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Analysis of the recovery and resilience plan of Czechia

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 11047/21 INIT; ST 11047/21 ADD 1; ST 11047/21 COR 1) of 8 September 2021 on the approval of the assessment of the recovery and resilience plan for Czechia

{COM(2023) 567 final}

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1. EXECUTIVE SUMMARY

Czechia's post-pandemic recovery was disrupted by Russia's war of aggression against Ukraine. The Czech economy grew by only 2.5% in 2022, and consumer price inflation increased to 14.8% in 2022 due to fast-growing prices for commodities and production inputs, resulting in lower cost competitiveness. Energy dependency, particularly Czechia's high reliance on fossil fuels, remains a major vulnerability together with housing affordability and administrative capacity of the public administration.

In light of the socio-economic challenges that Czechia has been facing, the country submitted a modified national Recovery and Resilience Plan (RRP), including a REPowerEU chapter, to the Commission on 30 June 2023, and has revised its submission on 3 and 24 August 2023. For the modification of its RRP, Czechia has relied on the following legal bases of Regulation (EU) 2021/241 (RRF Regulation): Article 14(2) to include additional loan support, Article 18(2) to take into account the updated maximum financial contribution published on 30 June 2022 and Article 21(1), requesting to the Commission to make a proposal to amend the Council implementing decision considering that its RRP is partially no longer achievable because of objective circumstances. In addition, with the view to support measures in its REPowerEU chapter, Czechia relied on Article 21c of the RRF Regulation, requesting the allocation of the amount available from the Emissions Trading System (ETS) revenues and from the Brexit Adjustment Reserve (BAR).

The modification submitted by Czechia affects nine measures on the basis of Article 18(2) of the RRF Regulation and 58 measures on the basis of Article 21(1) of the RRF Regulation. In addition, 40 errors of clerical nature that do not reflect the content of the initial plan submitted by Czechia have been identified and corrections have been proposed.

The REPowerEU chapter submitted by Czechia includes 15 new reforms, seven new investments and two scaled-up measures to complement the initial RRP, thus increasing the resilience, security and sustainability of the Union's energy system. The reforms concern the modernisation of the electricity grid, the simplification of permitting procedures for renewable energy sources, the electrification of railways, the decarbonisation of road transport, the improvement of the advisory services for the renovation wave, and the promotion of green skills in universities. The reforms are accompanied by new investments including grants which accelerate the development and take-up of renewable energy. Finally, the scaled-up measures concern the installation of photovoltaic sources (existing measure 2.3) and support for the purchase of zero-emissions vehicles for private companies (existing measure 2.4).

Based on the assessment of the submitted modification and the REPowerEU chapter, the Czech modified plan receives an A rating on all criteria (including the two additional criteria for the REPowerEU chapter), except for costing and coherence, where the plan receives a B rating (unchanged from the assessment of the initial plan).

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU	(13) Cross-border
A	**A**	**A**	**A**	**A (42.9%)**	**A (22.8%)**	**A**	**A**	**B**	**A**	**B**	**A**	**A**

2. OBJECTIVES OF THE MODIFICATION OF THE PLAN

2.1 The modified plan addresses Czechia's main newly emerged challenges

In 2022, Russia's invasion of Ukraine led to a surge in energy and commodity prices in Czechia and the EU as a whole. The Country Report for Czechia[1] identified challenges related to its reliance on fossil fuels, limited availability of affordable housing, weak public administration capacity, and skills shortages. In addition, Czechia also faces challenges related to restoring the long-term fiscal sustainability of public finances, in particular, addressing challenges to the sustainability of the pension system and the healthcare system, as well as reducing the gap between regions in access to social services and essential infrastructure. Against this backdrop, Czechia's modified RRP adds and scales up measures to address these current challenges, includes a REPowerEU chapter, and modifies existing measures in line with the provisions of the RRF Regulation.

