inclusion of vulnerable groups	166 041 876.27	207 642 429.93
Other social services	279 542 167.48	353 761 135.51
Airports and ports	1 050 817.46	1 113 096.06
Culture Compensation not exceeding an annual amount of EUR 15 million	15 130 624.20	16 654 599.09
Other sectors Compensation not exceeding an annual amount of EUR 15 million ³	47 163 248.71	52 745 739.76

For other sectors not set out in the table no compensation was granted in the period under review.

2. Description of the 2012 SGEI Decision application

- 2.1 Hospitals**
- 2.2 Social services – health and long term care**
- 2.3 Social services – childcare**
- 2.4 Social services – access to and reintegration into the labour market**
- 2.5 Social services – social housing**
- 2.6 Social services - care and social inclusion of vulnerable groups**
- 2.7 Social services – other**
- 2.8 Airports and ports**
- 2.9 Compensation not exceeding EUR 15 million - CULTURE**
- 2.10 Compensation not exceeding EUR 15 million - OTHER SECTORS**

2.1 Hospitals

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Contents of services entrusted as SGEI:

out-patient care/in-patient care including aftercare and long-term/out-patient care in the field of biochemistry (laboratory)/provision of social services that in-patient facilities can provide;
 comprehensive care in hospices;
 medical emergency service/emergency service in outpatients' departments;
 emergency dental services; emergency pharmaceutical care; occupational medicine; forensic medicine;
 provision and organisation of institutional and out-patient primary and specialised diagnostic care and medical treatment, including prevention;
 provision of library and information services of a scientific information centre;
 specialised bookshops for the general public;
 provision of healthcare services in onco-gynaecology;
 provision of highly specialised care in the field of cardiovascular care;
 provision of healthcare consisting in urgent acute in-patient and out-patient hospital care;
 operation of the following departments and wards: medical ward; surgery ward; obstetrics and gynaecology; paediatrics and neonatal; anaesthesiology-resuscitation; hospice; after-care beds; multidisciplinary intensive care unit; oncology; orthopaedics; urology; neurology; ENT; rehabilitation; psychiatry; healthcare transport service; radiotherapy; dermatology; clinical haematology and blood bank;
 healthcare service and coordination activities;
 social services provided in hospital in-patient facilities; emergency telephone line;
 emergency medical first aid stations;
 addressing the need for protecting and developing healthcare; healthcare for citizens; other services related to the provision of healthcare; the creation of operational and technical conditions for the provision of healthcare by other entities;
 provision of drug and alcohol addiction treatment centres

(Typical) forms of entrustment:

Contract (including a legal document for agreeing on the entrustment of another entity)
 Founding charter
 Decisions

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

6.1 years
 0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

Aid instruments used (direct subsidies, guarantees, etc.):

subsidy
non-financial support
founder's contribution
payment/direct payment
increase of share capital

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):

Compensation mechanism:

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation, including refunds of overpayments.

Methodology used:

Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

There are regular and ongoing checks throughout the duration of the commitment. Beneficiaries must keep separate accounts and return the amount exceeding net costs to the client.

How the transparency requirements for aid above 15 million euro are being complied with:

- (payments above 15 million euro were not granted in the sector under review)

Hospitals		
Reporting period	2016	2017
Amount of aid granted per aid grantor (millions EUR)		
-central authorities	0.73	7.83
- regional authorities	50.65	57.69
- local authorities	0.81	0.46
TOTAL AID	52.19	65.98
Average aid amount (millions EUR)	0.51	0.65
Number of beneficiaries by size		
- small enterprise	8	8
- medium-sized enterprise	30	28
- large enterprise	64	66
Number of beneficiaries - total	102	102
Share of expenditure per aid instrument (%)		
subsidy	40.8	43.2
founder's contribution	14.5	16
non-financial support	22.11	19
repayment/direct payment	21.99	21.2
increase of share capital	0.6	0.6

