RRF 1st Payment request – Czechia

Positive preliminary assessment by the Commission

EPC meeting – 16/02/2023
Process and state of play
### State of play on implementation

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<td>27 payment requests submitted to the Commission</td>
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<td>16 payments disbursed (EUR 144.1 bn grants and loans)</td>
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* No pre-financing requested.

**Prerequisite to request pre-financing:** CID was adopted by 31 December 2021.
Timeline of Czechia's RRP implementation

RRP design and adoption
- RRP submitted on 1 June 2021
- Approved by COM on 19 July 2021
- Endorsed by Council on 8 September 2021

RRP Implementation Setup
- Financing agreement signed on 22 September 2021
- Operational arrangement signed and published on 4 July 2022

First Payment Request
- Submitted on 25 November 2022
- Positive preliminary assessment adopted by COM on 8 February 2022
First payment request: overview
Overview of payment requests Czechia
(real or expected time of payment requests at the time of the adoption of the plan)
### Overview of Czechia's first payment request

<table>
<thead>
<tr>
<th>31 milestones</th>
<th>25 measures</th>
</tr>
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<tbody>
<tr>
<td>6 targets</td>
<td>12 reforms and 13 investments</td>
</tr>
</tbody>
</table>

- Measures generally implemented until Q2-2022
- €928,19 million (grants)
Czechia's first payment request's key measures

Key Reforms:

Digital Transition
- Entry into force of the new Construction Law

Green Transition
- Adoption of Czechia's 2040 Circular Economy Strategy

Policies for the Next Generations
- Reform of schools curricula to strengthen digital literacy

Social and Territorial Cohesion
- Establishment of the tripartite Re-skilling and Upskilling Committee

Health, and Economic, Social, and Institutional Resilience
- Judicial reform on selection of judges, Implementation of action plan on Conflict of Interest, Review of legal framework on the registration of beneficial owners

Key Investments:

Digital Transition
- Digital devices for schools, European Digital Media Observatory hub

Green Transition
- Construction of 25 km cycle paths
- Selection of projects for electrification of railways, modernisation of railway stations and flood protection

Smart, Sustainable and Inclusive Growth
- Funding Agreement with the Czech-Moravian Guarantee and Development Bank
- Contracts award to four R&D consortia

Social and Territorial Cohesion
- Road and rail safety: completion of 45 railway crossings, 3 railways bridges, 25 km of cycle paths, sidewalks and barrier-free routes
Green Transition (6 milestones and 1 target)

[C2.1]-[I2]-M[86]: Definition of the set of projects for Investment 2 (Electrification of railways)

[C2.2]-[I2]-M[105]: Adoption of programme documentation by the Ministry of Industry and Trade regarding measures to renovate public lightning systems

[C2.6]-[I1]-M[131]: Notification of award of flood protection contracts

[C2.6]-[I2]-M[134] and T[135]: List of projects and completion of 50% of the small watercourses and water reservoirs projects

[C2.7]-[R2]-M[146]: Completion and adoption of the circular Czechia strategy 2040

C[C2.2]-[I1]-M[102]: Adoption of the model contract for the Energy Performance Contracting method services with a guarantee
Digital Transition (6 milestones and 1 target)

C[C1.1]-R[R2]-M[3]: Definition of interoperability for eHealth and definition of rules governing telemedicine

C[C1.4]-I[I2]-M[S1]: Launch of the European Digital Media Observatory hub for CEE in the Czech Republic

C[C1.6]-R[R1]-M[72]: Entry into force of the new construction law

C[C3.1]-I[I2]-T[172]: Number of digital devices purchased by schools for distance learning

C[C1.2]-I[I4]-M[29]: Analysis of data management and use of data in the justice sector and the deployment of a data warehouse

C[C1.5]-R[R1]-M[68]: Creation of Platform for the digitisation of the economy

C[C2.1]-I[I1]-M[83]: Definition of the set of projects for Investment 1 (railway infrastructure)
Policies for the Next Generations (2 milestones)

[C3.2]-R[R1]-M[176]: Launch of a programme to support transformation of universities

[C3.1]-R[R1]-M[168]: Approval of new curricula strengthening digital literacy and computational thinking
Smart, Sustainable and Inclusive Growth (5 milestones and 1 target)

[C4.2]-R[R1]-M[198]: Adoption of the medium-term strategy of the Czech-Moravian Guarantee and Development Bank (ČMZRB) approved by the bank’s shareholders

[C4.2]-R[R1]-M[199]: Delivery of a management model for the new quasi-equity instrument

[C4.2]-I[I1]-M[200]: Funding agreement with the Czech-Moravian Guarantee and Development Bank as a National Development Bank (ČMZRB)

[C5.2]-R[R1]-M[226]: Establishment of National Coordination Group for Support for Industrial Research