Pursuant to Article 14(2) of the RRF Regulation, Czechia included in the submitted modified RRP a request for loan support amounting to EUR 818 136 635, which would be used for 8 new investments to stimulate private investment in the green and digital transition. Pursuant to Article 18(2) of the RRF Regulation, Czechia requested modifications due to the increase of its maximum net financial contribution from EUR 7 070 103 059 to EUR 7 673 717 943. The revision is part of the June 2022 update to the RRF maximum financial contribution and reflects Czechia's relatively less favourable economic outcome in 2020 and 2021 than initially foreseen. Therefore, several investments have been added or scaled up, and the plan amounts to a total of EUR 9 231 951 405.

The Czech modified RRP adds a new REPowerEU chapter pursuant to Article 21(c) and Article 18(2) of the RRF Regulation. The REPowerEU chapter includes 15 new reforms, two scaled-up existing measures (2.3.1 development of new photovoltaic energy sources and 2.4.4 Investment Aid for purchase of vehicles – vehicles (electric, H2, cargo e-bikes) for private companies), and 7 new investments (grid modernisation, electricity data centre; decarbonisation of road transport; electrification of railways and the pilot implementation of cyclic maintenance; promotion of green skills and sustainability in universities; reform of advisory services for energy efficiency renovation for households, enterprises and the public sector). This chapter will deliver on the REPowerEU objectives, contribute to Czechia's green transition, and help address the current challenges, in particular those identified in the 'energy' recommendations addressed to Czechia in 2022 and 2023 in the framework of the European Semester.

Pursuant to Article 21(1) of the RRF Regulation, Czechia has justified the modification of existing measures of the plan based on objective circumstances. The objective circumstances invoked are

[1] SWD(2023) 603 final.

mostly related to the need to factor in the effects of supply chain disruptions, the increased cost of construction, insufficient demand due to the high inflation experienced in 2022 and 2023, and unforeseen legal and administrative difficulties. Most of the proposed amendments relate to the postponement of the timeline for completion. Other proposed amendments are related to modification of the targets to account for the changed circumstances and the need to redesign the original measures as the existing ones are no longer attainable. In addition, errors of clerical nature have been identified in the text of the Council Implementing Decision and have been corrected.

2.2 Overview of new and modified components

The main elements of the modified RRP and the REPowerEU chapter are listed below by component:

Component 1.1: Digital services to citizens and businesses

Reform 2: eHealth services

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to amend the description of target 5 to align the names of the eHealth services with the Czech Act on the Digitalisation of Healthcare, in order to fully comply with the current legislative framework. This legislative act has been postponed due to different priorities of the Ministry of Health related to the COVID-19 pandemic and the draft proposal in place at the time of the adoption of the original plan has undergone substantial changes. Additionally, Czechia proposed to amend the description of target 6 due to the fact that the eHealth portal will now serve as an interface between patients and hospitals, as it is technically no longer suitable for data exchange between service providers. Instead, the interoperability ecosystem will be able to accommodate data exchange between service providers, keeping the ambition of the measure unchanged.

Investment 1: Digital services for end-users

Czechia proposed to amend milestone 8 in accordance with Article 21(1) of Regulation (EU) 2021/241, while keeping the same level of ambition. The amendment will allow to replace 3 of the listed projects, which are considered no longer relevant due to objective circumstances, with other more viable projects (manifestly better alternative).

Czechia also proposed to review the timeline of milestones 7 and 21, as well as the description and values of target 10.

Investment 2: Development of open data and a public data fund

The final part of the description was erroneously added to milestone 11, therefore Czechia proposed to remove it from the description due to clerical error and add an additional target with the correct description. Czechia also proposed to swap the timeline of completion of target 11 and 12 in accordance with Article 21(1) of Regulation (EU), as one of the targets is delayed due to objective circumstances while the other has already been achieved.

New investment 4: Digital services for end-users in social area

In accordance with Article 14(2) of Regulation (EU) 2021/241, Czechia requested to add a new investment for digital services to citizens in the social area.