2.2 Social services – health and long term care

Clear and comprehensive description of how the respective services are organised in the Czech Republic

Contents of services entrusted as SGEI:
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day care centres;
home hospices - respite care in the field;
home for people with disabilities;
elderly people's home;
home with a special regime;
hospice;
sheltered housing;
comprehensive care in hospices;
mobile hospice;
community social and health services;
expert social advice;
respite care;
personal assistance;
other mobile and outreach social services;
raising awareness about hospice care in the home;
care services;
advice centre for carers;
provision of mobile healthcare and hospice care;
leasing of rehabilitation and mobility aids;
social-activation services for elderly people and people with physical disabilities/cafes;
design work, operational costs;
social-therapy workshops;
social counselling;
social prevention;
social rehabilitation;
therapeutic communities;
hospices in the field;
emergency care, emergency telephone line;
week-day centres

(Typical) forms of entrustment:

Contract/agreement (including a legal act agreeing on the entrustment of another entity)
Founding charter
Decisions

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

1.3 years

0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

Aid instruments used (direct subsidies, guarantees, etc.):

subsidy

founder's contribution

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):

Compensation mechanism:

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation, including refunds of overpayments.

Methodology used:

Cost allocation method

The arrangements for avoiding and recovering any overcompensation:

For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. This also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return any amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (no payments above 15 million euro were granted in the sector under review)

Social services – health and long term care		
<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted according to aid grantor (millions EUR)</i>		
-central authorities	3.71	4.8
- regional authorities	42.65	52.8
- local authorities	9.7	10.39
TOTAL AID	56.05	67.99
<i>Average aid amount (millions EUR)</i>	<i>0.14</i>	<i>0.17</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	187	193
- medium-sized enterprise	181	186
- large enterprise	29	30
Number of beneficiaries - total	397	409
<i>Share of expenditure per aid instrument (%)</i>		
subsidy	83.6	84.9
founder's contribution	16.4	15.1

2.3 Social services – childcare

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Subject of services provided as SGEI:

activation services for families with children;
 support, mediation and therapy centre;
 shelter for mothers with children;
 day care centres;
 contact centres;
 emergency assistance;
 child-parent centres;
 low-threshold facilities for children and young people;
 professional counselling;
 respite care;
 personal assistance;
 care for children and mothers;
 support for families and children;
 early care;
 family centres - activation for families with children;
 activation services for families with children;
 social rehabilitation;
 emergency telephone line;
 therapeutic programmes;
 assistance services in the field;
 programmes in the field;
 health and social care and education for socially or physically handicapped children, including institutional care

(Typical) forms of entrustment:

Contract (including a legal act agreeing on the entrustment of another entity)

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

1.4 years
 0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

Aid instruments used (direct subsidies, guarantees, etc.):

subsidy
founder's contribution

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):*Compensation mechanism:*

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation, including refunds of overpayments.

Methodology used:

Cost allocation method

The arrangements for avoiding and recovering any overcompensation:

For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return any amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with: -
(no payments above 15 million euro were granted in the sector under review)

Social services – childcare		
<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted according to aid grantor (millions EUR)</i>		
-central authorities	0.78	1.18
- regional authorities	2.00	2.38
- local authorities	1.70	1.10
TOTAL AID	4.48	4.67
<i>Average aid amount (millions EUR)</i>	<i>0.02</i>	<i>0.02</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	147	161
- medium-sized enterprise	31	34
- large enterprise	3	4
Number of beneficiaries - total	181	199
<i>Share of expenditure per aid instrument (%)</i>		
subsidy	80.4	96.1
founder's contribution	19.6	3.9