[C5.1]-I[I1]-M[223]: Launch of a new R&D support program

[C5.1]-I[I1]-T[224]: Award of public contracts to at least four R&D consortia
Social and Territorial Cohesion (2 milestones and 3 targets)

[C2.1]-[I4]-T[92]: Completion of level crossings with an increased safety

[C2.1]-[I4]-T[93]: Completion of 25 km of built cycle paths

[C2.1]-[I4]-T[94]: Completion of three modernised railway bridges

[C3.3]-R[R1]-M[184]: Establishment of the tripartite Re-skilling and Upskilling Committee

[C2.1]-[I3]-M[89]: Definition of the set of projects for Investment 3 (railway infrastructure)
Resilience (1) - Audit and control - 8 milestones

[M 207 and 210] Repository system for monitoring the implementation of the RRF and the procedures for data collection

[M 212] Compliance review of the national procedures on the application of the beneficial ownership rules

[M 211] Audit strategy ensuring independent and effective audit of the RRF implementation

[M 208 and 209] Effective development and implementation of the action plan on the system that is intended to be used for the Plan in the area of conflict of interests by the Ministry of Industry and Trade confirmed by the audit report

[M 213] Guidance and procedures on the avoidance and management of conflict of interests

[M 214] Independent audit of the effectiveness of the RRF internal control system to prevent, detect and correct situations of conflict of interests
Resilience (2) (2 milestones)

[C6.2]-R[R1]-M[236]:
National Oncological Programme of the Czech Republic 2022-2030

[C4.3]-R[R2]-M[203]:
Entry into force of the Courts and Judges Act
Next steps

In the implementation of the Czech RRP
Next steps

CZ payment request – planned calendar

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates</th>
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<tbody>
<tr>
<td>EFC (and EPC) discussions</td>
<td>10 February - 1 March</td>
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<td></td>
<td>(Friday-Wednesday)</td>
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<tr>
<td>Comitology meeting</td>
<td>9 March</td>
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<td>(Thursday)</td>
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• The Commission has sent its preliminary assessment of Czechia’s fulfilment of the milestones and targets required for this payment to the Economic and Financial Committee (EFC), asking for its opinion.

• This will be followed up by detailed discussions with the Member States in the EFC. The EFC’s opinion is to be delivered within maximum four weeks.

• Once the examination by the EFC is completed, the Commission would be in position to adopt a decision which, taken account of the EFC opinion, will authorise the disbursement of the financial contribution and disburse €928.2 million to Czechia.

• The examination comitology procedure will be used for this adoption.
Thank you

More information: Commission webpage on the RRF
Key measures in 2022/2023

**Reforms**

- Modernisation of distribution of heat in district heating systems
- Centers of competence for supporting eGovernment, Cybersecurity and eHealth
- Improving the environment for the deployment of electronic communications networks
- Creating alternatives to energy and space-intensive road transport

**Investments**

- Building forests resilient to climate change
- Building recycling infrastructure
- Aid for research and development in the environmental field
- Digital services for end users
- Development of open data and public data
- Development of core registers and facilities for eGovernment
- Cyber security
- Creating the conditions for digital justice
- European Blockchain Services Infrastructure (EBSI) – DLT bonds for SME financing
- Improving the environment (railway infrastructure support)
- Protection against droughts and floods of the city of Brno
- Building and establishment of the Czech Oncological Institute
Timeline of measures under the 1st payment

20 of the 25 measures under the first payment request are followed by subsequent M&Ts
## Czechia’s second and third payment requests

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<th>SECOND PAYMENT REQUEST</th>
<th>Investments</th>
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<td>Non-repayable support</td>
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<td>(expected submission in Q3 2023)</td>
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<th>THIRD PAYMENT REQUEST</th>
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<td>(expected submission in Q3 2023)</td>
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</table>

- 2nd payment request: 18 milestones + 10 targets / 3rd payment request: 4 milestones + 3 targets
- 2nd instalment: EUR 702 million + EUR 175.5 million (2nd + 3rd requests combined)
- **Key reforms and investments**: energy, adaptation to climate change, R&D, sustainable transport, digitalisation, health system
Timeline and process of payment requests

Submission of the payment request (up to twice a year)
- MS chooses the best moment to submit
- All evidence in FENIX, the RRF IT Tool
- Informal cooperation with Commission ahead of submission

Commission Assessment of the payment request (up to 2 months)
- Evidence-based assessment
- Thorough check of the satisfactory fulfilment of milestones and targets

EFC opinion (up to 4 weeks except emergency break)
- Commission provides positive preliminary assessment
- Economic Policy Committee discussion
- Economic and Financial Committee opinion adopted by consensus

Commission adopts payment decision in comitology (around 2-3 weeks)
- Commission implementing decision takes into account EFC opinion
- Opinion by RRF (comitology) Committee

Commission processes payment (without undue delay)
- As soon as possible based on market conditions