

# National Reform Programme of the Czech Republic



2024

# National Reform Programme of the Czech Republic 2024

*Courtesy translation*

Úřad vlády České republiky



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## List of Abbreviations

ALMP	active labour market policy
CID	Council Implementing Decision
CSRs	Country Specific Recommendations
CNB	Czech National Bank
CSI	Czech School Inspection
CSO	Czech Statistical Office
DESI	Digital Economy and Society Index
DIA	Digital Information Agency
EDIHs	European Digital Innovation Hubs
EC	European Commission
EEA	European Economic Area
EP	European Parliament
EU	European Union
FCEV	Fuel Cell Electric Vehicle
FEP PE	Framework Educational Programme for Primary Education
GDP	Gross Domestic Product
IROP	Integrated Regional Operational Programme
IWP	Integration Work Position
SIRP	Single inspection registration portal
LULUCF	Land use, land-use change and forestry
MdF	Modernisation Fund
MoF	Ministry of Finance
MoC	Ministry of Culture
MoRD	Ministry of Regional Development
MoD	Ministry of Defence
MoIT	Ministry of Industry and Trade



MoLSA	Ministry of Labour and Social Affairs
SMEs	Small and medium-sized enterprises
MoJ	Ministry of Justice
MEYS	Ministry of Education, Youth and Sports
MoI	Ministry of Interior
MoH	Ministry of Health
MoA	Ministry of Agriculture
MoE	Ministry of Environment
NPI	National Pedagogical Institute
RRP	Recovery and Resilience Plan
NRP	National Reform Programme
NGS	New Green Savings ( <i>Nová zelená úsporám</i> )
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OP JAK	Operational Programme Jan Amos Komenský
OP Env	Operational Programme Environment
OP E	Operational Programme Employment
OP E+	Operational Programme Employment Plus
OP TAC	Operational Programme Technology and Applications for Competitiveness
OP JT	Operational Programme Just Transition
RES	Renewable Energy Sources
PGR	Public Governance Review
PWD	Persons with disabilities
PHEV	Plug-in Hybrid Electric Vehicle
RIA	Regulatory Impact Assessment
RRF	Recovery and Resilience Facility
FEP	Framework Educational Programme

SDGs	Sustainable Development Goals
SECAP	Sustainable Energy and Climate Action Plan
SMR	Small Modular Reactors
CAP	Common Agricultural Policy
TA	Technological Agency
OoG	Office of the Government

# 1. Introduction

## European Semester 2024 Structure in Response to the Reform of EU Economic Governance

The National Reform Programme of the Czech Republic (NRP) has historically been prepared annually as a significant part of the EU's **economic and social policy coordination mechanism**, known as the European Semester. Concurrently with the NRP, the Czech Republic's **Convergence Programme** has also been prepared annually. This is a strategic document prepared by the Ministry of Finance (MoF), containing basic summary fiscal data and key measures with a budgetary impact. Due to the reform of EU **Economic Governance Review**, this year's NRP and Convergence Programme, in their current form, will be the last, and they will be replaced by a new medium-term **fiscal-structural plan**.

On April 26, 2023, the European Commission (EC) released legislative proposals for **the most comprehensive reform of EU economic governance rules** since the economic and financial crisis over a decade ago. At an extraordinary ECOFIN Council meeting on December 20, 2023, **a general approach to the respective legislative proposals was achieved**. Subsequent negotiations, known as trialogues, were held with the European Parliament (EP) and the European Commission (EC). During these discussions, negotiators from the Council and the European Parliament reached a political agreement on February 10, 2024.

EU member states, through the medium-term fiscal-structural plan, will **set their fiscal goals and priority reforms and investments for a minimum period of 4 years**. The plan can be prepared for a longer duration up to a maximum of 7 years. The first plans will be submitted by member states in autumn 2024. Key elements of the plan will be assessed by the EC and subsequently approved by the EU Council. Each country will then be required to submit an annual progress report on the implementation of the plan, no later than April 30.

The 2024 European Semester was launched by the EC through the autumn document package, released on November 21, 2023. The 2024 cycle's priority is the continued implementation of the **Recovery and Resilience Plan (RRP)**, which is funded by the **Recovery and Resilience Facility (RRF)**. This year's semester will also focus on **assessing the implementation of cohesion policy**.

The NRP 2024 responds to the Council's Country Specific Recommendations (CSRs) for the Czech Republic in 2023 and to the analytical 2023 Country Report prepared by the EC. The basic structure of the NRP follows the guidelines issued by the EC. The NRP primarily describes planned government reforms and key public investments for approximately the next 12 months.

### Government Priorities and Current Challenges

The government is committed to fiscal responsibility. It has implemented **significant consolidation of public finances** with the goal of **achieving compliance with the Maastricht criteria** and other EU budgetary rules as quickly as possible. Simultaneously, the government has introduced adjustments to the pension system to strengthen the long-term sustainability of public finances.

Following a period of economic decline and high inflation in the Czech Republic, the government is implementing reforms and investments to restore economic growth and the purchasing power of the population. The priority is to strengthen energy security, either by gaining control over key energy sources and infrastructure or through the development of renewable energy sources and enhancing energy self-sufficiency. Other priority areas for investment include transport infrastructure, defence, and housing.

In addition to national sources, **European budget sources**, such as **cohesion policy funds, the Modernization Fund, or the RRF**, which funds the **updated RRP**, are significant contributions to the modernization of the Czech Republic. Moreover, resources from the **European Investment Bank**

are available. The government is also preparing for greater involvement of the National Development Bank to support investments by increasing its lending capacity and providing a state guarantee.

Since the end of 2023, the government has engaged in a strategic debate about the advantages and disadvantages of the Czech Republic entering the eurozone in the medium term, or the European Exchange Rate Mechanism (ERM II), which precedes euro adoption. Based on this strategic discussion, the government tasked its advisory body, the National Economic Council of the Government, to prepare an assessment of the benefits and risks of the Czech Republic entering ERM II by October 31, 2024. Furthermore, the government tasked the Minister for Legislation with preparing an evaluation of the legislative issues associated with potential entry into ERM II and the eurozone by the same date. The government will revisit the question of euro adoption based on these expert reports and the economic results for 2024.

### **Implementation of the Updated Recovery and Resilience Plan**

The European Semester serves, among other things, to oversee the implementation of the RRF. Support from the RRF in the Czech Republic is implemented based on the RRP, which details individual reforms and public investments. In 2023, the government completed a comprehensive **update to the RRP**, adjusting and expanding it to better align with new significant challenges in implementing the RRF in the Czech Republic. **Some milestones and targets from the original 2021 RRP were altered** due to objective circumstances—especially unexpectedly high inflation and the ongoing impacts of Russia's aggression against Ukraine. New milestones and targets were also added, indicating **the use of additional financial resources** for the Czech Republic from the RRF: non-repayable financial support (totaling approximately CZK 32.7 billion) and additional loans from the RRF (around CZK 19.4 billion). According to the revised RRF regulation, the Czech Republic also submitted a new special energy chapter called REPowerEU in the updated RRP.

The government formally submitted the updated RRP to the European Commission (EC) on 24 August 2023. On 26 September 2023, the EC approved a positive opinion on the updated RRP and submitted a proposal for the corresponding Council Implementing Decision. On 17 October 2023, the Council, in its configuration of finance ministers (ECOFIN), approved the Implementing Decision. The consolidated text of the updated RRP was then approved by the government on 13 December 2023 (resolution no. 957).

In line with the EC's guidelines, **the 2024 NRP integrates an interim report on the implementation of the RRP in the Czech Republic**—primarily in section 3, "Reforms and Public Investments", and in section 5, "EU Funds". The structure of the 2024 NRP is aligned with the structure of the updated RRP, so section 3, chapters 3.1 to 3.7, correspond to the seven pillars of the updated RRP. Additionally, section 3 includes chapter 3.8, "Housing", as this priority government area is the subject of one of the 2023 Council's Country Specific Recommendations. Measures to support affordable housing are financed partly from the RRP (component 2.10), using the Czech Republic's loan from the RRF.

### **Implementation of the Sustainable Development Goals and the European Pillar of Social Rights**

The 2024 NRP also provides information on the implementation of the United Nations' Sustainable Development Goals (SDGs) in the Czech Republic—see section 4, "Progress on the Implementation of the UN Sustainable Development Goals." **The European Pillar of Social Rights** is also implemented in the Czech Republic, with the current reporting provided in Annex 4. The fulfilment of the principles of the European Pillar of Social Rights and related information is primarily contained in NPR chapter 3.3, "Education and the Labour Market."

### **The Preparation Process of the 2024 NRP and the Involvement of Non-Governmental Stakeholders**

As in previous years, the 2024 NRP was prepared by the Office of the Government (Section for European Affairs) in collaboration with the relevant entities. A working draft of the NRP was provided



to economic and social partners and other stakeholders for written feedback. Selected chapters of the working draft were also discussed during a roundtable meeting organised by the Office of the Government on 18 March 2024. Economic and social partners were informed about the ongoing preparation of the NRP at meetings of the Working Group of the Council for Economic and Social Agreement for the EU on 7 March 2024 and 11 April 2024.

The NRP was discussed by the Committee for the EU at the working level on 16 April 2024 following feedback collected through a silent procedure in the DAP database. Subsequently, the 2024 NRP was discussed and approved by the Committee for the EU at the government level on 24 April 2024.

## 2. Macroeconomic Context

**The gross domestic product (GDP)** for the entire year 2023 declined by 0.3%. Households faced high inflation, leading to a further reduction in their real consumption. Investment activity was affected by economic issues in eurozone countries and restrictive monetary conditions, although public expenditure and projects co-financed by EU funds from the previous financial perspective had a positive effect. The economy was significantly slowed by a year-on-year weaker accumulation of inventories. This factor, along with the resolution of supply chain issues, supported exports, but imports slightly decreased due to overall weak domestic demand. As a result, the contribution of the foreign trade balance to GDP growth was substantially positive.

In 2024, economic performance could increase by 1.4%. After two years of decline, private consumption is expected to rise again, while government sector consumption is likely to slow due to the consolidation of public finances. Investment activity will be driven by private sector spending, while government investment may decline this year as a result of the transition between financial perspectives in EU structural and investment funds. Changes in inventory levels will further dampen economic growth, though not as sharply as last year. The contribution of the foreign trade balance is expected to be slightly positive. In 2025, GDP could grow by 2.6%, thanks to stronger dynamics across all components of domestic demand and more favourable economic developments abroad.

Year-on-year **inflation** at the beginning of this year approached the Czech National Bank's inflation target after three years, and it is expected to remain within the upper boundary of the tolerance band, except for the last quarter. Earlier strong pro-inflationary foreign supply factors have significantly weakened, and domestic demand pressures will continue to be mitigated by higher monetary policy rates, further supported by the restrictive effect of the fiscal consolidation package. Therefore, the average inflation rate could decrease to 2.7% this year, while it could drop to 2.4% in 2025.

Imbalances related to labour shortages continue to manifest in the **labour market**. Consequently, despite weak economic dynamics, the unemployment rate should not increase significantly in 2024. From 2.6% in 2023, it could rise to 2.8% this year and then slightly decrease in 2025 thanks to economic growth. Persistent tension in the labour market will prevent a more substantial slowdown in nominal wage growth. After two years of decline, earnings will also increase in real terms.

**The current account balance** ended in 2023 with a slight surplus of 0.4% of GDP. The substantial year-on-year improvement in the balance was driven by a lower outflow of investment income (mainly in the form of dividends) within primary income. The fading of price pressures in industry and energy, leading to a reduction in imports, contributed to a return to positive trade balances. These factors are expected to remain significant. Therefore, we estimate that the current account could reach a surplus of 0.6% of GDP this year, which could increase to 0.7% of GDP in 2025.

Overall, the **risks** to the forecast are considered tilted to the downside. Economic activity in some sectors of the economy (particularly in the automotive industry) could be dampened by a resurgence of supply chain problems, for example, due to the situation in the Middle East. Besides the negative impact on economic performance, supply-side issues could create additional inflationary pressures. These could also be triggered by rising energy commodity prices if geopolitical tensions escalate. There is also some risk in the ability to replace the shortfall in natural gas and oil supplies from Russia to the European Union with increased imports from other suppliers and to compensate with demand-side savings measures. The development of inflation expectations is also a risk for the Czech economy. Economic growth is supported by the integration of refugees from Ukraine into the labour market; their full utilisation could further strengthen labour productivity.

## 2.1 Price Stability

2023 was marked by a rapid decline in inflation. This was primarily driven by the ongoing dissipation of foreign cost pressures related to the energy crisis, disrupted supply chains, and a lack of materials and components. The easing of inflationary pressures was also contributed to by subdued consumer demand due to a sharp decline in real household incomes and tight monetary policy. Pro-inflationary effects came mainly from rising corporate profit margins, which peaked in the second half of the year and then began to decrease in response to subdued domestic demand. However, robust growth in nominal wages in a tight labour market continued to contribute to rising price levels.

Strict monetary policy and the continued dissipation of foreign cost pressures created suitable conditions for a robust decline in inflation. Inflation peaked in January 2023 and began to rapidly slow from February onwards, with all components of the consumer basket contributing to its decrease. Core inflation dropped due to the easing of overall inflationary pressures and slowing growth in the costs of homeownership, reflected in "imputed rent." This was influenced by high interest rates, which slowed the growth of housing loans and, consequently, property prices. Falling agricultural commodity prices also slowed the rise in food prices. Fuel prices saw a deep year-on-year decline from March, remaining low due to a high base effect, which continued through the end of the year.

The dynamics of electricity and gas prices slowed down due to falling energy prices on global exchanges. However, the year-on-year growth in electricity prices spiked in the last quarter, with a statistical effect due to the reduced base from the introduction of the government's energy savings tariff in the fourth quarter of 2022. Without this effect, and without the remission and reintroduction of the renewable energy fee, inflation in December 2023 would have been 4.2%. The average inflation rate for 2023 was 10.7%. In January 2024, inflation dropped sharply to 2.3%, and in February and March, it hit the exact 2% target. The Czech National Bank's (CNB) forecast for this year anticipates inflation to remain below 3%. On the monetary policy horizon, in the first half of 2025, the rate of price growth is expected to be close to the 2% target.

In 2023, the CNB's bank board maintained strict interest rate settings, which helped dampen domestic demand pressures. Inflation forecasts throughout the year were subject to various risks and uncertainties. Notably, there was a risk of unanchored inflation expectations, which could manifest in wage negotiations or significant repricing of goods and services at the beginning of 2024. A possible pro-inflationary factor was the deeply deficit-laden government sector, which led to increased money supply in the economy. Although forecasts in the second half of the year indicated the potential for a reduction in interest rates, the bank board, in response to pro-inflationary risks, kept interest rates unchanged almost until the end of the year. The board eased monetary policy in December by reducing the key interest rate by 0.25 percentage points. The bank board continued with gradual monetary policy normalisation at the beginning of 2024, reducing rates by 0.50 percentage points at its February and March meetings, bringing the key interest rate to 6.25% in February and 5.75% in March.

The Czech koruna's exchange rate also contributed to dampening inflationary pressures. It steadily appreciated from the start of 2023, driven by improving sentiment in the financial markets and the CNB's declared readiness to prevent excessive currency fluctuations. The strengthening trend of the koruna was interrupted in March due to increased risk aversion in global financial markets, caused by issues in the US and Swiss banking sectors. However, the weakening of the koruna was only temporary, and soon the currency began to appreciate again, reaching historically strong levels. The strong koruna helped mitigate imported inflationary pressures and tightened monetary conditions for businesses that had previously avoided high CNB interest rates through euro financing. By the end of April, the trend reversed, with the koruna weakening gradually due to a narrowing interest rate differential against euro and dollar rates. At the beginning of August, the bank board formally ended the intervention regime announced in May 2022 and resumed its programme of selling off part of its foreign exchange reserve earnings. The CZK's exchange rate fluctuated around 24.5 CZK/EUR in the last quarter of 2023, and after a brief strengthening in November, it resumed weakening towards the end of the year and into the first months of this year.

## **2.2 Budgetary Framework**

The public sector's fiscal operations ended 2023 with a deficit of 3.3% of GDP. This result was primarily driven by the state budget deficit of CZK 288 billion, while local budgets, in contrast, achieved a substantial surplus. The overall balance was significantly influenced by one-time energy-related measures, impacting both the revenue side with levies on excess profits and the extraordinary profit tax, and the expenditure side with compensation for price caps and waiving fees for renewable energy sources. Overall, these one-time operations worsened the balance by 0.8% of GDP (for more detailed information on individual measures and their impact on public finances, see the Czech Republic's Convergence Programme). Most of these measures were valid until the end of last year, with only the support for energy-intensive industries through the renewable energy fee (totalling CZK 3.5 billion) continuing into this year.

The approved state budget for 2024 has a deficit of CZK 252 billion. The State Fund for Transport Infrastructure also has a projected negative balance for this year. Overall, public finances are expected to reduce their deficit to below 3% of GDP, meeting the reference value of the Stability and Growth Pact. The forecasted improvement reflects several measures from the fiscal consolidation package, which, on an accrual basis, will positively impact public finances, particularly in 2024. The most significant budgetary measures in the package include cuts in subsidies, changes in corporate income tax, property tax adjustments, and the reintroduction of sickness insurance for employees.

The state budget is not only the most significant institutional unit in public budgets by volume, but it also practically bears the brunt of the stabilising function of fiscal policy. Its relatively high deficits reflect the challenging economic developments of recent years and the measures taken during that period. Similarly, the current consolidation of public finances primarily affects its balance, and in the coming years, the state budget deficit (including state funds) is expected to continue to decline.

The consolidation package also included an amendment to Act No. 23/2017 Coll., on Budgetary Responsibility Rules, which confirmed a stricter budgetary framework for the state budget and state funds for 2024 and beyond, with permitted structural deficits decreasing by 0.5 percentage points. The medium-term budgetary target of -0.75% of GDP should be achieved no later than 2028. This development is expected to ensure that government sector debt peaks at around 47% of GDP and then begins to decline.

The budgetary framework will also be influenced by anticipated changes in this area at the EU level. This encompasses both a change in fiscal rules (shifting from a primary focus on structural balance towards an expenditure rule compatible with sustainable debt trends) and the presentation of fiscal and structural plans by member states over a four- to seven-year period. The first plans are expected to be completed by September this year.

### **Pension System**

In 2023, a further increase in pensions was implemented on an extraordinary basis, effective from June 2023. To facilitate this increase, a one-time amendment to the Pension Insurance Act was enacted, reducing the extraordinary increase from an expected average of CZK 1,700 to approximately CZK 750. This adjustment, which was also reviewed by the Constitutional Court and found to be in accordance with the constitutional order of the Czech Republic, helped to reduce pension expenditures in the medium term—over the next 15 to 20 years—by approximately CZK 35 billion per year.

Due to the continued increase in prices, which led to a series of extraordinary pension increases, thereby putting pressure on system expenditures, a new amendment to the Pension Insurance Act was introduced, coming into effect in September 2023. This amendment introduces cost-saving measures, primarily by adjusting the rules for indexation. The new rules use one-third of the growth in real wages instead of the current half, and only one price index will be tracked. The second part of the



changes targets early retirement. The requirements for eligibility for early retirement have been significantly tightened, penalties for these pensions at the time of grant have been strengthened, and they will be excluded from indexation until reaching the retirement age. The aim of these measures is to reduce long-term pension expenditures by 0.4-0.5% of GDP and also to reduce the attractiveness of early retirement, with other positive effects on employment and the labour market.

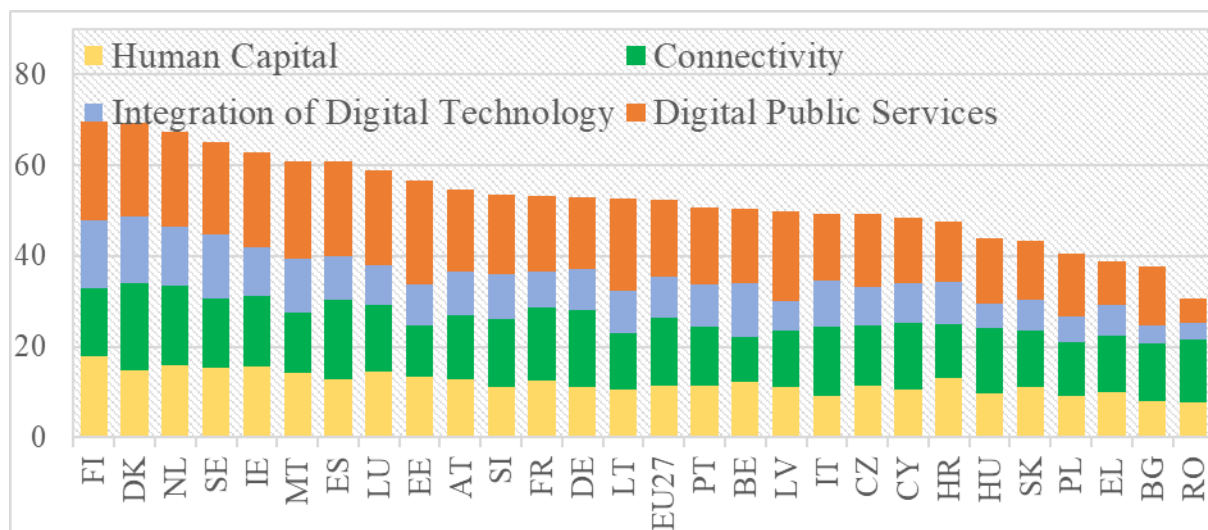
A larger package of changes to the pension system was presented in November 2023, and in March 2024, it was submitted to the government, with discussion and submission to the Chamber of Deputies (of the Parliament of the Czech Republic) expected in May 2024. The main elements, in terms of impact on the long-term financial situation of the pension system, are linking the retirement age to life expectancy and gradual parametric changes to the calculation formula, leading to a slower growth rate of newly granted pensions. These measures are expected to lead to a reduction in future pension expenditures by approximately 2.2% of GDP.

## 3. Reforms and Public Investments

### 3.1 Digital Transformation

The European Commission, in its 2023 Country Report, states that the Czech Republic should aim to facilitate the transition to digital technologies through the digitalisation of public administration and businesses, by introducing digital technologies, and by promoting education in the field of digital skills.

**Graph 1: DESI index 2022**



Source: EC, <https://digital-strategy.ec.europa.eu/cs/library/digital-economy-and-society-index-desi-2022>

### Digitalization of public administration

The digitalisation of public administration is funded not only by the European Structural and Investment Funds but also by the RRP. The components of the RRP focused on the digitalization of public administration include Component 1.1: Digital services for citizens and businesses, Component 1.2: Digital systems of public administration, and newly introduced Component 1.7: Digital transformation of public administration. Components 1.1 and 1.2 are under the ownership of the Ministry of the Interior (MoI), while Component 1.7 is under the ownership of the Digital and Information Agency (DIA). Additionally, Component 4.4: Increasing the efficiency of public administration performance, which is also under the ownership of the MoI, partially deals with the digitalization of public administration. This component includes the Employee Portal project and a project containing an IT system for monitoring indicators related to sustainable development goals.

#### Digital Services for Citizens and Businesses (component 1.1 of the RRP)

The aim of this component is to simplify, optimize, and digitize the individual agendas carried out by the state and public administration (including healthcare as a comprehensive sector of the state economy, which is at least partially governed by the state and financed from public funds). The supported entities include central administrative bodies, state-contributory organizations, and state enterprises.

**As part of this component, the Czech Republic is expected to achieve the milestones and targets falling under the fourth payment request with a completion date of Q4 2023. These include milestones (M) numbered 1, 7, 8, and 13, as well as target (T) number 14.**

**Milestone No. 1** aims to lay the foundations for the adoption of new legislation regulating data management. This includes the adoption of a strategy for managed access to data in public administration by the government. The fulfilment of this milestone is in the hands of the Digital and Information Agency (DIA) with the project **"Ensuring conditions for quality management of the data fund and ensuring managed access to data."**

Milestone No. 7 involves the deployment of a **unified digital gateway providing services to citizens and businesses**. The projects target the following procedures:

- Submission of an initial application for admission to a public higher education institution;
- Request for the determination of applicable legal regulations in accordance with Chapter II of Regulation (EC) No. 883/2004 on the coordination of social security systems;
- Application for retirement and pre-retirement benefits from mandatory systems;
- Application for financing of higher education, such as scholarships and loans from a public authority or institution.

Milestone No. 8, tasked with creating **new information systems**, is being fulfilled by the following projects: The List of Court Experts and Interpreters by the Ministry of Justice, Client Zone I by the Ministry of Labour and Social Affairs, the Database of Information Obligations (DIO) by the Ministry of Industry and Trade (MIT), and the Implementation of Two-Factor Authentication in the Environment of the MoI carried out by the MoI.

The Ministry of Justice (MoJ) is the manager of projects from **milestone No. 13 and goal No. 14. The Justice Portal** project (M13) aims to implement the platform of the same name, which will be connected to the Citizen Portal and will provide digital services to citizens. The subject of the project in T14 is the **provision of courtrooms with audio-visual equipment**.

### **Digital systems of public administration (Component 1.2 of the Recovery and Resilience Plan)**

The aim of the component is to create an efficient environment for the digitalization of agendas carried out by public administration (including healthcare as a comprehensive sector of the economy primarily funded by public resources). Supported entities include central administrative authorities, state contributory organizations, and state enterprises.

This year, within this component, **milestone No. 27** will be achieved, which is part of the **fourth payment request**, along with **target No. 18 in the fifth payment request** (completion deadline Q2 2024), and **milestone No. 247 falling under the first payment request from the RRP loan part**.

**Milestone No. 27**, the only one within this component, falls under the fourth payment request. It involves the expansion of the shared medication record (ePrescription) to include narcotics and psychotropic substances, as well as electronic vouchers for medical devices. This milestone is achieved by the **Shared Medication Record project implemented by the State Institute for Drug Control**.

In the fifth payment request, there are a total of nine projects, all falling under **T18**. The largest number of projects (four) is managed by the Czech Social Security Administration (CSSA) – **Centralization of Self-Employed Persons (SEPs), EESSI in National APVs, MPS – Medical Assessment Service, and Deferral of Historical Data – Agenda Optimization**. Additionally, T18 is fulfilled by two projects from the Czech Statistical Office (CSO) – *SIS\_5 and SIS\_0*, the **GRIS – Grant Information System** project implemented by the Grant Agency, one project from the

Moravian Museum for **managing and documenting museum collections**, and the Ministry of Culture (MoC) contributes with its project, **Resort Electronic Record Management System**.

As part of **the first payment request from the RRP loan**, there is a milestone related to publishing a **call for strengthening information systems in accordance with Act No. 181/2014 Coll. on Cybersecurity, managed by the component owner**. This milestone was already achieved last year through the announcement of several calls for cybersecurity.

### **Increasing the efficiency of public administration (Component 4.4 of the RRP)**

The above-mentioned IT projects in this component are not subject to the fourth and fifth payments in 2024 as they have later completion dates. More information about component 4.4 can be found in the chapter "*Institutions and Regulation and Support for Entrepreneurship in Response to COVID-19*," in the section on Public Administration.

### **The project DIO - Database of Information Obligations**

The Government of the Czech Republic approved, by its resolution no. 458 dated June 21, 2023, the report on the systematic reduction of the burden on entrepreneurs and the outcomes of the assessment for the year 2022, which was prepared based on data supplemented by the relevant administrators into the DIO. Based on the task arising from the said government resolution, the relevant administrators ensure the update of data in the DIO and are obligated to continuously add or remove obligations so that the DIO always contains an up-to-date overview of the most important selected obligations of entrepreneurs arising from the most important selected legal regulations. The Ministry of Industry and Trade (MIT) is the coordinator of this task. In 2023, work was carried out to create the DIO information system and methodology for entering and updating data on obligations by the obligation administrators. The DIO information system was completed in 2023, made available within the state administration, and filled with key obligation data. In 2024, the plan is to make the obligation database accessible to the public.

### **Single inspection registration portal (SIRP)**

The project primarily aims to coordinate planned inspections carried out by various state institutions on business entities, minimizing administrative burden on both the inspected entities and the inspection authorities. On June 26, 2023, a material titled "Single Control Evidence Portal - Scheduled Controls Calendar (SIRP)" was prepared for the meeting of the Government of the Czech Republic. After addressing comments, the material was approved on September 27, 2023, by resolution No. 709. On March 8, 2024, a contract was signed with the selected supplier following a competitive tender, whose offer was assessed as the most economically advantageous. The delivery is scheduled to be completed by November 2024.

### **Entrepreneur Portal**

The Entrepreneur Portal is part of Component 1.1 Digital Services for Citizens and Businesses of the Recovery and Resilience Plan, owned by the Ministry of the Interior. The aim of the Entrepreneur Portal project is to offer digital government services for entrepreneurs in one place, thus fulfilling the objective of "User-friendly and efficient online services for citizens and businesses." In 2023, the Feasibility Study for the creation of the Entrepreneur Portal was completed, and a positive opinion was issued by the Office of the Government. Various ministries and institutions participated in the development of the Feasibility Study for the Entrepreneur Portal through interviews and consultations to ensure the most efficient integration of their systems into this project. The completion deadline for the entire project is set by the end of the first quarter of 2026.



## **The Public Administration Portal and the Citizen Portal**

Since the end of January 2024, as part of the launch of the eDocuments product, the Citizen Portal now provides registered users with the management of registered mobile devices in the eDocuments application, including the option to remove them, for example, in case of loss.

In the schedule for further development of the Citizen Portal, a significant novelty in 2024 will be the planned new mobile application of the Citizen Portal under the current name Gov.cz. The current mobile application for easy use of Citizen Portal services will undergo a complete redesign similar to the web application of the Citizen Portal launched in November 2023 with the implementation of the design system version 4.0 and will expand the notifications from the Citizen Portal to Push up notifications on mobile phones. The launch date for the new application is scheduled for the end of April 2024.

Among the other planned services on the Citizen Portal is the availability of an electronic application for a voter card for the European Parliament elections, regional assemblies, and the Senate of the Parliament of the Czech Republic, as well as online registration for the DROZD system.

Furthermore, as of January 1, 2024, the Central Register of Annual Reports in the provision of information has been made accessible on the Public Administration Portal as one of its functionalities. According to the law on free access to information, obligated entities must publish an annual report on their activities in the provision of information for the previous calendar year by March 1. These entities can now publish their annual reports in the field of information provision directly in the Central Register.

## **The project "e-Tourist"**

The digitization of tourism through the eTourist system. The project aims to reduce administrative burden on accommodation providers and municipalities, streamline the collection of accommodation taxes, and gather data essential for tourism management and planning. The system is expected to be launched by the end of 2025 and its development is financed as part of the RRP. In 2024, the legislative part associated with amending Act No. 159/1999 Coll., on certain conditions for conducting business in the field of tourism, as amended, is expected to be completed.

## **Projects beyond the scope of the Recovery and Resilience Plan**

### **Project e-Collection and e-Legislation**

The completion of the e-Collection and e-Legislation project, aimed at modernizing the legislative process and increasing the accessibility and comprehensibility of the law, is planned for the course of 2024. In terms of legislative regulation, the implementation of the electronic legislative process into the Senate's Rules of Procedure remains to be resolved. The related draft amendment has been submitted to the Parliament of the Czech Republic for the third time (bill no. 201). In April 2022, this proposal was approved by the Chamber of Deputies of the Parliament of the Czech Republic in the first reading, and in August 2022, it was approved by the Constitutional and Legal Committee of the Senate, but it has not yet been included on the agenda of the Senate's session.

In 2024, the completion of the remaining functionalities in the area of the electronic legislative process is expected. After the project is completed, there will be a pilot and verification phase until the end of 2024, including user training and preparations for the launch of the e-Collection and e-Legislation system into full operation. The full operation of the e-Collection system began on January 1, 2024, in accordance with Act No. 222/2016 Coll. The launch of the full operation of the e-Legislation system is planned gradually for individual types of acts published in the e-Collection from July 1, 2024, October 1, 2024, and January 1, 2025.

## **Electronic Identification**

In the first quarter of 2024, the final approval of the revision text of the eIDAS Regulation (Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 910/2014 as regards the establishment of a European Digital Identity framework) took place. The European Parliament plenary approved the proposal on February 29, 2024, followed by the approval of the revision text by the Council on March 26, 2024. It is expected that the regulation could be published in the Official Journal of the European Union around May 2024.

The revised eIDAS Regulation aims to provide a harmonized approach to public and private services across the EU and prevent fragmentation caused by the use of different national solutions for digital identity. The revision of the eIDAS Regulation will introduce the concept of the European Digital Identity Wallet, serving as a tool for securely and reliably proving a person's identity and other attributes. Users of the European Digital Identity Wallet will have control over which data they share and with whom. This represents a significant opportunity to further advance digitalization.

Member states will be required to ensure the issuance of European Digital Identity Wallets around the 3rd or 4th quarter of 2026. The deadline depends on the entry into force of the relevant implementing acts specifying the technical details of the functioning of European Digital Identity Wallets and the ecosystem around them (technical work at the EU level is already underway) + a 24-month period for the member state to ensure the issuance of at least one European Digital Identity Wallet.

In addition to the European Digital Identity Wallet, the proposal expands the existing list of trust services by four new qualified services: electronic attestation of attributes, provision of electronic archiving services, electronic record books, and the management of qualified means for creating electronic signatures and seals remotely.

In 2024, further growth in the use of electronic identification means can be expected, for example, in connection with the submission of applications to secondary schools or in the context of citizens registering for the eDocuments application.

Supervisory competencies in the field of electronic identification and trust services, as well as the management of the National Point of Identification and Authentication (Citizen Identity), have been operational within the DIA since April 1, 2023.

## **Accessibility of websites and mobile applications of public sector entities**

Based on Act No. 99/2019 Coll., on the Accessibility of Websites and Mobile Applications, and amendments to Act No. 365/2000 Coll., on Information Systems of Public Administration, a methodological guideline on the accessibility of websites and mobile applications has been prepared. This guideline outlines general requirements for the accessibility of websites and mobile applications, including requirements aligned with the harmonized accessibility standard.

As of April 1, 2023, the responsibility for the accessibility of websites and mobile applications shifted from the MoI to the newly established DIA.

In accordance with the control plan for the year 2024, DIA continues to conduct inspections to ensure compliance with the legally prescribed conditions for websites and mobile applications by the obligated entities. The Czech Republic provides the European Commission with reports on the results of monitoring the accessibility of websites and mobile applications every three years. This year, the report will already be prepared.

In 2023, 451 inspections of websites and 19 inspections of mobile applications were conducted. In 2024, there are plans for 468 inspections of websites and 19 inspections of mobile applications.

## **The Information System of Data Boxes**

Since the beginning of 2024, an informational campaign has been underway with the aim of reducing the number of users of newly established mailboxes who have not yet logged into the mailboxes established by law in 2023. The informational campaign smoothly follows up on activities that took place in connection with the mass establishment of mailboxes for all entrepreneurial individuals and non-commercial legal entities in the second half of 2022 and the beginning of 2023. These activities aimed to increase the overall awareness of users of newly established mailboxes, alleviate their concerns, increase the number of new mailbox users, and potential users of online public services.

In the realm of data mailboxes, activities are continuously underway to gradually enhance the services provided based on user research and feedback from the public. There are also considerations for gradually increasing the size of data messages, enabling the transfer of new data message formats, and extending the storage period of data messages if there is identified demand from the public.

## **eDoklady**

On January 20, 2024, a ground-breaking project of the Czech eGovernment called eDoklady was launched, offering the possibility to verify physical identity or other facts through a mobile application containing securely stored digital replicas of valid ID cards. Throughout the year 2024, according to the amendment to Act No. 12/2020 Coll., on the Right to Digital Services, a gradual implementation of identity verification using the eDoklady application is ensured for legal entities acting as verifiers.

According to the schedule, eDoklady will be accepted by all central administrative offices from January 1, 2024. From July 1, 2024, they will also be accepted by regions, municipalities with extended powers, and other state authorities such as the Police of the Czech Republic, the Financial Administration, the Labour Office and others. From January 1, 2025, eDoklady will be accepted by other public authorities such as electoral commissions, representative offices, schools, or municipalities of I. and II. degree, as well as by private and legal entities, including banks, postal services, or health insurance companies, required by law to verify someone's identity or other personal data.

## **Attorney Registry**

The main goal of the emerging Attorney Registry is to create a unified centralized system for efficient sharing of information about digital powers of attorney between the represented individuals and the authorities in which they will be stored. The Attorney Registry project is proceeding according to schedule in both technological and legal aspects. On February 14, 2024, the government approved the material "Proposal for an amendment to Act No. 111/2009 Coll., on basic registers, as amended, and other related laws" and it was signed by the Prime Minister. It is now being submitted to the Chamber of Deputies. This law supplements Act No. 111/2009 on basic registers with a description of the content and processes of the Authorization Registry.

At the same time, based on the resolution of the Government of the Czech Republic of October 11, 2023, No. 749, the DIA continues with analytical and preparatory work for implementation. A Proof of Concept has been implemented, which already allows individual authorities to prepare for connection to this future registry. Currently, an analysis of the services of the Agenda Information System of the Attorney Registry is underway, along with the definition of initial templates based on data in the Person Registry, Population Register, and Alien Information System.

## Geospatial Information

### Implementation of the Infrastructure Development Strategy for Spatial Information in the Czech Republic after 2020

The Strategy for the Development of Spatial Information Infrastructure in the Czech Republic after 2020 (GeoInfoStrategy2020+) builds upon the Strategy for the Development of Spatial Information Infrastructure in the Czech Republic until 2020 (GeoInfoStrategy). It is in line with the principles and goals of eGovernment, creating conditions for the implementation of key projects involving spatial data of national significance in the international context. It emphasizes the education of all participants in the national spatial information infrastructure and supports research, development, and innovation in this area. The implementation of GeoInfoStrategy2020+ is carried out within the activities of the Working Group for the National Spatial Information Infrastructure led by the DIA.

Based on the task outlined in point II/1c of the government resolution No. 1014 from November 12, 2021, regarding the Strategy for the Development of Spatial Information Infrastructure in the Czech Republic after 2020, and considering the transfer of relevant competencies from the MoI to the DIA, a document titled "Information on the Implementation of GeoInfoStrategy2020+ and the 1st Update of the Implementation Plan of GeoInfoStrategy2020+" is being prepared for submission to the government by April 30, 2024.

The upcoming law on public sector data management is crucial for the implementation of GeoInfoStrategy2020+. It will legislatively anchor important principles of data management in public administration, incorporating the content originally prepared in the law on national infrastructure for spatial information.

Further development will include the ongoing collaboration aimed at supplementing the education of state officials and officials of territorial self-governing units with topics related to the national spatial information infrastructure. Steps are being taken to supplement the *Catalogue of Jobs in Public Services and Administration* and the *Catalogue of Administrative Activities with professions in geoinformatics and geomatics*.

As part of the solution to projects supported by the planned public tender, which is expected to be implemented in collaboration with the Technology Agency of the Czech Republic (TA), necessary documents will be prepared to fulfil the original measure No. 4.2.3 Ensure the establishment of a national integration platform for spatial information, after updating the Ensuring the establishment of a platform for sharing and integrating public data, taking into account the fact that in the past period, there has been a shift in the perception of National Infrastructure for Spatial Information. It appears that there is a need to further develop the current reference interface of public administration to enable the sharing of data sets, not only spatial ones, hence we now refer to it as a platform for sharing and integrating public data. The goal is to ensure at least the feasibility study for the aforementioned platform.

In cooperation between the Ministry of the Environment (MoE) and DIA, the construction of a National Geoportal (NGP) is being prepared. The NGP will serve to ensure unified access to spatial data and services related to spatial data within the public administration, serving as one of the key components of the National Spatial Data Infrastructure.