2.4 Social services – access to and reintegration into the labour market

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Contents of services entrusted as SGEI:

shelters, hostels;
day care centres;
half-way houses;
sheltered housing;
sheltered workshops;
intervention centres;
intervention centre;
contact centres;
low-threshold facilities for children and young people;
expert social counselling and social rehabilitation;
support for independent living;
early care;
after-care services;
social activation services;
social therapy workshops;
social rehabilitation;
therapeutic communities;
outreach programmes;
interpreting services;
creation of temporary work opportunities for long-term jobseekers, provision of socially beneficial jobs (cleaning and maintenance of public and green spaces, public buildings and roads and other similar activities that benefit the municipality or State or other community institutions located in the municipality)

(Typical) forms of entrustment:

Contract (including a legal act agreeing on the entrustment of another entity)

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

2.1 years
0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

Aid instruments used (direct subsidies, guarantees, etc.):

subsidy
founder's contribution
public tender

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):

Compensation mechanism:

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.

Methodology used:

Cost allocation method

The arrangements for avoiding and recovering any overcompensation:

For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. This also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (no payments above 15 million euro were granted in the sector under review)

Social services – access to the labour market		
Reporting period	2016	2017
Amount of aid granted per aid grantor (millions EUR)		
-central authorities	0.18	0.26
- regional authorities	8.43	10.16
- local authorities	0.42	0.46
TOTAL AID	9.03	10.87
Average aid amount (millions EUR)	0.05	0.06
Number of beneficiaries by size		
- small enterprise	120	120
- medium-sized enterprise	49	49
- large enterprise	6	6
Number of beneficiaries - total	175	175
Share of expenditure per aid instrument (%)		
subsidy	63.8	59.2
founder's contribution	35.9	40.5
public tender	0.3	0.3

2.5 Social services – social housing

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Contents of services entrusted as SGEI:

shelters, hostels;
 day care centres for people with health problems/elderly people;
 homes for mothers with children in need;
 home for people with disabilities;
 elderly people's home;
 home with a special regime;
 half-way houses;
 sheltered housing;
 intervention centres;
 contact centres;
 emergency assistance;
 low-threshold day centres;
 respite care;
 personal assistance;
 support for independent living;
 social-therapy workshops;
 social prevention;
 social rehabilitation;
 outreach programmes

(Typical) forms of entrustment:

Contract (including a legal act agreeing on the entrustment of another entity)
 Founding charter

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

2.2 years
 0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

Aid instruments used (direct subsidies, guarantees, etc.):

subsidy
 founder's contribution
 indirect financial support

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):

Compensation mechanism:

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.

Methodology used:

Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. This also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (no payments above 15 million euro were granted in the sector under review)

Social services – social housing		
<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted per aid grantor (millions EUR)</i>		
-central authorities	-	-
- regional authorities	0.48	0.63
- local authorities	0.53	0.59
TOTAL AID	1.01	1.22
<i>Average aid amount (millions EUR)</i>	<i>0.01</i>	<i>0.02</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	48	48
- medium-sized enterprise	20	20
- large enterprise	3	3
Number of beneficiaries - total	71	71
<i>Share of expenditure per aid instrument (%)</i>		
subsidy	56.6	51.8
founder's contribution	42.8	47.7
indirect financial support	0.6	0.5

2.6. Social services - care and social inclusion of vulnerable groups

Clear and comprehensive description of how the respective services are organised in the Czech Republic

Contents of services entrusted as SGEI:
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shelters, hostels;
day care centres;
homes for people with disabilities;
elderly people's homes;
homes with a special regime;
half-way houses;
sheltered housing;
intervention centres;
contact centres;
emergency assistance;
low-threshold facilities for children and young people;
professional social counselling;
respite care;
personal assistance;
care services;
early care;
after-care services;
social-activation services for elderly people and people with disabilities;
social-activation services for families with children;
social-therapy workshops;
social rehabilitation;
social services provided in hospital in-patient facilities;
emergency telephone line;
therapeutic communities;
outreach programmes;
emergency care;
interpreting services;
week-day centres

(Typical) forms of entrustment:

Contract/agreement (including a legal act agreeing on the entrustment of another entity)
Founding charter
Decisions

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

2 years
0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

Aid instruments used (direct subsidies, guarantees, etc.):

gift
subsidy
founder's contribution

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):*Compensation mechanism:*

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.