Component 1.2: Digital public administration systems

Investment 1: Developing and improving individual information systems

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to amend the description of milestone 16 to replace the project linking ePasy to core registries with the modification of ePasy according to the Travel Documents Act, which is a manifestly better alternative as the first project will be replaced within a few years. Additionally, the text which states that both systems will be available to end-users should be removed as the testing and development of the relevant connecting central systems at the EU level are managed by the European agency eu-LISA.

The change in timeline for target 17 is justified under Article 21(1) of Regulation (EU) 2021/241, as the need to integrate Ukrainian refugees took priority for the Department for Asylum and Migration Policy and led to delays in other activities, including the work on the target proposed for postponement.

Investment 2: Developing core registries and facilities for eGovernment

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to postpone milestone 21 due to supply chain disruptions, which delayed the delivering of hardware components from the contractors.

Investment 3: Cybersecurity

Czechia proposed to amend the description of target 24 as a clerical error in order to align it with the description of the target itself as well as the operational arrangements. Due to the increased allocation under Article 18(2), the quantitative indicator has also been increased.

Czechia also proposed to add a new target under Article 14(2) that further increased the total number of information systems whose cybersecurity has been strengthened, increasing the overall ambition of the cybersecurity investment.

Reform 2: Developing systems supporting the digitalisation of health

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to amend the description of milestone 28 due to the fact that regional services will be merged under one central authority and therefore mentioning the number of regions is no longer relevant.

New investment 5

In accordance with Article 14(2) of Regulation (EU) 2021/241, Czechia requested to add a new investment for the development of IT systems of the public administration in the social area.

Component 1.3: High-capacity digital networks

Reform 1: Improving the environment for the deployment of electronic communication networks

The initial costs of this reform increased due to the unexpected rate of inflation in the economy. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to use the resources freed up by the removal of other measures to cover the increase of the estimated cost of the reform.

Investment 1: Building high-capacity connectivity

The initial costs of this investment increased due to the unexpected rate of inflation in the economy. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to use the resources freed up by the removal of other measures to cover the increase of the estimated cost of the investment.

Investment 2: Covering 5G corridors and promoting the development of 5G

The initial costs of this investment increased due to the unexpected rate of inflation in the economy, in particular of construction costs of base transceiver stations and of IT equipment necessary for signal reception and amplification. Czechia proposed also to change the total length of the covered train corridors as part of them will be covered by mobile network operators and specify the text regarding the equipment of railway wagons. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to use the resources freed up by the removal of other measures to cover the increase of the estimated cost of the investment and to amend milestone 40 and target 41.

Investment 3: Supporting the development of 5G mobile infrastructure in rural investment intensive white area

The initial costs of this investment increased due to the unexpected rate of inflation in the economy, in particular of construction costs of base transceiver stations, therefore, the original target is no longer achievable with the initially estimated costs. In addition, Czechia proposed to change the total number of base transceiver stations constructed as some of the white spots in rural areas planned to be covered by 5G signal will be covered by mobile network operators. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to reduce target 44 and to increase the unit cost per base transceiver station.

Investment 4: Scientific research activities related to the development of 5G networks and services

Czechia proposed to increase the target 46 due to the higher number of applications received for scientific research projects. The request reallocates funds from investment 58 under component 1.4 with similar scope. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to increase the funds allocated to this measure in line with the increased target.

Component 1.4: Digital economy and society, innovative start-ups and new technology

Reform 1: Institutional reform of the system of management for digital transformation including RIS 3 strategy

Czechia initially set aside funds to procure studies for the support of the work of the Digital Transformation Committee in case it is necessary. However, no studies were required for the implementation of the measure, as necessary know-how can be supplied by participating stakeholders, which constitutes a manifestly better alternative solution, making the reform more cost-efficient. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to reallocate the funds to other measures and to remove the reference to studies from the description of milestone 47.

Reform 2: Joint Strategic Technologies Support and Certification Group with the Strategic Technologies Board

The proposed change responds to market needs and refocuses the reform to provide better access to information, guidance and training for companies wishing to obtain certification. Czechia explains such change as the outcome of consultations with stakeholders and changed market needs identifying the dissemination of information on certification process as a major hurdle. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to adjust the description of the reform and of milestone and target 48 and 49 and to correct a clerical error.