### Project Construction of the Information System for Public Services and Public Administration INSPIRE

The main objective of the project was to establish a central information system for public administration called "Information System for Public Services and Public Administration INSPIRE" to fulfil the obligations of the Czech Republic under the INSPIRE Directive 2007/2/ES regarding Theme 6: Public Services and Public Administration, as specified in Annex III of the INSPIRE Directive (data III/6). The ISSI information system will primarily harmonize the relevant data in accordance with the

regulations of the INSPIRE Directive and make it accessible to the European INSPIRE infrastructure through the National INSPIRE Geoportal. The project implementation started on October 1, 2019, and it was completed by December 31, 2023. The ISSI system has been transferred to the administration of the Czech Environmental Information Agency based on Act No. 123/1998 Coll., on the right to environmental information. Now, the gradual harmonization of data sets from Theme III/6 of the INSPIRE Directive and the publication of required search, viewing, and downloading services will take place.

### **Digitalization of the construction permitting process**

The digitalization of the construction permitting process is one of the main priorities of the Ministry of Regional Development (MoRD) and the Government's Programme Statement in the field of housing, building law, and spatial planning. The goal of this project is to simplify and streamline the process of issuing building permits. It is expected that a significant acceleration of the construction permitting process will significantly improve the business and investment environment in the Czech Republic. Despite the challenging process of securing a supplier, the digitalization of the construction permitting process is underway according to the established schedule. The aim is to launch the construction permitting information systems during May, with full operation commencing by July 1, 2024, thus fulfilling the requirements set by the Building Act.

Currently, work is underway on two main systems: the agenda information system for construction permitting officials and its supporting systems, and a portal serving as a Construction Portal for the general public to communicate with construction authorities. Both of these systems will be interconnected, with databases and supporting systems of the construction administration linked to them. Everything is being developed with a focus on simplification and the elimination of repetitive administrative tasks, ensuring that applicants and officials work with state-known guaranteed data (interconnected data repository).

### **Digitalization of businesses**

Digitalization is crucial for increasing the competitiveness of Czech businesses in the global market. Especially small and medium-sized enterprises need to be motivated to use smart solutions that can streamline their work and increase productivity. The Czech Republic places great emphasis on supporting the digitalization of businesses, reflecting it also within the RRP (component 1.5. Digital Transformation of Enterprises). Through the RRP, numerous projects aimed at supporting the digital transformation of small and medium-sized enterprises are being supported. As part of the implementation of the RRP, Reform No. 1 was launched, establishing the Platform for Economic Digitalization, which has been meeting regularly since 2022. Its aim is to connect all stakeholders in the national digital ecosystem. In the future, this platform will operate as one of the working groups of the Committee for Digital Transformation, the establishment of which is expected by 2025.

To assist businesses with digital transformation, the Czech Republic has allocated financial resources for the establishment of European Digital Innovation Hubs (EDIHs) within the framework of the National Reform Programme (Investment No. 1). The aim of the EDIHs, supported by the Digital Europe Programme, is to promote digital transformation, particularly among small and medium-sized enterprises and public administrations. Additionally, they aim to facilitate the adoption of new technologies, attract experts in the field, and enhance the resilience of industries and services to potential crises. Following the first call for proposals for EDIHs, which took place from December 2022 to February 28, 2023 (with four successful applicants), a second call for grant applications was announced in 2023, resulting in funding being awarded to the remaining two eligible applicants. Thus, in 2023, six EDIHs began operating (Brain 4 Industry, Cybersecurity Innovation Hub, EDIH ČVUT, EDIH DIGIMAT, EDIH OSTRAVA, and EDIH Northern and Eastern Bohemia), gradually assisting businesses with digital transformation. In 2024, the substantive implementation of key activities of these projects will take place. The investment is expected to be completed by mid-2026.

Through funding from the RRP of the Czech Republic, the project of European Reference Testing and Experimental Facilities in the field of Artificial Intelligence (AI TEFs) for manufacturing (Investment No. 2) will be further supported. AI TEFs are co-financed under the Digital Europe Programme and will enable small and medium-sized enterprises in the industrial sector to test their concepts and innovative technologies utilizing artificial intelligence under representative conditions, bringing them closer to practical deployment. The Czech candidate entity is part of the broader AI-MATTERS consortium, which brings together significant organizations from eight European countries.

In 2022, the AI-MATTERS consortium succeeded in the European call for AI TEFs in manufacturing under the Digital Europe Programme, and in mid-2023, a call for grant applications for national co-financing of the European Reference Testing and Experimental Facility for Artificial Intelligence AI TEF Manufacturing was announced. Three eligible applicants (CTU, BUT, and VŠB-TUO) applied for the call. In 2024, the implementation of the goals of this AI TEF investment will take place. The investment will be implemented from the RRP until the first half of 2026 and will continue to be financed until 2027 from the state budget.

In 2024, the administration of two calls to support the digital transformation of businesses announced within the RRP at the end of 2022 continues, namely the Digital and Virtual Enterprise calls. The aim of these calls is to support the enhancement of the digital level of businesses operating in the Czech market by promoting the purchase and deployment of advanced non-production digital technologies that will help ensure support for automation, digitization of data, and more efficient interconnection and management of business processes. Eligible expenses are focused on advanced digital technologies and IT services.

Within the project, it is possible to purchase more sophisticated solutions, such as cloud computing services, big data, artificial intelligence, as well as common advanced information systems for production planning or hardware and software for logistic systems. The MIT currently registers 553 active projects worth 1.9 billion Czech crowns. The furthest date for project implementation and the fulfilment of the mandatory indicator is currently set for August 31, 2024, with the possibility of extension until December 31, 2024, in justified cases.

Another tool is the Operational Programme Technology and Applications for Competitiveness (OP TAC), which fully reflects the CSR from 2019-2023 and was approved by the EC on June 28, 2022. OP TAC smoothly continued the activities of the Operational Programme Enterprise and Innovation for Competitiveness (OP PIK), but with a greater emphasis on the transition to a green and digital economy. All information about the announced calls of OP TAC is published by the Ministry of Industry and Trade on the website of the CzechInvest Agency. In the first quarter of 2024, the OP TAC website was also launched, where all information about the calls from this operational programme, methodological documents, news, and more can be found.

OP TAC supports the implementation of digitalization in businesses, including the necessary process analysis and subsequent investment support for deploying digital solutions, acquiring high-performance computing equipment, and utilizing HPC, as well as leveraging modern technologies such as blockchain and virtual reality, the development and procurement of specialized software, and the construction and modernization of computing and data centres through SC 1.2. In this context, the MIT announced the following calls under the Digital Enterprise activity in 2023 with a total allocation of 2 billion CZK:

- Digital Enterprise – Virtual Enterprise – Call I.

The deadline for submitting applications for support has been extended to March 29, 2024. A total of 535 projects with a value of 780 million CZK have applied for the call. This is support for the digital transformation of businesses through the acquisition or implementation of new technologies and/or services, leading to increased automation, digitization, or more efficient interconnection of company processes. The total allocation for the call is 500 million CZK.

- Digital Enterprise - Technology 4.0 - Call I.

The deadline for submitting applications for support was March 15, 2024. Nearly 300 projects, totalling approximately CZK 3.5 billion, applied for the call. This support aims to acquire new technological devices and equipment, including necessary infrastructure, as well as the procurement of production machinery and equipment. These investments aim not only to enhance the technological level of small and medium-sized enterprises (SMEs) and their competitiveness but also to digitize and automate production and streamline service provision or create conditions for their implementation. The total allocation for the call is CZK 1.5 billion, with grants for SMEs ranging from CZK 3 to 30 million per project.

In the second quarter of 2024, a call for proposals for the Digital Enterprise will be announced, with an expected allocation of CZK 2 billion. This call will support investments or the acquisition of new services in the field of information and communication technologies, primarily focusing on software and hardware.

As part of priority axis 2.1, in 2023, a call for proposals for Technologies for LAGs (CLLD) - call I was announced, with a total allocation of CZK 1 billion. This call focuses on the acquisition of new technological equipment and infrastructure, as well as the acquisition of production machinery and equipment. Its aim is to not only increase the technological level of SMEs and their competitiveness, but also to digitize and automate production, streamline service provision, or create conditions for their implementation.

### **Strategy for supporting small and medium-sized enterprises in the Czech Republic for the period 2021-2027**

The strategy for supporting SMEs in the Czech Republic for the period 2021-2027 emphasizes the transition to the digital economy and the digital transformation of SMEs (see more in the key area Digitalization). The evaluation of the strategy's implementation is based on regular monitoring of the specified measures. Starting from 2022, an Annual Report on the Implementation of the Strategy for Supporting SMEs in the Czech Republic for the period 2021-2027 is prepared annually, presenting a comprehensive overview of the strategy's implementation and informing about the development of small and medium-sized businesses in the Czech Republic. The Annual Report for the strategy for the year 2022 was approved by the government in Resolution No. 962 dated December 13, 2023, and is expected to be discussed in the Chamber of Deputies of the Parliament of the Czech Republic in the near future.

## **Digital high-capacity networks**

The development of digital high-capacity networks in the Czech Republic is proceeding according to government-approved strategic documents. These include:

- „*National Plan for the Development of Very High Capacity Networks*“<sup>1</sup>,
- „*Implementation and Development of 5G Networks in the Czech Republic - Path to the Digital Economy*“<sup>2</sup>,

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<sup>1</sup> <https://www.mpo.cz/cz/e-komunikace-a-posta/elektronicke-komunikace/koncepce-a-strategie/narodni-plan-rozvoje-siti-nga/narodni-plan-rozvoje-siti-s-velmi-vysokou-kapacitou--259858/>

<sup>2</sup> <https://www.mpo.cz/cz/e-komunikace-a-posta/elektronicke-komunikace/koncepce-a-strategie/narodni-plan-rozvoje-siti-nga/implementace-a-rozvoj-siti-5g-v-ceske-republice-cesta-k-digitalni-ekonomice--252026/>



- *"Action Plan 2.0 for the Implementation of Non-Subsidy Measures to Support the Planning and Construction of Electronic Communication Networks"*<sup>3</sup>.

Support for the development of these networks primarily occurs through measures contained in the RRP and cohesion funds. Among the most important measures are the reforms and investments in the RRP, particularly in Component 1.3 - Digital High-Capacity Networks, which include:

- creating digital technical maps,
- increasing the number of connections to high-capacity networks,
- increasing the coverage of 5G mobile signal in investment-intensive areas, including coverage of transportation corridors,
- technical means to ensure coverage of train sets with mobile signal,
- support for industrial research and experimental development in projects utilizing 5G networks.

Within the operational programmes, priority axis 3.1 of the OP TAC focuses primarily on the modernization or expansion of existing infrastructure and the establishment of new networks for high-speed access to very high-capacity internet, which will enable businesses to fully develop digital processes. In November 2023, the first call for High-Speed Internet - Ensuring Expert and Technical Capacities in the BCO CR was announced, aiming to build expert and technical capacities facilitating and accelerating the interaction of stakeholders in building high-capacity networks in the regions. In the 2nd quarter of 2024, the call for High-Speed Internet is planned with an expected allocation of 4 billion CZK. Its goal is to increase the availability of high-capacity networks, enabling reliable access to electronic communication services for internet access by end-users (households, entrepreneurs, public administration, and other socio-economic actors).

In addition to grant measures, a number of legislative measures are being implemented to promote the development of electronic communication networks, aimed at accelerating the construction of such networks and supporting cost reduction.

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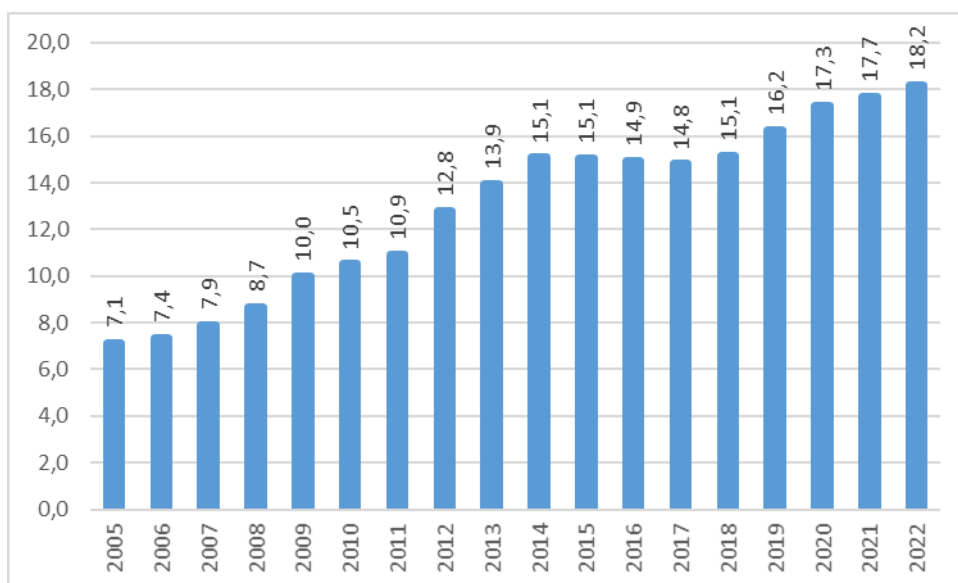
<sup>3</sup> <https://www.mpo.cz/cz/e-komunikace-a-posta/elektronicke-komunikace/koncepcie-a-strategie/narodni-plan-rozvoje-siti-nga/akcni-plan-2-0-byl-schvalen--250300/>

<https://www.mpo.cz/cz/e-komunikace-a-posta/elektronicke-komunikace/koncepcie-a-strategie/narodni-plan-rozvoje-siti-nga/zprava-o-naplnovani-akcniho-planu-2-0-a-narodniho-planu-rozvoje-siti-s-velmi-vysokou-kapacitou--268280/>

## 3.2 Physical Infrastructure and Green Transition

In the Country Report 2023, the European Commission states that the Czech Republic's energy system is still highly dependent on fossil fuels. In this context, the Czech government has committed to creating conditions that would enable the gradual phase-out of coal by 2033 and achieving climate neutrality by 2050. The share of coal in electricity production has been decreasing in recent years (from 50.4% in 2016 to 40.2% in 2021, and 43.4% in 2022).

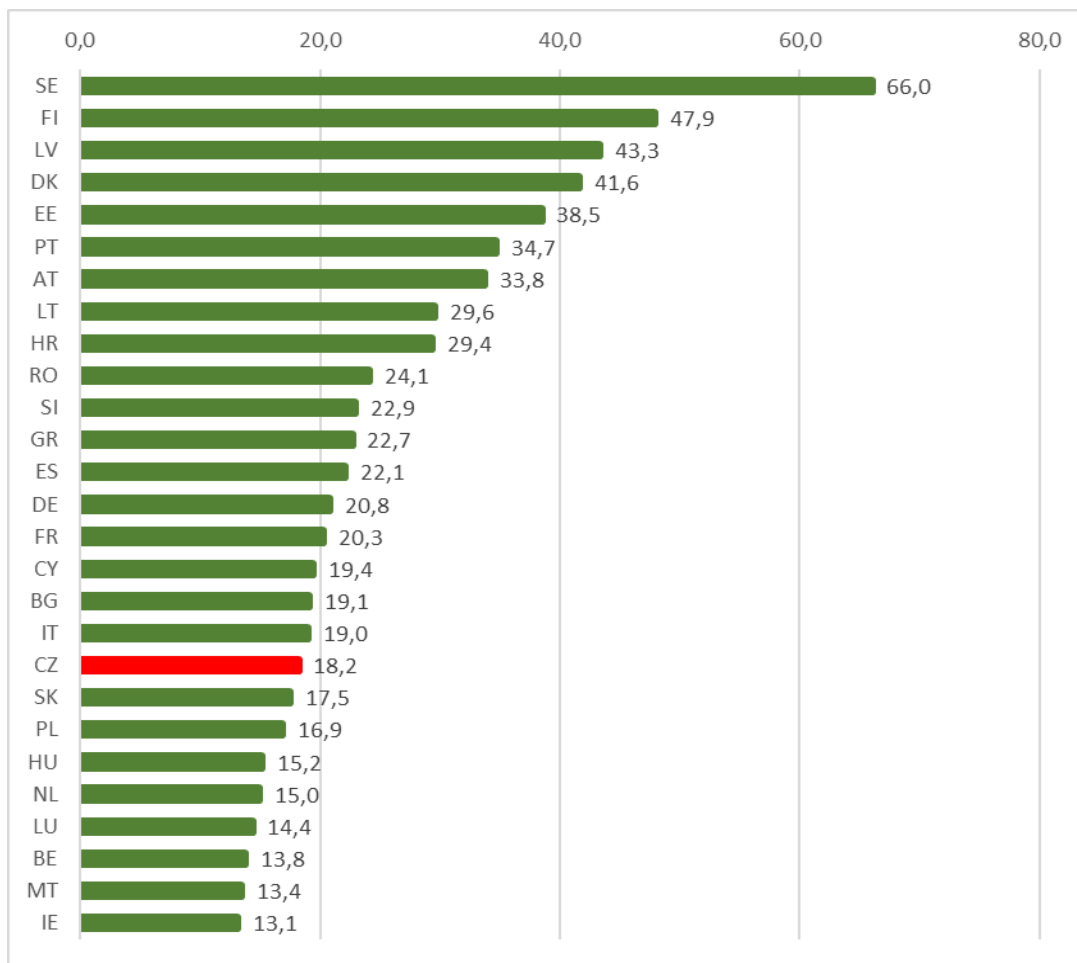
**Graph 2: The share of energy from renewable sources in the Czech Republic (as a percentage of RES)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/nrg\\_ind\\_ren\\_custom\\_9519944/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren_custom_9519944/default/table?lang=en)

**Graph 3: Comparison of the shares of energy from renewable sources in the EU Member States for the year 2022 (as a percentage of RES)**

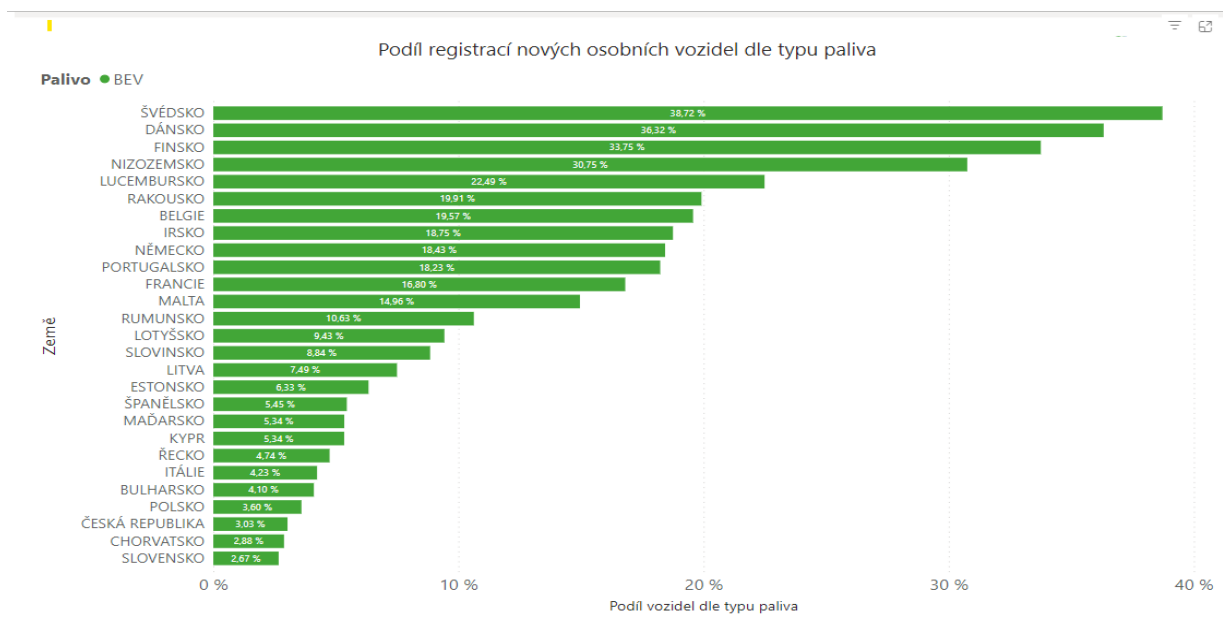


Source: Eurostat

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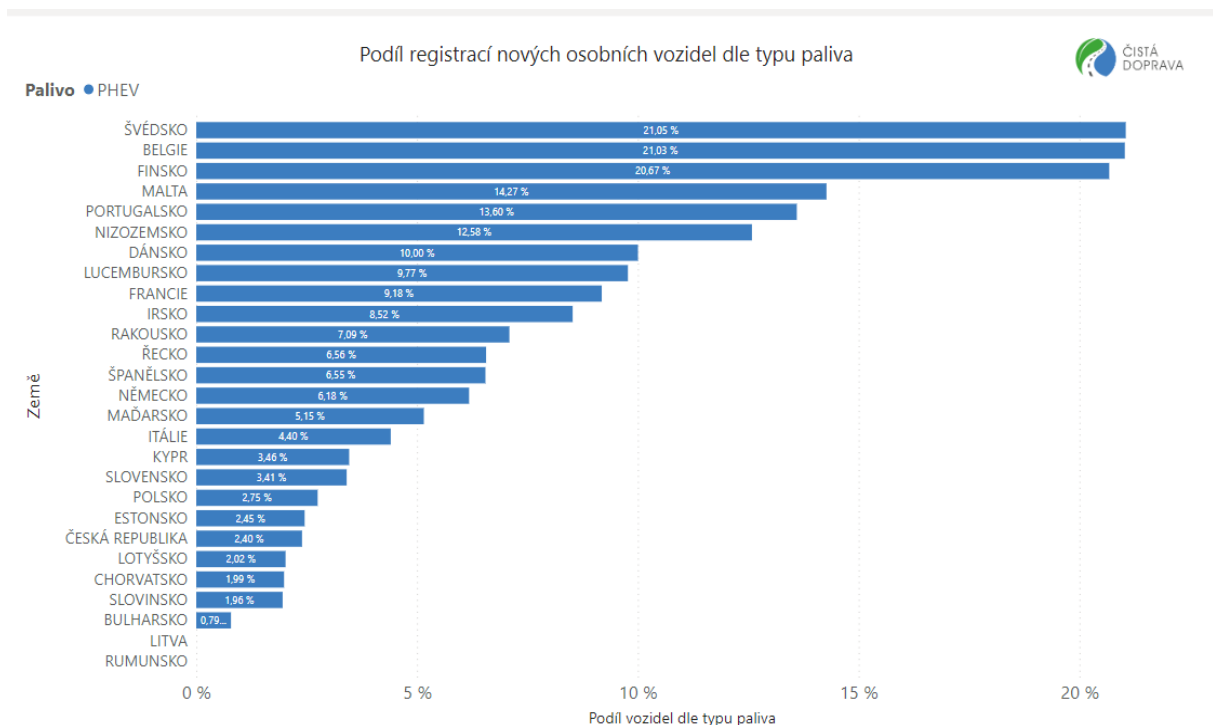
## Sustainable Transport

**Graph 4: Share of new passenger car registrations in the EU by fuel type (BEV – Battery Electric Vehicle) for the year 2023**



Source: [Registrace všech čistých vozidel v ČR dle NAP ČM | Centrum dopravního výzkumu, v. v. i. \(cistadoprava.cz\)](https://www.cistadoprava.cz/)

**Graph 5: Share of new passenger car registrations in the EU by fuel type (PHEV – Plug-in Hybrid Electric Vehicle) for the year 2023**



Source: [Registrace všech čistých vozidel v ČR dle NAP ČM | Centrum dopravního výzkumu, v. v. i. \(cistadoprava.cz\)](https://registrace.vsech.cistadoprava.cz)

In EU countries, there were 1,538,621 new battery electric vehicles registered in 2023, representing a year-on-year increase of 37%. The share of all registrations increased from 12.1% to 14.6%.

In the Czech Republic, there were 6,700 new battery electric vehicles registered in 2023, representing a year-on-year increase of 70%. The share of all registrations increased from 2% to 3%.

Despite the increase in the number of registrations of battery electric vehicles, the Czech Republic ranked 25th among EU countries in their share of total registrations. With a share of 2.9%, only Croatia (2.9%) and Slovakia (2.7%) were behind the Czech Republic.

In 2023, the Czech market for new passenger vehicles ranked 10th among EU countries, while in terms of battery electric vehicles, it ranked 16th.

As part of RRP component 2.4 Development of Clean Mobility, aimed at accelerating the construction of charging and refuelling stations for alternative fuels and increasing the share of alternative fuel vehicles, the Czech Republic set a goal to **support the acquisition of vehicles** (electric vehicles, H2) and non-public charging stations for municipalities, regions, state administration, and other public entities (investment 2.4.2.2). The call for proposals with a total allocation of CZK 600 million was open from June 1, 2022, to December 15, 2023. The State Environmental Fund of the Czech Republic (SEF) received over 500 applications for support to purchase 1587 electric vehicles and more than 400 charging stations for nearly CZK 550 million. By April 2, 2024, 155 applications were finally evaluated, resulting in the acquisition of 190 zero-emission vehicles and 27 charging stations. By the same date, CZK 64.5 million had been disbursed.

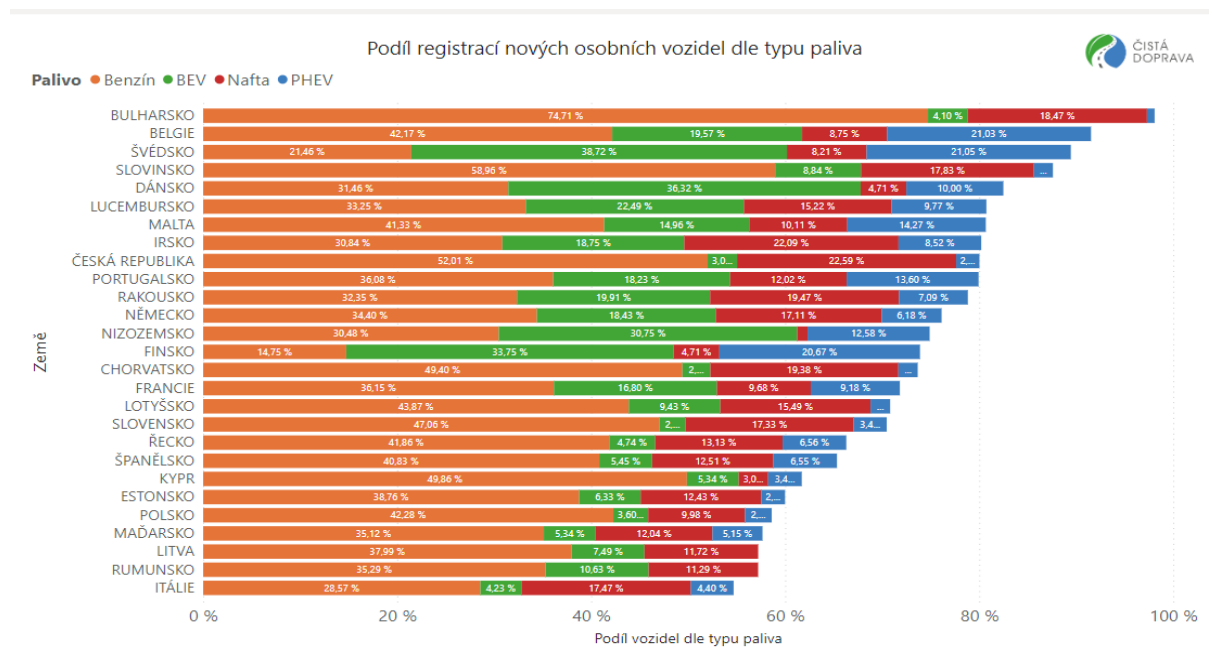
As part of the same component of the RRP, the Czech Republic aimed to increase the number of charging stations for electric vehicles in residential buildings (investment 2.4.1.3). The implementation of this investment is carried out through the New Green Savings Programme (NGS). The reception of NGS RRP applications was closed by June 30, 2023, due to the exhaustion of the allocation. After the exhaustion of the RRP allocation, which amounted to 144 million CZK, additional calls were announced for family and apartment buildings from the funds of the Modernization Fund (MdF), where support continues. However, since the transition of the programme under MdF and the launch of new calls in September 2023, the installation of charging stations must be combined with other supported measures (building insulation, new construction, or energy source replacement). As of January 3, 2024, 5,025 charging stations have been installed.

For the next period, it is essential to ensure sufficient funds for the decarbonisation of transportation from the revenues of emission allowances. An example of this is the Modernization Fund (MdF), whose rules for allocation and implementation were revised by Government Resolution No. 981 of December 20, 2023. The revision came into effect on the same date and concerns the remainder of the current trading period of the EU Emissions Trading System, which runs until 2030 inclusive. After the reallocation of the allocation, approximately 10% (50 billion CZK) of the total available funds in the MdF for the Czech Republic in the period 2021–2030, as estimated in December 2023 (up to 500 billion CZK), is allocated to the transport sector (programme 4 TRANSPORT). This represents a significant increase, particularly in absolute terms, compared to previous rules based on the estimate of available funds in the MdF from 2021. The TRANSPORT programme has two components, one for the business sector and the other for the public sector. It will support, among other things, the decarbonisation of road and rail transport, including electric freight vehicles for collection and distribution within multimodal transportation, public mass transportation, and there is also a planned subsequent call for the public sector.

As part of the consolidation package, which was approved as Act No. 349/2023 Coll., effective from January 1, 2024, there was a further reduction in the taxation of zero-emission vehicles provided by the employer to the employee for free use for both business and private purposes in terms of personal income tax. Specifically, the percentage of the so-called purchase price of the vehicle, considered as

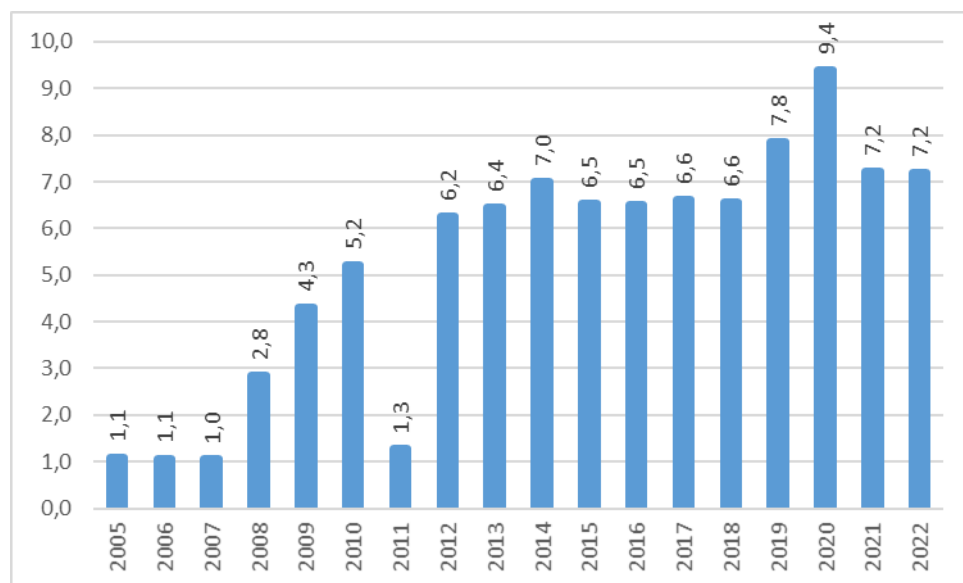
income to the affected employee for each month the vehicle was provided, was reduced from 0.5% to 0.25%. The 0.5% level remained in effect for low-emission vehicles other than zero-emission ones, while for vehicles not falling into either category, the rate remained at 1%. The same law also extended the period during which individuals or legal entities can claim accelerated tax depreciation of newly acquired zero-emission vehicles as tax-deductible expenses, temporarily reducing their tax base, by five years until 2028 inclusive.

**Graph 6: The share of registrations of new passenger vehicles in the EU by fuel type for the year 2023**



Source: [Registrace všech čistých vozidel v ČR dle NAP ČM | Centrum dopravního výzkumu, v. v. i. \(cistadoprava.cz\)](https://www.cistadoprava.cz)

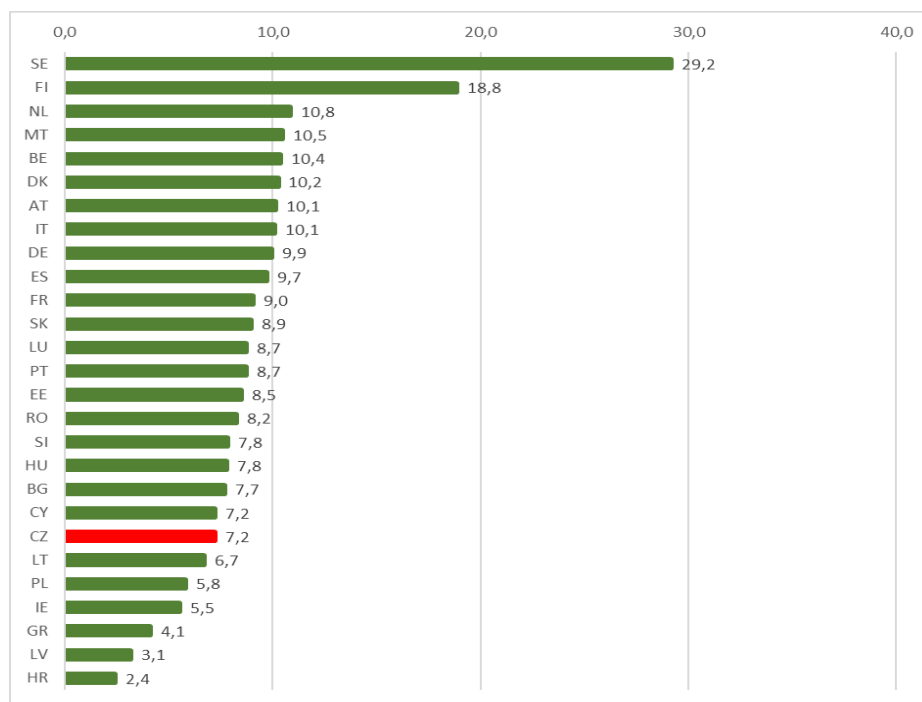
**Graph 7: The share of energy from renewable sources in transportation in the Czech Republic (as a percentage)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/nrg\\_ind\\_ren\\_custom\\_9520557/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren_custom_9520557/default/table?lang=en)

**Graph 8: Comparison of the shares of energy from renewable sources in transportation in the Czech Republic and the EU for the year 2022 (in %)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/nrg\\_ind\\_ren\\_custom\\_9520286/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren_custom_9520286/default/table?lang=en)

## The transition to cleaner sources of energy

The green transformation of the economy and the environmental sustainability of business activities are among the key elements of the Strategy for Supporting Small and Medium-sized Enterprises in the Czech Republic for the period 2021-2027. The strategy was approved by the Czech government in March 2021, and these areas are addressed in the chapter on Low-carbon economy and efficient resource management. One of the significant sources of financing for this area of the strategy is the OP TAC, within which the first grant call related to green transformation was announced in August 2022, specifically for Renewable Energy Sources – wind farms, with an allocation of 500 million CZK. Its aim is to encourage more intensive use of renewable energy sources by entrepreneurs.

During the year 2023, further grant titles supporting the green transformation of companies and strengthening the distribution network (SC 4.1, 4.2, and 4.3) were announced from the OP TAC, with a total allocation of approximately CZK 6.5 billion:

- Energy Infrastructure – Smart Grids – Advanced Metering Management – Call I.
- Renewable Energy Sources – Small Hydro Power Plants – Call I.
- Renewable Energy Sources – Biogas Injection – Call I.
- Energy Infrastructure – Energy Savings in Local Distribution Systems – Call I.
- Energy Infrastructure – Renewable Energy Sources in Local Distribution Systems – Call I.



In 2024, follow-up calls related to renewable energy sources concerning wind farms and biomass will be announced from the OP TAC. Regarding energy infrastructure, the calls in 2024 will focus on the production of green hydrogen and gases derived from it (Power to Gas).

In the years 2022 and 2023, there was a significant increase in interest in individual installations of renewable energy sources in households (especially photovoltaic systems and heat pumps). The main factors behind this development are likely the rise in energy prices due to the energy crisis and the motivation provided by grant programmes such as the New Green Savings (NGS), and starting from 2023, the NGS Light or Repair the Grandmom’s House programmes.

In order to support large-scale installations as well, the Ministry of the Environment (MoE) initiated a process of mapping necessary areas and acceleration zones for the rapid development of large-scale renewable energy sources (RES), closely collaborating with the Ministry of Regional Development (MoRD) and the Ministry of Industry and Trade (MoIT) in terms of legislative and spatial planning aspects.

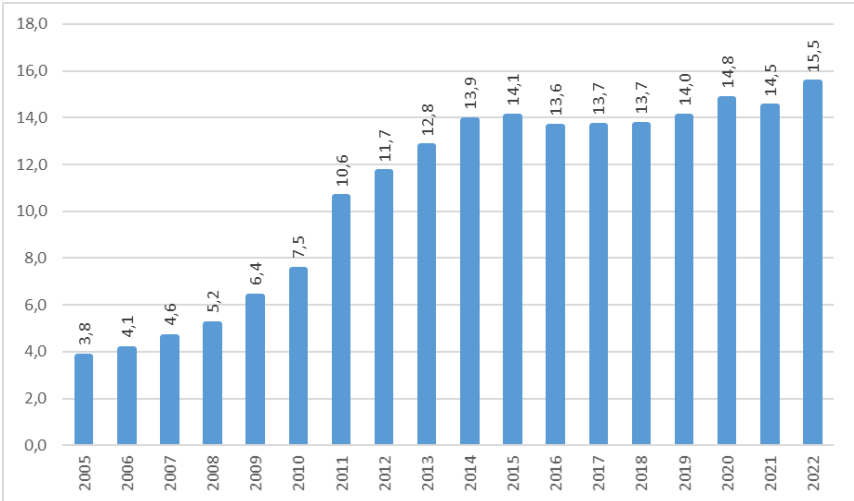
From the perspective of the Ministry of the Environment (MoE), these areas should be designed to include not only the sources of renewable energy but also on-site energy storage and, if necessary, the corresponding corridors for power output/networks.

The current proposal for the concept of acceleration zones is based on the apparent difference between the placement of wind and ground-mounted photovoltaic power plants (as area sources) and biogas and biomethane stations or storage facilities as point sources.

At the same time, in accordance with the provisions of Directive (EU) 2023/2413 ("RED III"), simplifications to the permitting process are being prepared. Additionally, there are also simplifications to the construction of smaller wind turbine installations (in terms of number and height) by omitting the requirement for an Environmental Impact Assessment (EIA).

In 2024, the sixth call from the National Environmental Programme will be announced to support the involvement of municipalities in the European initiative Covenant of Mayors for Climate & Energy. The call is intended for municipalities, voluntary associations of municipalities, and local action groups. The support is primarily for the development of an Action Plan for Sustainable Energy and Climate, which includes baseline emission inventories and assessments of climate risks and vulnerabilities, as well as proposals for specific measures to reduce CO2 emissions and adapt to climate change. The total allocation for the call in 2024 is 15 million CZK. Based on the Framework of NPŽP 2024–2026, two additional calls are planned for the years 2025 and 2026.