Methodology used:

Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. This also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (no payments above 15 million euro were granted in the sector under review)

Social services - care and social inclusion of vulnerable groups		
<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted per aid grantor (millions EUR)</i>		
-central authorities	7.21	11.31
- regional authorities	20.19	24.78
- local authorities	138.64	171.55
TOTAL AID	166.04	207.64
<i>Average aid amount (millions EUR)</i>	<i>0.07</i>	<i>0.09</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	669	1672
- medium-sized enterprise	467	474
- large enterprise	98	98
Number of beneficiaries - total	2 234	2 244
<i>Share of expenditure per aid instrument (%)</i>		
gift		0.00006
subsidy	78.3	79.9
founder's contribution	21.7	20.1

2.7 Social services – other

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Contents of services entrusted as SGEI:

Expert social counselling;
 Personal assistance;
 Care services;
 Emergency care;
 Guide and reader services;
 Support for independent living;
 Respite care;
 Day centres;
 Day care centres;
 Week-day centres;
 Homes for people with disabilities;
 Homes for elderly people;
 Homes with a special regime;
 Protected housing;
 Social services provided in hospital in-patient facilities;
 Early care;
 Emergency telephone line;
 Interpreting services;
 Shelters;
 Half-way houses;
 Contact centres;
 Intervention centres;
 Low-threshold day centres;
 Low-threshold facilities for children and young people;
 Hostels;
 After-care services;
 After-care services;
 Social activation services for families with children;
 Social-activation services for elderly people and people with disabilities;
 Social-therapy workshops;
 Therapeutic communities;
 Outreach programmes;
 Social rehabilitation

(Typical) forms of entrustment:

Contract/agreement (including a legal act agreeing on the entrustment of another entity)
 Memorandum of association

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

2.9 years
0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

**Aid instruments used (direct subsidies, guarantees, etc.):
gift**

subsidy
refundable financial aid
non-financial support
founder's contribution
reduced rent
transfer
public tender
lease of premises

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):

Compensation mechanism:

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.

Methodology used:

Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. This also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (no payments above 15 million euro were granted in the sector under review)

Social services – other		
<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted per aid grantor (millions EUR)</i>		
-central authorities	0.03	0.04
- regional authorities	256.96	329.11
- local authorities	22.56	24.61
TOTAL AID	279.54	353.76
<i>Average aid amount (millions EUR)</i>	<i>0.10</i>	<i>0.13</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	1679	1704
- medium-sized enterprise	695	699
- large enterprise	302	302
Number of beneficiaries - total	2676	2705
<i>Share of expenditure per aid instrument (%)</i>		
gift	83.9	86.1
subsidy	14.5	12.7
refundable financial aid	-	0.001
non-financial support	0.0004	0.001
founder's contribution	0.05	0.048
reduced rent	1.49	1.19
transfer	-	0.001
public tender	-	0.003
lease of premises	0.019	0.0005

2.8 Airports and ports with average annual traffic below the limit set in Article 2(1)(e)

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Contents of services entrusted as SGEI:
<p>construction of infrastructure and airport facilities or direct support; operation of the infrastructure, including the maintenance and management of airport infrastructure; provision of airport services associated with air traffic operation such as provision of ground-handling services and use of related infrastructure;</p> <p>operation of an international non-public airport with an external Schengen border and a domestic public airport and provision of air services at Hradec Králové International Airport</p>
(Typical) forms of entrustment:
Contract
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):
<p>4.5 years</p> <p>0 % (entrustment not given for a period longer than 10 years)</p>
Exclusive or special rights:
Exclusive or special rights not given for the sector in question.
Aid instruments used (direct subsidies, guarantees, etc.):
subsidy
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i></p> <p>Compensation mechanism based on evidence of the costs incurred for a particular service, deducting any revenue associated with that service. When an overpayment is detected during the clearance of accounts, any overpaid amounts are returned.</p> <p><i>Methodology used:</i></p> <p>Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:

The beneficiaries submit their accounts every year. They must return any amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (no payments above 15 million euro were granted in the sector under review)

Airports and ports

<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted per aid grantor (millions EUR)</i>		
-central authorities	-	-
- regional authorities	0.60	0.67
- local authorities	0.45	0.45
TOTAL AID	1.05	1.11
<i>Average aid amount (millions EUR)</i>	<i>0.5</i>	<i>0.6</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	2	2
- medium-sized enterprise	-	-
- large enterprise	-	-
Number of beneficiaries - total	2	2
<i>Share of expenditure per aid instrument (%)</i>		
subsidy	100	100

2.9 Compensation payments not exceeding EUR 15 million - CULTURE

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Contents of services entrusted as SGEI:
Theatre performance and performing arts development; book, library, information, education and cultural services; administration of a museum-style collection; scientific research, preservation and development of live music and concert performance
(Typical) forms of entrustment:
Contract
Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):
4.7 years 0 % (entrustment not given for a period longer than 10 years)
Exclusive or special rights:
Exclusive or special rights not given for the sector in question.
Aid instruments used (direct subsidies, guarantees, etc.):
subsidy contribution
Typical compensation mechanism and methodology used (cost allocation / net avoided cost):
<p><i>Compensation mechanism:</i> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><i>Methodology used:</i> Cost allocation method</p>
Arrangements for avoiding and repaying any overcompensation:
For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. This also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged

to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (payments above 15 million euro in this sector are not permitted)

Culture (payments not exceeding EUR 15 million)		
<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted per aid grantor (millions EUR)</i>		
-central authorities	-	-
- regional authorities	4.41	4.74
- local authorities	10.73	11.92
TOTAL AID	15.13	16.65
<i>Average aid amount (millions EUR)</i>	<i>0.5</i>	<i>0.6</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	22	22
- medium-sized enterprise	5	5
- large enterprise	2	2
Number of beneficiaries - total	29	29
<i>Share of expenditure per aid instrument (%)</i>		
subsidy	46	47
contribution	54	53

2.10 Compensation payments not exceeding EUR 15 million- OTHER SECTORS

Clear and comprehensive description of how the respective services are organised in the Czech Republic
Contents of services entrusted as SGEI:

administration of a shop voucher scheme;

green activities

project evaluation; collaboration with other projects; the use of model templates for complex tasks/educational projects/examples of best practice in all categories of secondary vocational training in schools; addition of new components to the existing information system for creating methodological and teaching materials, for the creation and innovation of school curricula and for sharing and publishing school curricula; expanding the possibilities for practical training (professional training and professional practice) and ensuring the quality thereof in collaboration with employers; inclusion of qualifications under the national qualifications system in school curricula; modernisation of the bases of vocational training in school curricula; modernisation of general educational components and integration of key competences in school curricula;

evaluation; creation of a reference framework for Czech sign language; teaching of Czech as a second language to foreign students; preparation of further education programmes for teaching staff; monitoring, planning, evaluation of joint (inclusive) education;

consultation and energy advice leading to an increase in energy efficiency and self-sufficiency; promotion and publication of examples of best practice; analytical and planning work; instigation and preparation of energy projects; support for the creation of regional, city and municipal energy management; international collaboration in preparing and promoting energy consultation and projects;

coordination of public transport;

management of a science and technology park's administration and associated activities, coordination of activities essential for its operation; activities related to nurturing relations with long-standing companies; provision of the specialised services of a science and technology park;

marketing of innovations not including the Smart Accelerator Project (innovation portal); catalogue of companies; the development of professional advice capacity for strengthening research, progress and innovation; support for introducing innovations to companies; support for collaboration within and between sectors; development of a Business Innovation Centre;

swimming school and operation and maintenance of a swimming pool;