Investment 1: European Centre of Excellence in AI "for Citizens' Safety and Security"

This investment is proposed to be cancelled, because the selected consortium did not obtain the Seal of excellence under the Horizon Europe programme. Consequently, the Czech hub would not be able to participate in the EU-wide network and fulfil its goal as originally foreseen for this investment. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to cancel this investment and to reallocate the funds to other measures.

Investment 2: European Digital Media Observatory Hub (EDMO)

Czechia proposed to expand the scope of this investment in order to cater for monitoring and assessing the socio-economic impact on the media caused by the rapid deployment of AI. The expansion of the investment would compensate for the digital measures cancelled and aim at supporting the digital transition ambition of the Czech Recovery and Resilience Plan. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to expand the scope of this investment with additional milestones and targets using reallocated funds.

Investment 3: Transfer of foreign good practices and know-how for digital transformation, monitoring and research on the socio-economic effects of the crisis (Samuel Neaman Institute)

This investment is proposed to be cancelled due to the rapid improvement and the bounce back of the economy following the COVID-19 pandemic. Subsequently, there is less demand for a new research institute measuring socio-economic impact of digitalisation during pandemic, which made the original policy objective of the investment less relevant. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to cancel this investment and to reallocate the funds to other measures.

Investment 4: SME Management Training Platform for post-COVID-19 Digital Transformation

This investment is proposed to be cancelled due to the rapid improvement and the bounce back of the economy following the COVID-19 pandemic, which lowered the demand by SMEs for such mitigating measure and made the original policy objective of the investment less relevant. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to remove this investment and to reallocate the funds to other measures.

Investment 5: European Blockchain Services Infrastructure (EBSI)

The proposed amendment adjusts milestone 55 and target 56 to cater for the delay in launching the initiative at the EU level and to exclude requirements from the description of target 56 that is beyond the control of Czechia. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to adjust the description and the timing of the milestone and the target and to lower the target.

Investment 6: 5G Demonstrative application projects for cities and industrial areas

The amendment corrects a clerical error in the description of target 58. In addition, Czechia requested to lower the target due to the unexpected increase of prices and lower demand in response to the call for application. A fraction of the allocation is redirected to investment 4 in component 1.3, which has a similar scope and an increase in its target. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to adjust the target and the costs allocated to this investment.

Investment 7: Czech Rise-Up Programmes

Czechia proposed to lower target 59 of this investment due to the rapid improvement and the bounce back of the economy following the COVID-19 pandemic, which lowered the demand by SMEs for such mitigating measure and made the original policy objective of the investment less relevant. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to lower the target of this investment, to amend the wording to allow for broader scope of applicants and to reallocate the remaining funds to other measures.

Investment 9: Funds for the development of pre-seed investments, strategic digital technologies and university spin-offs

The amendment of this investment leads to change in milestone 61 and target 62 due to possible higher aid intensity per companies as compared to the original costing assumption, which is a better alternative for achieving the policy objective. In accordance with Articles 14(2) and 21(1) of Regulation (EU) 2021/241, Czechia requested to amend the relevant milestone and remove the target in line with the aforementioned condition.

Investment 11: Regulatory sandboxes in line with EU priorities

The proposed amendment enlarges the scope of the companies eligible for sandbox support, given that the adoption of legislative framework on AI takes longer than Czechia initially anticipated, and companies cannot be tested against this framework in the sandbox yet. The proposal also adjusts the methodology for the implementation of the measure, in order to be in compliance with the relevant national and administrative law of Czechia. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to amend the timing and the description of milestone 64 and target 65.

Investment 13: Support to R & I in aviation industry

Czechia requested to remove this investment. Czechia notified the Commission that it has been discovered that the project financed by this investment started before the eligibility period of the RRF. Therefore, in accordance with Article 17(2) and Article 21(1) of Regulation (EU) 2021/241, Czechia requested to cancel this investment and to reallocate the funds to other measures.