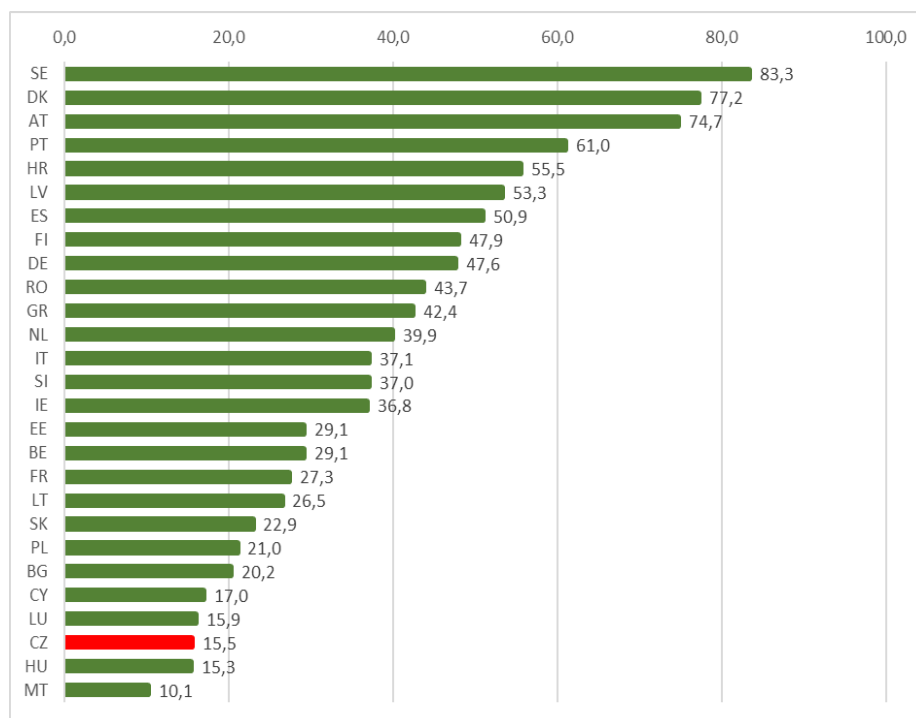
**Graph 9: The share of energy from renewable sources in electricity consumption in the Czech Republic (as a percentage)**



Source: Eurostat

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**Graph 10: Comparison of the shares of energy from renewable sources in electricity consumption in the Czech Republic and the EU for the year 2022 (as a percentage)**



Source: Eurostat

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In the draft update of the National Energy and Climate Plan from 2023, the Czech Republic set its contribution to the EU target for the share of renewable energy by 2030 at 30%. Among the main policies to fulfil this proposed contribution are the maximum utilization of public support (both investment and operational) for designated types of renewable energy sources (RES) and simplified permitting processes for the construction and operation of relevant RES energy production facilities.

Alongside the finalization of the update to the National Energy and Climate Plan, the preparation of updates to the Climate Protection Policy in the Czech Republic and the State Energy Concept is also underway. All these strategic documents in the field of energy and climate are based on the same fundamental principles and model scenarios and are intended to be submitted to the government for discussion together by June 30, 2024.

Decarbonising the Czech economy while ensuring the country's energy security is not possible without significant development of nuclear energy. Therefore, the development of nuclear energy holds a prominent place among the fundamental measures for achieving the goals in the draft update of the National Energy and Climate Plan of the Czech Republic (October 2023) and is a crucial element of the decarbonisation strategy, as well as in the update of the State Energy Concept, studies by the Czech Transmission System Operator (ČEPS), and others. In the draft update of the National Energy and Climate Plan from 2023, it is stated that the share of nuclear energy in energy consumption will increase. This growth will be achieved through the construction of large nuclear reactors and small and medium modular reactors (SMRs). The priority will be the construction of additional units at the existing nuclear sites in Dukovany and Temelín. Furthermore, the construction of small and medium reactors is also planned.

The Czech Republic plans to promote green transformation primarily through incentives for the use of sustainable transportation, advocating for a transition to cleaner energy sources, and investing in recycling infrastructure, biological diversity, forestry reform, and watercourse management. Additionally, the Czech Republic will support renovations of residential and public buildings and the replacement of heating sources. In addition to structural funds, the Czech Republic will allocate revenues from emission permit auctions to public support for these investments and social measures to protect vulnerable population groups. This funding will come from the Modernization Fund, the Innovation Fund, and the Social Climate Fund (also financed from permit sales). The use of auction permit revenues will be regulated by an amendment to the Emissions Trading Act No. 383/2012 Coll., which is pending approval by the Government in April 2024.

In the case of the National Recovery Plan (RRP), its component 2.3, "Transition to Cleaner Energy Sources," includes two key measures: Call I for Photovoltaic Systems with/without Accumulation (activity name: Construction of new photovoltaic sources) and Call I for Modernization of Heat Distribution in District Heating Systems. The photovoltaic call was announced on March 8, 2022, and the acceptance of applications began immediately. Due to exceptional interest from the business community in this activity, the acceptance of applications was extended until November 30, 2022. Currently, the administration of over 5,000 active applications is ongoing, with a total subsidy amount of approximately 8 billion CZK, representing nearly 20 billion CZK in eligible expenses. Based on the current number of applications, approximately 780 MWp and 125 MWh of accumulation will be installed, which can only be used to optimize energy production from photovoltaic power plants.

In connection with the energy situation and the high number of interested parties, projects exceeding the available allocations were placed in a so-called project reserve. The deadline for completing the projects, as set by the call, was extended from November 30, 2023, to a new deadline of November 30, 2024. Considering the significant burden on building authorities in processing permitting procedures for the installation of photovoltaic systems, the subsidy provider decided in January 2023 to extend the deadline for submitting documentation for the subsidy decision from 330 to 365 days (point 8.3 of the call).

The year 2024 will primarily be marked by evaluation, issuing decisions, and disbursing project applications. No further call of this type is planned in the RRP. Discussions are underway regarding the continuation of support for photovoltaic systems, and efforts are being made to find suitable settings within the framework of individual programs or support tools.

The Call I for the Modernization of Heat Distribution in District Heating Systems was announced on May 5, 2022, with applications being accepted from that date until May 5, 2023. An allocation of 1.66 billion CZK was earmarked from the RRP for industrial enterprises. In total, 62 applications were submitted with a cumulative requested subsidy amounting to approximately 2.5 billion CZK. In 2024, the implemented projects will gradually be reimbursed. Similar to the photovoltaic initiative, there won't be a follow-up programme within the RRP for this call. Nevertheless, similar activities will be continued through the Modernization Fund (under the Ministry of the Environment), which can also support the financing of the preparation of a heat pipeline project from the Dukovany nuclear power plant to Brno. This project is significant not only for reducing CO<sup>2</sup> emissions but primarily for significantly reducing dependence on volatile natural gas currently used for heating a significant number of households, offices, and businesses in Brno.

## Transition to Circular Economy

**The transition to a circular economy** plays a crucial role in increasing the competitiveness of the Czech Republic, creating sustainable jobs, improving waste management, enhancing the efficiency of secondary raw materials utilization, and reducing the consumption of primary resources while protecting the environment. The necessity of promoting circular economy principles as a priority for the Czech Republic is emphasized in the strategic document on the circular economy, the Strategic Framework for the Circular Economy of the Czech Republic.

The aim of Component 2.7 *Circular Economy, Recycling, and Industrial Water* is, in line with key EU strategic documents (The EU Action Plan for the Circular Economy, The New EU Action Plan for the Circular Economy), to accelerate the transition to a circular economy in the Czech Republic. This includes preventing waste generation, increasing recycling infrastructure, reducing waste of secondary raw materials, increasing the content of recycled materials in products, and enhancing the raw material security of the Czech Republic.

### **Reform 2.7.1: Implementation of New Waste Management Legislation in the Czech Republic**

The reform represents the process of coordinating and implementing **newly adopted waste management legislation in the Czech Republic**.

**The new waste legislation** (Act No. 541/2020 Coll., Act No. 542/2020 Coll. on end-of-life products, Amendment to the Packaging Act No. 545/2020 Coll., Act No. 243/2022 Coll. on the limitation of the impact of certain plastic products on the environment) supports the transition to a circular economy and reflects all binding objectives arising from the adopted European law.

Following the adoption of the new waste management legislation, the relevant implementing regulations were also completed and published in the Collection of Laws of the Czech Republic in the third quarter of 2023.

#### **The preparation of the update to the regional waste management plans is underway:**

In May 2022, the Czech government approved the update to the Waste Management Plan of the Czech Republic for the period 2015–2024 with a perspective until 2035 (WMP CR), which represents a fundamental strategic document and vision for waste management until 2035. Following the approval of the updated national WMP, updates to the regional WMPs are underway and are currently being finalized. They are expected to be completed in the 2nd quarter of 2024.

The overall completion of Reform 2.7.1: Implementation of the new waste management legislation in the Czech Republic is anticipated in the 2nd quarter of 2024.

#### **Next planned legislative changes in the field of waste and circular economy:**

##### **Proposal for legislative amendment on mandatory deposit on selected single-use packaging (plastic beverage bottles and metal beverage containers):**

Interministerial commenting procedure on the draft law amending Act No. 477/2001 Coll., on Packaging and on Amendments to Certain Acts (Packaging Act), as amended, and other related laws, was concluded on January 4, 2024. On April 11, 2024, a conference was held to reconcile the received comments within the interministerial commenting procedure. The submission of the draft law to the government is expected in the first half of 2024. The draft will be submitted to the Parliament of the Czech Republic at the beginning of the second half of 2024, during which its approval is also expected. The amendment to the law is expected to take effect on January 1, 2025, and the deposit system is planned to be launched on January 1, 2026.

### **Reform 2.7.2: Elaboration and Implementation of the Circular Czechia 2040 Strategy**

**Strategic Framework for the Circular Economy of the Czech Republic 2040**, approved by the Government of the Czech Republic on December 13, 2021, formulates priorities and steps leading to the long-term sustainability of the Czech Republic against future environmental threats, including climate change and biodiversity loss, and the development of a sustainable social system. The strategic framework defines specific objectives and sets out measures and tools to achieve them. In June 2023, the Government of the Czech Republic approved the subsequent implementation Action Plan for the period 2022-2027, which sets out specific activities and tasks for the following six-year period with the aim of contributing to the fulfilment of the goals set out in the Strategic Framework.

### Investment 2.7.1.1: Building recycling infrastructure

In July 2023, within the framework of the RRP, grant call No. 6/2023 - Utilization and processing of biodegradable waste was announced, with a total allocation of CZK 1.6 billion. The application submission for support runs from September 1, 2023, to May 1, 2024 (or until the allocation is exhausted).

The aim of the call is to support the capacity building and improvement of the system for managing biodegradable waste as a whole, primarily through the support of facilities for biodegradable waste processing and the application and incorporation of compost produced from biowaste processing facilities into agricultural soil.

The support is primarily intended for agricultural entities and businesses active in the waste management sector (composting facilities, biogas plants).

## Biodiversity and Landscape Policy

Within the component 2.9 Biodiversity Support and Drought Management of the National Recovery Plan (managed by the Ministry of the Environment), the Czech Republic has committed to ensuring **protection against drought and nature-based flood protection** in the intravilan of the city of Brno (investment 2.9.1). In this context, with a grant of CZK 762 million from the RRP, adjustments to the bed of the Svratka River and its floodplain are being carried out in the section from km 37.028 to 40.174. The expected completion date of the project, originally set for the end of 2023, has been extended to June 30, 2025.

As part of the Recovery and Resilience Plan, the Czech Republic has committed to supporting **rainwater management within urban areas** (investment 2.9.2). Through the RRP, measures to slow down runoff and retain and accumulate water in urban agglomerations are supported at the municipal level. This is achieved through increasing the complexity of surfaces, infiltration strips and basins, rain gardens, underground infiltration facilities, drainage systems, underground retention tanks, and green roofs. The implementation of these projects will continue in 2024.

As part of the RRP, the Czech Republic has committed to supporting the **care of specially protected areas and Natura 2000 sites**, as well as the conservation of specially protected plant and animal species (investment 2.9.3). Support from the Recovery and Resilience Plan - Support for the Restoration of Natural Landscape Functions is primarily aimed at implementing practical measures derived from approved management plans, care principles, and a summary of recommended measures, as well as rescue programs, etc. Furthermore, funding is provided for the preparation of baseline studies and monitoring. Eligible applicants include the administrations of national parks, the Czech Cave Administration, and the Czech Nature Conservation Agency. The application period is open from August 22, 2022, to June 30, 2025. The planned allocation for 2024 is CZK 139 million excluding VAT.

As part of the RRP, the Czech Republic has committed to supporting the adaptation of water, non-forest, and forest ecosystems to climate change (investment 2.9.4). Through the POPFK programme, efforts are made to improve the species and spatial composition of forests, ensure the care of valuable non-forest terrestrial habitats, create and restore wetlands (including ponds and small water reservoirs), revitalize and restore watercourses, plant trees outside forests, and conduct comprehensive water management studies. Seven calls for proposals have already been announced for the implementation of this investment. At the beginning of 2024, applications are being accepted for two calls under the MoE Recovery and Resilience Plan - Support for the Restoration of Natural Landscape Functions programme: No. 3/2022 focusing on comprehensive water management studies (December 22, 2022 - September 30, 2025) and No. 4/2023 focusing on the revitalization and restoration of watercourses (December 22, 2023 - September 30, 2025). At the end of March 2024, the call for proposals announced by the Czech Nature Conservation Agency Recovery and Resilience Plan - Support for the Restoration of Natural Landscape Functions No. 1/2024, supporting a wide range of

measures for adapting water, non-forest, and forest ecosystems to climate change, closed (November 1, 2023 - March 29, 2024).

As part of the RRP update, the allocation for measure 2.9.4 was increased by CZK 0.812 billion to cover the financing needs of projects aimed at increasing protection against droughts and floods. For this purpose, two calls for proposals to support projects on water retention in the landscape for watercourse administrators, municipalities, and regions were announced under the National Environment Programme in June 2023. The deadline for submitting applications was extended until June 2024.

As part of the update, a new reform, 2.9.5 Landscape Policy and Landscape Planning, with an allocation of CZK 81.5 million, has been added to the RRP. The landscape policy will set the framework for landscape protection reform, primarily by introducing new tools and adjusting existing ones for spatial planning and landscape protection. It will ensure the integration of the goals of ambitious nature and landscape protection strategies into specific areas while delineating areas for further human activities in the landscape. The objective of this component is also to establish a system for applying the results of research on the impacts of climate change on activities in the landscape within the territorial administrative activities of state and public administration.

In May 2023, a new technical standard ČSN 36 0459, "Limiting the Adverse Effects of Outdoor Lighting," was published. This standard regulates zones and maximum values that lighting should adhere to. It represents an important step in reducing the impacts of intrusive lighting on the environment, biodiversity, and human health. The next step will be the enforcement of the standard within the permitting processes for construction, for example, through a decree on technical requirements for buildings.

## **Forest and watercourse management reform**

The preparation of a government amendment to Act No. 289/1995 Coll., on Forests, as amended, and Act No. 449/2001 Coll., on Gamekeeping, as amended, is still ongoing. Without strengthening the capacity of the state administration authorities for forests and gamekeeping, along with the requirement for expertise, it is not possible to guarantee a more efficient public administration system.

The Ministry of Agriculture (MoA) owns Component 2.6 within the pillar of Physical Infrastructure and Green Transition. The aim of Component 2.6 is to contribute to the sustainability of agricultural and forestry landscapes from both economic and ecological perspectives in the context of climate change. This includes water retention in the landscape, increasing biodiversity, and improving the state of forest ecosystems. The deadline for submitting applications for investments funded by this component was December 31, 2023, and in 2024, their evaluation and reporting on the achieved goals for the period of 2021-2023 to the European Commission are underway.

### *Investment No. 1: Flood Protection*

Investment in Flood Protection (managed by the Ministry of Agriculture in cooperation with the Ministry of the Environment) contributes to the protection of inhabited areas against the adverse effects of floods, improvement of water retention in the landscape, and facilitation of the natural regime of existing waterworks in built-up areas. Specifically, the investment contributes to the construction of dry reservoirs (so-called retention basins), and the modification of existing waterworks to achieve surface water runoff retardation and reduce the speed of flood waves. Furthermore, it supports the securing of waterworks to safely convey the 10,000-year return period flood wave (KPV), and measures along watercourses within urban areas. The supported entities include state-owned companies *Povodí*, *Lesy ČR*, and municipalities.

The Flood Protection Investment was supplemented in January 2023 with projects from the Ministry of the Environment/Recovery and Resilience Plan for the successful achievement of the set goals for the mentioned investment. The total allocation of the subcomponent is CZK 1.717 billion.

The Ministry of Agriculture will implement at least 25 projects for effective flood protection within the Recovery and Resilience Plan, while the Ministry of the Environment will supplement the Flood Protection Investment with its 13 projects to fulfil the requirement of the Council Implementing Decision (CID) for the implementation of 38 projects by the end of 2024.

#### Investment No. 2: *Small Watercourses and Small Reservoirs*

Investment in Small Watercourses and Small Reservoirs aims to significantly improve the morphological condition of small watercourse beds and small reservoirs. It supports the water regime of the landscape, enhances water retention in the countryside, promotes the development of riparian vegetation, and increases water retention in stream channels. The total allocation for this investment is CZK 1.6 billion.

Goal 135, "Completion of 50% of projects related to small watercourses and small reservoirs," has already been achieved. Within programme 129 390 - Stage 2, a total of 450 projects were completed by the end of 2022. In 2023, another 450 projects were completed, thus achieving goal 136, "Completion of 50% of additional projects related to small watercourses and small reservoirs."

#### Investment No. 4: Building Climate-Resilient Forests

Investments in forest restoration, including species composition adjustments and the age and spatial structure of forest stands, will enhance resilience to climate change. This will improve the overall resilience and condition of forest ecosystems after the bark beetle calamity and significantly contribute to the sustainable fulfilment of forest functions. Supported entities include forest owners and managers. The total allocation for the investment period from February 2020 to December 2023 is CZK 8.540 billion.

The amendment to the Decree on Forest Management Planning No. 84/1996 Coll., with a deadline for completion in 1Q/2023, was published on June 30, 2022, under No. 186/2022 Coll., in the Collection of Laws of the Czech Republic, thus achieving the set milestone ahead of schedule. Goal 140, Reforestation of 12,000 hectares of land with ameliorative and consolidating tree species (MCD) for the period 2020–2022, was achieved by reforestation of 12,293 hectares of MCD land. Since 2022, the implementation of Goal 141, Reforestation of an additional 24,000 hectares of land with ameliorative and consolidating tree species covering the period of 2022–2023, has been underway. An allocation of CZK 2.562 billion was approved in the RRP for the above-mentioned measures.

#### Investment No. 5 Water Retention in Forests

Investment in Water Retention in Forests contributes to strengthening the water retention capacity of forests through the implementation of sustainable silvicultural measures. These measures aim to improve soil, water, and microclimatic conditions, mitigate accelerated erosion, regulate the water regime of forest soils, and protect stream catchments. Supported entities include forest owners or holders and managers of small watercourses. The total allocation for the investment for the period from February 2020 to December 2023 is CZK 300 million. Implementation of measures began in February 2020 and will conclude by December 2023 under the financing from RRF.

Goal 142 was achieved through the implementation of 40 projects from February 2020 to December 2022, with a total allocation of CZK 200 million. In the subsequent period from January 2023 to December 2023, the achievement of Goal 143 was supported by an additional 20 projects with an allocation of CZK 100 million.

Investment measures in this area are planned and continuously implemented. However, given the overall extensive area of human-affected and degraded aquatic and forest ecosystems, it cannot be assumed that investment measures alone would substantially improve their ecosystem functions to the extent necessary for their ecological stability in the context of climate change. Therefore, it is also necessary to 1) utilize natural processes that contribute to the spontaneous restoration of ecosystems to the maximum extent possible, 2) incorporate nature-based approaches/elements into otherwise



necessary technical measures, and 3) prioritize nature-based solutions over purely technical ones wherever possible.

To accelerate the restoration of natural riverbeds, it is proposed to issue directives to the state-owned enterprises *Povodí* and *Lesy ČR* to implement revitalization and renaturation measures on watercourses and floodplains aimed at adapting to ongoing climate change and restoring nature.

## **Support for the renovation of residential and public buildings and the replacement of heating sources**

### **Reducing energy consumption in the public sector (component 2.2 within the RRP)**

One of the goals of the RRP is to reduce the energy demand of buildings owned by public entities (Investment 2.2.3). By September 30, 2022, the reception of applications related to Call No. 12/2021 of the RRP was closed, with an allocation of CZK 3.285 billion. As part of the final approved increase in the RRP envelope, which occurred in October 2023, the allocation for activity 2.2.3 was increased by CZK 1.5 billion. The total allocation for this activity now amounts to CZK 4.785 billion. By the end of the year, the SFŽP recorded 271 accepted applications, of which 270 received a positive decision from the minister, with a total approved support of CZK 4.169 billion.

No further projects were in administration under this call. It is anticipated that some projects with issued decisions will withdraw from administration during 2024. During 2024, a new call will be announced through the RRP focusing on reducing the energy demand of public buildings, aiming to ensure the achievement of the "Energy Consumption Reduction" indicator by 410 TJ/year, which is a condition set by the EC for the disbursement of financial resources allocated for reducing the energy demand of public buildings under activity 2.2.3 with a total allocation of CZK 4.785 billion. Based on the status of projects evaluated under Call No. 12/2021 of the RRP by the end of 2023, a maximum indicator achievement of 350 TJ/year is predicted.

### **Renovation of buildings and air protection (component 2.5 within the RRP)**

Within the RRP component 2.5, the Czech Republic committed in 2021 to support the renovation and revitalization of buildings for energy efficiency (investment 2.5.1) and the replacement of stationary sources of pollution in households with renewable energy sources and the development of renewable energy sources (investment 2.5.2). The implementation of this component will remain active in the following period. An allocation of CZK 15.8 billion was made to support both investments. As part of the proposed increase in the RRP envelope, the allocation was increased by CZK 1.98 billion in September 2023, and part of the allocation intended for 2.5.1 was transferred to measure 2.5.2. These measures are being implemented through selected calls of the NGS programme, administered by the SFŽP ČR. Since the launch of the NGS RRP calls 1/2021 and 2/2021, a total of 79,273 applications have been approved as of February 6, 2024, with a disbursed subsidy totalling CZK 15.2 billion to support family and apartment buildings.

Due to the high demand for grants from applicants, the resources from the RRP were exhausted prematurely in 2023. The Modernization Fund became the new source of financing, funding the NGS programme from June 15, 2023. Support for family and apartment buildings continues in 2024 through 5 active calls within the HOUSEnerg programme and further through a call to support low-income households in family houses through the NGS Light programme.

The NGS, alongside insulating structures and replacing inadequate heat sources, is further focusing on installing equipment utilizing RES (solar thermal and photovoltaic solar systems). The programme also includes support for additional adaptation and mitigation measures (green roofs, rainwater harvesting, heat recovery from wastewater and air, shading, etc.) reducing energy consumption and adapting to climate change in residential and family houses.

As part of sub-component 2.5.3 of the RRP, the Czech Republic has further committed to supporting pre-project preparation and awareness-raising, education, and information dissemination in the areas of energy efficiency, the use of RES, and the reduction of greenhouse gas emissions and other air pollutants. To fulfill this commitment, grants are provided under component 2.5.3. The component comprises four key measures – support for energy consulting and information centers (EKIS), mobile energy consulting and information centers (M-EKIS), and energy coordinators of local action groups (EnKo MAS). The aim of the measures is to support advisory and consultancy services in the field of increasing energy efficiency and promoting the individual and national benefits of energy-efficient projects for citizens, representatives of public administration, and entrepreneurs.

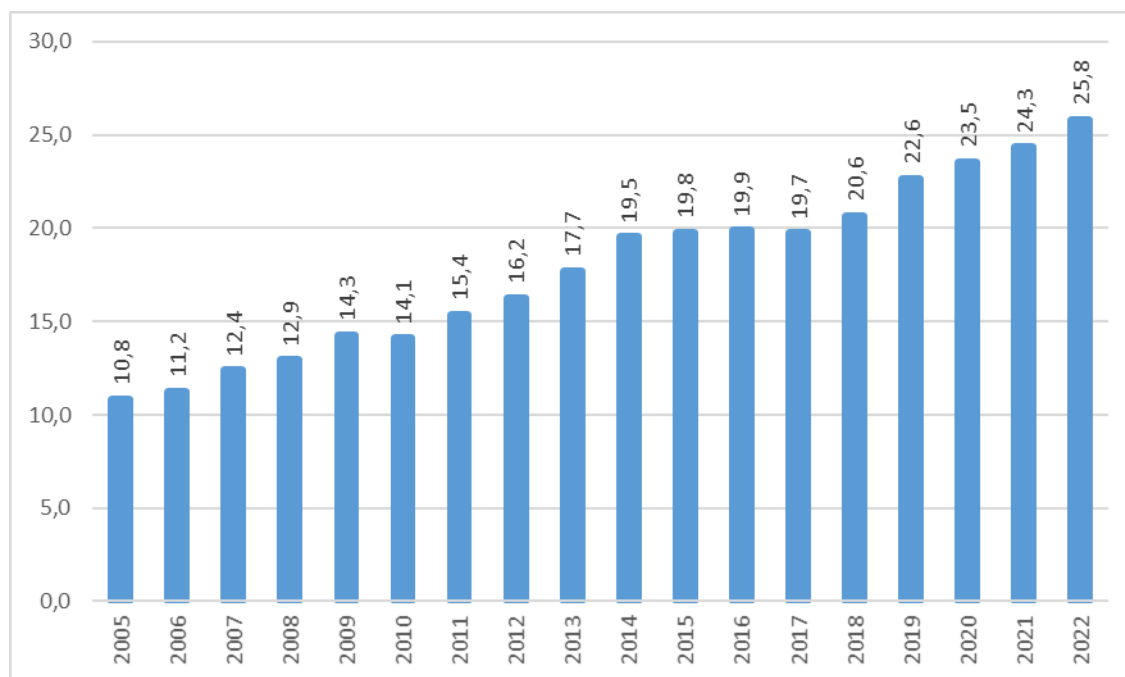
These investments are in line with reforms from component 7.3, such as the establishment of unified contact points for energy communities and energy-efficient renovations, and the collection of data and processing of methodological guidelines for the advisory system. A total of CZK 35 million is allocated for EKIS, with the application deadline suspended on June 30, 2024. For M-EKIS, CZK 40 million is allocated, and the call is launched until September 30, 2025. For coordinators of local action groups, CZK 25 million is allocated, and the application deadline is until September 30, 2025. In November 2023, a call for proposals to support the establishment of energy communities was announced (Call No. 7/2023 from the RRP). The application submission within this call ran until January 31, 2024, and currently, the first round of evaluation of submitted applications is underway.

The replacement of inadequate heating sources in households is also underway through the Operational Programme Environment 2021-2027 (OP Env). Boiler subsidies from OP Env are targeted at low-income households, and approximately 17 thousand applications have been approved for a total of CZK 2.59 billion, with two calls for regions already announced. Applicants who do not meet the conditions for boiler subsidies when replacing solid fuel boilers of inadequate class can utilize the NGS programme.

According to Act No. 201/2012 Coll., on Air Protection, as amended, a ban on operating solid fuel boilers worse than class 3 (according to ČSN EN 303-5) located in family houses, apartment buildings, and buildings for family recreation comes into effect from September 1, 2024. The risk for timely implementation of the mandatory heating source replacement remains the financial cost of the investment (often increased by the need for related building insulation, especially in the case of heat pump installations), reduced ability of households to co-finance the investment, and to carry it out at the given time, particularly for low-income households vulnerable to energy poverty. This poses a risk of not achieving the expected reduction in emissions of pollutants into the air. There is also a certain risk in the future (especially in the context of new emission limits considered in the revision of Directive 2008/50/EC) associated with biomass combustion, although it is possible to purchase only combustion sources on the market that meet eco-design requirements. The risk of jeopardizing the fulfilment of the component by rising energy prices, construction works, and materials or limited availability of labour and products on the market still applies.

In addition to the above, it is important to mention that in 2023, the government of the Czech Republic approved an update to the National Emission Reduction Programme, which is a strategic document regulating air protection goals at the national level. One of the key areas targeted by measures is the promotion of zero-emission and low-emission energy sources and the substitution of fossil fuels. In 2023, the update of air quality improvement programs was also initiated. These are strategic documents that create regional frameworks for air protection in the Czech Republic at the level of individual zones and agglomerations defined by the Air Protection Act. Within the air quality improvement programs, measures to reduce air pollution and improve air quality are primarily focused on controlling the operation of stationary sources in households and increasing awareness of how to operate stationary sources correctly and safely.

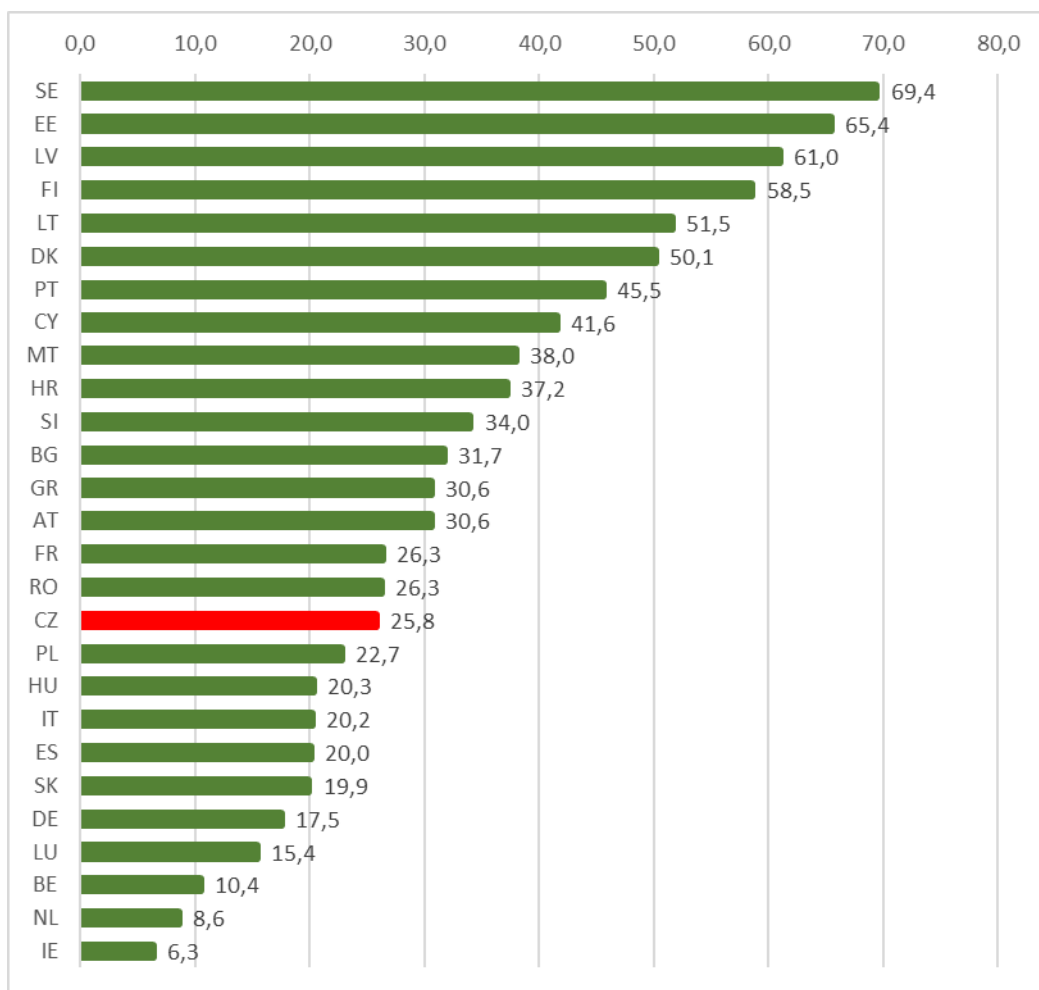
**Graph 11: The share of energy from renewable sources in heating and cooling in the Czech Republic (in %)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/nrg\\_ind\\_ren\\_custom\\_9504683/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren_custom_9504683/default/table?lang=en)

**Graph 12: Comparison of the share of energy from renewable sources in heating and cooling in the Czech Republic and the European Union for the year 2022 (in %)**



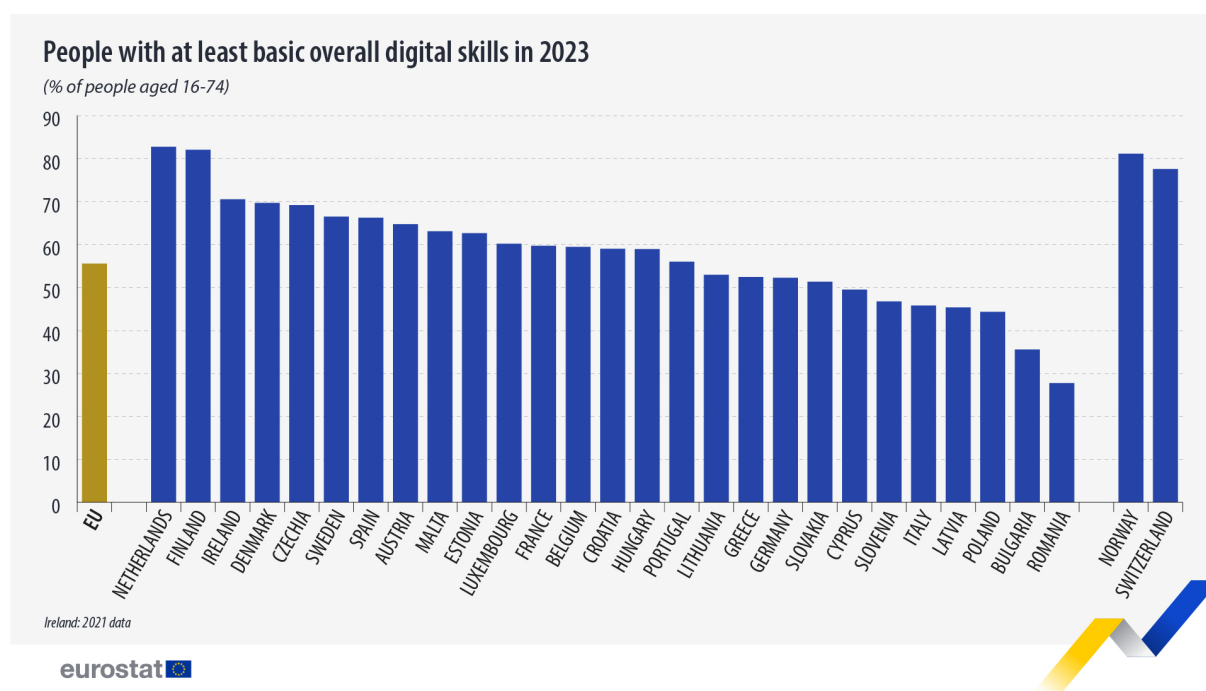
Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/nrg\\_ind\\_ren\\_custom\\_9562572/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren_custom_9562572/default/table?lang=en)

### 3.3 Education and labour market

According to the Country Report 2023, the situation in the Czech labour market continued to improve, although certain concerns arise from the shortage of labour and the impacts of the energy crisis. Strengthening active labour market policies plays a key role in this context, especially concerning the untapped potential of young people, women, and workers with low qualifications. The potential of the Czech labour market is burdened by a mismatch between the skills offered and those demanded, in connection with changing business needs and green and digital transformation. Adult participation in education, the tertiary education rate, and the untapped potential of qualified workers originating from Ukraine pose challenges for the development of the Czech labour market's potential. The development of digital skills is also crucial. Although 60% of the Czech population has at least basic digital skills, there is significant room for achieving the national skills target (80%) by 2030.

**Graph 13: The share of individuals aged 16-74 with basic digital skills within individual EU countries**



Source: Eurostat

<https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20231215-3>

### Education and digitalization

#### Education has the new implementation plan for the years 2023-2027

At the end of 2023, on December 20, 2023, the Czech government approved Government Resolution No. 980, outlining the new **Long-Term Plan for Education and the Development of the Education System of the Czech Republic for the years 2023-2027**. This document serves as the implementation plan for the Education Policy Strategy of the Czech Republic 2030+ for the next implementation period (2023-2027), setting measures at the state level and defining opportunities for specific solutions at the regional level.

In the first part, the document presents the goals of the Long-Term Plan for the Czech Republic 2023–2027 in broader contexts, primarily focusing on overall socioeconomic and environmental development, labour market trends, and key indicators in the field of education.

The second part contains **three priorities set by the Ministry of Education, Youth and Sports (MEYS) for the upcoming period:**

1. Children and Youth: Personality development and motivation for lifelong learning,
2. Schools and Educators: Modern education and prepared educators,
3. Efficient Education System: Sustainable and efficient system based on accountability for results.

The third part consists of **cross-cutting** measures that will be the focus of attention in the upcoming period: **education for sustainability, digital education and artificial intelligence in education, education for children and students with inadequate knowledge of the teaching language, well-being, mental health, safe environment, and support for physical activities, equal opportunities in education, and ensuring the necessary capacities of secondary schools and their field structures corresponding to expected life paths.**

The fourth part, the Strategy for Regional Education Development - Action Cards, focuses on the **strategy for the development of regional education in all its areas** and on the strategy for further development of the school network and educational facilities:

- (A) Quality and Accessible Pre-school Education
- (B) Modern Elementary Education for the 21st Century
- (C) General and Vocational Education for Further Study and Practical Application
- (D) Support and Development of Teachers and School Leaders
- (E) Equal Access and Effective Support for All Students Without Discrimination
- (F) Prevention of Risk Behaviour and Alternative Educational Care
- (G) Systematic Support and Management of Schools
- (H) Lifelong Learning Education
- (I) Strategy for Further Development of the School Network and Educational Facilities/Criteria for Development and Optimization of the Education System and Structure of Future Educational Offerings

Material published on [DZ ČR 2023-2027 elektronická publikace.pdf](#), [MŠMT ČR \(msmt.cz\)](#) and <https://www.edu.cz/strategie-msmt/dlouhodobě-zamery-cr-a-kraju/dz-cr-2023-2027/>

## **Reforms in the field of preschool education**

The main goal of the measures undertaken by the Ministry of Education in the field of preschool education is to **increase the quality and accessibility of preschool education** and to involve as many children in the Czech Republic as possible, starting from the age of three. Early childhood education plays a crucial role not only in children's cognitive and emotional development but also in preparing them for lifelong learning and promoting their well-being. These measures are implemented according to the Education Policy Strategy of the Czech Republic 2030+ and its implementation document: The Long-Term Plan for Education in the Czech Republic, and are advocated for during the years 2023-2027.

In the school year 2022/2023, 98.1% of five-year-old children were enrolled in possible forms of compulsory preschool education (Annual Report of the Czech School Inspectorate for the year 2022/2023). According to statistical data, as of September 30, 2023, 364,491 children were enrolled in

preschools, spread across 5,387 preschools. Compared to the previous school year, there was a decrease of 4,714 children.

In response to the crisis in Ukraine, the number of children of Ukrainian nationality admitted to preschools in the school year 2023/2024 (data from the Ministry of Education after the end of registrations for the school register as of September 30, 2023) was a total of 10,501 children, out of which 5,697 were asylum seekers.

**In 2023, the MEYS continued with integration measures in the area of educational activities for foreign children and for pedagogical staff.** In the school year 2023/2024, a total of 19,409 foreign children attended preschools in the Czech Republic, with the highest representation being citizens of Ukraine (10,501), Vietnam (2,542), and Slovakia (2,291). In preparatory classes of primary schools and in preparatory stages of special primary schools, a total of 777 foreign children were registered, most commonly originating from Ukraine (453), Vietnam (114), and Slovakia (49).