support in organising the motorcycle racing world championships - Grand Prix Czech Republic Brno;

support for an inflow of investments and research and development; international cooperation; increasing the absorptive capacity of the South Moravian Region; introduction of a systemic approach to developing economically weaker micro-regions;

movement and regeneration activities in water and saunas;

holding, organising and arranging consultancy-related events;

provision of professional first aid; transportation of injured and ill persons to the nearest healthcare facilities as emergency healthcare first attenders; provision of swimming pool related services;

provision of life-long education; preparation, coordination and implementation of regional, national and international programmes and projects; IT consulting; intermediation activities; services for schools and educational establishments;

provision of in-patient and out-patient care for treatment and prevention according to healthcare specialisations in accordance with the legislation in force;

provision of paramedic services; emergency care patient transportation; provision of medical emergency services; handling bodies of deceased persons; preparedness for addressing emergencies and crisis situations;

provision of health services and support in a children's home for children up to the age of three who cannot grow up in a family; provision of health services; provision of social and legal protection, including the establishment of facilities for children in need of immediate assistance;

operation of a building; development and research services for technological firms; preparation and implementation of development projects intended for developing the Intemac centre, in particular in the area of research and development in engineering and production technology;

preparation and implementation of development projects aimed at improving business/innovation environments; operation of incubators and science and technology parks; activities connected with the implementation, coordination and updating of a regional innovation strategy; publication, outreach and advice; organisation of public discussions and debates aimed at the public; conservation of the biological diversity of wild fauna by captive breeding, with a particular focus on protecting endangered species;

operation of a public graveyard;

implementation of educational and outreach events and programmes in the field of environmental education, rural development and agriculture (for schools and the public); management of premises; organisation of exhibitions and cultural events; publication and dissemination of own publications, educational materials and aids; management of natural areas; provision of information and advice services and consultation services;

development of a business environment;

development of territories in the public interest - supervision of long-distance routes and ensuring the comprehensive preparation and implementation of a cycle route;

development of agriculture

services connected with sport, recreational and fitness activities;

collaboration in the creation, implementation and coordination of research and innovation policy; active support in applying the results of research and development; transfer of know-how and technology; organisation of training courses and other educational activities; advice activities in the area of research and innovation policy, research management and economics and regional development; information services including publication activities in the area of research and innovation policy, research management and economics and regional development; administration of a database for creating and evaluating research and innovation policy, research management and economics and regional development; data support for research;

consumer advice and information services; educational events for consumers; publications on consumer protection; improving consumers' financial literacy; cooperation with business entities aimed at cultivating a market environment; cooperation with international consumer organisations;

administration and operation of sports grounds and sports facilities;

account-keeping and management of housing and property;

maintenance of Class II and III roads; enabling traffic to flow smoothly in the winter; ensuring work on roads; ensuring work on road signs; ensuring work on safety equipment and facilities; ensuring work on roads and drains; ensuring work on bridges; ensuring work on other road installations; ensuring work in landscaping;

maintenance of public lighting and traffic lights;

cleaning of public spaces;

putting in place conditions for the successful organisation and provision of development in sport, physical education and other forms of physical activities; nurturing the professional and moral education of members and supporters; promoting the practical application of general principles of democratic moral values, in particular mutual respect, dignity and fair-play in physical education, sport, and other forms of fitness and in life; promoting an increase in fitness and sports performance, including the all-round fitness of members and the creation of suitable conditions through the organisation of training sessions and camps; creation of suitable conditions for successful education and performance-related growth for children, young people and teenagers; the construction, operation and maintenance of fitness centres and other special facilities, thereby safeguarding the material conditions for fitness-related, business and sporting activities;

educational activities;

educational programmes for teaching staff, school managers, founding body representatives and civil servants; cooperation of implementation teams for supported projects in the area of inclusive education, building school capacity, literacy and others; establishment of a specialist platform for monitoring progress in the implementation of the Inclusive Education Action Plan for 2016-2018; awareness and information campaign for increasing support aimed at joint education; the creation of Support Centres for teaching staff for providing advice when introducing joint education;