New Investment 13: Funds for the development of strategic technologies

In accordance with Article 14(2) of Regulation (EU) 2021/241, Czechia requested to add a new investment for the development of capital market and access to finance for companies in the strategic technologies sector.

<u>Component 1.5: Digital transformation of enterprises</u>

Investment 2: European Reference Testing and Experimentation facility

Czechia requested to specify the target description as the beneficiaries of the measure are companies, therefore, in accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to amend the description of target 70. The proposed amendment also corrects a clerical error.

Investment 3: Digital transformation of manufacturing and nonproduction companies and increase of their resilience

Czechia proposed to lower the allocation of this investment and amend the description of milestone 71 cancelling the budgetary target in line with this change. This is due to the received applications, which overall requested lower aid support than initially planned by Czechia, thereby making the fulfilment of the budgetary target in the description of target 71 no longer achievable. Consequently, the remaining available allocation is proposed to be redirected to other measure to compensate for price increases. In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to amend the description of target 71 and to redirect remaining available funds to other measures.

Investment 4: IPCEI Microelectronics and Communication Technologies

The newly added investment aims at providing financing companies who participate in projects selected under IPCEI Microelectronics and Communications Technologies. In accordance with Articles 14(2) of Regulation (EU) 2021/241, Czechia requested this measure to be added to the plan and financed by loans.

Component 1.6: Acceleration and digitalisation of the building process

Reform 1: Implementation of the new construction law and zoning law into practice

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia proposes to change the target to reflect the new institutional structure of construction offices and required more time to achieve it. This is based on new information concerning the impossibility to staff the relevant offices as originally proposed as well as further analyses on the most efficient set up.

Investment 1: Central information system ('AIS')

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia proposes to change the information system structure to correspond to the new institutional structure mentioned in the reform above. Furthermore, they have improved on their designed information system plans based on evidence from other Member States.

Component 1.7: Digital Transformation of Public Administration

Czechia proposes a new measure to reform the system of digitalisation in public administration and to invest in the availability of digitalised public services. As part of the measure Czechia proposes to invest in a public administration contact centre, in a unified system collecting data on digitalisation projects in the public administration, in increasing the cybersecurity and the user friendliness of public administration websites, and to reform the internal management of digitalisation projects in the administration. In accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia proposes to add this measure to the plan.

Component 2.1: Sustainable transport

Investment 3: Support for railway infrastructure

In accordance with Article 21, Czechia has proposed to extend the timeline for the completion of the measure from Q4 2023 to Q4 2024. Czechia stated that this was due to an objective circumstance based on a difficult-to-predict price instability caused by Russian aggression in Ukraine and lower imports from China as a result of COVID-19, leading to a postponement of issuing of public contracts caused by a lack of interest from suppliers. Difficult-to-predict price instability appeared at the beginning of 2022. The ambition of the measure was not changed.

Component 2.2: Reducing energy consumption in the public sector

Investment 1: Improving the energy performance of state buildings

As the cost of construction has increased, there has been low interest from state institutions in the conducted call for projects to improve the energy performance of state buildings. In accordance with Article 21 of Regulation (EU) 2021/241, Czechia has proposed to extend the date by which renovation projects can be contracted to 31 December 2024, and to decrease the target for the reduction in final energy consumption from 216 TJ/year to 140 TJ/year.

Investment 2: Improving the energy efficiency of public lighting systems

Czechia is prioritising the implementation of bigger projects that improve the energy efficiency of public lightning systems. In accordance with Article 21 of Regulation (EU) 2021/241, Czechia has proposed to reduce the number of supported projects from 2000 to 800, while generating the same amount of energy savings. As a result of this this change, the number of projects to be contracted by 31 December 2024 (80% of total number of projects) will also change from 1600 to 640.

Investment 3: Improving the energy performance of public buildings

Due to the increased cost of construction and the different types of projects responding to the call for projects (i.e., bigger and more complex projects compared to the projects on which the initial costing analysis was based), Czechia has requested an increase of the allocation to Investment 1 and a reduction in the number of supported projects. In accordance with Article 18(2) and Article 21 of Regulation (EU) 2021/241, Czechia has proposed to reduce the number of supported projects from 400 to 220, and to increase the target for reduction in primary energy consumption from 390 TJ/year to 410 TJ/year.