Language support for foreign children is provided in preschool education as part of regular instruction. In schools with a higher representation of foreigners in compulsory preschool education, targeted language support is also provided through language preparation groups. In the school year 2022/2023, there were 392 language preparation groups in preschools, while in the school year 2023/2024, there were 336 groups.

In this context, several documents have been created for teachers and directors of preschools, which are available on the website <https://www.edu.cz/ukrajina/>. These include, for example, an overview of supportive activities for the integration of Ukrainian children into preschools or a series of practically usable educational materials.

Among the targeted financial support from the MEYS specifically aimed at Ukrainian refugees is primarily the financial support for establishing the **position of a Ukrainian assistant educator in preschools**.

In 2022, the Integrated Regional Operational Programme (IROP) announced three calls to support preschools (calls No. 6, 7, 20), and in 2023, an additional call No. 109 was announced to support capacities and improve conditions in preschools.

## **Reforms in the field of primary education**

The curriculum reform in the Czech Republic and the work on the major revision of the Framework Educational Programme for Primary Education (FEP PE) are in the final stage of implementation. At the end of 2023, the MEYS received the first draft of the revised FEP PE to provide feedback to its creators for adjustments before public consultation, planned for spring 2024. This feedback is being prepared in line with the approved document "Assignment for National Pedagogical Institute of the Czech Republic (NPI CZ)", which follows the Education Policy Strategy of the Czech Republic until 2030+ and the Main Directions of the FEP PE Revision. The revision work involves working groups for individual educational areas and fields, coordination groups, and conceptual groups. According to the updated schedule, the revised FEP PE is expected to be completed in the summer of 2024.

The possibility to start teaching according to the revised Framework Educational Programme for Primary Education (FEP PE) in schools providing primary education is planned for September 1, 2025. **The obligation for schools providing primary education to start teaching according to the revised FEP PE is then set for September 1, 2027.** When creating model school educational programmes (MSEP), at least three model school educational programmes will be issued, with at least one MSEP corresponding to the current organization of teaching in most schools (subjects corresponding to educational fields), at least one MSEP integrating subjects (fields), and at least one MSEP based on themes (approached from different fields). Furthermore, massive methodological support will be provided for schools.

## **Integration measures in the field of educational activities for children/students of foreign origin**



Foreign students have access to primary education and school services under the School Act in the Czech Republic on the same terms as Czech citizens (no distinction is made between students from EU countries, third countries, or based on residency status). **In the Czech Republic, there were a total of 70,662 foreign students in primary schools in the 2023/2024 school year, of which 37,074 foreign students had been granted asylum, supplementary, or temporary protection.** In terms of frequency, the highest number of foreign students in primary schools came from Ukraine (47,858), Vietnam (6,273), Slovakia (5,966), Russia (1,782), and Mongolia (1,402).

Since the 2021/2022 school year, a **system of language support for foreigners** has been in operation in preschool and primary education. Language preparation can also be attended by children and students who do not meet the eligibility criteria (they are not newcomers or have Czech citizenship) if they participate in an existing group for language preparation for foreigners. The entitlement to language support in primary schools is granted to foreigners who attend compulsory school attendance in the Czech Republic for a maximum of 12 months, up to 200 hours of Czech language instruction. Schools for language preparation for foreigners are designated by the regional authority in accordance with criteria specified by regulation.

In connection with the migration of Ukrainian citizens to the Czech Republic and the need for their integration into Czech schools, the priority was to ensure the widest possible availability of language preparation (ideally at the school attended by the student). In the 2022/2023 and 2023/2024 school years, it was possible to designate schools for language preparation outside of those specified by the regulation, provided that they had at least 5 students entitled to support and had the personnel and material prerequisites to provide language preparation.

Among the targeted financial support provided by MEYS specifically for Ukrainian refugees, there is notably financial assistance for the establishment of Ukrainian assistant pedagogue positions in kindergartens, elementary and secondary schools, and conservatories (January-December 2023). The total support amount in 2023 reached CZK 333 million; ensuring over 700 full-time positions for Ukrainian assistants in more than 500 kindergartens, elementary, and secondary schools. The support continues in 2024 (until the end of August 2024) with an amount of approximately CZK 200 million.

**The number of language preparation groups in elementary schools doubled in the 2022/2023 school year compared to the previous school year.** In the 2023/2024 school year, their number decreased because most Ukrainian asylum seekers had already undergone language preparation in the previous school year.

As of September 1, 2023, the Framework Educational Programme for Elementary Education has been amended, allowing schools to replace the **educational content of the Second Foreign Language with Czech as a Second Language for foreigners (if it is in their best interest).**

The MEYS continues similar activities in 2024. This includes financing and methodological support for the implementation of language preparation for children and students with insufficient knowledge of the teaching language in preschools, elementary, and secondary schools; providing services of translators, interpreters, and adaptation coordinators in schools and educational facilities; providing support to educational staff educating foreign children and students through a network of regional coordinators, including offering and implementing educational programmes, methodological, coordination, consultation, and networking support, including operating and updating a portal supporting educators educating foreign children and students; Czech language exams for permanent residence in the Czech Republic at the A2 level and possible increase in the number of examination places; financial support for the implementation of simplified projects (templates) focused on integration within the Jan Amos Komenský Operational Programme (OP JAK); and carrying out activities arising from the needs of schools in connection with the integration of Ukrainian refugees.

## **Reforms in the field of secondary and higher vocational education**

As part of the regional education reforms, the process of **innovating the field structure** of vocational education programmes for secondary vocational education is underway. Continuing their activities are

professional platforms, established as consultative and advisory bodies for innovating the field structure of education programmes and related activities. According to the thematic focus of individual groups of education fields, there are **five professional platforms** working on related groups of education fields: Technical, Socio-Economic, Natural Sciences, Arts, and Health and Social. Members of the professional platforms include representatives from ministries, chambers, nationwide employers, relevant central trade union bodies, school associations, universities, and representatives of founders. Institutional representation in professional platforms is based on the principle of social dialogue and is further inspired by the list of partners specified in the Education Act during the discussion of curricular documents and with relevant nationwide employer organizations in accordance with the Agreement on the division of responsibility for individual areas of initial vocational education. Working groups have begun their work within individual platforms. The results of the working groups' discussions are transferred to the professional platforms. Work on revising the curriculum in connection with the innovation of the field structure will begin next year.

In order to increase the relevance of the content of vocational education (its vocational/qualifying components) to the demands of the labour market, it is necessary, in particular, to define and validate qualification profiles by representative sectoral councils capable of guaranteeing consensus for the given sector. Sectoral councils grouped within the National Network of Sectoral Councils serve as the executive apparatus in the employer-union proposed partnership model for managing qualifications development, vocational, and professional education. **This joint initiative of employers and unions corresponds to and builds upon the Government's Policy Statement.** The implementation of the principle of partnership management in the lifelong learning system supports the implementation of European activities associated with the **New Skills Agenda** at the national level. The goal is not only to reduce the mismatch between existing and expected new skills but also to improve their quality and relevance to the rapidly changing labour market needs, contribute to the mutual comparability of skills and qualifications in the European labour market.

### **The digitization of the admissions process**

As part of the admissions process **for the 2024/2025 school year, the digitization of the admissions process has been initiated** based on newly enacted legislation (amendments to the School Act and the decree on admissions to secondary education and conservatories). Applicants can apply for up to 3 fields of study (or up to 5 if two of them are fields of study with talent tests). Applicants can also submit their applications fully electronically using their citizen identity, or hybrid using an extract from the electronic system without logging in or a form on paper, as before.

### **Pilot testing**

Since the 2021/2022 school year, pilot testing of an **alternative examination for the specialized part of the secondary school leaving examination** in the form of a comprehensive graduate thesis has been underway in secondary vocational schools. By Amendment No. 2, the pilot testing has been extended for 2 years and will conclude on November 30, 2025.

Since the 2022/2023 school year, pilot testing of the **hierarchical connection of selected fields H, M, N** in the group of education fields 53 - Healthcare in secondary and higher vocational schools has been implemented. Specifically, in fields H - Nurse, M - Practical Nurse, N - Registered General Nurse, and N - Registered Paediatric Nurse. Starting from September 1, 2024, pilot testing will commence for complementary fields M - Nutritional Assistant and N - Registered Nutritional Assistant.

Amendment No. 2 to the announced pilot testing of the organization and process of the education model enabling the attainment of secondary education with a vocational certificate and secondary education with a graduation exam according to selected framework educational programs of secondary education fields in the category of attained education levels L0 and H in selected secondary schools results in an extension of the duration of the pilot testing by 3 years. The pilot testing will be concluded in the year 2029.

As part of the announced pilot testing in the school year 2023/2024 (which began on October 1, 2020), school principals may offer graduating students the option to replace part of or even an entire profile graduation exam in the field of Education in Computer Science and Information and Communication Technology (Framework Educational Programme for Gymnasiums) and the field of Education in Information and Communication Technologies (Framework Educational Programme for Secondary Vocational Schools) with the result of successfully passing an exam (or exams) in this field of education documented by an **internationally recognized certificate (certificates)**. The pilot testing is scheduled to end after its extension by two years on September 30, 2025.

There is also a pilot testing underway for replacing AP exams/certificates in the field of general education within the profile graduation exam. This pilot testing takes place from September 1, 2022, to September 30, 2024. Within this pilot testing, either one entire profile exam or only a part of the profile exam can be replaced.

### **Revision of the ICT FEP**

As part of the revision of the ICT FEP for secondary vocational education across all categories of education fields, there have been significant changes, particularly the shift from key competencies to the new **Digital Competence**; the educational scope itself has moved from basic work with digital technologies to the new **Informatics Education** and the cross-cutting theme (**Human and the Digital World**). The key digital competence and cross-cutting theme have been adjusted in their content to reflect the evolution of digital technologies and their utilization in society, both in personal and professional life. The goal of informatics education is to guide students towards the ability to recognize the informatics aspects of the world and utilize insights from informatics to comprehend and contemplate natural as well as artificial systems and processes, to solve various work and life situations, and to systematically choose and apply optimal approaches.

The aim of setting the cross-cutting theme Human and the Digital World is to integrate digital technologies into teaching and into the life of the school, bridging formal education with students' experiences from their informal learning activities and learning outside of school. The content of the cross-cutting theme has been developed so that the development of digital competencies can be incorporated into the curricula

The MEYS, through the National Pedagogical Institute of the Czech Republic (NPI CZ), provides methodological support to secondary vocational schools in implementing the new concept of ICT curriculum in the Framework Educational Programme for Secondary Vocational Education into School Educational Programmes and other educational activities. The effectiveness of the Minister's Measure is from September 1, 2023.

Schools could, based on their professional readiness, incorporate changes related to Informatics Education into their School Educational Programs on a voluntary basis as of September 1, 2023. The obligation to teach according to the updated ICT curriculum is set uniformly for all grades and fields of study from September 1, 2025.

### **Reforms in the field of pre-service teacher education and in the area of further education and support for educational professionals**

As part of the modernization of regional education in the Czech Republic, the implementation of the Teacher Preparation Reform continues. This reform began with the signing of a memorandum between the MEYS and representatives of faculties preparing teachers in September 2021. The main goal of the reform is to transform teacher preparation so that the Czech Republic annually produces enough new teachers ready to help all their students fully develop, thus creating teachers capable of contributing to the fulfilment of the two main goals of the Strategy 2030+.

A **Competency Framework for Graduate Teachers** was created and adopted, representing a shared national vision for the quality of teacher graduates. It is a competency model consisting of 18 competencies divided into 6 areas. The adopted competency framework serves as the basis for a national survey assessing the readiness of graduates and novice teachers. Additionally, it has become part of the requirements for supplementary pedagogical studies, through which graduates of non-

teaching study programs can obtain a professional qualification as educational practitioners. Furthermore, it will be included in the Framework Requirements for study programs that lead to obtaining a professional qualification for regulated professions in the field of educational practitioners.

The preparation of the innovation of conditions for **accrediting study programmes** leading to teacher qualification has been finalized with the aim of opening the system to innovations and further strengthening the professional aspect of pre-service teacher training, particularly by enhancing the practical component of preparation. There is also a focus on enhancing the internationalization of teacher training, increasing the attractiveness of the teaching profession, and developing subject didactics as a key component of teacher preparation, especially through the grant programme "Teachers Matter" and the call for support for pre-service training of future teachers within the Operational Programme Jan Amos Komenský (OP JAK).

The **reform of teaching practices** and closer integration of faculties preparing teachers with regional schools continues. A pilot testing of the System of Support for Accompanying Teachers has been initiated with the aim of improving the quality of teaching practices. This pilot testing involves the introduction of the position of accompanying teacher, which has been anchored in the law on educational personnel with effect from January 1, 2024, and also pilots the funding of these positions as proposed in the draft amendment to the Education Act, which is currently submitted to the government for approval.

As of January 1, 2024, the so-called **Teacher Adaptation Period** has also been established, which includes a period of 2 years from the start of a teacher's activity. Additionally, the position of introducing teacher has been introduced, whose main task is to methodically guide the beginning teacher during their adaptation period, regularly assess their work, and acquaint them with the school's activities.

In 2024, the preparation of a **support system for school principals and educational facilities** continues. Following the evaluation of the updated study programme for school principals conducted by the NPI CZ a proposal for an amendment to Decree No. 317/2005 Coll., on further education of pedagogical staff, accreditation commission, and the career system of pedagogical staff will be prepared.

As part of the development of the teaching profession, the third edition of the **grant competition (Teachers Matter)** was announced in 2023. It aims to enhance the prestige of the teaching profession, increase interest in teaching careers, popularize teacher training programs, and enhance their attractiveness. A total of 37 applications were submitted, and 14 projects were supported. The grant competition has been announced again for the year 2024.

## **Reforms in the area of increasing inclusivity in the education system**

In accordance with the strategic direction of the Czech Republic's Educational Policy Strategy 2030+ and the Government's Policy Statement, the Ministry of Education, Youth and Sports plans to **finance school psychologists and school special educators from the state budget** starting in 2025, so that every regular primary school is entitled to a certain level of employment for these teaching positions. Eventually, it is envisaged that this system will also be implemented in preschools and secondary schools.

Currently, in the first phase of institutionalization, regular primary schools can claim funds for these positions from the call **"Templates for Preschools and Primary Schools I" under the OP JAK**. Schools with up to 179 students can access these funds through educational-psychological counselling centres. An amendment to Act No. 561/2004 Coll., on Preschool, Basic, Secondary, Higher Vocational, and Other Education (the School Act), as amended, is being prepared, primarily aimed at improving the counselling system and ensuring a more inclusive environment in schools.

There will be established a **responsibility of educational-psychological counselling centres** towards regular primary schools to provide them with methodological guidance and ensure the availability of

shared school psychologists and school special educators. Additionally, there will be introduced an obligation and specification of counselling services that directors of primary and secondary schools must provide.

Regions will be newly obligated to ensure conditions for providing counselling services by educational counselling facilities. There is also an anticipated adjustment of implementing legal regulations with the **aim of unifying diagnostic and intervention procedures of educational counselling facilities**, redefining the activities of counselling staff, and specifying information for recommending supportive measures. The MEYS will also strive to increase the number of special educators and psychologists in education, through collaboration with universities and by amending Act No. 563/2004 Coll., on pedagogical staff and amending certain other acts, as amended.

Within the NPI CZ ongoing education for educational staff is being conducted, for example, in working with heterogeneous classrooms and using diagnostic tools. Websites supporting inclusive education are continuously developed for both educators and the general public, such as <https://zapojmevsechny.cz/>, providing methodological support for school counselling facilities and school counselling offices at <https://poradenstvi.npi.cz/>.

### **Challenges in enhancing the inclusivity of the education system**

In 2024, a **Call for Proposals** was announced for non-investment subsidies from the state budget for activities **in the field of primary prevention of risky behaviour and support of mental health** in schools and educational facilities. The Government of the Czech Republic, at its meeting on July 19, 2023, approved Resolution No. 548, the Action Plan for the Implementation of the **National Strategy for Primary Prevention of Risky Behaviour in Children and Youth for the period 2023-2025**. Methodological recommendations for primary prevention of risky behaviour and its appendices are regularly updated. For example, in 2023, an appendix on *Mental Crisis/Mental Illness of Students* was updated.

In 2023, a call was announced as part of the **OP JAK Integrated Territorial Investment (ITI) Action Planning**. Supported activities include the implementation of measures for long-term educational objectives and the development of the educational system in regions. Among the mandatory sub-activities are career counselling, prevention of premature school leaving, support for equal opportunities in education, development of each student's potential, improvement of the quality of counselling services for children, pupils, and students at the regional level, and others.

In 2024, **two calls for proposals under the Integrated Regional Operational Programme (IROP) supporting equal access to inclusive education and quality counselling services** in education will be opened for applications. Attention will be paid to measures enabling students to transition to mainstream education and independent living through the development of educational infrastructure. Additionally, support will be provided for the infrastructure of school counselling facilities.

The MEYS continues to implement a programme to support schools with above-average representation of socially disadvantaged students as part of the implementation of component **RRP 3.2 Adaptation of Capacity and Focus of School Programs, which runs until August 31, 2025**. The aim is to support 400 schools.

### **Reforms in the area of school and founder support**

Since July 1, 2023, the Ministry of Education, Youth, and Sports (MEYS) has been implementing a six-year **systemic support project called "Střední článek podpory" (Intermediate Link of Support)**, which provides targeted methodological support across a range of non-pedagogical areas: from educational legislation, budgeting, and financing, labour law issues, administrative procedures, documentation, reporting, to school management, communication with the founder, personnel management, and many others. The project itself was preceded by a two-year pilot phase, which aimed to verify whether this type of support is beneficial and appropriate, a confirmation that was obtained through external evaluation conducted as part of research funded by the Technology Agency of the

Czech Republic (project No. TIRDMSMT015MT04) at the Masaryk Institute of Higher Studies, Czech Technical University in Prague in 2022-2023.

The "*Střední článek podpory*" (Intermediate Link of Support) is funded by the OP JAK) The project, with a total budget of just under CZK 890 million, which will run until 2029, is focused on regional support. Within the Czech Republic, methodological support centres operate in each of the 14 regions (with a central methodological centre in Prague). It is aimed at supporting school principals and founders, with three main objectives:

- 1) Establishing a communication and methodological support system for school management in the areas of organizational management and leadership, and for founders in fulfilling their founding role towards schools,
- 2) Providing information and methodological support in the areas of organizational management and leadership for the management of all schools and educational facilities and their founders,
- 3) Providing individualized methodological support in the areas of organizational management and leadership to all nursery and primary schools and their founders.

The intermediary support component serves as a crucial **structural addition to the educational system**, aiming to professionalize school leadership and the role of educational authorities. It aims to ensure effective configuration of the educational system and create equal conditions for education.

It helps schools and educational authorities through free individual and group consultations, facilitates the work of new principals, provides regular information services with a brief overview of legislative updates and changes in education, ensures two-way communication and information flow between schools and the MEYS, and connects stakeholders in education.

## **Reforms in the area of reducing early exits from the educational process**

The Ministry of Education collaborates with the Ministry of Labour and Social Affairs on reforms aimed at reducing early exits from education. The MEYS (Department of Secondary, Higher, and Further Education) has become the implementing guarantor of research conducted by the Sociological Institute of the Czech Academy of Sciences, which includes a **sociological survey on the early exits from education of foreign students or students** with insufficient knowledge of the language of instruction. The research results will be processed in 2026. This project builds upon a similar project implemented in primary schools.

## **Reforms in the area of supporting technical and digital skills**

The MEYS invested **approximately CZK 1.1 billion** in the development of digital education in 2023, thanks to the RRP and its Component **3.1: Innovations in Education in the Context of Digitalization**. All investments were guided by the new Educational Frameworks in the field of ICT, which introduced a new concept of informatics and a new key competency - digital competency. As of September 1, 2023, according to the new Educational Frameworks, these had to be taught at the primary level of elementary schools (ISCED 1). The investments of Component 3.1: Innovations in Education in the Context of Digitalization consist of three main interventions.

As part of the first intervention of the NPI CZ, a project focused on the implementation of new Educational Frameworks at the school level continued, including training sessions for teachers on how to develop computational thinking and digital competencies among students. The project will run from 2022 to 2025 with a total allocation of CZK 385 million. The project consists of two main activities:

1. The first activity involves providing training and consultations to schools on **how to implement the new Educational Frameworks at the school level** and develop computational thinking and digital competencies among students. Training sessions are

offered to the entire school staff, including principals, computer science teachers, and teachers of other subjects. As of December 31, 2023, the project supported a total of 4,174 schools and 22,344 individuals with 3,501 educational activities.

2. The second activity is the establishment of a network of **IT gurus** who provide advice and consultations to schools on the digitalization process and the purchase of digital devices. As of December 31, 2023, the project supported a total of 784 unique schools.

In 2024, this project continues with both main activities, meaning the provision of free training to schools so they can successfully implement new school educational programs according to the revisions in the Educational Frameworks and effectively utilize the new key digital competency across all educational areas, as well as the new content of Computer Science. Additionally, the rich activity of IT gurus continues, with recent involvement in activities aimed at appropriate deployment of AI in schools. Engaging activities persist where educators can experiment with teaching new Computer Science, engage in activities to develop students' digital competencies, and exchange experiences with IT gurus, regional ICT coordinators, and trainers.

As part of the second intervention, schools were provided with financial resources to **purchase digital teaching aids for students** in accordance with their new school educational programme to develop their computational thinking and digital competencies (total CZK 689,374,352.00). In 2023, elementary schools, grammar schools, secondary schools, and conservatories were supported.

As part of the third intervention, schools were provided with financial resources to **purchase digital devices to prevent digital disparity** (totally CZK 446,934,840.00 in 2023). The resources were allocated based on a coefficient that takes into account the socioeconomic situation of each school. The goal is to support 70,000 students and establish funds for mobile digital devices in 80% of schools. This intervention also continues in 2024.

## **Reforms in the area of the relevance of education and degrees in the labour market**

In 2023, the MEYS continued to fulfil its goal, set in 2021, to **transform higher education institutions to adapt to new forms of learning** and respond to the changing needs of the labour market in the post-COVID recovery (Component 3.2.1 - Reform 176), within the RRP. The aim of the reform is to increase the capacities of higher education institutions and adjust the structure of study programs to new trends and evolving needs of the labour market, especially in relation to the development of digital technologies. A partial goal of MEYS is also to contribute to fulfilling the priority objectives of the Strategic plan of the ministry for higher education for the period from 2021, the Strategy for Internationalization of Higher Education for the period from 2021, and related strategic documents of individual public higher education institutions. The goals of the reform continue to be met in 2024.

As part of the reform, both the forms and content of higher education will be transformed, creating:

- new professionally oriented study programmes tailored to the needs of the labour market, incorporating a significant portion of practical instruction,
- new study programmes focusing on progressive fields (rapidly evolving sectors with high added value and sectors of significant societal relevance with a shortage of qualified workers, identified as national priorities in consultation with social partners),
- new lifelong learning programmes, courses focused on skills enhancement - upskilling and reskilling (with the domain of higher education focusing primarily on upskilling workers in areas requiring high qualifications to strengthen knowledge transfer between academic and applied spheres) and courses leading to the acquisition of professional qualifications necessary to obtain qualifications according to the National Qualifications Framework (NQF) - so-called micro-certificates,

- thanks to investments in information systems and technologies, it will be possible to increase the proportion of blended learning (a combination of face-to-face and distance learning methods, utilizing online education methods in face-to-face study programs) or distance learning at universities. Emphasis will be placed on enhancing the qualifications of academic staff in the use of information technologies.

The allocation for the reform amounts to CZK 3 billion. Financing is provided in the form of grants in accordance with § 18 (3) and (4) of the Higher Education Act. Eligible entities are public higher education institutions as listed in Annex No. 1 of the Higher Education Act. **In total, the creation of more than 150 study programs (intended for university students) and 300 programs and courses to strengthen knowledge (upskilling and reskilling; primarily intended for the general public) will be supported.**

As part of the RRP, the MEYS launched a new reform programme "Support for Green Skills and Sustainability in Higher Education" in 2023, within Component 7.4. The programme is announced for the period 2023-25, with a total allocation of 960 million CZK. The aim of the programme is to support the revision of existing study programs to incorporate themes of green transformation or the creation of new lifelong learning study programs and courses. Graduates of these programs will be equipped with knowledge of green education, making them a qualified workforce in dynamically evolving fields related to ecological transformation. This programme aims to contribute to the fulfilment of national and European strategies, and applicants are recommended to align their projects with global methodologies such as Sustainable Development Goals and EUR-LEX – 32022H0627 (Council Recommendation on learning for the green transition and sustainable development). The goal of the reform is to create conditions in the higher education environment that will promote an increase in the number of highly qualified workers in the labour market. Public higher education institutions are eligible applicants for support under this programme.

The programme is divided into 5 key activities:

1) Newly accredited study programmes

As part of this key activity, the creation of newly accredited study programmes (bachelor's, master's, doctoral) with academic and professional profiles will be supported. The goal is to adjust the structure of study programmes to ensure a higher alignment between the competencies of graduates of these programmes and the current and future demands of the labour market. Target - 20 study programmes.

2) Creation of new/innovated courses within study programmes

This activity aims at the creation of new or the innovation of existing courses (mandatory and/or elective) within existing study programs (bachelor's, master's, and/or doctoral) valued at least 5 ECTS for a one-semester course and a minimum of 2x3 ECTS for a two-semester course. Target - 50 courses.

3) Lifelong learning courses

This activity focuses on the creation of new lifelong learning courses oriented towards professional practice, skills enhancement (upskilling), and retraining (reskilling). The newly created courses will be designed in accordance with the Council Recommendation of June 16, 2022, on a European approach to micro-certificates for lifelong learning and employment. This goal does not support hobby-based lifelong learning courses or programmes and courses within universities of the third age. Target - 20 lifelong learning courses.

4) Sustainability and Green Transformation Strategies

Creating sustainability and green transformation strategies at higher education institutions. These strategies will define the vision, priority areas, principles, and goals necessary to support the



ecological transformation of universities in the short and medium term, including education in green skills. Target - 20 strategies.

#### 5) Strategic Partnerships

Establishing strategic partnerships within scientific research cooperation, collaboration with the application sphere (internships, excursions, involvement of outstanding professionals and experts in teaching, etc.), collaboration with the state and public sector, educational institutions, research organizations, etc., both at national and international levels. A condition for receiving the contribution is the conclusion of cooperation with at least 1 national and/or international partner who will collaborate on the implementation of the aforementioned selection of key activities. Target - 20 closed partnerships.

In the field of higher education, the main planned and ongoing reforms are primarily related to long-term conceptual documents, such as the Strategic plan of the ministry for higher education for the period from 2021 and the related separate document, the Strategy for the Internationalization of Higher Education for the period from 2021. The topic of internationalization is addressed in a separate document, highlighting its importance for the MEYS. These are long-term materials focused on improving connections with the surrounding world, whether in terms of international cooperation or mobility to and from the Czech Republic. The Strategic Intent also represents a long-term conceptual document incorporating six priority objectives, the gradual fulfilment of which is ensured by a set of sub-objectives and specific measures. These priority objectives include:

1. Develop competencies directly relevant to life and practice in the 21st century
2. Improve the accessibility and relevance of flexible forms of education
3. Increase the efficiency of doctoral studies
4. Strengthen strategic management and the effective utilization of research and development capacities at universities
5. Build capacities for strategic management in higher education and
6. Reduce the administrative burden on university staff so they can fully dedicate themselves to their mission.

Both of these documents are followed by their joint annual update in the form of an Implementation Plan, which describes selected measures intended for implementation in the given year. At the same time, it provides an opportunity to dynamically respond to societal developments and supplement these comprehensive strategic documents with current topics. During the implementation of the Strategic Plan and the Strategy for Internationalization, the Implementation Plans have enabled responses, for example, to the COVID-19 pandemic or the war in Ukraine, gradually evolving topics such as well-being, and other areas.

Despite the efforts of all involved parties, it was not possible to submit a draft law amending Act No. 111/1998 Coll., on Higher Education Institutions and on Amendments to Other Acts (the Higher Education Act), as amended, and other related laws in 2023. Therefore, this task is being carried over to 2024.

The proposed amendment primarily addresses certain issues identified during the implementation of the amendment to the Higher Education Act No. 137/2016 Coll. This includes efforts to regulate the functioning of foreign education providers in the Czech Republic. Furthermore, it includes adjustments aimed particularly at addressing student needs, reducing administrative burden and supporting the digitization of public administration, promoting internationalization, resolving the jurisdiction of the National Accreditation Bureau for Higher Education, improving the state of doctoral studies, and addressing some legislative-technical issues.

## Reforms in the field of youth

### Strategic document to support youth

The Department for Youth at the MEYS is currently beginning the development of a national strategic document to support youth, which is currently lacking in the Czech Republic (the last one was the Youth Support Concept for the period 2014-2020). The strategic document should clearly define current challenges and priorities in the field of youth. The aim will be, together with other key stakeholders from public administration, the non-profit sector, and youth themselves, to identify the major problems and gaps in youth support and subsequently address them through a clear structure of achievable goals, measures, and measurable outputs.

According to the preliminary vision, youth support should focus on three main pillars that intersect throughout the entire document:

- Development of the full potential of young people (building competencies),
- Transition of young people into adulthood (balanced support that motivates young people towards independence and taking responsibility for their own lives),
- Support for youth participation (involvement of youth in public life and decision-making processes that influence the improvement of the youth situation).

The creation of a new strategic document to support youth will be based on a three-tier participatory structure:

- 1) Council for Youth, Informal, and Extracurricular Education (Ministerial Advisory Body)
  - o The governing body for the creation of the strategic document with interdepartmental outreach.
- 2) National Working Group for Structured Dialogue with Youth.
  - o Participatory platform for stakeholders including representatives of young people and children's and youth organizations.
- 3) Youth panel,
  - o independently run representative platform of young people.

## Desegregation in education

In response to points 4 and 5 of the decisions of the Committee of Ministers of the Council dated 25 September 2019, within its supervision of the execution of the judgment *D.H. and Others v. Czech Republic* (No. 57325/00, judgment of the Grand Chamber of the European Court of Human Rights (ECtHR) of 13 November 2007), the Expert Forum of the Government Agent for Representation of the Czech Republic before the ECtHR was established. The forum includes representatives of the Romani community. Its aim was to identify the causes of the continuing overrepresentation of Romani pupils educated according to programs for pupils with mild mental disabilities and to formulate recommendations to ensure equal access of Romani pupils to education. The MEYS responded to the conclusions and recommendations of the forum in 2024 with the strategic document "Equal Access of Romani Pupils to Education" (Implementation of the ECtHR judgment in the case of *D.H. and Others v. Czech Republic*). The MEYS addressed the issue of Romani pupils in education in Strategic Line 2: Equal Access to Quality Education of the Czech Republic's Educational Policy Strategy until 2030+.

Desegregation and inclusive measures are linked to the Strategy for Crime Prevention 2022–2027, the Concept for Combating Extremism and Prejudice-motivated Hatred for the years 2021–2026, and especially to the Strategy for Equality, Inclusion, and Participation (Roma Integration Strategy) 2021–2030. There is diverse collaboration, for example, in groups focused on desegregation or implementing activities following the mentioned judgment *D.H. v. Czech Republic*. Goals and tasks are implemented through partial strategies and concepts and the activities of working bodies (e.g., the Government Council for Human Rights, Government Board for Persons with Disabilities, the Government Council for National Minorities, the Government Council for Romani Minority Affairs, the Working Group for Desegregation of the Government Human Rights Commissioner, the Working Group of the Government Human Rights Commissioner on Prejudice Violence and Hate Speech, or the Platform for Implementing the Roma Integration Strategy of the Government Commissioner for

Romani Affairs). Last but not least, the Office of the Government of the Czech Republic supports community activities in socially excluded areas and empowerment of Romani communities, including in the field of education, through grant programmes.

## Development of the labour market and employment

### Active labour market policy

In 2024, the Ministry of Labour and Social Affairs (MoLSA) plans to pilot a new tool in the area of active labour market policy (ALMP) - the Integration Work Position (IWP). The IWP is a response by the Ministry to long-standing criticism regarding the effectiveness of some ALMP tools, particularly public works programs, which have shown low effectiveness in facilitating the transition of disadvantaged individuals into the open labour market or into higher quality employment, and ultimately towards sustainable employment and social integration. The IWP combines support for job creation through wage subsidies provided to employers with the commitment of the employer to release the supported individual for integration activities during their employment. Integration activities essentially involve any psychosocial support that responds to the specific needs of disadvantaged individuals and provides them with basic support in addressing their adverse life situations. Depending on the needs of the disadvantaged individual, this may include debt counselling, housing counselling, drug counselling, and of course, career counselling. Given that the goal of the IWP is sustainable employment, participation in job interviews is also considered an integration activity. Integration activities are designed in cooperation with the employer, psychosocial support worker, the supported employee, and the Labour Office, and are part of the individual personal development plan. The scope of integration activities is at least 16 hours per month. The concept of the IWP involves creating such positions for a period of 12 months with the possibility of extension for another 6 months. The amount of the wage subsidy is 50% of the employer's wage costs, up to a maximum of CZK 26,000 per month, and the amount of the integration subsidy, which consists of two components, is CZK 4,700 for the integration component and up to CZK 2,800 for the wage component. The integration subsidy is a lump sum. The pilot testing phase to verify the conditions for the implementation of the new tool will take place until September 30, 2024, in the administrative district of selected contact points of the Labour Office of the Czech Republic: Most, Děčín, Prague 8, Ústí nad Orlicí, Bruntál, Šumperk, Ostrava-city. This will be followed by an evaluation of the functionality and impact of the tool on the target group. The Ministry of Labour and Social Affairs expects that municipalities and social enterprises will be the dominant founders of IWPs.

In 2024, the tool of Community Service will also undergo a relatively significant revision. The Community Service tool has faced criticism in recent years for its low contribution to the sustainable employment and social integration of supported individuals, or their transition to higher quality employment and the elimination of barriers that exclude supported individuals from the open labour market or lead to social exclusion. However, despite this criticism, the Community Service tool plays an indispensable role in the ALMP system, especially when effectively targeted at groups of individuals for whom Community Service is the only possible employment option. This particularly applies to individuals living in small communities burdened by social exclusion, where, despite state interventions, the creation of other employment opportunities is not expected, and where difficult transportation access limiting commuting to work is also a limiting factor. In 2024, Community Service will therefore be targeted to support disadvantaged job seekers living in communities with fewer than 5,000 inhabitants, which also exhibit a high burden of social exclusion expressed by the social exclusion index compiled by the Agency for Social Inclusion, i.e., communities with an index value of 12 points or more. Additionally, it will be possible to support job seekers who are individuals in material need and who have performed public service under the Act on Material Need Assistance through Community Service.

During the year 2024, the MoLSA further expects the successful completion of the legislative process for the Act on Integration Social Enterprises and the amending act that will comprehensively refine the regulatory framework. The draft laws have already been discussed by the Legislative Council of the Government, and the Opinion of the Chairman of the Legislative Council of the Government has been

prepared and approved by the government. Throughout this process, it was decided to focus specifically on defining and supporting integration social enterprises. Within the scope of these defined social enterprises will fall employers focusing on employing individuals with specific needs, i.e., individuals with certain social or health disadvantages. Unlike the known entities (employers recognized in the sheltered labour market), the intention will not be merely to employ a specified group of disadvantaged employees, but also to provide effective assistance in their integration into society by addressing their issues. The government proposals for both laws were included in the agenda of the ongoing 98th session of the Chamber of Deputies of the Parliament of the Czech Republic, which commenced on April 9, 2024. The absence of legislative anchoring of social entrepreneurship is a longstanding problem in the development of social entrepreneurship in the Czech Republic. The legislative definition of integration social enterprises will not only promote this form of entrepreneurship supporting sustainable social development but will also enable the effective targeting of tools to support their establishment and further development. Some support tools are already included in the draft itself – primarily, this involves increased access to public contracts through the institute of reserved public contracts and the possibility of providing a motivational contribution to those integration social enterprises that successfully place their former employees on the open labour market. Other support tools include a discount on social security contributions for disadvantaged employees and higher limits for integration social enterprises in case of providing so-called substitute performance.

In addition to establishing a legal regulatory framework, the Czech Republic, in line with European recommendations, intends to adopt a strategic document aimed at defining a set of measures for the development of social entrepreneurship in the country. To support the creation of an ecosystem for the development of social entrepreneurship, the MoLSA will continue its activities within the Social Enterprise Ecosystem Development Project in 2024. As part of this project, a support network for social enterprises is being established, and their networking is being facilitated not only among themselves but also with other relevant stakeholders. Among other activities, regional advisory centres for social enterprises are being established, and tools to enhance the professional capacities of social entrepreneurs are being developed with the aim of increasing their competitiveness through virtual education provided by the Social Enterprise Institute.

The MoLSA is also preparing a proposal for the revision of the sheltered employment market. The relevant amendment to the Employment Act has already undergone inter-ministerial consultation. The purpose of the amendment is to streamline the provision of the subsidy under § 78a of the Employment Act, i.e., the subsidy for employing persons with disabilities (PWD) in sheltered employment, and to prevent the most significant abuses in the provision of this socially necessary support. The amendment aims to establish a ceiling for the operational component of the subsidy, i.e., the part of the subsidy that compensates for part of the employer's operating costs related to employing PWD, and to specify the eligibility of these costs.

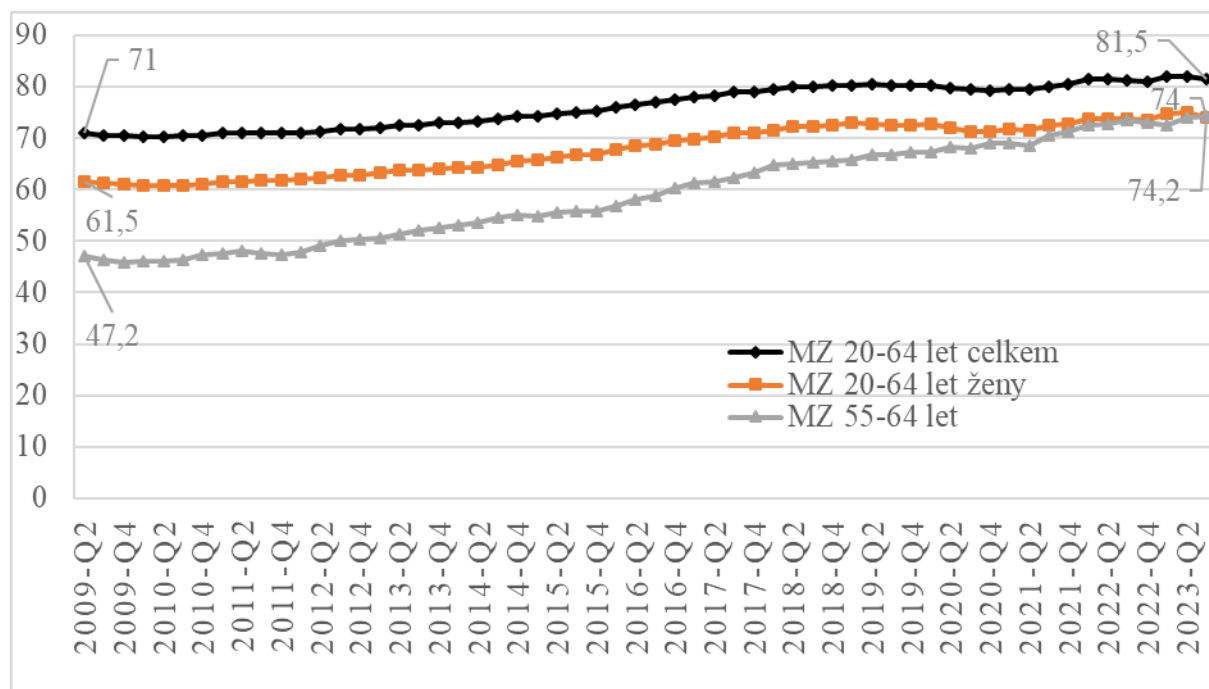
However, the proposed amendment also aims to promote the professional mobility of PWD from sheltered employment to the open labour market, which generally offers work opportunities with higher professional potential or remuneration. Therefore, the proposal also includes the abolition of the subsidy for persons with health disadvantages, i.e., individuals who have some health limitations but not to the extent that leads to disability, and the gradation of contributions to the state budget if the employer fails to fulfill the obligation to employ PWD (in the case of employers with more than 25 employees, the obligation to employ 4% of employees from PWD). In synergy with this amendment, in 2024, MoLSA will continue to implement the "Support for the Employment of Persons with Disabilities" project, which provides support both to PWD themselves and works with potential employers of PWD to eliminate stereotypes and other barriers to employing PWD in the open labour market.