ensuring the activities of the Permanent Secretary of the European Cultural Route of Saints Cyril and Methodius;

provision of schooling activities under Act No 561/2004 on pre-school, primary, secondary, higher vocational and other education (the Schools Act), as amended;

the management of a swimming pool, swimming baths, sports hall, gymnastics hall including company management, a multi-purpose sports ground, athletics stadium facilities;

provision of catering for children, pupils and staff of local authority schools;

provision of an information service; presentation and promotion of regional tourism; regional promotion and presentation; increasing its economic potential; initiation, preparation, coordination and implementation of development projects in support of tourism and hiking in the region, including activities aimed at obtaining subsidies, grants and other sources of financing for these projects; experts' participation in drawing up policy documents on regional development; support for regional development; development and support of international cooperation at regional level concerning the promotion of tourism and hiking in the region; promotion and cooperation for implementing high-profile cultural and sporting events in the region; presentation of the available accommodation for tourism services in the region; provision of advice and consultation activities in tourism; coordination of communication with entities active in tourism and the exchange and sharing of information between those entities; interconnecting activities of tourism bases with the

needs of entities in the territory; cooperation with regional information centres

(Typical) forms of entrustment:

Agreement;
Decisions;
Memorandum of association

Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):

4.4 years
0 % (entrustment not given for a period longer than 10 years)

Exclusive or special rights:

Exclusive or special rights not given for the sector in question.

Aid instruments used (direct subsidies, guarantees, etc.):

subsidy
contribution

Typical compensation mechanism and methodology used (cost allocation / net avoided cost):

Compensation mechanism:

In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.

Methodology used:

Cost allocation method

Arrangements for avoiding and repaying any overcompensation:

For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. This also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return any amount exceeding net costs to the contracting authority.

How the transparency requirements for aid above 15 million euro are being complied with:

- (payments above 15 million euro in this sector are not permitted)

Other sectors (payments not exceeding EUR 15 million)		
<i>Reporting period</i>	<i>2016</i>	<i>2017</i>
<i>Amount of aid granted per aid grantor (millions EUR)</i>		
-central authorities	3.19	3.67
- regional authorities	32.24	36.47
- local authorities	11.73	12.61
TOTAL AID	47.16	52.75
<i>Average aid amount (millions EUR)</i>	<i>0.57</i>	<i>0.64</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	55	55
- medium-sized enterprise	13	13
- large enterprise	15	15
Number of beneficiaries - total	83	83
<i>Share of expenditure per aid instrument (%)</i>		
subsidy	75.3	74.1
contribution	24.7	25.9

3. Third party complaints

No complaints were recorded during the period under review. Some providers only recorded an effort made by unauthorised entities to obtain entrustment and the compensation related thereto.

4. Various

a) Problems with the application of the SGEI Decision

Just as in recent years, aid grantors have described, in general terms, problems in applying the SGEI Decision connected with services falling under the multi-source financing system (particularly in the area of social services).

Other more frequently appearing problems include the following:

- greater administrative burden compared with other subsidies (in particular as concerns keeping accounts for compensation payments); the amount of time involved with administration and calculations;
- problems with selecting SGEI grantors in respect of legislation on public procurement - the question of whether the SGEI grantor must be selected on the basis of a public tender, in accordance with the Decision;
- the problem with precisely determining whether or not something is public SGEI aid;
- the repeated problem of establishing a reasonable level of profit in accordance with Article 5(5) to (8) of the SGEI Decision;
- issues with checks on over-financing of beneficiaries who obtain compensation from several grantors under multi-source financing (e.g. in the area of social services).

b) Other observations regarding the application of the SGEI Decision

According to some aid grantors, the lack of opportunity to have, concurrently, *de minimis* SGEI support under Commission Regulation (EU) No 360/2012 and compensation payments.