Component 2.3: Transition to cleaner energy sources

Reform 1: Modernisation of distribution of heat in district heating systems

In accordance with Article 21(1), Czechia requested to delay the end of the implementation from Q3 2022 to Q4 2023, citing an objective circumstance due to the energy crisis, changes in the energy markets, the REPowerEU objectives and the more general trend of going beyond the simple coal-to-gas switch.

Reform 2: Modernisation of distribution of heat in district heating systems

In accordance with Article 21(1), Czechia requested to delay the end of the implementation from Q4 2022 to Q4 2023, citing an objective circumstance due to the energy crisis, changes in the energy markets, the REPowerEU objectives and the more general trend of going beyond the simple coal-to-gas switch.

<u>Component 2.4: Clean mobility</u>

Investment 1: Building infrastructure for public transport in the city of Prague

In accordance with Article 21(1), Czechia requested to delay the end of the physical implementation from Q4 2025 to Q2 2026, citing an objective circumstance due to supply side disruption caused by companies and suppliers due to the high demand for electrification in public transport. Czechia quoted several examples where this has already occurred for the sole beneficiary of the investment.

Investment 2: Building infrastructure – Recharging points for private companies

In accordance with Article 21(1), Czechia requested to remove several requirements which imposed access to third parties and geographical distribution for charging stations built for business users. Czechia cited a clerical error, as the imposition of these requirements goes counter to the intention of building corporate fleets and thus creates a barrier to implementation of the measure.

Investment 4: Aid for purchase of vehicles – vehicles (electric, H2, cargo e-bikes) for private companies

In line with Article 21(1) of the RRF Regulation, Czechia proceeded to request a change in the ambition to reflect the high inflation, increased unit costs and supply shortages linked to supply chain issues in the automotive sector to which Czechia did not contribute. This resulted in a decrease of investment 4 from the overall target of 4550 to 2670 vehicles. However, the change in the ambition of the measure must be read in conjunction with Investment 1 of Component 7.5 under REPowerEU, which results in a scale-up of the overall ambition. This is achieved through an increase in the number of cars and vans by 500 units, while maintaining the overall ambition of 4555 vehicles.

Further changes to investment 4 have been put forward based on objective circumstances. Czechia requested a decrease to the number of cargo e-bikes, as Czechia provided data showing that the uptake of e-bikes has surpassed expectations compared to the time of drafting. Czechia also requested a change to the labelling of cars and vans supported without the need to split the vehicles by technology by unifying battery electric and hydrogen cars and vans under a category of zero-emission cars and vans. This is a more optimal solution, as it gives applicants more flexibility to choose their respective type of vehicles to suit their business needs while ensuring only zero-emission solutions are supported.

Component 2.5: Building renovation and air protection

Investment 1: Renovation and revitalisation of buildings for energy savings

Due to the increase in energy prices, requests from applicants have shifted from complex renovations to replacements of heating sources with heat pumps and photovoltaics. In accordance with Article 21 of Regulation (EU) 2021/241, Czechia has requested to shift a portion of the allocated funding from Investment 1 to Investment 2. In conjunction with the decrease in funding allocation for Investment 1, Czechia has also requested to decrease the target for reduction in primary energy consumption by 31 December 2025 from 4 021 TJ/year to 1 900 TJ/year, a decrease in the reduction in CO_2 emission from 631 kt/year to 100 kt/year.

Investment 2: Replacement of stationary sources of pollution in households with renewable energy sources

Due to the increase in energy prices, requests from applicants have shifted from complex renovations to replacements of heating sources with heat pumps and photovoltaics. In accordance with Article 21 of Regulation (EU) 2021/241, Czechia has requested to shift a portion of the allocated funding from Investment 1 to Investment 2. In conjunction with the increased funding allocation to Investment 2, Czechia has also requested to increase the targets for reduction in primary energy consumption and CO_2 emissions for the contracted projects.