MoLSA continues to prioritize support for further education in the field of employment policy. In addition to continuing the implementation of standard retraining programs or retraining programs in digital skills funded by the RRP the MoLSA will further develop the Database of Retraining Programs and Courses for Further Education in 2024. In the area of supporting further education, the launch of the RRP-Digi project for companies is crucial, with plans to commence it in March/April 2024. This

project builds upon a series of initiatives such as the "Educate Yourself" and subsequently the "Support for Employee Training" projects aimed at supporting employee education through their employers. Given the priorities of employment policy and ongoing changes in the labour market, the supported education will focus on digital skills training. The project, conducted by the Czech Labour Office, is further supplemented by support for employee training through umbrella organizations of their employers.

During 2024, MoLSA will further prepare a pilot verification of a new tool within the ALMP, which will enable the financing of exams according to the Recognition of Further Education Results Act. Currently, in the retraining system, it is only possible to cover the cost of this exam if it is part of the entire retraining programme, meaning it is an integral part of the entire retraining course. This essentially reduces the flexibility of the further education system on one hand and, on the other hand, leads to increased costs of retraining courses in cases where passing the exam for a professional qualification is sufficient to achieve the desired outcome without the need to participate in the entire retraining course.

**Graph 14: Employment Rate (ER) in the Czech Republic: Total for the age group 20-64 years, women, older individuals aged 55-64 (in %; seasonally adjusted data)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/LFSI\\_EMP\\_Q\\_\\_custom\\_5123938/bookmark/table?lang=en&bookmarkId=5b4f0e4e-d405-447c-ae8b-6aa91321c4cc](https://ec.europa.eu/eurostat/databrowser/view/LFSI_EMP_Q__custom_5123938/bookmark/table?lang=en&bookmarkId=5b4f0e4e-d405-447c-ae8b-6aa91321c4cc)

### Support for women's employment, increasing the availability of childcare services

The Czech Republic, following the Family Policy Strategy 2024–2030, which replaced the previous Family Policy Concept, as well as the RRP, focuses on increasing the capacity of quality and accessible pre-school childcare services (especially for children up to 3 years old). The Child Group Act sets the basic parameters for non-commercial childcare services from six months (until the start of compulsory school attendance). As of February 6, 2024, the MoLSA records **1,682 child groups with 22,647 places for children**. Three investment calls were announced from the RRP in 2023, with applications ongoing and continuing into 2024. Specifically, these are the calls for building capacities of child groups for the public sector No. 045 with an allocation of CZK 1.7 billion CZK, for the civic sector No. 046 with an allocation of CZK 1.0 billion, and for the support of adaptation of existing

child groups to the amendment of Act No. 247/2014 Coll. and their further development No. 004 with an allocation of CZK 200 million. In total, the creation of 391 new child groups and the reconstruction/expansion of 333 existing facilities should be supported by mid-2026. On March 10, 2023, the call for the Operational Programme Employment Plus (OP E+) No. 049 was announced to support the establishment of child groups with an allocation of CZK 300 million. Applications were submitted for CZK 705 million. In September, an additional CZK 40 million was allocated. In total, 110 projects/new child groups were supported.

Currently, a draft **amendment to the Child Group Act** is being prepared, which should define the so-called "neighbourhood child group." Furthermore, the MoLSA consistently monitors the quality and development of child groups. To achieve this, a project has been launched with the aim of setting up a framework for systematic monitoring and evaluation, as well as a targeted communication strategy towards municipalities as potential providers.

For the comprehensive support of caregivers and the reduction of inequalities in the labour market between men and women, especially concerning the issue of reconciling caregiving and work, the MoLSA has been implementing a three-year **project called "Supporting and Improving the Quality of Services in the Field of Care and Work-Life Balance"** since January 1, 2023. The project focuses on supporting greater involvement of men in caregiving, enhancing the awareness of caregivers, and increasing the availability and quality of childcare services. The main outputs will include recommendations for conceptual activities in supporting caregivers based on extensive research and a proposal for a concept of preschool care.

As part of the project, a representative survey of caregivers and informal caregivers is being prepared to identify their needs and barriers in caregiving. During the preparation of the survey, focus group interviews were conducted targeting four categories of individuals (informal male caregivers, female caregivers, caregiving fathers, and the young generation "without care" (ideas and expectations)). The results of the survey will subsequently be used in the development of measures targeting these target groups. Preparations have begun for an information resource for caregivers, which will provide comprehensive information in the field of care and informal caregiving.

Intensive methodological support is underway for the establishment and operation of childcare groups, with a focus on providing methodological assistance to municipalities (in collaboration with the Department of ESF Programme Implementation). Work continues on drafting a concept for preschool care. This document aims to harmonize the areas of preschool care (MoLSA) and preschool education (MEYS), achieving optimal integration considering regional needs, service quality, and financing in relation to the direct establishment of childcare groups by municipalities.

In response to the European Recommendation on the European Child Guarantee, the MoLSA has prepared an **Action Plan to fulfil the Child Guarantee** for the period 2022–2030. The Child Guarantee contributes to implementing Principle 11 of the European Pillar of Social Rights and complements the EU strategy on children's rights. In the fall of 2021, the Czech Republic appointed a national coordinator for the Guarantee. The Action Plan was approved by the government on October 16, 2022. The first report on the implementation of the Action Plan is expected to be submitted to the government in the first half of 2024, and subsequently every two years.

On October 11, Resolution No. 750 approved the **Family Policy Strategy 2024–2030**, which includes 5 main goals. Goal number 3 focuses on balancing family and work life. The measures contained therein relate to supporting quality and accessible preschool education and childcare, balancing work, family, and personal life through measures in the field of labour law legislation and benefits, promoting equal opportunities for the involvement of men and women in caregiving, and supporting services for caregivers.

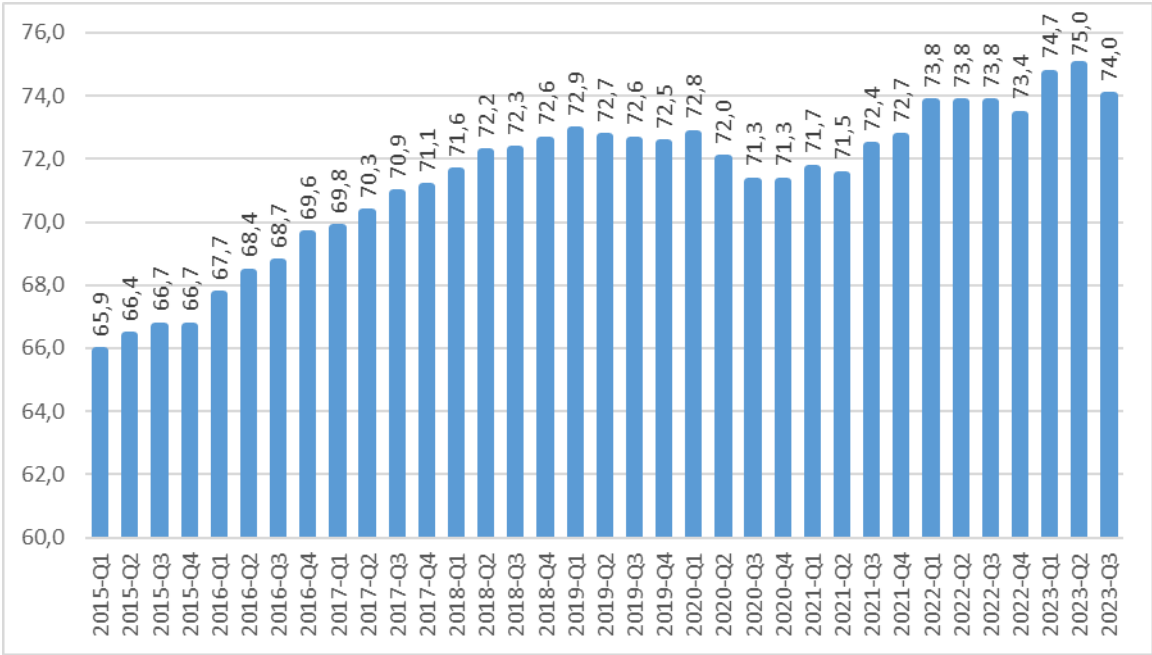
## **Gender Equality in the Labour Market**

**The wage gap between women and men** has significantly narrowed in recent years (20.1% in 2018, 15% in 2021), but it still remains above the EU average, which is 12%. However, expert studies indicate that while we see a positive change in the overall gender pay gap, the gaps in pay for the same

position are being eliminated much more slowly, hovering around 9%. The phenomenon of the gender pay gap is influenced by the high difference in the employment rates of women and men, which is partly due to the long period of women's absence from the labour market while caring for children. The unavailability of preschool childcare facilities and education is one of the long-standing issues faced by the Czech Republic, hindering a quicker return of women from maternity and parental leave.

To address gender inequalities in the labour market, the Czech government adopted the **Strategy for Gender Equality of Women and Men for the years 2021-2030** on March 8, 2021 (referred to as "Strategy 2021+"). In addition to promoting gender equality in the labour market, Strategy 2021+ focuses on combating gender stereotypes, increasing the representation of women in decision-making positions, supporting the availability of childcare services, and preventing domestic and sexual violence. Operational programmes for the programming period 2021-2027, such as OP E+, OP JAK, and the EEA/Norway Grants, are among the funding sources for implementing measures under Strategy 2021+. The Office of the Government of the Czech Republic regularly evaluates the implementation of individual measures of Strategy 2021+ by its responsible authorities. In 2023 and 2024, an update of this strategic document is taking place to reflect the socio-economic developments since 2021, including the impacts of the Russian war in Ukraine, for example. Another key document in the field of gender equality in the labour market is the **Action Plan for Equal Pay for Women and Men 2023-2026**, which is the first standalone government document addressing this area. In 2023, the **Directive on Pay Transparency** was also adopted. This directive strengthens the enforceability of the right to equal pay and, within its three-year transposition period, is gradually being incorporated into the Czech legal system.

**Graph 15: The employment rate of women in the Czech Republic (in %; seasonally adjusted data)**



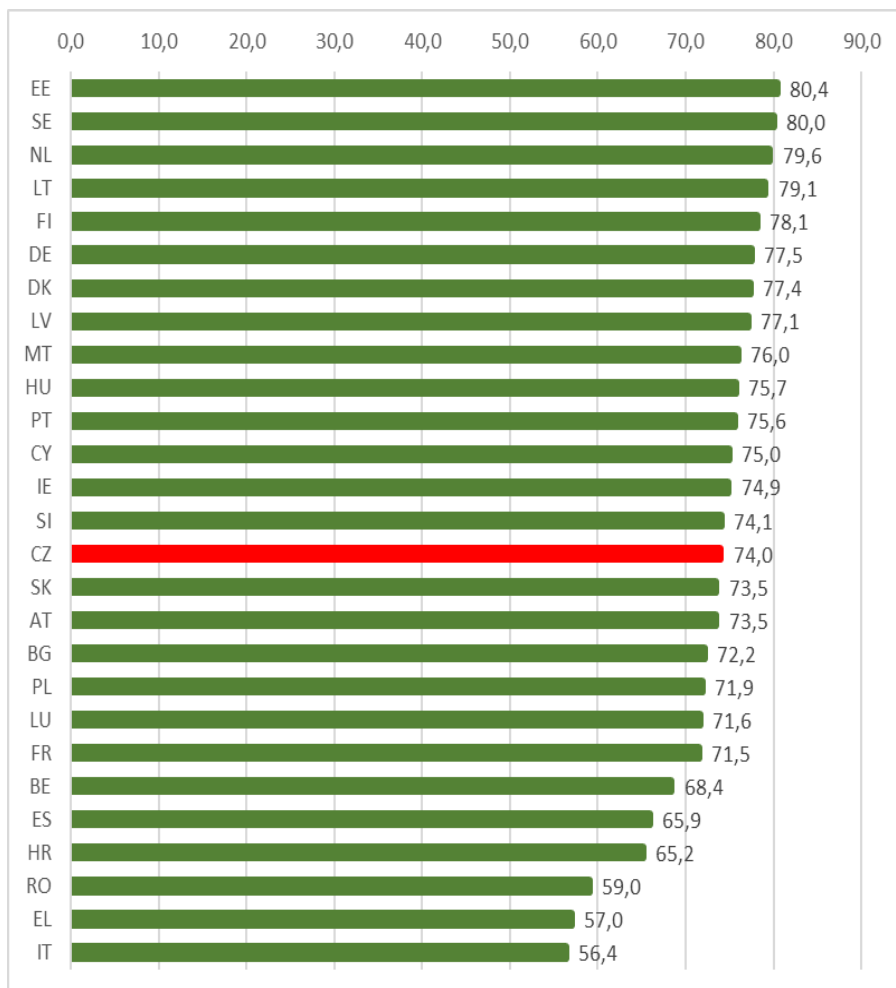
Source: Eurostat

<https://ec.europa.eu/eurostat/databrowser/bookmark/42fcd310-614a-44c4-9e48-1761aafb70d8?lang=en>



In 2024, the transposition of the **directive aimed at improving gender balance among the members of the governing bodies** of listed companies and related measures will also take place. This directive targets breaking the so-called glass ceiling.<sup>4</sup>

**Graph 16: Comparison of the female employment rate in the Czech Republic and the EU for Q3/2023 (in %; seasonally adjusted data)**



Source: Eurostat

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### Active aging

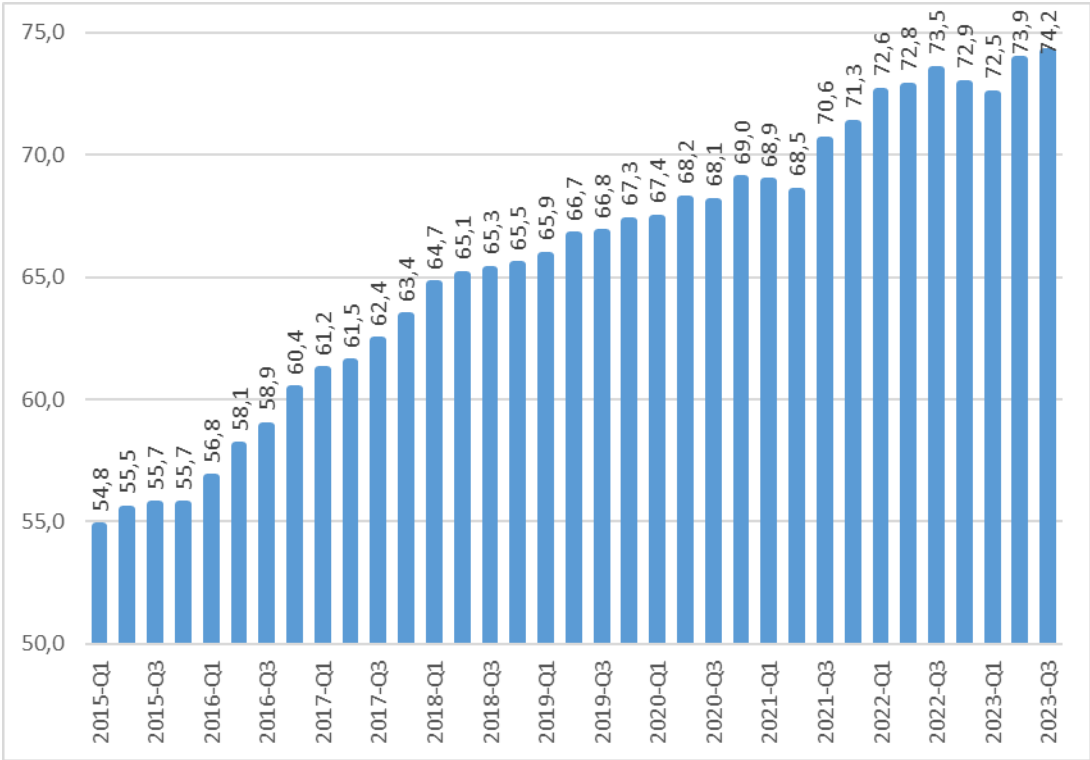
On September 13, 2021, the government approved the **Strategic Framework for Society Aging Preparation 2021–2025**, which formulated the so-called Ten Commandments for Aging Preparation: 1. Fair pensions, 2. More accessible and quality social and health services, 3. More accessible and barrier-free housing for seniors, 4. Support for the sandwich generation and informal family caregivers, 5. State preparation for societal aging, 6. Support for family and interpersonal relationships, 7. Safe lives for seniors, combatting discrimination, violence, and so-called scams, increasing consumer protection, 8. Lifelong learning, labour market, and active aging, 9. Barrier-free public spaces, 10. Awareness-raising and media coverage of the topic.

<sup>4</sup> Directive of the European Parliament and of the Council (EU) 2022/2381 of 23 November 2022 on improving gender balance among members of the governing bodies of listed companies and related measures.



On November 29, 2023, the government approved the **Action Plan to fulfil the Strategic Framework for Society Aging Preparation for the period 2023–2025**. The Action Plan formulates a new vision for senior policy – it is based on the principles of sustainable societal development, intergenerational cohesion, emphasizes collaboration among all stakeholders, and an active approach to life and engagement in society. The Action Plan reflects current trends in the labour market, including rapidly changing skill requirements, with the aim of improving access to the labour market, increasing qualifications, ensuring dignified wages, providing adequate protection and care, promoting active aging, and a healthy lifestyle. The global goals of aging preparation policy are cooperation between the state and all stakeholders as the basis of a resilient society, an active personal approach to aging, dignified aging, and quality of life. The main objectives of the action plan are to ensure institutional support for aging preparation, promote active and healthy aging, support employment and adaptability to the labour market, promote the safe lives of older persons, and support dignified provision in old age.

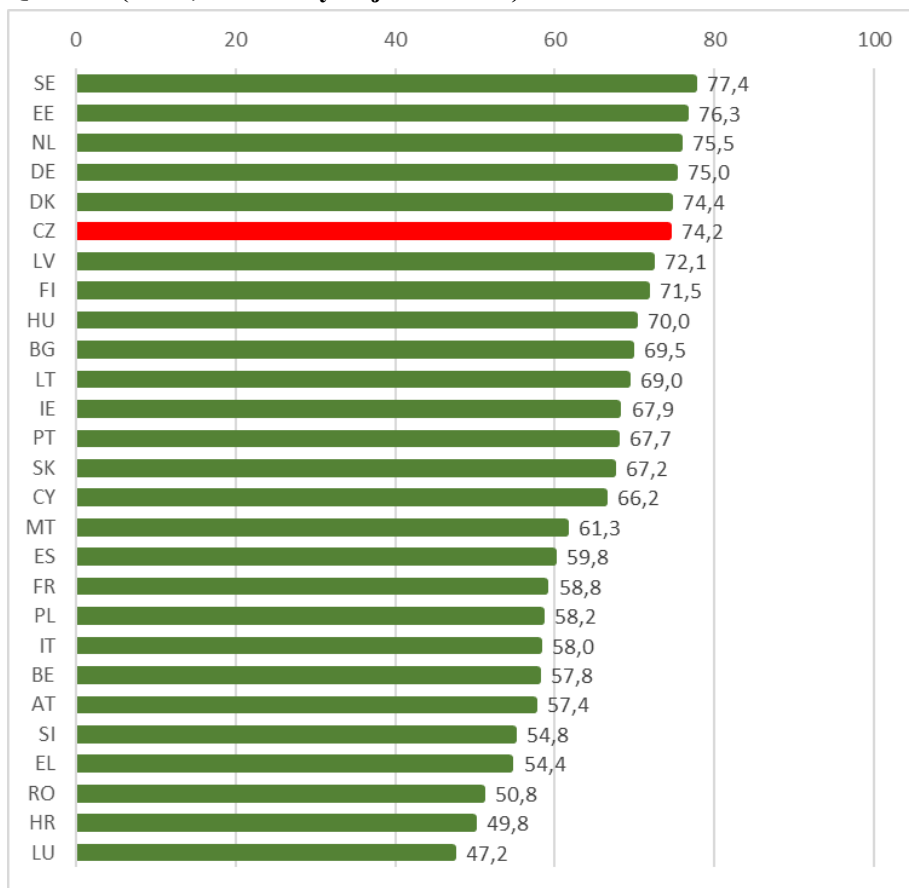
**Graph 17: The employment rate of individuals aged 55-64 in the Czech Republic (in %; seasonally adjusted data)**



Source: Eurostat

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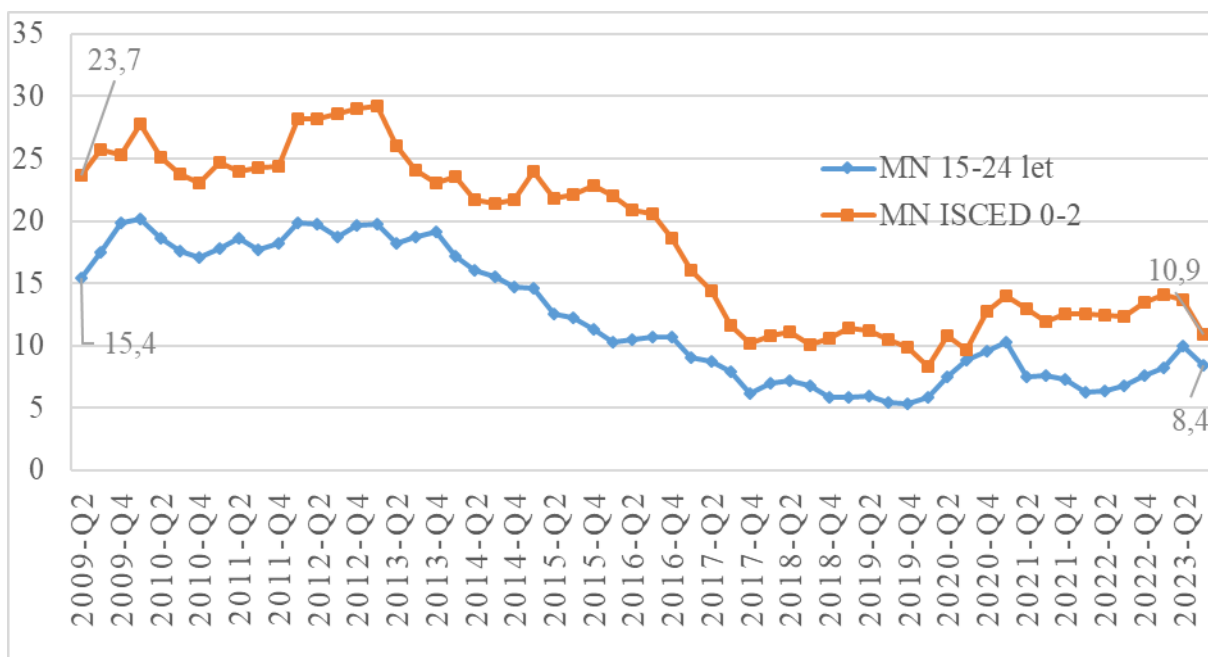
**Graph 18: Comparison of the employment rate of individuals aged 55-64 in the EU-27 in Q3/2023 (in %; seasonally adjusted data).**



Source: Eurostat

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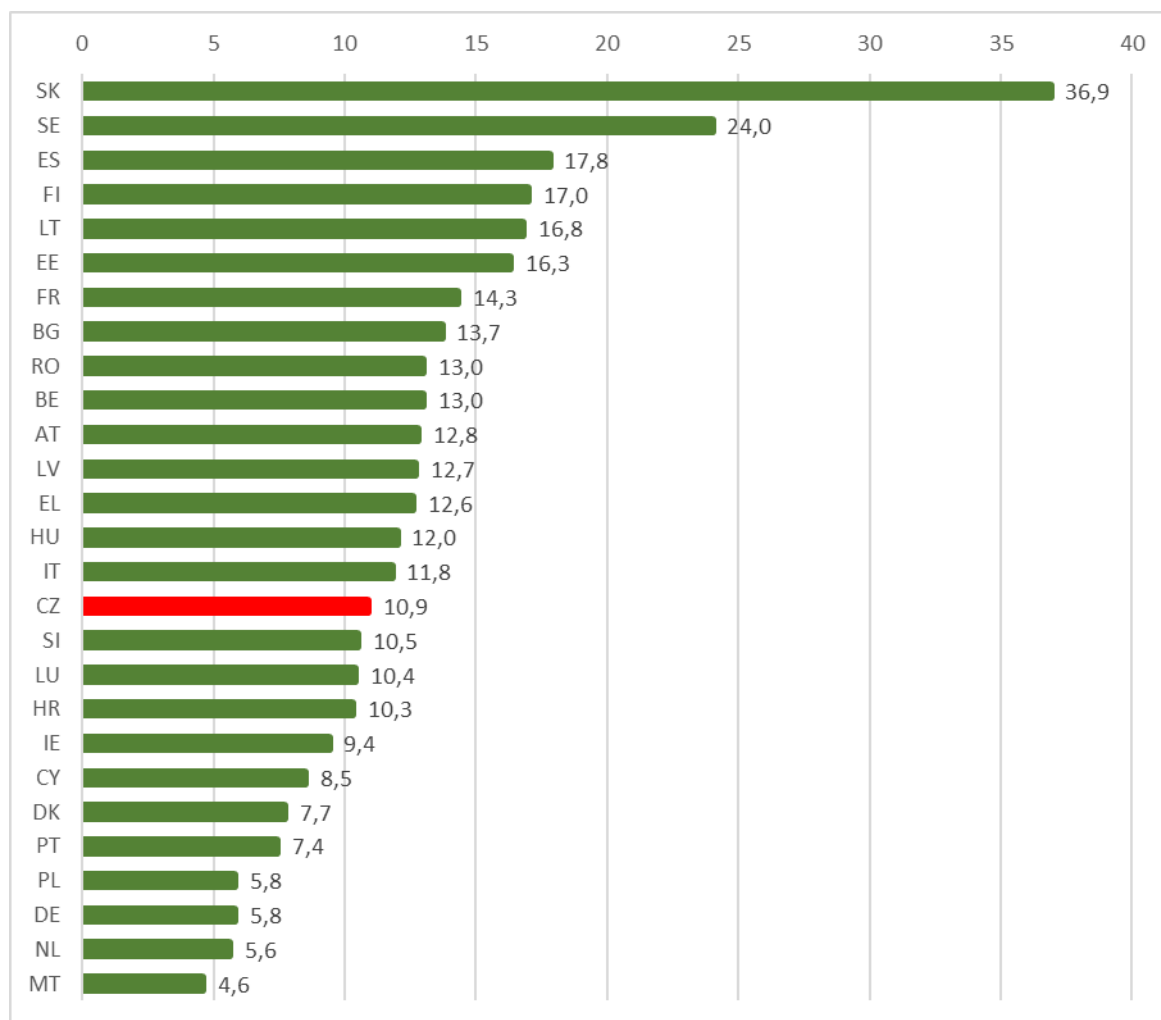
**Graph 19: Quarterly unemployment rates (MN) in the Czech Republic: youth aged 15-24, individuals with low qualifications (ISCED 0-2 classification) (in %, seasonally adjusted data)**



Source: Eurostat

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**Graph 20: Comparison of the unemployment rate of individuals with low qualifications in the EU-27 in Q3/2023 (in %; seasonally adjusted data)**



Source: Eurostat

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### Employment of Foreigners

In 2023, the employment of foreign workers from non-EU countries in the Czech Republic continued to be significantly affected by the ongoing suspension of migration flows from Ukraine, Russia, and Belarus, which occurred due to the Russian military invasion of Ukraine on February 24, 2022. However, at the end of the year, the government decided to **partially resume the acceptance of applications in Ukraine with effect from January 1, 2024**. Government Regulations No. 436/2023 Coll. and No. 437/2023 Coll. newly set quotas for labour migration, based on which it will be possible to accept up to 13,100 applications for employee cards and up to 1,500 applications for extraordinary visas annually. Ukrainian workers will primarily come to the Czech Republic through government migration programs. The target group consists of Ukrainian citizens residing in Ukraine who, according to applicable Ukrainian regulations, are authorized to leave Ukraine (i.e., primarily women

and men over 60 years old), so that the Czech Republic's migration policy does not interfere with the supported military defence efforts of the Ukrainian state, as well as Ukrainian citizens legally residing in other EU member states and other countries around the world.

By the end of 2023, there were **107,000 holders of temporary protection** employed in the Czech Republic, who reside in our country and whom the Czech state allows **free access to the labour market** and potential job placement by public employment services.

In order to strengthen labour migration to the Czech Republic, the government also decided to set new quotas for employee card applications in other source countries for 2024. The **annual quota was increased the most at the consular offices in Manila (Philippines)**, by 8,050, **and in Ulaanbaatar (Mongolia)**, by 2,020. The quota increases are primarily in favour of medium- and low-skilled workers. However, the **quota for applications submitted by highly skilled workers was also increased** by 1,500 employee card applications annually at all consular offices combined.

With the issuance of Government Regulation No. 437/2023 Coll., effective from January 1, 2024, the **acceptance of applications for extraordinary work visas** within the migration programme designated for workers in agriculture, food processing, or forestry was resumed. Foreign workers will be able to apply for these visas not only in Ukraine (1,500 annually) but also newly at the consular offices in Chişinău (Moldova), Sarajevo (Bosnia and Herzegovina), Skopje (North Macedonia), and Tbilisi (Georgia), with an annual quota of 250 applications at each office.

The MoLSA is preparing a new system of economic labour migration within the framework of the amendment to the Employment Act. The aim is to adjust the conditions for employing foreigners from third countries by providing a more differentiated approach to labour migrants based on their human capital and expected contribution to the domestic economy. The system will meet the needs of the labour market with an emphasis on supporting the arrival of highly qualified individuals. Given that these needs and priorities cannot be expressed by a single indicator, a points-based evaluation of foreign candidates appears to be an appropriate tool. This system will link the qualification needs, human capital of foreigners, and the characteristics of job positions with advantages in the speed of the process and the length of the granted residence permit, to support the attractiveness and competitiveness of the Czech labour market. Simultaneously, an effective system for screening employers of foreigners and utilizing migration data from other institutions (Ministry of the Interior, Labour Office of the Czech Republic, State Labour Inspection Office, Czech Social Security Administration, and others) must be implemented. This is to effectively monitor compliance with the conditions under which work and residence permits were issued and to penalize entities that do not comply, aiming to increase the protection of the domestic labour market and working conditions for employees.

One of the main disadvantages faced by foreigners not only in the Czech labour market but also in their integration into the majority population is the knowledge of the Czech language. To support the economic self-sufficiency and utilization of the qualification potential of foreign employees, the MoLSA together with the MEYS have prepared facilities for language education in the Czech language for foreigners. In line with strengthening the employability of clients with migration experience in the Czech labour market, Labour Offices provide Czech language retraining courses for foreigners. In response to increased demand from both clients and employers, the accreditation of Czech language retraining programmes for foreigners was expanded in 2023 to include additional language levels.

Currently, it is possible to complete basic, intermediate, and advanced courses. At the advanced levels, the retraining focuses on teaching the Czech language to better orient foreigners in the labour market. Current findings indicate the need to deepen the language competencies of highly qualified foreigners through specialized Czech, particularly in the fields of social work, administrative activities, economics-accounting, and IT. These specialized profiles correspond to both the labour market demand and the qualification structure of foreigners who have not yet been able to find employment in their original field. E-learning, which presupposes a high level of Czech language proficiency and includes interactive teaching elements, proves to be an ideal tool in this context. Therefore, in 2024,

the MoLSA will focus on deepening the knowledge of specialized Czech in connection with providing services to foreign clients.

In 2024, the implementation of the EURES+3Z Up! project will continue, including activities such as the establishment of a specialist position for working with individuals with migration experience. This specialist has been operating at regional Labour Office workplaces since July 2023, and through their tailor-made strategies for clients with migration experience, they aim to maximize their employment potential within the domestic labour market.

The MoLSA considers digitalization a very important tool for streamlining the processes of individual activities. An example of such digitalization is the ongoing project to create an automated digital system for sending information cards to employers and their receipt into MoLSA's information systems without the need for manual processing of information. In 2024, work will also continue on the comprehensive modification of the IT systems of the Labour Office and MoLSA in the area of foreign employment and the unification of web presentations intended for potential labour migrants from non-EEA countries.

### **Temporary Protection**

By the end of 2023, there were **375,000 holders of temporary protection** in the Czech Republic granted to war refugees from Ukraine. As of January 1, 2024, the amendment No. 454/2023 Coll. amending the Act No. 65/2022 Coll., referred to as "Lex Ukraine," entered into force, which set the conditions for **extending temporary protection for another year until March 31, 2025**. The extension of temporary protection again takes place in two consecutive steps, i.e., after online registration, the foreigner visits the Ministry of the Interior in person to obtain a new visa sticker with extended validity. Failure to perform these actions within the specified deadlines will result in the expiration of temporary protection, and it will be necessary to reapply if needed. After the completion of online registration (by March 15, 2024), the number of individuals who remain holders of temporary protection in the Czech Republic decreased to 339,000.

## **3.4 Institutions and regulation and support of business in response to COVID-19**

One of the key reforms mentioned in the Country Report 2023 is strengthening institutional resilience by improving the Czech Republic's anti-corruption framework. The Czech Republic also needs to improve its policy-making cycle, focus on the efficiency of public administration, and the framework for public procurement.

### **Anticorruption reforms**

#### **Anticorruption reforms (component 4.3 RRP)**

The component consists of a total of 5 reforms, with progress on implementation provided for each reform separately. All reforms are being implemented without calls.

#### **1.1 Whistleblower protection (Milestone 202)**

The reform had one binding milestone set: "Adoption of the Whistleblower Protection Act and the related amendment act" with a completion deadline of Q4 2024. Following an update to the CID on September 26, 2023, the achievement of this milestone was moved up to Q4 2023.

The draft of the Whistleblower Protection Act and the draft amendment act were discussed by the Chamber of Deputies Parliament of the Czech Republic (CoD CZ) in the first reading on January 12, 2023. After being reviewed by the Constitutional and Legal Affairs Committee, they were discussed in the second reading by CoD CZ on April 4, 2023. Subsequently, on April 14, 2023, the drafts were again reviewed by the Constitutional and Legal Affairs Committee. In the third reading, CoD CZ discussed and approved the drafts on April 21, 2023. The drafts were submitted to the Senate on May 2, 2023. In the Senate, the drafts were reviewed by the Constitutional and Legal Affairs Committee on May 24, 2023, and by the Senate Standing Commission for the Supervision of Public Funds on May 31, 2023, both of which adopted resolutions on them. The drafts were discussed in a Senate plenary session on June 1, 2023, but no resolution was adopted. The President signed the draft laws on June 7, 2023. The approved laws were published in the Collection of Laws on June 20, 2023, in issue 86 under numbers 171/2023 Sb. and 172/2023 Sb. The laws came into effect on August 1, 2023. The Whistleblower Protection Act and the related amendment act transpose into Czech law the Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, on the protection of persons who report breaches of Union law.

Whistleblower Protection Act:

- It establishes protection for a wide range of individuals working in both the private and public sectors in cases where they report illegal activities that occurred within the organization they work for or are in contact with due to their work.
- Those protected from retaliatory measures include employees, business partners of employers, self-employed persons, interns, volunteers, and individuals who help the whistleblower report or uncover illegal activities.
- In practice, whistleblower protection is strengthened particularly by the substantive prohibition of retaliatory measures and the reversal of the burden of proof in disputes concerning retaliatory actions. Under the regime of the mentioned laws, it is possible to report actions that:
  - Constitute a criminal offense,
  - Constitute an administrative offense for which the law sets a fine with an upper limit of at least CZK 100,000,

- Violate the Whistleblower Protection Act itself,
- Violate legal regulations or European Union regulations governing areas defined by the European directive, which have the common denominator of protecting the interests of the European Union. These areas include, for example, public procurement, consumer protection, preventing money laundering and terrorist financing, and environmental protection. The laws include an obligation for private-sector employers with at least 50 employees to create reliable internal channels for submitting reports and providing protection to the whistleblower and other protected individuals against retaliatory measures. Private-sector entities employing at least 50 but fewer than 250 employees had until December 15, 2023, to implement an internal reporting system according to the law. With few exceptions, all public contractors must also establish an internal reporting system.

The laws include an obligation for private sector employers with at least 50 employees to create reliable internal channels for submitting reports and providing protection to whistleblowers and other protected individuals against retaliatory measures. Private entities employing at least 50 but fewer than 250 employees had until December 15, 2023, to implement an internal reporting system according to the law. With few exceptions, all public contractors must also establish an internal reporting system.

Whistleblowers can also submit reports to the Ministry of Justice, which operates an external reporting system. The Ministry of Justice also provides advice to employers, potential whistleblowers, and the public.

More information can be found at <https://oznamovatel.justice.cz/>.

The reform was thus successfully completed ahead of the set deadline.

## **1.2 Strengthening the legislative framework and transparency in the areas of courts, judges, public prosecutors, and judicial officers**

### **Amendment to the Law on Courts and Judges (Milestone 203)**

The Czech Republic was to adopt an amendment to Act No. 6/2002 Coll., on Courts, Judges, Assessors, and Court Administration, as amended, and other related laws. This amendment was intended to introduce objective rules for the selection of judges and court officials, further regulate the ancillary activities of judges, and streamline court proceedings involving lay judges.

This amendment came into effect on January 1, 2022, with the exception of provisions points 23, 27, 28, 33, and 35 of the first part of article I, concerning the issue of publishing court decisions, which came into effect on July 1, 2022. The reform process thus corresponds to the plan approved by the Reform Assignment. Concurrently, in connection with the assessment of meeting this milestone by the European Commission, Instruction No. 2/2023 of the Ministry of Justice on the organization of work and professional training of lay judges of district and regional courts was adopted, aiming to streamline court proceedings involving lay judges. Streamlining involves the digitization and electronic communication with lay judges. Milestone 203 was successfully completed.

### **Amendment to the Law on the Proceedings Concerning Judges, Public Prosecutors, and Judicial Executors (Milestone 204)**

The Czech Republic is to adopt an amendment to Act No. 7/2002 Coll., on Proceedings Concerning Judges, Public Prosecutors, and Judicial Executors, as amended, and other related laws. This amendment is intended to introduce appellate review of decisions made by disciplinary senates based on a remedy, and further measures are to be implemented to increase the efficiency of proceedings concerning judges, public prosecutors, and judicial executors, particularly regarding the composition of disciplinary senates, salaries of civil servants convicted of disciplinary offenses, and the resolution of disciplinary matters by agreement.

This amendment was discussed in the previous electoral term as parliamentary print No. 683, and it was debated in the Chamber of Deputies on December 10, 2020, and referred to the Constitutional and Legal Committee, where its consideration was interrupted, and it was not discussed before the end of the term of the previous Chamber. Therefore, a new bill was drafted, which was approved by the government on January 31, 2024. The bill will be submitted to the Chamber of Deputies for discussion in the coming days.

### **1.3 Collecting and analysing data on corruption**

The reform had set a binding milestone: "Creation of a methodology for measuring corruption in the Czech Republic" with a completion deadline by Q4 2023.

The reform was implemented by the Sociological Institute of the Czech Academy of Sciences in collaboration with the Ministry of Justice, serving as its application guarantor within the research project "Corruption in selected sectors in the Czech Republic and possibilities for its reduction." To achieve its goals, the reform utilized innovative tools based on the application of suitable sociological methods.

The new methodology will enable replicable and effective measurement of direct and indirect experiences with corruption in the Czech Republic, as well as determining the extent and forms of corruption in selected societal sectors. Consequently, it will facilitate the formulation of recommended measures to reduce corruption in these sectors.

The reform was successfully completed on December 29, 2023, as announced through an update on the website [korupce.cz](https://korupce.cz) (<https://korupce.cz/projekt-korupce-ve-vybranych-sektorech-v-ceske-republice-a-moznosti-jejeho-snizeni-byl-uspesne-dokoncen/>) where a summary research report on the project "Corruption in selected sectors in the Czech Republic and possibilities for its reduction" was published, containing a description of the project, its methodology, and an analysis of the research results regarding direct and indirect experiences with corruption in various sectors of the Czech Republic. Additionally, the report includes a methodology for measuring corruption that enables the replication of the research. Furthermore, the questionnaire used for the survey among insiders, along with the datasets for individual sectors containing microdata from the online survey of insiders in anonymized form in Excel and Stata formats, were also published. They are available at <https://doi.org/10.14473/CSDA/5UK7A9>. The reform was thus successfully completed on time and in accordance with the milestone assignment.

Additionally, in February 2024, a separate page was created on the [korupce.cz](https://korupce.cz) website (<https://korupce.cz/korupce-ve-vybranych-sektorech-v-cr/>), which, besides providing a permanent presentation of the current outputs of the project, will also serve for follow-up activities related to the individual recommendations contained in the summary research report.

### **1.4 Establishment of rules for lobbying**

The reform has set one binding milestone: "Adoption of the Lobbying Act" with a completion deadline by Q2 2025.

The Lobbying Act is intended to define lobbying, require the establishment of a register of lobbyists and lobbied entities, introduce the obligation to register lobbying activities, and stipulate sanctions for non-compliance.

The draft Lobbying Act and related amendment were submitted to the government by the Ministry of Justice on May 9, 2023. Subsequently, the proposals were discussed by the Legislative Council of the Government on June 29 and July 13, 2023, and on December 15, 2023, the chairman of the Legislative Council of the Government issued his opinion on them. The government approved the drafts on March 6, 2024, adopting resolutions No. 152 and 153. Subsequently, both draft laws will begin to be discussed in the Chamber of Deputies.



A risk associated with this reform is the insufficient political agreement on the specific content of the draft law.

## 1.5 Control and audit

This reform consists of 8 binding milestones (M207 - M214), the completion of which is conditional upon the submission of the first summary payment request. Due to the focus of each milestone set by the European Commission, it was necessary to divide the reform among several implementation entities. These entities include the Ministry of Industry and Trade - Department of European Funds Delivery Unit, which is responsible for milestones No. 207, 208, 213, and 214. Another entity is the Ministry of Finance - Audit Authority, which is responsible for milestones No. 209, 210, 211 and partially involved in milestone No. 214. The last entity involved in the reform is the MoJ, which is responsible for milestone No. 212 focused on reviewing the definition of beneficial ownership in connection with the RRF control system and also administers the fulfilment of milestones under the responsibility of other entities involved in this reform.

The outputs of all 8 milestones were related to the establishment of the implementation structure of the implementation framework of RRP. These outputs included both technical outputs such as the Information System and methodological outputs such as the Redflags methodological guideline or the Guide for the area of conflict of interest according to Article 61 of the Financial Regulation. Other outputs included an audit strategy or a review of the definition of beneficial ownership in connection with the RRF control system. All milestones of the reform were fulfilled, evidenced by the fact that the first summary payment request for financial resources from the RRP was submitted to the European Commission at the end of November 2022, and the payment was subsequently made by the Czech Republic.

## Business support

In the framework of strategic objective 2.1 OP TAC, the following calls for proposals were announced in 2023 to support entrepreneurship:

### *Consultancy - Call I*

- b) The call focuses on the purchase of consultancy services related to a) obtaining new certifications necessary for business and industry; b) processing assessments of industrial enterprises' water management according to the Methodology for assessing water use at the enterprise level.

### *School and Business Cooperation - Call I*

- The call focuses on: a) Implementing practical training in a company – This activity is aimed at SMEs that have not yet conducted practical training for secondary, higher vocational, or university-level schools, or are interested in expanding the range of practical training to significantly different fields than those currently offered. b) Project-based learning – This activity is intended for SMEs that already provide practical training for secondary, higher vocational, or university-level schools but are interested in increasing the added value of this training through closer cooperation with contractual schools.

### *Marketing – Call I*

- The call supports individual participation in exhibitions and trade fairs abroad (rental of space, booth, participation and operating fees, transportation of goods, promotional materials).
- For 2024, the announcement of a follow-up call for marketing support is planned.

- The Ministry of Regional Development will continue to support the development of tourism infrastructure through the National Regional Tourism Support Programme, where one of the three subprograms includes entrepreneurs as eligible applicants.
- Additionally, the goal for 2024 is to reform the National Tourism Support Programme to establish a financing system for the industry, starting with destination management organizations. This programme aims to partially address the unmet goal outlined in the government's policy statement regarding the creation of a tourism management and development law, which was intended to define the management, financing, and tasks of destination management.

In response to the COVID crisis and its impacts on public procurement environments (such as deficiencies in supply chains), a comprehensive methodological and educational activity has been initiated aiming at:

- Exploring options for adjusting public procurement contracts to enhance flexibility in response to unpredictable market changes.
- Implementing contract changes that align with national and European public procurement frameworks.

The flexibility of contractual relationships and the strategic and efficient procurement in public contracts contribute to both the public and business sectors.

## Development of the cultural and creative sector

Component	Subcomponent
<b>4.5 Development of the cultural and creative sector (Ministry of Culture)</b>	<b>Reform:</b> Recovery of the cultural and creative sector - status of artists
	<b>Reform:</b> Cooperative financing of cultural institutions
	<b>Investment:</b> Development of the regional cultural and creative sector
	<b>Investment:</b> Digitalization of the cultural and creative sector (CCS)
	<b>Investment:</b> Creative vouchers

The component responds to the crisis caused by COVID-19 and is based on the new strategic framework of the Ministry of Culture (MoC). The main objective is a comprehensive reform of the approach to the cultural and creative sector (CCS) in the Czech Republic. The reforms aim to ensure the development of a broader role for culture and the development of cultural and creative industries (CCI) as part of the transition to a low-carbon economy.

The first two reforms will strengthen the resilience of the CCS and ensure its greater stability in the post-crisis period. Legislative anchoring of cooperative financing will increase the sustainability of cultural infrastructure. A direct response to the crisis is the legislative reform introducing the status of artist. The goal is to create a more stable working environment in the CCS and help fulfil specific recommendations of the Council for the Czech Republic by supporting employment through active labour market policies and providing skills, including digital skills (CSR 2020). The reforms are complemented by investments in human capital and regional infrastructure. The general aim of these comprehensive programs and reforms is to develop the capacity of the CCS through cross-sectoral links.

The development of cultural and creative industries (CCI) focuses on two key recommendations from the Council for the Czech Republic: transitioning to a low-carbon economy and removing barriers to developing a fully functional innovation ecosystem (CSR 2019). The key measures of the RRP are based on the Strategy for the Development of Cultural and Creative Industries 2021-2025+.

A reform step is the transformation of the State Cinematography Fund into the State Audio-visual Fund, which will have a broader scope to support audio-visual works more effectively, including game development (this reform is not funded by the RRF). The introduction of creative vouchers for small and medium-sized enterprises (SMEs) will facilitate innovative businesses' access to financing (CSR 2020). This is the first systematic programme to support the CCI and one of the few comprehensive programs providing micro-grants for SMEs.

"Although the mentioned materials were only acknowledged by the government, they are binding for the MoC and contain a number of specific measures to be implemented through the MoC's Main Tasks Plan for the given year. Specific key initiatives of the State Cultural Policy are formulated in the document's appendices. Given the importance of cultural and creative industries, the MoC has established a Department of Cultural and Creative Industries within the Arts, Libraries, and Creative Industries Section."

### ***Description of Progress in Component Implementation***

A total of 25 calls for proposals have been launched so far, within which funds have been allocated according to the Decision on the Provision of Subsidies, amounting to over 75% of the total expenditures specified in the CID, i.e., from a total of CZK 5.45 billion. The ministry has set individual goals and milestones to be achieved by the end of 2024 and 2025, depending on the type and area of support. All initiatives are being continuously worked on.

Within all initiatives, individual calls for proposals are gradually being announced, evaluated, and closed. In the next 12 months, work will continue on the actual implementation of projects, launching additional calls for proposals, ongoing monitoring of activities, etc. The first projects and outputs are being completed continuously, and activities related to legislative materials will be conducted concurrently.

### ***Information about the announcement of calls for proposals.***

<b>Initiative</b>	<b>The name of the call or the scope</b>	<b>Published call</b>	<b>Call announcement</b>	<b>Closing of the call</b>
Artist status	Hosting foreign lecturers for teaching at universities in the field of artistic and creative creation – Call No. 0311/2023	YES	03.04.2023	03.05.2023
Artist status	Development of competencies for CCS workers: Individual creative and study projects in 2023 (Calls No. 0216, 0217)	YES	03.10.2022	04.11.2022

Artist status	Development of Competencies: Educational Projects for CCS Workers (1st Call / Call No. 312)	YES	26.04.2023	30.05.2023
Artist status	Support for Creative Learning Projects (School Year 2022/2023, Call No. 213)	YES	07.06.2022	29.05.2023
Artist status	Support for Creative Learning Projects (School Year 2023/2024, Call No. 313)	YES	28.04.2023	29.05.2023
Artist status	Support for Mobility Projects of Cultural and Creative Industries Actors – Mobility I. – Call No. 211/2022	YES	06.05.2022	20.06.2022
Artist status	Support for Mobility Projects of Cultural and Creative Industries Actors – Mobility II. – Call No. 215/2022	YES	01.09.2022	14.10.2022
Artist status	Support for Mobility Projects of Cultural and Creative Industries Actors – Mobility III. – Call No. 314/2023	YES	01.06.2023	14.09.2023
Artist status	Development of Competencies for Workers in Cultural and Creative Sectors: Projects for	YES	02.09.2022	03.10.2022

	International Artistic and Professional Collaboration in the Czech Republic (Call for 2023) (Call No. 0214)			
Artist status	Development of Competencies for Workers in Cultural and Creative Sectors: International Artistic and Professional Collaboration in the Czech Republic (Call for 2024, Call No. 0315)	YES	01.09.2023	16.10.2023
Artist status	Support for Research Projects on the Issue of Artist Status and Internationalization (Call No. 212/2022)	YES	06.06.2022	07.08.2022
Development of the regional cultural and creative sector	Call No. 0232/2022 - Mapping and Creation of Regional Strategies for Cultural and Creative Industries	YES	16.12.2022	15.03.2023
Development of the regional cultural and creative sector	Call No. 331/2023 - Development of Regional Cultural and Creative Centres - Small Centres	YES	07.08.2023	29.09.2023

Development of the regional cultural and creative sector	Call No. 231/2022 - Development of Regional Cultural and Creative Centres - Large Centres	YES	11.07.2022	12.09.2022
Digitalization of the cultural and creative sector	Call No. 341/2023 - Digitalization of the Cultural and Creative Sector - Libraries	YES	14.08.2023	13.09.2023
Digitalization of the cultural and creative sector	Call No. 241/2022 - Digitalization of Cultural Assets and National Cultural Monuments I.	YES	20.09.2022	31.10.2022
Digitalization of the cultural and creative sector	Digitalization of Cultural Assets and National Cultural Monuments III.	NO	31.08.2024	31.10.2024
Digitalization of the cultural and creative sector	Call No. 343/2023 - Digitalization, Documentation, and Information Activities in the Field of Visual Arts and Architecture I (for the year 2024)	YES	01.09.2023	31.10.2023
Creative vouchers	Call No. 381-395 - Creative Vouchers I.	YES	26.04.2023	31.07.2023
Creative vouchers	Call No. 218 - Design Credits I.	YES	30.12.2022	31.07.2023
Digitalization of the cultural and creative sector	Call No. 342/2023 - Digitization of Cultural Estates and National Cultural Monuments II.	YES	07.09.2023	14.11.2023
Development of the regional	Call No. 334/2023	YES	19.10.2023	21.11.2023

cultural and creative sector	- National Mapping of the Economic and Social Impact of CCS			3
Development of the regional cultural and creative sector	Call No. 431/2024 - Mapping the Socio-Economic Impact of Selected CCI Sectors (Music and Architecture)	YES	30.01.2024	05.03.2024
Artist status	Call No. 317/2023 - Competence Development: Educational Projects for Employees in the Cultural and Creative Industries II. (Educational Actions of Libraries)	YES	01.11.2023	30.11.2023
Artist status	Call No. 316/2023 - Hosting of Foreign Lecturers for Teaching at Universities in the Field of Artistic and Creative Creation II.	YES	01.11.2023	19.01.2024
Artist status	Call No. 318/2023 - Development of Competencies: Individual Creative and Study Projects III. in 2024	YES	01.12.2023	08.01.2024
Artist status	Hosting of Foreign Lecturers III. (Fall 2024)	NO	01.05.2024	01.06.2024
Creative vouchers	Call No. 461/2024 - Creative	YES	15.01.2024	29.02.2024

	Vouchers II. - for the year 2024			4
Creative vouchers	Call No. 462/2024 – Design Credits II. – for the year 2024	YES	29.01.2024	31.07.2024
Creative vouchers	Creative vouchers III. – for the year 2025	NO	Q1.2025	Q4.2025
Creative vouchers	Design Credits III. – for the year 2025	NO	30.12.2024	30.09.2025
Creative vouchers	Call No. 463/2024 - Creative Vouchers - Production of Feature, Documentary, and Animated Audio-visual Works	NO	Q1.2024	30.06.2024
Digitalization of the cultural and creative sector	Development of digitalization, documentation, and information activities in the field of visual arts and architecture II - for the year 2025	NO	01.09.2024	31.10.2024
Digitalization of the cultural and creative sector	Further development of digitalization in the field of libraries - regional libraries	NO	Q1.2024	It will be specified.

## Public administration

### Increasing the efficiency of public administration performance (RRP component)

The Component for Increasing the Efficiency of Public Administration Performance, funded by the RRP, includes the reform for Enhancing efficiency, client orientation, and the utilization of evidence-informed principles in public administration.

As part of the RRP update, there has been an **expansion of measures** to be implemented within this reform. In addition to enhancing support for evidence-informed decision-making in public



administration and measures to increase the pro-client orientation of public administration (now part of a broader set of measures to enhance attractiveness and develop professional skills in public service), the reform now includes measures to improve policy coordination and strategic planning at the governance centre. Some of the new activities incorporated into the reform include:

- Adoption of a comprehensive report on policy coherence for sustainable development, identifying the financing needs of strategies and existing sources of funding.
- Adoption of a new version of the regulatory impact assessment methodology.
- Update of the climate-energy model covering all climate and energy processes relevant to the Czech Republic.
- Adoption of an action plan for human resources in government offices.

The milestones and targets in this reform have completion deadlines in Q4 2025 and Q2 2026.

*Project: Increasing efficiency, client-oriented approach, and utilization of evidence-informed principles in decision-making in public administration*

The aim of this project, focusing on supporting the use of evidence-informed decision-making, remains the design of an electronic data collection tool within public administration, **the so-called Unified Information Data Collection System**. It will focus, for example, on eliminating duplicate data reporting, standardizing submitted formats, integrating existing information sources, and, in general terms, enhancing the utilization of data. Overall, this goal is aimed at creating a database of relevant data from selected information sources, open data, and data obtained through the newly created electronic tool for collecting data on the activities of authorities.

At the same time, in 2024, the preparation and implementation of **an educational programme for front-office officials in a pro-client approach** will be completed and initiated, which is part of another part of the reform and is aimed at increasing the pro-client orientation of public administration. The educational programme builds on a pilot version that was implemented as part of the Public Governance Review (PGR, Assessment of Public Administration Performance in the Czech Republic and Recommendations for Future Strategic Development from the OECD perspective), which is financially supported by the Norwegian Funds and is implemented in cooperation with the OECD. The aim of the educational programme supported by the RRF is to train 1000 front-office officials of territorial self-governing units and territorial bodies of state administration in the years 2024-2025.

Within the **PGR**, final project activities (the so-called implementation phase) will also be carried out, which follow up on the OECD's recommendations and conclusions in individual chapters (participation, governance centre, informed decision-making, public administration in the territory, IT and civil service + a case study on the Czech Republic's experience from the COVID crisis). Final seminars will be held by April 2024, with the participation of qualified foreign experts and high-ranking government officials.

## **Public administration (activities outside of RRP)**

### **Regulatory impact assessment**

Regulatory Impact Assessment (RIA) is continuously developed qualitatively in terms of process, methodology, and content. In 2024, the RIA department of the Government Office will continue to work on creating conditions for the systematic implementation of the effectiveness review of existing regulations (ex post RIA), scheduled for January 2025. New procedural procedures for recording and monitoring reviews, updating the ex-post RIA methodology, and conducting training for processors are envisaged. In line with the implementation of component 4.4 of the RRP, aimed at improving analytical work in legislative drafting, the RIA department will work on proposing possible procedural changes for more effective implementation of ex-ante RIA while also collaborating with the government analytical team on preparing a new RIA methodology based on proven international practices.

## **Client-oriented public administration**

In May 2020, the government approved the concept of **Client-Oriented Public Administration 2030** (which followed the previous Strategic Framework for Public Administration Development 2014–2020, the implementation of which was completed by 2023; in mid-2023, a final evaluation report was prepared on the state of data as of December 31, 2022, with an outlook assumption for achieving strategic goals 1, 2, and 4 by June 30, 2023, respectively, and an outlook assumption for achieving strategic goal 3 by December 31, 2023), including the implementation **Action Plan for the years 2021–2023**. Its vision is to achieve, by 2030, a public administration that is maximally client-oriented and creates conditions for further increasing the quality of life of citizens and the prosperity of the Czech Republic. The vision is elaborated in five strategic goals aimed at achieving substantive progress in specific areas of public administration functioning. In the first three years, these strategic goals were implemented based on the prepared Action Plan for the years 2021-2023. **Currently, a new Action Plan for the following period is being finalized.**

**During the year 2024, the preparation, finalization, or implementation of various measures of the Concept is expected**, including the completion of the database of valid legal regulations of territorial self-governing units. There is also a continued focus on increasing the professional competencies of elected representatives and officials of territorial self-governing units and state employees.

Furthermore, another annual nationwide **conference, "Modern Public Administration,"** is planned, along with the motivational competition **"Friendly Office"** in the category of municipalities with extended competence. The aim of this competition is to improve customer services of municipal offices, along with the Ministry of the Interior Awards for Quality and Innovation in Public Administration. Additionally, the development of performance-based financing in relation to other agendas of public administration performed under delegated powers is also planned.

## **Implementing the State Service Act**

During the evaluated period, the implementation of the State Service Act continued, with partial amendments to the State Service Act prepared in response to legislative changes related to the repeal of certain laws in connection with the abolition of the Office for Access to Transport Infrastructure and the amendment of the Social Security Organization and Implementation Act. Furthermore, a partial amendment was adopted following the amendment of the Labour Code regarding the provision of information on the service relationship before its establishment and during its course, and the adjustment of service performance from another location.

In the Collection of Laws, on December 29, 2023, Government Regulation No. 463/2023 Coll. was published, amending Government Regulation No. 92/2015 Coll., on the rules for organizing the office. This amending regulation enters into force on July 1, 2024. The government regulation is based on the government's policy statement, which emphasizes the overall effective and rational functioning of public administration. The government regulation primarily adjusts the number of systematized positions required to establish organizational units of the office and abolishes some exceptions to these rules.

The government's policy statement and the government's legislative plan also envisaged a comprehensive amendment to the State Service Act aimed at increasing the efficiency of offices, their openness, and strengthening competencies. The government's proposal for an amendment to the State Service Act was submitted to the Chamber of Deputies on April 16, 2024, as Chamber Document No. 673. This amendment is intended to ensure the flexible functioning of the civil service while adhering to its basic principles and legal boundaries. The expected effective date of the amendment to the State Service Act is set for January 2025. In the second half of 2023, service regulations were issued establishing specific civil service processes, which included, for example, rules of ethics for civil servants. At the same time, methodological guidelines were updated regarding the details of changes to the employment relationship and the conduct and organization of the civil service examination.

## Modernization of Public Procurement

The modernization of public procurement is anticipated by the Recovery and Resilience Plan under subcomponent 4.1.2, titled Methodological Support and Modernization of Public Procurement. The owner of this initiative is the Ministry of Regional Development (MoRD), with an implementation deadline of June 2026. Utilizing public purchases and investments as a driving and shaping force for the national economy and the Czech market arises not only from European procurement directives but also from the fact that public sector purchases amount to CZK 990 billion annually, approximately 15% of the Czech Republic's GDP. Therefore, public investments, once modernized, will be used more effectively as one of the tools for implementing public policies.

Part of the implementation of reform steps in public procurement involves the preparation and implementation of the National Public Procurement Strategy, which includes public investment priorities and an implementation action plan. The National Public Procurement Strategy was adopted by a government resolution on February 21, 2024, No. 117 on the National Public Procurement Strategy in the Czech Republic for the period 2024 to 2028 (hereinafter also referred to as the "National Public Procurement Strategy" or "NPPS").

Under the NPPS, the following activities will be carried out from February 2024 to June 2026 using funds from the National Recovery Plan:

- Development of a concept for the professionalization of public procurers, including educational programs;
- Development of an Action Plan for Sustainable Procurement, which includes minimum sustainability standards for commodities/areas with key environmental impacts, as well as support for better alignment of public procurement with the EU taxonomy vision;
- Establishment of a Competence (methodological and coordination) Centre focused, among other things, on developing methodologies for the successful implementation of public contracts within supported projects, as well as the relevant portal with templates and practical examples for contracting authorities, particularly at the municipal level;
- Support for the development of centralized procurement, primarily by supporting regional centres and providing specific assistance to contracting authorities, especially at the municipal level.

The purpose of the National Public Procurement Strategy is:

1. to increase the quality of performance provided to public sector entities and the value for money obtained, including the application of the 3E principles and adherence to the principle of due diligence, with an emphasis on sustainability, smart solutions, and innovation;
2. to create and further develop an environment that paves the way for environmentally responsible procurement, climate protection, socially sustainable practices, and supports the involvement of small and medium-sized enterprises, social enterprises, or local communities;
3. to continuously raise awareness, knowledge, and skills of responsible individuals, including the establishment of a national competency framework;
4. to establish a system that collects relevant data and generates practical outputs for managerial decision-making, public oversight, and both contracting authorities and suppliers without imposing significant administrative burdens on users;
5. optimize conditions to increase the offer of centralized procurement and collaboration of entities, especially at the regional level, including support for national and sectoral centralization;
6. increase legal certainty and predictability (including time and cost) for both contracting authorities and suppliers, and reduce formalism, including the gradual unification of decision-making and assessment practices;
7. focus on key sectors and strategic contracts to support quality, sustainability, resilient innovation, smart solutions, and digitalization.

One of the key tools for implementing this support will be the establishment of a competence centre for the management and transfer of knowledge and skills. This includes the preparation of guidelines, methodologies, model texts, professional training for all parties involved, operation of the infrastructure for information access, and consulting support. The competence centre will also include a new Public Procurement Portal.

#### **Subject area of the NPPS**

<b>1</b>	Quality and innovation	Create an environment where contracting authorities can procure high-quality, sustainable, and innovative products and services, thereby achieving high value for money.
<b>2</b>	An Environment for Effective Public Procurement	Provide procurers with qualified and supportive information services to expedite procurement while enhancing its effectiveness.
<b>3</b>	Environmentally and socially responsible public procurement	Achieve a state where environmentally and socially responsible criteria are commonly used in appropriate cases for public procurement.
<b>4</b>	Professionalization	To improve the image of public procurement and prepare it for new challenges and risks by continuously enhancing the competencies of individuals responsible for public procurement.
<b>5</b>	Support for centralized procurement and collaboration.	Given the significant diversity of contracting authorities in the Czech Republic, to create optimal conditions for the development of centralized procurement and cooperation, especially at the regional level.
<b>6</b>	Support for strategically important investments and contracting authorities	Increase legal certainty for contracting authorities when using innovative elements in awarding strategically significant contracts and promote the potential of these contracts to address societal challenges as a whole.
<b>7</b>	Legal certainty of public contracts	Ensure the maximum level of legal certainty and predictability and reduce the administrative burden of the control process.
<b>8</b>	Public contracts in construction	Achieve a state where public contracts in construction are prepared, awarded, and executed sustainably, digitally, and measurably.
<b>9</b>	Data and digitalization	Enhance user comfort of information systems and increase data accessibility for public scrutiny, regulatory bodies, and overall managerial oversight.

#### **Strategy of cooperation between public administration and non-governmental non-profit organizations for the years 2021 to 2030<sup>5</sup>**

The strategic document, including the implementation **Action Plan for the years 2021-2024**, sees non-governmental non-profit organizations (NGOs) as stable and strong partners of public administration in fulfilling the needs of Czech society. The cooperation between the non-profit sector and public administration occurs in several areas, each formulated with one strategic and several specific objectives.

One of the strategic objectives aims to support civic participation and effective partnership between public administration and the non-profit sector. In the period from 2021 to 2022, a Methodology for

<sup>5</sup> <https://www.vlada.cz/cz/ppov/rnno/dokumenty/strategie-spoluprace-verejne-spravys-nejistatnimi-nejiskovymi-organizacemi-na-leta-2021-az-2030-189753/>.

the Participation of Non-Governmental Non-Profit Organizations in Advisory and Working Bodies and in the Development of State Administration Documents was developed. On June 28, 2022, the draft methodology was approved by the Government Council for NGOs, and the Secretariat Department of the Government Council for NGOs was tasked with its pilot implementation. This pilot implementation has been underway in 6 ministries and the Office of the Government since 2023 and will be completed this year.

In 2024, work will also begin on drafting a new Action Plan for the years 2025-2027 of the aforementioned strategy.

### **3.5 Research, development and innovation**

In its 2023 Country Report on the Czech Republic, the European Commission identifies strengthening the innovation capacity of domestic businesses, enhancing connections with the public research sector, and improving access to financing for small and medium-sized enterprises as significant challenges for the Czech Republic.

The **reform of knowledge transfer**, introduced in January 2024, addresses, among other things, the linkage between private businesses and the public research sector. The reform introduces specific measures to enhance the utilization of scientific and research knowledge. **Its main goal is to significantly support the economy and thereby enhance competitiveness on a global scale.** The reform primarily aims to change the mind-set of the entire system – existing obstacles are not solely of organizational-technical nature but also a matter of culture and habits. The reform consists of **30 measures divided into 6 thematic blocks.** For example, it includes the establishment of a system of indirect support tools and other motivational elements for investment in research and development, especially for small and medium-sized enterprises. Furthermore, in cooperation with the European Investment Bank, the establishment of a fund of funds for transfer activities is proposed, specifically for seed and pre-seed investments into spin-off companies of research organizations, with the aim of financing these activities primarily from private sources. These and several other measures are at various stages of implementation, designed to be implemented by mid-2025 provided all key stakeholders are involved.

The knowledge transfer is now being implemented into key legislation covering the field of science and research. **The Research, Development, Innovation, and Knowledge Transfer Act** has been introduced into the legislative process. **In addition to knowledge transfer, the main objectives of the law include reducing administrative burden, strengthening adherence to ethical principles, protecting the security interests of the state, and supporting the career development of scientific workers.** As part of the support for human capital in science, the implementation of the RRP will also take place, specifically under **component 5.3 - Strategically Managed and Internationally Competitive Research, Development, and Innovation Ecosystem.** The aim is to enhance the competitiveness and socio-economic benefits and impacts of research, development, and innovation by **promoting excellence**, strengthening international cooperation, and strategically developing human capital.

To enhance the competitiveness of the Czech economy both domestically and globally, we are also focusing on supporting strategic technologies at the national level, such as artificial intelligence, semiconductors, and quantum technologies. These technologies will play a crucial role in future technological development, especially in the context of ongoing digital and technological transformation. In line with the current global situation and the European Union's efforts to strengthen strategic resilience, **the National Strategy for Artificial Intelligence is being updated, and new National Semiconductor and Quantum Strategies are being developed.** Together, these strategies form the basis upon which the future development of the Czech Republic in the 21st century can be built. The strategies aim to **strengthen existing capacities and make strategic decisions to expand these capacities in research, development, innovation, as well as support the emergence of start-ups and technology companies, education, and international cooperation.**

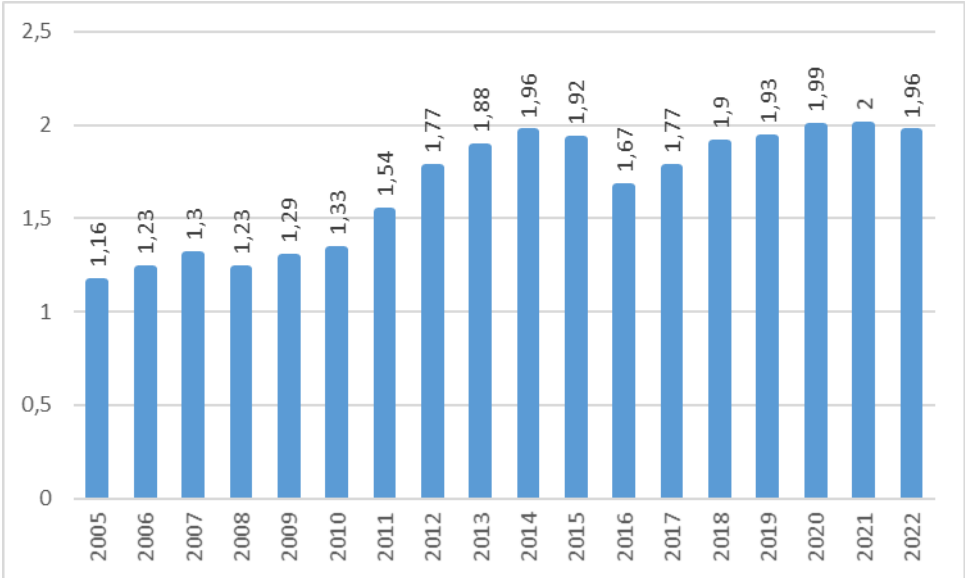
These measures will significantly contribute to strengthening the innovation capacity of domestic businesses, connecting the private sector with the public research sector, and enabling better access to financing for small and medium-sized enterprises.

The implementation of measures that have the potential to contribute to the development and progress in the field of research, development, and innovation continues. This primarily involves the implementation of the National Research, Development, and Innovation Policy of the Czech Republic 2021+. In 2024, there are plans for ongoing evaluation of the implementation of these measures. Currently, the preparation of the budget proposal for research, development, and innovation for the

years 2025-2027 is also underway. After the completion of the five-year cycle of evaluating research organizations according to the Methodology 17+, the process of its update will take place in 2024. Additionally, work will continue on a new legislative framework for research, development, and innovation, which is being prepared in the form of a proposal for a new Act on Research, Development, Innovation, and Knowledge Transfer.

The National Research and Innovation Strategy for Smart Specialization of the Czech Republic 2021-2027 (hereinafter referred to as the National RIS3 Strategy) is a subordinate document of the National Research, Development, and Innovation Policy of the Czech Republic 2021+. The National RIS3 Strategy was approved by the Czech government on January 25, 2021. After two rounds of feedback, the National RIS3 Strategy was fully accepted by the European Commission on May 19, 2022 (declaring compliance with all seven health insurance criteria). In December 2023, updated Annexes 1-3 of the National RIS3 Strategy (Version 5) were approved, which include research and innovation topics related to the aforementioned strategic technologies. Currently, the National RIS3 Strategy is being successfully implemented, with regular monthly meetings with the governing bodies of operational programs (OP JAK, OP TAC, OP JT, and IROP), as well as national and sectoral programs. Additionally, there is an ongoing process of discovering new business opportunities (EDP), within which there will be further updates to topics in Annex 1 (to Version 6). At the national level, projects have been initiated to further improve the implementation and management of the National RIS3 Strategy, including the Systemic Support for the Implementation and Management of the National RIS3 Strategy 2023+ (co-financed from OP JAK) and the Update of Analyses and Exploitation of the EDP Process for the Upgrade of the National RIS3 Strategy (co-financed from OP JT+).

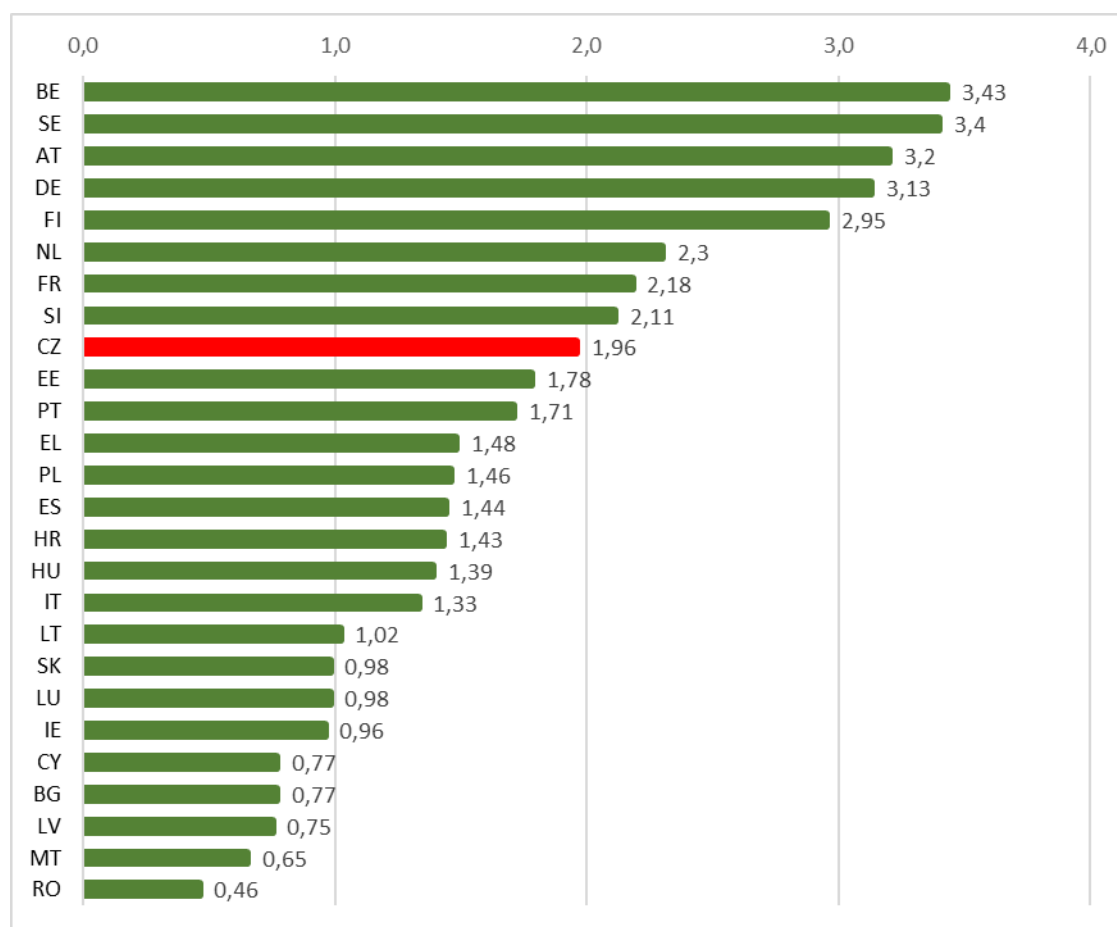
**Graph 21: Research and Development Expenditure in the Czech Republic (as % of GDP; GERD)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/RD\\_E\\_GERDTOT\\_custom\\_9545234/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/RD_E_GERDTOT_custom_9545234/default/table?lang=en)

**Graph 22: Comparison of Research and Development Expenditure in the Czech Republic with EU member states for the year 2022 (as % GDP; GERD)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/RD\\_E\\_GERDTOT\\_custom\\_9511705/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/RD_E_GERDTOT_custom_9511705/default/table?lang=en)<sup>6</sup>

## Research and development in healthcare

In 2024, the implementation of projects for targeted support of applied medical research will commence, building upon the new Concept of Medical Research until 2030, including patient involvement in research focus and co-design. In practice, this entails a greater focus on public health research and the efficiency of the healthcare system compared to previous years, thereby more effectively fulfilling the National Policy for Research, Development, and Innovation of the Czech Republic 2021+.

Furthermore, the implementation of the RRP and projects within Component 5.1 "Excellent Research and Development in Priority Areas of Public Interest in Healthcare" continues into its third year. This involves five consortial projects focused on researching the socio-economic impacts of systemic health risks, oncological diseases, metabolic disorders, cardiovascular diseases, virology and bacteriology research, and neurological research. The aim of these projects is to establish a national research authority for each of the mentioned areas, which will bring together the best research teams and enable them to share not only necessary infrastructure but also data, knowledge, and subsequently results, which have so far been limited to individual research institutions. This sharing will significantly

<sup>6</sup> Eurostat data on Denmark's research and development expenditures for the year 2022 are not yet available.



enhance excellence in research. Moreover, these newly established national authorities will, if necessary, act as expert partners for public authorities. The ESCELES programme, from which the projects are funded, is overseen by the Ministry of Education, Youth, and Sports.

Since 2023, the Czech Republic has also been systematically coordinating its involvement in European partnerships for healthcare research, which are emerging within the framework of the Horizon Europe programme. So far, the Czech Republic has applied for participation in partnerships focused on research into rare diseases, antimicrobial resistance, and healthcare system transformation. In 2024, there are plans to join the partnership for personalized medicine and brain health as well.

## Support for research and development in enterprises

Support for research, development, and innovation in enterprises will continue to be complementarily implemented from the Czech state budget, EU structural funds, and RRP.

The aim of investments within component *5.2 Support for Research and Development in Enterprises and the Implementation of Innovations in Business Practice* of RRP is to help revive the economy and strengthen its resilience by enhancing the competitiveness and flexibility of enterprises, especially SMEs, increasing the innovation performance of endogenous business entities, and contributing to improving collaboration within the Czech innovation ecosystem. Supported projects in the following programs will be implemented throughout 2024.

Under investment No. 1, *Support for the Implementation of Innovations in Business Practice*, aimed at intensifying the implementation of product, process, and organizational innovations in SMEs with an emphasis on digitization, projects supported in 2023 will continue, and new projects evaluated for support will be initiated in 2024.

Investment No. 2, *Support for Cooperation in Research and Development (in line with the National RIS3 Strategy)*, aims to support applied research projects by providing long-term support for collaboration between research organizations and businesses, especially SMEs. The goal of this investment is implemented through partial projects supported in 2023 from the TACR **National Competence Centres** programme.

Through the Ministry of the Environment's **Environment for Life** programme implemented by TACR, investment No. 3, *Support for Research and Development in the Environment*, is carried out. The aim of this investment is to support applied research, development, and innovation projects submitted by research organizations and businesses aimed at addressing challenges defined in the State Environmental Policy of the Czech Republic 2030 with a perspective to 2050. Projects supported in 2023 will continue in 2024.