Component 2.6: Nature protection and adaptation to climate change

Investment 1: Flood protection

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia has proposed to delay the final target with sequential number 133 by one year and to reduce the total number of projects to be completed from 40 to 38. In addition, Czechia has requested to reduce the number of projects to be completed under target 132 from 20 to 15 and to increase proportionally the number of projects to be completed under target 133 from 18 to 23. Lastly, Czechia has requested to modify the description of targets 132 and 133 to better reflect the nature of the projects to be implemented. This is a result of both technical difficulties and inflation.

Investment 2: Small watercourses and small water reservoirs

In accordance with Article 21(1) of Regulation (EU) 2021/241, and in response to technical difficulties linked to constraints such as geological conditions and land ownership, Czechia proposed changes in the description of target 136 to reflect the nature of the projects more accurately.

Investment 3: Land consolidation

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia proposed to delay final targets with sequential number 137 and 138 by one year. This responds to the worsened situation in the construction industry and to lengthier procedures than initially predicted.

Investment 4: Building forests resilient to climate change

Clerical errors have been corrected in both the description of the investment and the description of targets 139 and 141.

Investment 5: Water retention in forest

Clerical errors have been corrected in both the description of the investment and the description of targets 142 and 143.

Component 2.7: Circular economy, recycling and industrial water

Investment 1: Building recycling infrastructure

In accordance with Article 21(1) of Regulation (EU) 2021/241, the description of Investment 1, milestone 148 and target 149 is adjusted to include support to farmers for the reintroduction of compost into the soil in addition to the construction and modernisation of compositing facilities. This is more conducive to achieving the initial objectives of the measure and to meeting the needs in the field of biodegradable waste management.

Investment 3: Water saving in industry

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia proposed to remove the budgetary target from the description of target 153 as the awarded 40 projects are less costly than initially envisaged. A new call cannot be launched to allocate the remaining resources as this could overlap with a similar programme to be financed through OP Technologies and Application for Competitiveness.

Component 2.8: Brownfields revitalisation

Investment 1: Investment aid for regeneration of specific brownfield sites

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to reduce the number of projects to be supported and completed under this investment measure to reflect the impact of inflation on construction costs. Due to technical difficulties impacting local demand, the description of target (previously milestone) 154 and target 155 is further adjusted to clarify requirements and better respond to local needs. These changes primarily concern procedural, financial and geographical aspects, and are also intended to clarify the requirements pertaining to the limitation of land artificialisation while preserving the measure’s environmental ambition.

Investment 2: Investment aid for the regeneration of brownfield sites owned by municipalities and regions for non-business use

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to reduce the number of projects to be supported and completed under this investment measure to reflect the impact of inflation on construction costs. Due to technical difficulties impacting local demand, the description of target (previously milestone) 156 and target 157 is further adjusted to clarify requirements and better respond to local needs. These changes primarily concern procedural and financial aspects such as the minimum allocation to be spent per category of projects. In addition, target 157 is reduced from 94 000 to 41 000 square meters of built-up area following the correction and updating of the methodology used for setting up the indicator.

Investment 3: Investment aid for the regeneration of brownfield sites owned by municipalities and regions for business use

In accordance with Article 21(1) of Regulation (EU) 2021/241, the description of target (previously milestone) 158 and target 159 is adjusted to clarify requirements and allow the implementation of alternatives that are more conducive to achieving the initial objectives of the measure and meeting local needs. These changes primarily concern procedural and financial aspects such as the minimum allocation to be spent per category of projects.

<u>Component 2.9: Promotion of biodiversity and fight against drought</u>

Investment 1: Protection against droughts and floods of the city of Brno

Czechia requested to correct clerical errors in the description of the investment and of milestone 162 to reflect the initial intention with regard to the precise location and nature of the investment. The investment focuses on flood protection of the city of Brno in general and flood protection measures in the section of the river Svratka more specifically.