Investment No. 4, *Support for Research and Development in Synergistic Effects with the Framework Programme for Research and Innovation*, finances projects with the Seal of Excellence label, which supports SMEs with the greatest potential for rapid growth, and further supports ERA NET Cofund projects, or European Partnerships, addressing the most pressing research and development challenges in an international context. In 2024, participation in several ERA NET Cofunds or European Partnerships is expected, enabling Czech entities to participate in international projects in various partnership themes.

In 2024, projects supported within the new investments No. 5, 6, and 7, approved as part of the RRP update in 2023, will be launched in the TREND, DOPRAVA (transport) 2030, and Environment for Life programs. These projects will be supported by subsidies totalling approximately CZK 2 billion.

Beyond the RRP framework, a programme to support industrial research and development called TREND is being implemented. Its main goal is to enhance the international competitiveness of businesses by expanding their markets abroad, penetrating new markets, or advancing in global value

chains. It emphasizes fulfilling the priorities of the National Research and Innovation Strategy for Smart Specialization of the Czech Republic, fostering digitalization, and implementing Industry 4.0 principles, including the use of 5G technologies. In 2024, in addition to supporting ongoing projects and those funded through the 10th public competition under the RRP, the programme will continue with the initiation of new projects selected in the 11th public competition, with the anticipated announcement of the 12th public competition.

The implementation of the systemic project Technological Incubation continues, aiming to support the development of the start-up ecosystem, enhance collaboration between the public, research, and business sectors, and create new innovative products with high added value. The project is carried out by the CzechInvest Agency, with the goal of gradually supporting the development of approximately 250 innovative firms in thematically focused incubation centres by 2027.

In the case of the Strategy for Supporting Small and Medium-Sized Enterprises (SMEs) in the Czech Republic for the period 2021–2027, the aim is to support the development of innovative capabilities of small and medium-sized enterprises so that they can move towards the production of products and provision of services with higher added value within global value chains (for more information, see the key area Research, Development, and Innovation). The implementation of research and innovation activities, especially among small and medium-sized enterprises, is also supported by the Operational Programme OP TAC. SMEs (and in some cases, small mid-cap companies) can obtain grants for their innovative projects through calls aimed at strengthening research, development, and innovation capacities and skills of businesses and fostering collaboration with research organizations. Since August 2022, the following calls have been announced with a total allocation of nearly CZK 13 billion:

#### *Potential – Call I*

- The call supports the establishment and development of industrial research centres, aiming to increase the number of companies with infrastructure for research, development, and innovative activities.

#### *Proof of Concept – Call I*

- The aim of the call is to support activities that help ensure the development of technology and knowledge transfer between research organizations and businesses, with the goal of applying research and development results in practice.

#### *Innovation – Call I*

- The aim of the call is to strengthen the innovation performance of domestic companies and increase their competitiveness by enhancing the utilization of unique know-how.

#### *Innovation vouchers – protection of industrial property rights – Call I*

- The aim of the Call is to strengthen the innovation performance of domestic companies and increase their competitiveness through more effective protection of intellectual property.

#### *Application – Call I*

- The aim of the call is to acquire new knowledge necessary for the development of new products, materials, technologies, and services through the implementation of industrial research and experimental development projects.

#### *Knowledge transfer partnership – Call I*

- The aim of the challenge is to enhance mobility and foster knowledge transfer between the business and academic spheres, with the objective of supporting and accelerating innovation processes in businesses and aligning research topics conducted in the public sector with the needs of enterprises.

#### *Innovation vouchers – Call II*

- The aim of the call is to develop communication and knowledge-sharing between the business and research sectors, which companies can utilize to initiate or intensify their own innovation activities.

#### *Technological platforms – Call I*

- The goal of the call is to support activities that help promote the development of innovation networks - technological platforms as tools for increasing the intensity of joint research, development, and innovation activities between business entities and the research sphere.

#### *Collaboration – Clusters – Call I*

- The objective of the Cooperation – Clusters challenge is the development of innovation clusters as a tool to increase the intensity of joint research, development, and innovation activities between business entities and the research sector.

#### *Infrastructural services – call I*

- The goal of the call is the establishment and development of research and innovation infrastructure with open access and the improvement of its services.
- A separate call for this activity has also been announced for Integrated Territorial Investments (ITI).

In 2024, additional follow-up calls for these activities are gradually being announced.

SIGMA programme and other programs to support applied research, development, and innovation implemented by the technology agency of the Czech Republic (TA)

The Technology Agency of the Czech Republic (TA) has been implementing the SIGMA programme to support applied research and innovation since 2022. The primary goal of the SIGMA programme is to support applied research and innovation that lead to the creation of new research results applicable in practice, addressing current societal and economic challenges, and supporting systemic measures in the research and innovation environment. Enterprises are significantly represented among the project recipients in the public competitions of this programme.

Implementation of the SIGMA programme continues in 2024 with several announced competitions focusing, among other things, on supporting the commercialization of research results, bilateral international cooperation, early-career researchers, the innovation potential of social sciences, humanities and arts, and pre-application research.

TA is also preparing the announcement of a public competition to support energy research within the THËTA 2 programme, which was approved by the Czech government in 2023. In the same year, the government approved the BETA3 programme, which focuses on applied research and building an innovation culture within public administration.

Additionally, TA implements the aforementioned sectoral programs TREND, Environment for Life, and Transport 2030. In collaboration with the Ministry of Defence (MoD), the implementation of the PRODEF programme to support defence applied research and development is also being prepared.

In order to improve support for cooperation between research organizations and businesses, it is necessary to strengthen the position of cooperative research. This involves allowing research organizations to provide contract research beyond the one-fifth capacity limit set by European legislation. This regulation aims to prevent the preferential treatment of market entrants subsidized by the state.

In cooperative research, research organizations collaborate with businesses from the initial concept to joint market application. This type of research can be funded by private sources, state contributions, or a combination of both parties.

## 3.6 Health and resilience of the population

In the field of healthcare, according to the Country report 2023, the sustainability of healthcare and long-term care presents a challenge for Czech Republic due to an aging population and system inefficiencies. The Czech Republic should primarily focus on investments in preventive, follow-up, and long-term care, and in this context, also on improving the excellence of research in medical sciences.

The Ministry of Health (MoH) implements part of its health policy, especially the reformative aspect that brings systemic changes, through EU funds, primarily the Operational Programme *Employment Plus (OP E+)* and the *Integrated Regional Operational Programme 2021-2027*, as well as through the RRP. In addition to these tools, the ministry strives to make the most of other support options, such as community programs, EEA funds, or the Swiss contribution. All these tools enable the ministry to initiate changes in healthcare and have a motivational effect on the implementation of these changes.

In 2023, palliative care became a major topic within the Czech healthcare system. To improve its quality, MoH engaged in intensive communication with the *Czech Society of Palliative Medicine* and other relevant stakeholders to specify key activities for the support project proposal for palliative care in the Czech Republic. The application for support is currently being evaluated by the Managing Authority of the Operational Programme Employment Plus (OP E+). Based on the outcomes of the MoH working group, the Ministry for Regional Development (MoRD) announced calls No. 71 and 72 in March 2023 to support the development of infrastructure for palliative care providers.

Considering the need for a systemic solution for care required by patients with long-term chronic illnesses, the legislative process for amending laws No. 108/2006 Coll., on social services, as amended, No. 372/2011 Coll., on health services and conditions for their provision (the Health Services Act), as amended, and No. 48/1997 Coll., on public health insurance and on amendments to certain related laws, as amended, was initiated in 2023. The legislative process is currently in the phase of interdepartmental comment resolution.

In 2023, the implementation of the project *"Proposal for a Comprehensive Shared Health-Social Care System for Patients with Rare Diseases – SYPOVO"* (CZ.03.02.02/00/22\_046/0002450) began under the OPZ+ programme, co-financed by the European Union from the European Social Fund Plus. The project focuses on developing general standards for the care system for patients with rare diseases. This includes highly specialized, specialized, general, and primary healthcare, as well as palliative and social care. The planned implementation period is from July 1, 2023, to June 30, 2026.

In 2023, the project *"Support for Planning the Development of Integrated Health and Social Care"* (CZ.03.02.02/00/22\_046/0003791) also commenced under the OP E+ programme, co-financed by the European Union from the European Social Fund Plus. The Ministry of Labour and Social Affairs (MoLSA) is a non-financial partner in the project. The goal is to create a recommended procedure for developing regional health-social plans, which will be piloted in four selected regions and subsequently recommended for implementation across all regions of the Czech Republic. This procedure will aim to establish strong and coordinated cooperation among all parties involved in monitoring, evaluating, planning, and supporting services for people with complex needs. The project will also include activities aimed at enhancing the expertise and competencies of workers involved in planning and networking health and social services. The anticipated implementation period is from August 1, 2023, to July 31, 2026.

In 2023, the MoH established the Conceptual Group for the Development of Geriatric Care in the Czech Republic. As part of the activities of this working group, the *National Plan for the Development of Geriatric Care in the Czech Republic until 2035* is being developed. This comprehensive document aims to support care for patients with geriatric syndromes, as well as prevention, research, quality education, and the availability of healthcare services. This document includes strategic goals:

- high-quality geriatric care supported by research and education in geriatrics and gerontology, provided in accordance with the comprehensive needs of geriatric patients.,
- availability and systemic setup of specialized geriatric care corresponding to the needs of the population of the Czech Republic,
- establishment of care integration in the geriatric care system that meets the comprehensive needs of geriatric patients,
- disability creation of conditions for healthy aging and disability prevention.

By the end of June 2024, the complete preparation of the material for submission to the review process is planned.

In support of screening programs, the activities of the steering committees for screening programs, established in 2023, continued. The early detection programme for prostate cancer was launched. Action plans for the development of colorectal, cervical, and breast cancer screening programs are being prepared. Furthermore, in 2023, five pilot projects for early disease detection were launched, including hepatitis C in people who inject drugs, malnutrition in oncology patients and individuals over 65 years of age, overactive bladder including eliminating its negative impact on quality of life, and chronic thromboembolic pulmonary hypertension in patients after acute pulmonary embolism. These projects are financed by OP E+. Additionally, three more pilots are prepared for launch in 2024.

Screening programs are also one of the supported topics in the RRP, specifically in component 6.2, which aims to strengthen cancer prevention and care. Within this component, the Institute of Health Information and Statistics of the Czech Republic is implementing a project named "Comprehensive Information Support for Improving the Quality of Cancer Screening Programs" under the National Screening Centre. Its goal is to create and implement comprehensive information systems for the National Screening Centre to ensure the quality of population screening programs.

In 2023, two significant investment projects were supported to enhance oncological care: The Motol Oncology Centre and the Establishment and Development of the Centre for Cancer Prevention and Infrastructure for Innovative and Supportive Care at the Masaryk Memorial Cancer Institute. This component also includes support for the development of specialized hemato-oncological and oncological care and support for preventive screening programs through grant titles for individual care providers.

Another RRP component under the Ministry of Health, specifically component 6.1, aims to increase the resilience of the healthcare system. In 2023, a total of eight projects focused primarily on supporting the construction of new or the renovation of existing healthcare facilities were supported. The supported areas include rehabilitation care for patients after critical conditions, support for the education of medical and non-medical staff and strengthening cardiovascular and transplant medicine in the Czech Republic.

The relevant component includes a crucial reform focused on optimizing the education system. A milestone of this reform is the project "*Administrative System for Specialized and Advanced Training of Healthcare Workers.*" The project's objective is to create an information system that will optimize the administration of specialized and advanced training for healthcare workers for all involved entities and the participants in the educational process. To date, an analysis of the current state and the setting of basic components of the new system, which will be the subject of a public contract, have been carried out.

In 2023, the preparation of the *Home Care* programme, funded by the *Swiss-Czech Cooperation Programme*, began and will continue throughout 2024. This programme will support the implementation of systematic solutions to strengthen the role of home care, stabilize this sector, create the conditions for an effectively functioning comprehensive network, and optimize processes and communication in the home care segment. The programme's implementation will create conditions for the coordination of social and healthcare areas of care. The anticipated implementation period for the programme is from April 2025 to December 2029.

The year 2023 brought significant progress in the digitalization of healthcare. The goals of healthcare digitalization were set by the Strategic Framework for the Development of Healthcare in the Czech Republic by 2030, and they align with the implementation of the government's *Digital Czechia* programme. Additionally, the recommendations of the European Semester have been addressed through the RRF and the measures of the RRP. Healthcare digitalization also continues through the fulfilment of the goals of the *Digital Decade 2030* programme. In the area of digitalizing public services, further support for the development of interoperability, access to electronic health records, online public services, the use of secure access in compliance with the eIDAS regulation, strengthening resilience to cyberattacks, enhancing digital skills, and coordinating joint initiatives and platforms is being pursued.

In 2024, the Ministry of Health (MoH) will continue implementing healthcare digitalization projects from the RRP and projects for the digitalization of the ministry's operations from the catalogue of the government's *Digital Czechia* programme. These projects focus on digitalizing processes and agendas, optimizing management and standardizing procedures, optimizing agenda and operational information systems (IS), and enhancing support for agenda performance. The financing of these projects is based on multiple sources: the state budget, the RRP, and the *Integrated Regional Operational Programme 2021-2027*.

Act No. 325/2021 Coll., on the digitalization of healthcare, marked the initial fundamental phase of healthcare digitalization, enabling the creation of its basic infrastructure and central electronic healthcare services. As the next phase of digitalization, at the beginning of 2024, the Ministry of Health submitted an amendment to Act No. 325/2021 Coll., on the digitalization of healthcare. This amendment is currently being discussed with stakeholders and includes the introduction of the so-called *eCard*, *eRequest*, and *shared health records*.

The newly introduced central electronic healthcare service is the *eCard*, which is controlled and managed by the patient, expanding the application of patient rights. It is a state-guaranteed mobile application that enhances patient control over their data and available services.

Another newly introduced central electronic healthcare service is the *eRequest*, which is a provider's request on the basis of which healthcare services are provided according to other legal regulations (e.g., the Healthcare Services Act). Specifically, this includes requests for laboratory tests, X-ray examinations, and other imaging techniques.

The *shared health record* is a minimized set of information about the patient's health status, accessible only to healthcare providers and medical professionals providing healthcare services to the patient.

All citizens in the Czech Republic already have the possibility of electronic access to selected health data, particularly to centralized services like *ePrescription*, health insurance information, and some citizens even to health data forming the health record. This is all available through the national *Citizen Portal*. Currently, each of these services, except for the *ePrescription*, is set up as a standalone application.

A principle that cross-cuts all topics (from the digitalization of healthcare to home or palliative care, etc.) is the involvement of relevant stakeholders, including patient representatives as users of healthcare services.

In recent years, the Czech Republic, like many other countries, has been facing challenges related to drug shortages, which have a significant impact on the availability of healthcare for patients. This situation also affects some difficult-to-replace and usually inexpensive groups of off-patent drugs, which are endangered by their unavailability in the Czech market due to the unreasonably low maximum manufacturer price. This situation affects, among other things, the low competitiveness and

vulnerability in the supply chain. Nevertheless, many of these drugs are a key component of a sustainable healthcare system.

In this context, the first part of the sector analysis of the pharmaceutical industry in the Czech Republic, commissioned by the Ministry of Industry and Trade, was completed in early 2024. This analysis identified the potential for introducing or expanding the production of critically important medicinal products in the Czech Republic and outlined further possibilities of cooperation between the government and the pharmaceutical industry, from both healthcare (ensuring self-sufficiency in production or supplies of critically important medicines, strengthening the resilience of the drug market) and economic perspectives (assistance in transforming the domestic economy towards higher value-added). In this year, another stage of deeper analysis will be initiated, which will be conducted as a research activity by the Czech Republic's Technology Agency based on the assignment of the relevant ministry. Its outputs should include:

1. Competence Map - mapping of existing and missing competencies and ensuring collaboration among relevant entities (educational and scientific institutions along with the pharmaceutical industry) to address identified gaps.
2. Identification of medicinal products falling within the list of critically important medicines, where it is possible to introduce or expand production in the Czech Republic or maintain production otherwise economically unsustainable.
3. Improvement of the regulatory environment - identification of regulatory barriers to ensure the availability of medicines and the resilience of supply chains.
4. Support for research and development - ensuring support for investments at the government level, also into non-commercial research and development, and further into the research and development of off-patent medicines, to stimulate innovation in drug reformulations, technological innovations, innovations in finding new uses, or creating combinations of drug therapies.

During 2024, the full implementation of the amendment to the Medicines Act, effective from January 1, 2024 (partially from June 1, 2024), will take place. This amendment expands the portfolio of tools that the Ministry of Health and the State Institute for Drug Control ("the Institute") can use to support the availability of medicinal products, and to prevent certain shortages, ultimately leading to increased resilience of the pharmaceutical market in the Czech Republic and mitigating the impacts of drug shortages on patients. Additionally, the amendment to the Medicines Act allows for supplementing the reactive approach to drug shortages with an active component, meaning active steps by the Ministry of Health and the Institute to prevent or mitigate the impacts of drug shortages on patients.

The primary tool for establishing a sufficient timeframe to ensure alternative solutions in the event of potential shortages is the obligation of the marketing authorization holder to ensure the supply of a medicinal product with a maximum price or reimbursement from public health insurance even after the actual interruption or cessation of market introduction, in an amount corresponding to consumption for 1 or 2 months depending on whether this medicinal product has experienced shortages in the past.

Another important pillar of the effective amendment is the system of reserve stocks. The Ministry of Health may, by a general measure, designate medicinal products for which distributors are obliged to create and maintain a stock corresponding to their monthly sales to dispensing operators and abroad. Based on another general measure, distributors will release a medicinal product from the reserve stock system if there is insufficient supply of the affected medicinal product on the market to ensure its availability to patients. This system complements the obligation of the marketing authorization holder (as mentioned above) and provides additional time for potential alternative solutions. It is important to emphasize that including a medicinal product in the reserve stock system is possible only if there is a real possibility to create an "overstock" at the distribution level, not during an active shortage period.

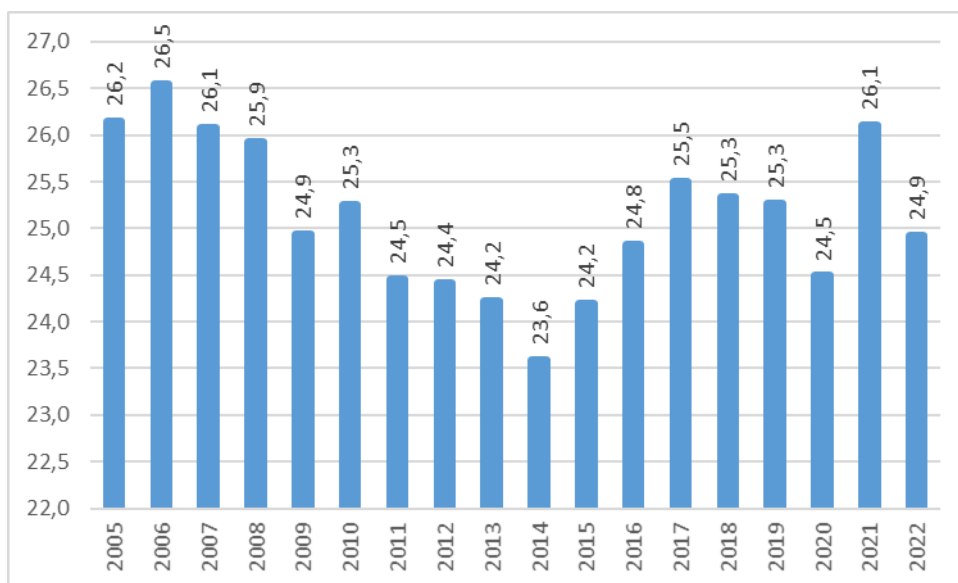


The amendment also addressed the insufficient data foundation from which the relevant authorities could make qualified estimates of need during a shortage period. For medicinal products where the Institute suspects a threat to their availability, it can issue a call for individual elements of the supply chain to report their current stock levels of the given medicinal product. For medicinal products marked with the "limited availability" indicator, there is an obligation for regular reporting on stock levels by the various elements of the supply chain. This ensures that the Institute has sufficient information to determine whether the stock levels on the market in the Czech Republic are adequate to bridge the shortage or whether it is necessary to use one of the tools to ensure the availability of medicinal products.

### 3.7 Energy sector – REPowerEU

The European Commission's 2023 Report on the Czech Republic states that the country's energy dependence on imported fossil fuels is one of the biggest weaknesses of the Czech economy. This necessitates the faster implementation of nuclear and renewable energy sources, investments in energy efficiency, and diversification of oil and gas supply sources.

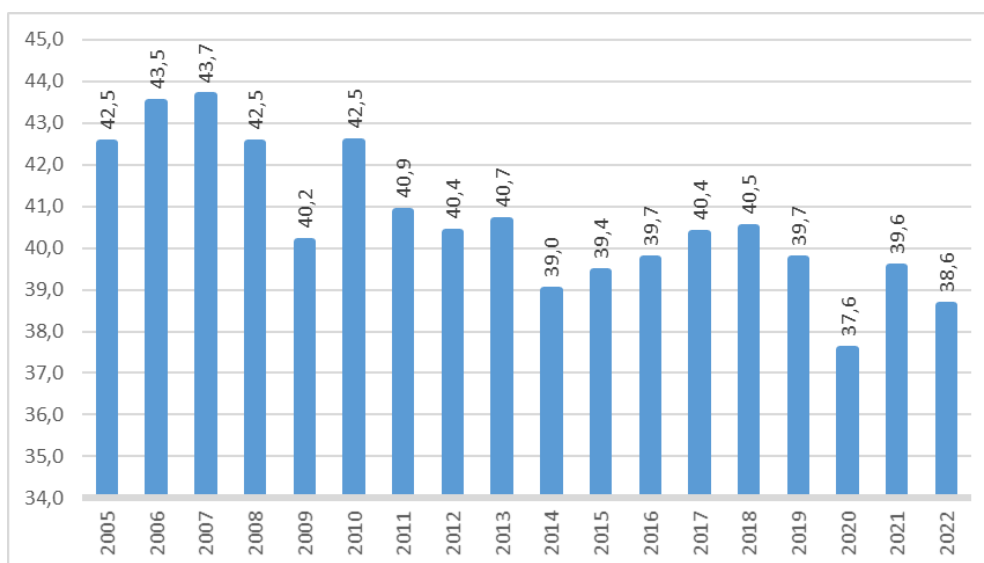
**Graph 23: Final energy consumption in the Czech Republic (in million tonnes of oil equivalent)**



Source: Eurostat

[https://ec.europa.eu/eurostat/databrowser/view/NRG\\_IND\\_EFF\\_custom\\_9512619/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/NRG_IND_EFF_custom_9512619/default/table?lang=en))

**Graph 24: Primary energy consumption in the Czech Republic (in million tonnes of oil equivalent)**



Source: Eurostat

<https://ec.europa.eu/eurostat/databrowser/bookmark/45278640-a64b-4c34-9917-2d862a6a65f4?lang=en>

## **Comprehensive reform of advisory services related to the renovation wave in the Czech Republic (component 7.3 within the RRP)**

As part of the new RRP component 7.3 – Comprehensive reform of advisory services related to the renovation wave (REPowerEU) with an allocation of CZK 4 billion, a system is being established to provide advisory and awareness-raising activities in the areas of sustainable projects, building renovations, the use of renewable energy sources (RES), and community and municipal energy projects. The component includes two reforms and two investments:

**R1:** Unified contact points for energy communities and energy-efficient renovations;

**R2:** Data, methodological guidelines, and training for the advisory system;

**I1:** Provision of advisory services to households, businesses, and the public sector;

**I2:** Increasing awareness.

As part of the component, the Czech Republic has committed to launching the pilot operation of three regional unified contact points by the end of 2024. These points will provide households, businesses, and the public sector with advice on energy-efficient renovations. Throughout 2024, various activities will be implemented to meet the goals and milestones committed to by the Czech Republic, including the provision of 120,000 advisory services by June 30, 2026.

From March 2023 to March 2024, applications were received under call no. 1/2023 NPŽP: Energy Awareness and Grant Advisory. This was followed by call no. 1/2024 NPŽP from April 2024, which takes into account adjustments in NGS Light in 2024. The support is intended to ensure energy and grant advisory services to households at risk of energy poverty and administrative support for clients in implementing measures from the NGS Light grant programme. Applications are open until the end of 2025.

As part of component 7.3, a measure has been created to introduce an energy management system through grants covering up to 95% of total eligible expenses, with a maximum support amount of CZK 550,000. The call is open from December 5, 2023, to June 30, 2025. The grant primarily applies to the creation of documents, organization (defining processes, responsibilities, information flows, etc.), preparation of systems for monitoring and evaluating energy consumption, and implementation of the energy management system into practice.

Additionally, the Ministry of Industry and Trade (MoIT) has implemented a measure targeting municipalities and towns in the form of grants for the preparation of local energy concepts. Local energy concepts should serve as tools and guidelines on how to optimize energy supply in relation to energy consumed in the specific locality of a municipality or voluntary association of municipalities. The support is provided as a grant covering up to 90% of total eligible expenses, with a maximum support amount of CZK 500,000. Applications are open from December 5, 2023, to June 30, 2025.

As part of the update, a new component 7.7 has been added to the RRP, aiming to simplify the process of environmental permitting for renewable energy projects and accelerate the deployment of renewable energy sources.

The component consists of two related reforms:

**Reform 7.7.1**, with an allocation of CZK 130 million, focuses on the introduction of a unified environmental statement, which significantly accelerates the permitting processes in the field of environmental protection.

**Reform 7.7.2**, with an allocation of CZK 181 million, aims to define suitable areas for the construction of renewable energy sources (so-called acceleration zones). This reform will significantly speed up the permitting and installation of renewable energy sources.

# Reducing energy consumption, building renovation and air protection

## Reducing energy consumption in the public sector (Component 2.2 within the RRP)

One of the goals of the RRP is to reduce energy consumption in the public sector, addressed under sub-component 2.2.1 - measures to reduce the energy intensity of buildings of state organizational units. The support is intended for the comprehensive revitalization of buildings of state organizational units, aiming to reduce final energy consumption and achieve savings in primary energy from non-renewable sources by at least 30%. The support is provided in the form of a grant covering up to 100% of total eligible expenses, with a maximum eligible expense limit of CZK 20,500 per GJ of saved primary energy from non-renewable sources. Applications are accepted from February 1, 2024, until October 31, 2025. The total allocation for this call is CZK 2.3 billion.

Since May 5, 2022, there has also been a call aimed at the reconstruction and innovation of public lighting systems in cities and municipalities to achieve electricity savings, specifically component 2.2.2. The support is provided in the form of a grant covering up to 100% of total eligible expenses, with a maximum eligible expense limit of CZK 30 per 1 kWh saved. The maximum amount of support is CZK 4 million, and applications will be accepted until December 31, 2024. The total allocation for this call is CZK 2.5 billion.

Further energy consumption reduction is also supported within operational programmes. The first call for Energy Savings under OP TAC (announced in August 2022 with an allocation of CZK 10 billion) aims to reduce energy consumption by business entities through measures such as more intensive use of renewable energy sources (heat pumps and photovoltaic systems, installation of batteries); reduction of energy intensity of business buildings (building insulation, ventilation and recuperation, measurement and regulation); modernization of electricity, gas, heat, cold, and compressed air distribution; utilization of waste energy; accumulation of all forms of energy; more efficient lighting; vegetative roofs; and modernization of production and technological processes. In spring 2024, the Energy Savings call is planned to be reopened, which was prematurely closed in 2023 due to changes in conditions related to the amendment of the General Block Exemption Regulation<sup>7</sup>.

Additionally, through the National Development Bank, a call for New Energy Savings has been announced, offering loans of up to CZK 60 million with a low interest rate for projects leading to energy savings for businesses. The loan may be accompanied by a financial contribution for obtaining an energy audit of up to CZK 250,000. It can also be combined with a grant covering up to 35% of the total eligible project expenses. This call will be open until the end of 2026.

## **3.8 Housing**

The European Commission's 2023 Report on the Czech Republic states that the supply of housing lags behind strong demand, worsening housing affordability and contributing to rising housing prices. Housing availability in the Czech Republic remains weak despite lower demand caused by higher interest rates. For low-income groups, housing affordability is even more pressing due to the absence of a legal framework for providing systematic support for social housing. Therefore, extensive reform is needed to ensure adequate and affordable housing in the Czech Republic. Stimulating the availability of land suitable for housing development or the modernization of existing housing units can positively influence housing supply and prices. Significant assistance could come from reforms that include incentives for renting and private housing construction, which could promote the use of vacant properties (around 22% in rural areas and about 10% in urban areas).

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<sup>7</sup> COMMISSION REGULATION (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty

The Czech Republic plans to influence the housing market in 2024 through several measures: the reform of the Building Act, the introduction of loans and grants for the construction of affordable rental housing within component 2.10 of the RRP, and the continued development of the Housing Support Act. In addition, the Ministry of Regional Development (MoRD) is working on reforming rental relations.

The reform of the Building Act aims to speed up, digitize, and streamline the building permit process to reduce its overall duration, which is currently among the longest in the world. This is expected to increase the number of housing starts and completions each year.

The state budget and RRP funds aim to support the construction of rental apartment buildings, consisting predominantly of a loan component provided by the EU and a grant component provided by the Czech Republic. These tools are available to both the public and private sectors. A condition for receiving support is adherence to the target group and a specified method of calculating rent at cost level throughout the sustainability period (loan duration, sustainability from the grant perspective). The target group includes over 10% of the Czech population.

The Ministry of Regional Development (MoRD) as the lead and the Ministry of Labour and Social Affairs (MoLSA) as a co-lead have jointly made progress in establishing social and affordable housing. On November 30, 2023, they successfully submitted a draft Housing Support Act to the Legislative Council of the Government. This law focuses on systematically anchoring housing and ensuring stable financing. The draft law also pays special attention to the most vulnerable groups in the housing market, such as single parents, victims of domestic violence, and war veterans. If approved by the government, the law is expected to come into effect in July 2025.

The Housing Support Act, which is anticipated to be approved in 2025, targets individuals at risk of housing insecurity and those currently experiencing it, amounting to nearly 17% of the Czech population. The law mandates that 206 municipalities with extended powers establish housing contact points. It also introduces a system of guarantees and compensations for apartment owners, aimed at bringing currently vacant apartments to the market and allowing owners to house low-income and other marginalized groups without significant risk.

The reform of rental relationships aims to increase the stability of rental agreements between landlords and tenants. This includes measures such as limiting the chaining of short-term contracts and simplifying the eviction process for non-paying tenants.

The Ministry of Labour and Social Affairs (MoLSA) is implementing the project "Support for Social Housing and Its Systematic Implementation in the Czech Republic," which focuses on collaboration with municipalities. The main goal of the project is to spread a systematically managed approach among other implementers of social housing initiatives, pilot innovative elements (such as housing contact points, social real estate agencies, local and regional levels), and increase the number of people informed about social housing. The project collaborates with and provides methodological guidance to 41 implementers. Additionally, a National Contact Centre is in operation, offering support to citizens regarding housing-related inquiries and social benefits related to housing.

Currently, projects are underway within OP E+ from two already closed calls for social housing: No. 007 and No. 101. A total of 50 projects have been approved for 2022–2026, implemented by municipalities and non-profit organizations.

Overall, these projects plan to house and support 913 individuals. Nine of these projects primarily focus on the target group of people in housing need who are coming from Ukraine, while the remaining 41 focus on individuals in housing need within the Czech Republic.

The Ministry of Labour and Social Affairs (MoLSA) is also an active member of the European Platform on Combatting Homelessness (EPOCH) and participates in regular meetings within member states. This supports cooperation and prevention activities against homelessness, which member states committed to under the Lisbon Declaration and the subsequent declaration signed in Avilés in 2023.

Homelessness and its prevention are also addressed in a parliamentary proposal to amend the Social Services Act, which mentions "wet shelters" as a preventive measure. These shelters have proven effective abroad and are a specific type of social service provided to individuals who are unable to regulate their use of addictive substances.

# 4. Progress in Achieving the UN Sustainable Development Goals

## 4.1 Green transformation

### **SDG 7 Affordable and clean energy**

Although the energy intensity of the Czech economy has decreased by more than 20% since 2010 to 2021, the economy still consumes significantly more energy per unit of GDP than the EU average<sup>8</sup>, and fossil fuels dominate its energy mix. At the same time, the Czech Republic is among the countries with lower energy import dependency.<sup>9</sup>

Regarding primary energy consumption in the Czech Republic, after a decline in 2020 (88.4), we observed an increase in the index to pre-pandemic levels (93.0), but the latest data for 2022 show that the index has been decreasing since then (90.9 in 2022). The EU average also experienced a decline in 2022, dropping by 3.7 points to 83.9.<sup>10</sup>

The final electricity consumption in households still remains above the EU average, but its decrease compared to the EU is accelerating. Between 2021 and 2022, there was a reduction in the Czech Republic of 78 kilograms of oil equivalent (kgoe) compared to 40 kgoe in the EU.<sup>11</sup>

The share of renewable energy sources (RES) in electricity generation reached 12.4% in 2022, with a target of reaching a share between 18-25% by 2040.<sup>12</sup> In connection with the Russian invasion of Ukraine in February 2022, the REPowerEU plan was issued on May 18, 2022<sup>13</sup>, aiming to end dependence on the import of Russian fossil fuels. This changes the binding target for the share of RES in the EU's energy mix by 2030 to 45%. In the Czech Republic, the share of RES in electricity consumption was 18.1% in 2022, in transport 7.19%, and in final heating consumption 25.8%.<sup>14</sup>

Ongoing geopolitical events have led to increased interest in subsidies to reduce the energy intensity of buildings. Through the NGS programme, funds are being used for insulation, replacement of inadequate heat sources, transition to the use of RES, and other adaptation and mitigation measures that reduce energy consumption and climate change impacts. In the ongoing call from September 2023, more than 27,000 applications were submitted. Of these, 66% of the applications related to the installation of photovoltaic power plants (see section 3.2. Support for the renovation of residential and public buildings and replacement of heating sources).

### **SDG 13 Climate action**

For the issue of climate change, the Czech Republic has developed basic strategic documents offering approaches to mitigate its impacts and to adapt to them. The Czech Republic is among the countries with the highest greenhouse gas emissions per capita.<sup>15</sup> It has committed to supporting the adaptation of water, non-forest, and forest ecosystems to climate change, where improvements in the species and

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<sup>8</sup> [Eurostat \(2023\), Energy productivity](#)

<sup>9</sup> [MPO \(2023\), Energy imports dependence of the Czech Republic](#)

<sup>10</sup> [Eurostat \(2023\) Primary energy consumption](#)

<sup>11</sup> [Eurostat \(2023\), Final energy consumption in households per capita](#)

<sup>12</sup> [Environmental Report of the Czech Republic 2022, p. 296](#)

<sup>13</sup> [EC \(2022\), REPowerEU](#)

<sup>14</sup> [https://ec.europa.eu/eurostat/databrowser/view/nrg\\_ind\\_ren/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/nrg_ind_ren/default/table?lang=en)

<sup>15</sup> <https://ec.europa.eu/eurostat/web/climate-change/visualisations>

[GHG emissions in the Czech Republic 1990 - 2018 \(faktaoklimatu.cz\)](https://faktaoklimatu.cz)

spatial composition of forests are supported through the POPFK programme, ensuring the care of valuable non-forest terrestrial habitats, and the creation and restoration of wetlands, see chapter 3.2 of the NRP Physical Infrastructure and Green Transition, subchapter Biodiversity.

The reduction in emissions also negatively affected the development in the *Land Use, Land-use Change, and Forestry* (LULUCF) sector, where the poor health of forests and the associated bark beetle calamity resulted in reduced carbon sequestration and increased greenhouse gas emissions in the following years.<sup>16</sup> Investments in *Water Retention in Forests* should contribute to strengthening the retention capacity of forests. Through environmentally friendly silvicultural measures, it will improve soil, water, and microclimatic conditions, mitigate accelerated erosion, regulate the water regime of forest soils, and protect stream catchments, as described in Chapter 3.2 of the National Reform Programme - Physical Infrastructure and Green Transition, subsection Forestry and Water Management Reform.

In the NGS programme, the Czech Republic implements support for adaptation and mitigation measures such as green roofs, rainwater harvesting, heat recovery from wastewater and air, shading, etc. Once the RRP resources are exhausted, financing is prepared within the MfR framework, see Component 3.2 of the National Reform Programme - *Physical Infrastructure and Green Transition, subcomponent: Support for the Renovation of Residential and Public Buildings and Replacement of Heating Sources*.

## **SDG 15 Life on land**

Forests currently cover approximately 35% of the territory of the Czech Republic.<sup>17</sup> Since 2022, the milestone *Reforestation 24,000 hectares with ameliorative and stabilizing tree species* has been underway, covering the period of 2022–2023. For this, an allocation of CZK 2.562 billion has been approved in the RRP for the period from January 2023 to December 2023, see Chapter 3.2 of the National Reform Programme - Physical Infrastructure and Green Transition, Forestry and Water Management Reform.

In 2022, the volume of recorded timber harvesting decreased to 25.1 million cubic meters of wood without bark, and the volume of incidental logging also decreased (19.8 million compared to 26.3 million cubic meters of wood without bark in 2021).<sup>18</sup> The final proposals for the amendment of the Forestry Act are not yet prepared, although the intention of the Ministry of Agriculture (MoA) is for the amendment to take effect from January 2025 - see Chapter 3.2 of the National Reform Programme - Physical Infrastructure and Green Transition, Forestry and Water Management Reform, which will help increase the stability and resilience of forests, streamline state forest management, and save public budgets.

Agriculture is not prepared for the impacts of climate change. Additionally, due to factors such as development or resource extraction, agricultural land has been steadily decreasing – in 2021, a total of 1,500 hectares of agricultural land were lost, a year-on-year decrease of 0.04%. Water erosion threatens 48.1% of agricultural land in the Czech Republic<sup>19</sup>, with 13.4% at extreme risk. Wind erosion affects 33.3% of agricultural land, with 4.1% facing extreme erosion<sup>20</sup>. The agricultural land fund accounted for 53.2% of the total area in 2022, but a positive development is the growing proportion of organically farmed land, which was 16.2% of the total agricultural land in LPIS as of

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<sup>16</sup> Environmental Report of the Czech Republic 2021, p. 102

Evaluation of Climate Protection Policy in the Czech Republic 2021, p. 21

<https://www.vulhm.cz/lesy-prestavaji-byt-plicemi-republiky-uhlik-mizi-i-z-pudy/>

<sup>17</sup> [https://ec.europa.eu/eurostat/databrowser/view/SDG\\_15\\_10/default/table?lang=en&category=sdg.sdg\\_15](https://ec.europa.eu/eurostat/databrowser/view/SDG_15_10/default/table?lang=en&category=sdg.sdg_15)

<sup>18</sup> Environmental Report of the Czech Republic 2022, p. 2018 and Forests and Forestry report of the Czech Republic 2021, p. 5

<sup>19</sup> Environmental Report of the Czech Republic 2021, p. 96

<sup>20</sup> Environmental Report of the Czech Republic 2021, p. 96



December 31, 2022<sup>21</sup>. The area of grassland continues to increase, which is considered environmentally beneficial.<sup>22</sup> One cause of biodiversity loss is the low heterogeneity of the agricultural landscape (see Chapter 3.2 of the RRP - Physical Infrastructure and Green Transition, Biodiversity). In an effort to combat biodiversity loss, the Czech Republic capped the area of monocultures to 30 hectares on erosion-prone lands in 2020 and on all other lands from 2021. From 2023, the maximum area of a single crop on erosion-prone lands is limited to 10 hectares. A significant legislative advancement in biodiversity occurred with the adoption of the anti-invasive amendment in 2021, which from 2022 allows for the application of EU legislation on the regulation of invasive non-native species. Under the RRP, the Czech Republic has committed to supporting the care of specially protected areas and the Natura 2000 network, as well as the protection of specially protected plant and animal species. This support focuses primarily on measures derived from approved management plans and rescue programs. Support will also be provided for the preparation of background studies and monitoring, see Chapter 3.2 of the RRP - Physical Infrastructure and Green Transition, Biodiversity.

As part of component 2.9 of the RRP, Support for Biodiversity and Combatting Drought, the Czech Republic has committed to ensuring drought protection and nature-based flood protection within the city of Brno. This includes modifications to the riverbed of the Svatka River and its floodplain, see chapter 3.2 of the RRP Physical Infrastructure and Green Transition, Biodiversity.

## **SDG 12 Responsible consumption and production**

Although the material intensity of the economy has been decreasing over the long term, dropping by 44.6% from 2000 to 2021<sup>23</sup>, the circular economy remains more of a long-term goal. Significant changes are expected from the implementation of the Strategic Framework for Circular Czech Republic 2040. Its first Action Plan was approved by the Czech government in June 2023. Additionally, the preparation of a new update to the Waste Management Plan of the Czech Republic with a perspective until 2035 has begun. This update was approved by the government in May 2022 and was available for public consultation by the end of August 2023. This plan is the main strategy for waste management. The Waste Management Plan of the Czech Republic also includes a Waste Prevention Programme.

The total waste production increased by 23.6% from 2009 to 2021, reaching 39.2 million tons in 2022, which represents a year-on-year decrease of 0.3%. Municipal waste production increased by 1.3% compared to 2021.<sup>24</sup> The circular material use rate rose to 11.9% in 2022, surpassing the EU average of 11.5%.<sup>25</sup> Overall waste management is dominated by material recovery, whose share is growing; in 2022, it amounted to 29,498.7 thousand tons, which was 86.5% of total waste production.<sup>26</sup> The share of energy-recovered waste peaked in 2020 and has been declining since then.<sup>27</sup> To reverse these undesirable trends, investments in biodegradable waste management are being facilitated through the RRP. The aim is to subsidize solutions for incorporating compost (digestate or fugate) produced from biodegradable waste in composting facilities or biogas plants into agricultural land. Additionally, there are plans to support the construction of recycling infrastructure and promote circular solutions in businesses, including increased use of secondary raw materials, funded by the RRP, the Operational Programme Environment (OP Env), and the Operational Programme Technology and Applications for Competitiveness (OP TAC).

In the so-called coal regions (Moravian-Silesian, Karlovy Vary, and Ústí nad Labem regions), there was also the possibility to access financial support from the Just Transition Operational Programme under the call - Innovative Circular Economy Projects, which was aimed at supporting projects for

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<sup>21</sup> Statistical Yearbook of the Environment 2022, str.20

<sup>22</sup> Environmental Report of the Czech Republic 2021, p. 100 and Agricultural report *Green administration*, 2021, p.4.

<sup>23</sup> [Environmental Report of the Czech republic 2022](#) p. 16

<sup>24</sup> [ČSÚ, 2023, In 2022 Czechia produced 39 mil. tons of waste](#)

<sup>25</sup> [Eurostat \(2023\), Circular material use rate](#)

<sup>26</sup> [ČSÚ, 2023 Produkce, využití a odstranění odpadů - 2022](#)

<sup>27</sup> [ČSÚ, 2023 Produkce, využití a odstranění odpadů - 2022](#)

sorting, pre-processing, treatment, material transformation, chemical recycling of other and hazardous waste using modern methods that are not common in operations today.<sup>28</sup>

## **SDG 6 Clean water and sanitation**

The connection of residents to both water supply and sewage networks is high, with 96% of the population supplied with water from public water systems<sup>29</sup>. This corresponds to the low proportion of people (0.1%) without access to water in their homes.<sup>30</sup> Data from water consumers who use more than 6,000 m<sup>3</sup>/year or 500 m<sup>3</sup>/month indicated that in 2022, 309.0 million m<sup>3</sup> of water was drawn from surface water sources and 286.9 million m<sup>3</sup> from groundwater sources for public water supply.<sup>31</sup> The total volume of water discharged into public sewers, including chargeable storm water, was 524.0 million m<sup>3</sup> in 2022,<sup>32</sup> representing a 3.3% increase compared to 2020. The proportion of treated wastewater discharged into sewers remains very high.

Regarding storm water, within the RRP, the Czech Republic has committed to supporting storm water management in urban areas. Measures are supported to slow down runoff, retain, and accumulate water in urban agglomerations by increasing surface complexity, infiltration strips and tanks, rain gardens, underground infiltration devices, drainage, underground retention tanks, and green roofs. The programme also supports other adaptation and mitigation measures (green roofs, rainwater utilization, heat recovery from wastewater and air, shading, etc.). After the RRP resources are exhausted, financing for the NGS programme will be prepared within the Modernization Fund.

The share of treated wastewater has ranged between 94-98%<sup>33</sup> since 2000. Groundwater pollution by nitrates is below the European average.<sup>34</sup> For groundwater pollution by phosphates, the Czech Republic has reduced this value compared to previous years and is approaching the EU average, which is 0.072 mg/l, with the value in the Czech Republic at 0.078 mg/l.<sup>35</sup> It is important to note that while the EU average shows an increasing trend, the values in the Czech Republic have been decreasing over the long term.

## **SDG 2 Zero hunger**

State support for research and development in agriculture shows an increasing trend, reaching EUR 63.59 million in the Czech Republic in 2022 and rising to EUR 64.25 million in 2023.<sup>36</sup> This growth is expected to continue, aided by the EU Horizon Europe programme.<sup>37</sup> The percentage of organic farming is also rising, with the share at 15.33% in 2020, significantly above the European average of 9.08%. This increased to 15.55% in 2021.<sup>38</sup> Although the use of hazardous pesticides is decreasing, the index fell by 31 points to 77 from 2015 to 2020, indicating a slow progress towards the reduction target of 50% by 2030. Continuous monitoring of agricultural soil erosion is underway in the Czech Republic. Long-term, most erosion events occur on maize fields (46.5% of recorded erosion events), on plots without applied soil protection technologies, and especially on bare soils with crops not yet established. Implementing effective soil protection technologies is necessary regardless of the crop

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<sup>28</sup> MoE, OP Just Transition, see <https://opst.cz/dotace/11-vyzva/>.

<sup>29</sup> <https://www.czso.cz/csu/czso/vodovody-kanalizace-a-vodni-toky-2021>

<sup>30</sup> [https://ec.europa.eu/eurostat/databrowser/view/SDG\\_06\\_10/default/table?lang=en&category=sdg.sdg\\_06](https://ec.europa.eu/eurostat/databrowser/view/SDG_06_10/default/table?lang=en&category=sdg.sdg_06)

<sup>31</sup> <https://eagri.cz/public/portal/-a30658---eg0-7RRg/modra-zprava-2022>

<sup>32</sup> [Environmental Report of the Czech republic 2022](#)

<sup>33</sup> [Zpráva o životním prostředí České republiky 2022](#)

<sup>34</sup> [https://ec.europa.eu/eurostat/databrowser/view/SDG\\_06\\_40/default/table?lang=en&category=sdg.sdg\\_06](https://ec.europa.eu/eurostat/databrowser/view/SDG_06_40/default/table?lang=en&category=sdg.sdg_06)

<sup>35</sup> [https://ec.europa.eu/eurostat/databrowser/view/SDG\\_06\\_50/default/table?lang=en&category=sdg.sdg\\_06](https://ec.europa.eu/eurostat/databrowser/view/SDG_06_50/default/table?lang=en&category=sdg.sdg_06)

<sup>36</sup> [Eurostat \(2024\) Government support to agricultural research and development](#)

<sup>37</sup> [MZe \(2022\) Koncepce výzkumu, vývoje a inovací Ministerstva zemědělství na léta 2023 – 2032](#)

<sup>38</sup> [Eurostat \(2024\) Area under organic farming](#)

type, focusing on measures to increase soil roughness and cover, root penetration, and the stability of soil aggregates during the sowing of the main crop.<sup>39</sup>

The approved Strategic Plan of the Common Agricultural Policy should contribute to stabilizing agriculture and its transition towards sustainable land and forest management, as well as sustainable water resource management resilient to climate change.

### **SDG 11 Sustainable cities and communities – air quality**

Air quality in cities has significantly improved over the past year. In 2023, the annual average concentration limit for PM<sub>2.5</sub> was not exceeded at any of the 84 automatic stations. The decrease in suspended particles PM<sub>10</sub> and PM<sub>2.5</sub> in 2023 was significantly influenced by the winter months, which saw favourable meteorological and dispersion conditions for air quality. This reduction can also be attributed to the ongoing decrease in emissions due to already implemented air quality improvement measures (such as boiler replacement, gradual renewal of the vehicle fleet, and measures at large sources).<sup>40</sup>

Further reductions in air pollution will be influenced by continued investments in the creation of the Sustainable Energy and Climate Action Plan (SECAP) and the development of non-public infrastructure and to support the purchase of vehicles (electric, hydrogen) for business entities. Support is already occurring for investments in charging stations in residential buildings and for the purchase of vehicles (electric, hydrogen) and non-public charging infrastructure for municipalities, regions, and public administration (see Chapter 3.2, Sustainable Transport).

Ongoing investments aimed at reducing the energy demands of buildings owned by public entities and state organizations, as well as the renovation and revitalization of buildings for energy savings and the replacement of stationary pollution sources in households with renewable sources, also contribute to reducing pollution (see Chapter 3.2, Support for the Renovation of Residential and Public Buildings and the Replacement of Heating Sources). The recycling rate of municipal waste in the Czech Republic has been on a long-term upward trend. In 2021, 43% of municipal waste was recycled, which is still less than the EU average.<sup>41</sup> This trend continues in the current period, with a two percent increase in the number of people who regularly sort waste in 2023 compared to the previous year. Approximately 75% of the population participates in waste sorting, placing the Czech Republic among the countries with the highest number of residents involved in municipal waste sorting. Additionally, less waste was produced in 2022 compared to previous years.<sup>42</sup>

The Czech Republic also addresses the risk of air pollutant emissions from biomass combustion by setting eco-design requirements for all supported biomass boilers (boilers excluded from the scope of EU Regulation No. 2015/1189 will also be excluded from support) (see Chapter 3.2 of the RRP Physical Infrastructure and Green Transition). Support for the renovation of residential and public buildings and the replacement of heating sources is being implemented through national subsidy programs, particularly under the auspices of the Ministry of the Environment. Emissions of pollutants have shown a long-term declining trend, especially solid emissions and sulphur dioxide.<sup>43</sup> This trend of decreasing emissions is also linked to investments in local heating sources for households, businesses, and public sector organizations.

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<sup>39</sup> VÚMOP (2022) [Monitoring eroze zemědělské půdy](#)

<sup>40</sup> [Annual report 2023.pdf \(chmi.cz\)](#)

<sup>41</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_11\\_60/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_11_60/default/table?lang=en)

<sup>42</sup> [EKO-KOM \(ekokom.cz\) system outputs, Output object VDB \(czso.cz\)](#)

<sup>43</sup> [Output object VDB \(czso.cz\)](#)

## **4.2 Social justice**

### **SDG 1 No poverty**

The proportion of people at risk of poverty or social exclusion in the Czech Republic was 12.0% in 2023<sup>44</sup>, which is one of the lowest rates in the EU when considering the combined indicator of income poverty risk, material and social deprivation, and low work intensity. This long-term stable and relatively low proportion is primarily the result of social transfers, partly old-age pensions, and partly other types of pensions and social benefits.

Many issues targeted by SDG 1 (extreme poverty, social protection) do not directly apply to the Czech Republic as a developed country with a functioning social protection system, and therefore are not targeted by the RRP. A current topic, which is reflected in Chapter 3.6 (Energy) and Chapter 3.7 (Housing), is the cost of housing and associated service charges. Prices, in relation to Czech incomes, are beyond the household budget for some groups of residents. Therefore, high housing costs can be more significant for residents. Although this issue is not directly addressed within SDG 1, it is closely related to the risk of poverty and the social protection system. The components 2.3 Transition to Cleaner Energy Sources and 2.5 Building Renovation and Air Protection could positively impact the aforementioned issues related to SDG 1 that the Czech Republic faces as a developed country.

### **SDG 3 Good health and well-being**

The average healthy life expectancy in 2021 was 62 years, showing a slight increase compared to 2020 when it was 61.6 years. However, this value has been consistently lower than the EU average (63.6 years as of 2021), and similarly to other EU countries, women continue to live longer and healthier lives than men.<sup>45</sup>

The prevalence of tobacco use among individuals aged 15 and older remains around 30%, generally higher compared to the EU.<sup>46</sup> Similarly, the number of deaths due to traffic accidents in the Czech Republic is above average among other EU countries.<sup>47</sup>

COVID-19 has been a significant challenge not only in the healthcare sector in the last three years. Although the Czech Republic was heavily affected by the COVID-19 epidemic, the healthcare system managed to withstand the pressure. However, the pandemic has exacerbated long-standing shortcomings in the availability, employment, and financing of social and healthcare services. Currently, 74.6% of the adult population in the Czech Republic is vaccinated, which is below the EU average.<sup>48</sup> Since the beginning of the pandemic until February 2023, 42.2 thousand people have died from the disease<sup>49</sup>, making the Czech Republic one of the most affected countries by COVID-19 in the EU.

Component 6.1 Increasing the resilience of the healthcare system (Chapter 3.3.2) contributes to achieving SDG 3 (specifically 3.4), which aims to support the prevention of non-communicable diseases, where resilience and accessibility of healthcare are crucial to fulfilling this goal. Similarly, sub-component 6.2.1 Support and improvement of the quality of preventive screening programs contribute to fulfilling SDG 3 (specifically 3.4). This goal includes monitoring statistics on the

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<sup>44</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_01\\_10/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_01_10/default/table?lang=en)

<sup>45</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_03\\_11/default/bar?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_03_11/default/bar?lang=en)

<sup>46</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_03\\_30/default/bar?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_03_30/default/bar?lang=en)

<sup>47</sup> [https://ec.europa.eu/eurostat/databrowser/view/SDG\\_11\\_40/default/table?lang=en&category=sdg.sdg\\_03](https://ec.europa.eu/eurostat/databrowser/view/SDG_11_40/default/table?lang=en&category=sdg.sdg_03)

<sup>48</sup> <https://www.statista.com/statistics/1218676/full-covid-19-vaccination-uptake-in-europe/>

<sup>49</sup> <https://www.ecdc.europa.eu/en/cases-2019-ncov-eueea>

incidence and mortality of cardiovascular diseases, cancer, diabetes, and chronic respiratory diseases, which could decrease due to investments in prevention, quality of care, and development in this field.

## **SDG 5 Gender equality**

Women in the Czech Republic had an overall average income 15% lower than men in 2021<sup>50</sup>. While the gender pay gap has been decreasing in the long term, the Czech Republic still remains above the European average in comparison. Moreover, women face significant challenges in career advancement, are more vulnerable to unemployment, and are at risk of income poverty throughout their lives. In the EU Gender Equality Index for 2022, the Czech Republic received a score of 57.2, consistently ranking among the countries with the most pronounced gender inequality in the EU.<sup>51</sup>

One area that highlights gender inequality in the Czech Republic the most is the representation of women in leadership and decision-making positions, with their share fluctuating between 25% and 30% over the long term. The lower representation of women is more noticeable in elected positions than in decision-making ones, and the proportion of women in parliaments is one of the lowest in the EU.<sup>52</sup>

In the vast majority of cases, women take parental leave, care for households, or other family members. The gender employment gap has persistently been to the detriment of women, standing at 15% in 2022.<sup>53</sup>

To address these issues within Chapter 3.4 Education and Labour Market (Labour Market Development and Employment), the Czech Republic responds through initiatives such as the Strategy for Gender Equality for the years 2021–2030 and the Action Plan for Equal Pay for Women and Men 2023–2026. More specific projects also target individual issues, such as the Strategy and Tools for Increasing Transparency in Remuneration and Enhancing the Enforcement of the Right to Equal Pay according to the Labour Code, or Support and Improvement of Quality Services in the Care Sector and Harmonization of Work and Family Life. These activities help reduce gender inequality and fulfil SDG 5.

## **SDG 10 Reduced inequalities**

Income inequality is low. The income inequality coefficient has been consistently one of the lowest in Europe, with the Czech Republic's position better than the EU average.<sup>54</sup> Additionally, the incomes of the bottom 40% of the population have remained consistently higher since 2014 than the EU average.<sup>55</sup> Social transfers have contributed to this, particularly in recent years through old-age pensions and the growth of the minimum wage. However, it is also worth noting that while the risk of poverty in the Czech Republic is among the lowest in all EU countries, the relative median of the poverty risk has been increasing since 2020.<sup>56</sup>

Furthermore, it is important to consider that in the Czech Republic, lower income inequalities are accompanied by higher wealth inequalities. The wealth GINI coefficient for the Czech Republic was 78.5 in 2022, slightly higher compared to the previous year. Within the EU, it is comparable to Germany but higher than, for example, the coefficients of Austria, France, or other Visegrad Group

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<sup>50</sup> [https://ec.europa.eu/eurostat/databrowser/view/SDG\\_05\\_20/default/table?lang=en&category=sdg.sdg\\_05](https://ec.europa.eu/eurostat/databrowser/view/SDG_05_20/default/table?lang=en&category=sdg.sdg_05)

<sup>51</sup> <https://eige.europa.eu/gender-equality-index/2021/CZ>

<sup>52</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_05\\_50/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_05_50/default/table?lang=en)

<sup>53</sup> [https://ec.europa.eu/eurostat/databrowser/view/SDG\\_05\\_30/default/table?lang=en&category=sdg.sdg\\_05](https://ec.europa.eu/eurostat/databrowser/view/SDG_05_30/default/table?lang=en&category=sdg.sdg_05)

<sup>54</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_10\\_41/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_10_41/default/table?lang=en)

<sup>55</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_10\\_50/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_10_50/default/table?lang=en)

<sup>56</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_10\\_30/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_10_30/default/table?lang=en)



countries.<sup>57</sup> Within the wealthiest 1%, there is a high level of wealth concentration in the Czech Republic towards the top of the distribution (up to 0.001%).<sup>58</sup>

Inequalities, not only in the labour market but stemming from various forms of disadvantage and the position of vulnerable individuals, are addressed within legislation, conceptual and strategic documents, and the activities of various working groups and bodies. This includes, among others, the Strategy for Equality, Inclusion, and Participation of Roma (Roma Integration Strategy) 2021–2030. Cooperation is carried out, for example, in groups focused on desegregation or implementing activities following the judgment of D.H. against the Czech Republic, the activities of the Government Council for Human Rights, the Government Committee for Persons with Disabilities, the Government Council for National Minorities, the Government Council for Roma Minority Affairs, the Working Group for Desegregation, the Government Human Rights Commissioner, or the Working Group of the Government Human Rights Commissioner on Prejudicial Violence and Hate Speech, and the Platform for Implementing the Roma Integration Strategy of the Government Plenipotentiary for Roma Affairs. Last but not least, for example, the Office of the Government supports the empowerment of disadvantaged individuals through grant programs.

## **SDG 11 Sustainable cities and communities**

In terms of achieving the Sustainable Development Goals (SDG) 11, both the development of housing costs and the expenses for rent and purchasing of own housing are being monitored.

Housing costs of some households in the Czech Republic have slightly decreased in recent years due to the investments in reducing the energy consumption of buildings.

The proportion of households spending more than 40% of their income on housing in 2023, compared to the European average, is below-average, with 6.2% of households in the Czech Republic (compared to 10% in 2021), while the EU average reaches 8.3%.<sup>59</sup> The reduction in housing costs has also been influenced by the expansion of state housing support. The share of households with excessive housing costs has slightly increased in rural areas to 4% of the population (the EU average is 6.2%), while in urban areas, this value remains at 10%.

The costs of purchasing one's own housing have increased in recent years, currently requiring 15 annual salaries to acquire one's own apartment (in the capital city of Prague, it's 19 annual salaries). These are the highest values compared to other EU countries. Rental prices have been continuously rising since 2021, with a year-on-year comparison showing an increase of approximately 8.1%. Significant interregional differences persist in rental price growth (the highest rental prices are in Prague, followed by Brno and the Central Bohemian Region, while the lowest rental prices are in Karlovy Vary, Ústí nad Labem, and the Moravian-Silesian Region). The steady increase in rental prices reflects the rise in property prices and reduced opportunities for financing homeownership.

The forthcoming Housing Support Act aims to improve housing affordability. The Ministry for Regional Development (MoRD) implements national programs to support social housing and prepares support for the construction and reconstruction of rental apartments and apartments with reduced rent. Attention is also paid to supporting barrier-free housing. Calls for social housing within the Integrated Regional Operational Programme (IROP) are still open, as outlined in Chapter 3.7 Housing.

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<sup>57</sup> Credit Suisse, Global Wealth Databook 2022 <https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealth-databook-2022.pdf>, s. 119.

<sup>58</sup> KOMÁREK, J. (2021) Majetkové nerovnosti (Income inequalities), PAQ Research [https://drive.google.com/file/d/1eCt-Y216ynSaReYVudAJum1\\_goCFW1w\\_/view](https://drive.google.com/file/d/1eCt-Y216ynSaReYVudAJum1_goCFW1w_/view)

<sup>59</sup> [Housing in Europe – 2023 interactive edition - Eurostat \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&code=sdg_11_30)

## **4.3 Cross-cutting SDGs: Digital transformation, productivity, macroeconomic stability, urban and regional development**

### **SDG 4 Quality education**

Over the past five years, significant systemic changes have been made in the area of inclusive education principles, contributing to the improvement of education for students with special educational needs. There has been an increase in funding for inclusive education, amounting to approximately CZK 5.4 billion for 2018. The area of inclusive education was adjusted in 2016 to ensure, for example, that a student is entitled to free provision of support measures. Student performance in the Czech Republic is more dependent on socioeconomic background compared to OECD countries<sup>60</sup>, and at certain stages of the educational process, gender role limitations also play a significant role. In 2021, the proportion of five-year-old children participating in formal education was 85.4%, which is below the EU average.<sup>61</sup>

Currently, revisions of the Framework Educational Programme are underway, with a schedule approved for preschool education, and intensive work continues at the elementary education level. The proposal for the revised Framework Educational Programme for elementary education should be completed by summer 2024. The revision aims to promote the principles of sustainable development in education, thereby contributing to SDG 4 (specifically 4.7). Chapter 3.3 Education and the Labour Market addresses this issue, highlighting the need to support digitalization in education, which aligns with Component 3.1 Innovation in Education in the Context of Digitalization.

### **SDG 8 Decent work and economic growth**

Despite the GDP decline in the pandemic year of 2020 by 5.8%,<sup>62</sup> the Czech economy began to recover in 2021 – with Czech GDP growth reaching 3.6% for the year, which is slower growth compared to the EU average (5.5%). However, in 2022, the values fell again to 2.4%. In terms of employment, the Czech Republic has long held above the EU average. After the decline in 2020, there has been a slight increase in the employment rate to 81.3%, with 88.6% for men and 73.7% for women.<sup>63</sup> However, the proportion of young people (aged 15 to 29) who are neither studying nor employed, according to Eurostat data, has increased in recent years. In 2020, it was 11%, rising to 11.4% in 2022. In contrast, Czech Statistical Office data show a decrease in the economically inactive population, primarily due to the return of women to the labour market and an increase in employment among those aged 45 to 49. Additionally, the number of workers over 60 is also increasing.<sup>64</sup>

In order to support digital transformation, a new tool called the APZ (Assistance for Employment) has been introduced, specifically a contribution to cover the cost of digital education courses, although this is currently only in the pilot phase. Digital education will also be supported within retraining programs to meet the increasing demand for workers in IT, as outlined in Chapter 3.3 on Labour Market Development and Employment. Furthermore, there is currently a significant shift away from exclusively supporting the unemployed. Tools for further education will be accessible to all individuals of working age who are interested in participating in further education. These individuals can strengthen their position in the labour market, thereby fulfilling SDG 8. Moreover, with potentially higher participation in lifelong learning, this can also contribute to better achievement of SDG 1 and SDG 4, as discussed in Chapter 3.3.

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<sup>60</sup> PISA (2018) The OECD Programme for International Student Assessment.

<sup>61</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_04\\_31/default/table?lang=en&category=sdg.sdg\\_04](https://ec.europa.eu/eurostat/databrowser/view/sdg_04_31/default/table?lang=en&category=sdg.sdg_04)

<sup>62</sup> [Eurostat \(2024\) Real GDP per capita](#)

<sup>63</sup> [Eurostat \(2023\) Employment rate by sex](#)

<sup>64</sup> [ČSÚ \(2023\) Employment and unemployment according to the results of VŠPS](#)

## **SDG 9 Industry, innovation and infrastructures**

Improving transportation infrastructure, especially in the context of digital and green transformation, remains a significant challenge for the Czech Republic, particularly given the high share of mass transit (bus and rail networks) in overall passenger transport. In the pandemic year 2020, there was a decrease to 18.3%, which deepened to 15% in 2022. Compared to 2019, this represents a decrease of 10 percentage points.<sup>65</sup> Freight transport by rail and inland waterways decreased by 3.3 percentage points compared to 2019, reaching 22.9%, approaching the EU average of 22.7%.<sup>66</sup> However, investments should also focus on the implementation of digital infrastructure and technological development. This can also help reduce regional disparities. Therefore, the Czech Republic supports e-mobility, vehicle purchases, and non-public charging infrastructure for municipalities, regions, and government administration. Additionally, within the RRP, efforts have been directed towards increasing the number of charging stations in residential buildings, as outlined in Chapter 3.2 Sustainable Transport.

The proportion of households with VHCN (very high-capacity networks), including coverage by high-speed internet, significantly increased in 2021 by 19.2% compared to 2020, reaching 52.5%. However, this figure still remains well below the EU average of 70.2%. Expenditures on science and research decreased to 1.96% of GDP. However, concerning the share of public expenditure on research and development, the Czech Republic (0.63%) is significantly below the EU level (0.75%).<sup>67</sup> The Czech Republic has committed to supporting the European Reference Testing and Experimental Facilities for Artificial Intelligence in manufacturing and establishing European digital hubs to promote the digital transformation of SMEs and government administration, as outlined in Chapter 3.1 Digitalization of Businesses.

## **SDG 16 Peace, justice and strong institutions**

The long-term effectiveness of governance, or more narrowly the efficiency of policies, is primarily hampered by three structural problems: First, departmentalism and deficiencies in policy coherence. Second, gaps in an evidence-informed decision-making approach. Third, the Czech public administration has a long-standing issue with innovations, both in the policies themselves and in the mechanisms of its own functioning.<sup>68</sup> Since 2019, efforts to address these shortcomings have been guided mainly by the Client-Oriented Public Administration 2030 concept. Policy coherence should be enhanced through targeted efforts to increase the coherence of strategic materials, quantify their costs, and link the strategic approach with the process of consolidating public finances. This is reflected in the expansion of the RRF in the summer of 2023. At the same time, the government also approved the introduction of the so-called ex post Regulatory Impact Assessment (RIA), which is the basis for a unified information system for data collection. The new regulation effectiveness review will come into effect on January 1, 2025 (see Chapter 3.4, subchapter Public Administration).

Thematic weaknesses in the Czech Republic generally involve the digitalization of public administration, although there is noticeable positive progress. The values of the DESI indicators focused on the digital transformation of public services in 2023 were comparable to the previous year. The Czech Republic achieved above-average results within the EU-27 in the area of eGovernment users. However, issues remain with user support, the availability of pre-filled forms, and the optimization of services for mobile devices.<sup>69</sup> Since 2018, reform efforts have been overseen by the Digital Czechia framework. For coordination and expert purposes, a separate Digital and Information Agency was established at the beginning of 2023. Also, at the beginning of the year, there was a significant expansion of data mailboxes (automatic establishment of mailboxes for all sole traders and

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<sup>65</sup> [Eurostat \(2024\) Share of buses and trains in inland passenger transport](#)

<sup>66</sup> [Eurostat \(2024\) Share of rail and inland waterways in inland freight transport](#)

<sup>67</sup> <https://www.czso.cz/csu/czso/podil-vydaju-na-vyzkum-ze-statniho-rozpocetu-klesa>

<sup>68</sup> MŽP (2021) Zpráva o kvalitě života a její udržitelnost; MV (2019) koncepce Klientsky orientovaná veřejná správa 2030 - analytická část; MV (2022) Analytické zhodnocení systému inovací veřejných politik.

<sup>69</sup> <https://digital-decade-desi.digital-strategy.ec.europa.eu/datasets/desi/charts>



non-commercial legal entities/associations). A major step in 2023 was the adoption of an amendment to the Digital Services Act, which allows citizens to present a digital copy of documents. The e-Collection project was launched in January 2024, and the e-Legislation project is expected to start later in 2024, aiming to increase the accessibility and comprehensibility of applicable law (see Chapter 3.1. Digital Transformation and more narrowly Digitalization of Public Administration).

In terms of the perception of judicial independence, the Czech Republic has surpassed the EU average and experienced significant year-on-year improvement.<sup>70</sup> In the composite Corruption Perception Index, compiled by Transparency International based on expert assessments, the Czech Republic improved by one point and ranked 41st out of 180 evaluated countries in 2023, the same position as in 2022. However, it still lags seven points behind the EU average.<sup>71</sup> Anti-corruption reforms generally focus on legislative tools, such as the preparation of laws on whistleblower protection, lobbying, and the management of judges, prosecutors, and judicial executors (see Chapter 3.4, subchapter Anti-corruption reforms).

Governance inclusivity – considering it more broadly than merely the existence of elected representative bodies – remains a long-standing issue with little change over time. Public satisfaction with the ability to participate in decision-making fluctuates slightly, but dissatisfaction is consistently much higher than satisfaction. In 2023, 40% of citizens expressed dissatisfaction, while 25% were satisfied. Approximately one-third of the public was "somewhat satisfied."<sup>72</sup> The overall unsatisfactory situation in this regard has also been noted by the OECD Public Governance Review, with few systematic efforts to address the issue (see Chapter 3.4, subchapter Public Administration).

## **SDG 17 Partnerships for the goals**

Goal 17 focuses on the tools for implementing the 2030 Agenda, including financial resources, technological and statistical capacities, building partnerships across sectors, and policy coherence. The Czech Republic is making partial progress in many of these areas and engages in implementation through its involvement in international organizations (IOs). An example of this activity is its long-term support for reforms of international tax standards, particularly through its role in the OECD. In the medium to long term, the Czech Republic faces significant fiscal pressures domestically, making the issue of domestic tax collection capacities relevant. Government sector revenues stagnated at 41% of GDP from 2018 to 2021. The share of expenditures financed by tax revenues declined from 52.6% in 2017 to 42.6% in 2021. The commitment to 0.7% of *Official Development Assistance* (ODA) as a percentage of Gross National Income (GNI) has not been met, stagnating at 0.13% of GNI from 2018 to 2021. In 2022, Czech ODA expenditures totalled CZK 22.855 billion, which is 0.36% of GNI. However, the year-on-year increase was due to one-time costs for Ukrainian refugees, amounting to CZK 14 billion, which constituted 66.7% of the total ODA.

In 2023, project activities within the framework of foreign development cooperation (FDC) and humanitarian aid were directed mainly to priority partner countries of bilateral cooperation and other fragile countries needing stabilization, with significant support for Ukraine based on the government-approved Humanitarian, Stabilization, Reconstruction, and Economic Assistance Programme for Ukraine 2023–2025. A mid-term evaluation of the Foreign Development Cooperation Strategy 2018–2030 began in 2023, with results to be presented to the government by June 30, 2024. In the EU context, a significant change was the introduction of the new comprehensive external action instrument NDICI-Global Europe for 2021–2027. From this, Team Europe Initiatives, focused on comprehensive recovery of developing countries post-COVID-19 pandemic with added value of overall adaptation and transformation, are funded from 2021 to 2024. The Czech Republic has participated in several of these initiatives.

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<sup>70</sup> [https://ec.europa.eu/eurostat/databrowser/view/sdg\\_16\\_40/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/sdg_16_40/default/table?lang=en)

<sup>71</sup> <https://www.transparency.cz/wp-content/uploads/2024/01/CPI-2023-Report.pdf>

<sup>72</sup> [https://cvvm.soc.cas.cz/media/com\\_form2content/documents/c2/a5745/f9/ps240104.pdf](https://cvvm.soc.cas.cz/media/com_form2content/documents/c2/a5745/f9/ps240104.pdf)

The Czech Republic is also taking steps to support investments in sustainable development in developing countries through the B2B programme and the Development Cooperation Guarantee Programme, which was expanded in 2022 to include Financial Instruments in Development Cooperation. Under the Aid for Trade programme, the Ministry of Industry and Trade implemented eleven new projects in 2023. Progress has also been made in the area of sustainable development monitoring and statistics with the development of the national reporting platform, which consolidates SDG indicators and the national strategic framework Czech Republic 2030. There is room for improvement in policy coherence for sustainable development and monitoring the impacts of national policies abroad, which will be the focus of a research project carried out under the Technology Agency of the Czech Republic (TA) in 2024. This aspect is not covered by the Recovery and Resilience Plan (RRP).

Specifically, in the area of developing cooperation between the public administration and the non-profit sector, the Department of Human Rights and Minority Protection at the Office of the Government of the Czech Republic (OoG) developed a Methodology for the Participation of Non-Governmental Organizations in Advisory and Working Bodies and in the Creation of Public Administration Documents. Additionally, an Analysis of Cooperation between Public Administration and Umbrella Organizations and Networks of Non-Governmental Organizations was also conducted. 73 According to the survey results, more than half of the departments in ministries expressed a high or significant interest in cooperating with NGOs. The primary reason is the expertise and information that non-profit and umbrella organizations possess. On the other hand, the biggest obstacles cited by the public administration include a lack of information about potential partners and insufficient personnel and financial capacity of the NGOs.

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<sup>73</sup> <https://www.vlada.cz/cz/ppov/rnno/dokumenty/analyza-spoluprace-statni-spravy-se-stresnimi-organizacemi-a-sitemi-nejstatnich-neziskovych-organizaci-198802/>.

## 5. EU funds

### Information on the Implementation of the 2021-2027 Programming Period

Throughout 2023, the implementation of all programs funded by EU funds proceeded successfully. All programs have issued calls for proposals, and the actual execution of projects is taking place. Currently, projects amounting to 2/3 of the total allocated funds have been submitted, and nearly 1/3 of these funds have already been approved in legal acts for specific projects.

The following table shows the current status of fund utilization as of December 31, 2023:

**Tab. No. 1: Status of Fund Utilization in the 2021-2027 Programming Period as of December 31, 2023 (billion CZK, EU share)**

Operational programme	Total allocation	Funds in Registered Support Applications	Funds in Legal Acts
OP Technologie a aplikace pro konkurenceschopnost (Technologies and applications for competitiveness)	76,1	34,4	8,2
OP Jan Amos Komenský	61,8	50,8	21,3
OP Zaměstnanost plus (Employment)	35,4	33,4	20,3
OP Doprava 2021-2027 (Transportation)	117,9	52,0	24,6
OP Životní prostředí 2021-2027 (Environment)	60,9	66,3	21,6
Integrovaný regionální OP (Integrated regional OP)	113,6	72,3	28,0
OP Technická pomoc (Technical support)	5,3	1,5	1,4
OP Rybářství 2021-2027 (Fisheries)	0,7	0,3	0,1
OP Spravedlivá transformace (Just transition)	39,8	29,6	5,3
<b>Total</b>	<b>511,6</b>	<b>340,4</b>	<b>130,7</b>

Source: MS2021+

### Complementarity of EU Funds, the RRP and Other Sources

In addition to EU funds, other instruments have been created to revive the economy after the COVID-19 pandemic and to achieve climate neutrality. These include the RRP, the MdF, and others. These new instruments largely support interventions similar to those of the Cohesion Policy funds.

Therefore, it is crucial to have a clear and understandable delineation of support from these sources, followed by communication and coordination to prevent the risk of double financing and the undesirable depletion of absorption capacity.

Ongoing communication and coordination take place through established platforms and meetings at the horizontal level as well as among programme holders and components responsible for their implementation.

MoRD – National Coordination Authority, in collaboration with the support instrument holders, monitors and updates the overview of delineation and complementarity in supported activities funded by EU funds, the RRP, the Modernization Fund, national resources, and others at six-month intervals (always on 31 March and 30 September of year n).

## Common agricultural policy

The year 2024 marks the second year of the implementation of the new Common Agricultural Policy (CAP). The CAP Strategic Plan is a key instrument supporting the agricultural sector and rural development for the period 2023–2027. It sets out agricultural, food, and forestry objectives for which agricultural subsidies from European and national sources will be allocated. It is based on the needs of rural development and improving the quality of the environment. It focuses on sustainable agriculture and ecological management with regard to the environment. Through the CAP Strategic Plan, farmers, food producers, and foresters will receive approximately EUR 8 billion from European and national budgets – the funds come from two agricultural funds, namely the European Agricultural Guarantee Fund (with EUR 4.117 billion allocated for direct payments and EUR 123.5 million for sectoral interventions, including EUR 10 million in national co-financing) and the European Agricultural Fund for Rural Development (with EUR 3.767 billion allocated for rural development, including EUR 2.356 billion in national co-financing).

In 2023, based on the experience of the first year of implementing the new CAP, the first modification of the CAP Strategic Plan was carried out. The Ministry of Agriculture plans further modifications for 2024, particularly regarding the setting of conditionality rules.

The process of implementation into the legal system of the Czech Republic is continuously ongoing, primarily through amendments to government regulations based on experiences from the first year of implementing the new Common Agricultural Policy (CAP). Additionally, rounds for application submissions are being announced, which involves preparing Guidelines for grant applicants, establishing conditions for providing grants for project measures.

On January 25, 2024, the European Commission initiated a strategic dialogue on the future of agriculture in the EU, with invited representatives from a total of thirty European agricultural, environmental, and consumer organizations. These representatives will continue to meet regularly in the coming weeks and months. Contributions to this discussion can also be submitted through a specialized public consultation portal. The goal of the dialogue is to create a new consensus on the future of agriculture and food systems. The processing of the strategic dialogue's outputs should be completed during the summer months, allowing a vision of future directions focused on agriculture and the food chain to be presented by September 2024.

The European Council discussed issues in the agricultural sector at its February and March meetings, including concerns expressed by farmers during protests in several member countries, including the Czech Republic. Commission President von der Leyen committed to initiating a thorough analysis of the administrative burdens on farmers to identify areas needing improvement. Based on materials gathered from member states by the EU Council Presidency and from farmers' organizations in the EU and the European Parliament, the Commission presented a non-paper on simplifying the CAP and improving the position of farmers in the food chain. Additionally, related to reducing administrative burdens, the Commission published a proposal for legislative amendments to the basic CAP regulations on March 15, which requires consensus between the Council and the EP for adoption through the ordinary legislative procedure. The Council majority-supported the Commission's proposal on March 26, 2024, and the EP is expected to approve it at its final plenary session from April 22-25, 2024. Intense discussions are expected to continue regarding the medium and long-term measures that need further addressing.

In the last quarter of 2024, following the EP elections and the establishment of the new Commission college, the first initiatives may be expected to officially start discussions on the direction of the new CAP 2027+.