Investment 2: Rainwater management in urban agglomeration

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia proposed a change to target 163 with a reduction of volume of rainwater retained from 40 000 to 20 000 cubic meters. This is explained by the increase in prices of building materials and by the results of the call for interest which concluded that there is a higher demand for cost-intensive projects with lower contribution to rainwater retention.

Investment 3: Protected areas including Natura 2000 sites and protected species of plants and animals

Czechia requested to correct a clerical error in the description of the investment and of milestone 164 to better reflect the initial intention with regard to deliverables under this investment.

Investment 4: Adaptation of aquatic, non-forest and forest ecosystems to climate change

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia asked to use the resources freed up by the removal or revision of measures to increase the number of hectares of revitalization of watercourses from 4 to 68 hectares.

Reform 2: Development of landscape policy and planning

Czechia proposed a new reform with EUR 3.4 million estimated costs to develop an integrated landscape policy and planning. The policy shall ensure cross-sectorial coordination and multi-stakeholders' involvement. The reform is expected to promote the conservation and sustainable use of nature resources.

Component 2.10 Affordable Housing Reform

In accordance with Article 14 of Regulation (EU) 2021/241 Czechia proposed a new component to address the current and escalating housing availability crisis by boosting the supply of rental housing units at affordable prices which will be implemented through three investments via financial instruments.

In addition, in accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia proposed a new reform on the Housing Act to support the implementation of the aforementioned investments.

Component 3.2: Adaptation of school programmes

Investment 1: Development of selected key academic sites

In accordance with Article 21 (1) of Regulation (EU) 2021/241, Czechia proposed an increase in the allocation for the whole measure in order to compensate for inflation.

Investment 2: Tutoring of pupils

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to make changes in the description of the investment and target 183. Due to an unexpectedly tight labour market and unexpectedly high administrative burden, a better alternative was found where targeting of the measure is left to the schools and the impact of the measure is evaluated through an ex-post evaluation.

Component 3.3: Modernisation of employment services and labour market development

Investment 1: Development of labour market policies

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to broaden the eligible types of training providers on target 187 from Investment 1 (from employers to employers and professional or business associations). This would enable a better achievement of the target, since the initial description was too narrow in terms of training providers and there would be insufficient training capacity.

Investment 2: Increasing the capacity of childcare facilities

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested to postpone the deadlines by half a year for targets 189, 190 and 191, and to add flexibility on whether new facilities consist of other energy efficient renovations or new builds. The reason behind this change are supply chain issues, bottlenecks in the construction sector and inflation.

In addition, in line with Article (18)(2) of Regulation (EU) 2021/241, Czechia proposed a new target on childcare capacities including the Amendment of the Act on Social and Legal Protection of Children, the acquisition of housing for children at risk, and renovating or building facilities for children at risk.

Investment 3: Development and modernisation of social care infrastructure

In accordance with Article 21(1) of Regulation (EU) 2021/241, Czechia requested changes to targets 194, 195, 196 and 197.

For targets 194 and 195, Czechia proposed to lower the target, to broaden the type of facilities and postpone the deadline by half a year. In addition, an amendment to the UNCRPD Convention assessment was amended to make the assessment more efficient and still in line with the Convention. For targets 196 and 197, Czechia proposed to increase the allocation to take into account the increase of its financial contribution and to postpone the target by a year. This was done in order to add the possibility of buying more BEVs and fewer hybrids (i.e., overachieve the green target), while taking into account the supply chains issues in the automotive sector.

Component 4.1: Systemic support for public investment

In accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia proposed four new measures amounting to EUR 166.8 million to provide methodological support for the preparation of projects, to modernise the strategic framework and capacities in the area of public procurement, to support preparation of investment projects and to increase number of staff working on implementation of the Recovery and Resilience Plan in Czechia.

Component 4.3: Anti-Corruption reforms

Reform 1: Protection of whistle-blowers

The distribution of milestones and targets in instalments should be amended to take into account the new allocation, the amendments of the plan and the indicative timeline presented by Czechia.

Reform 4: Establishing rules for lobbying

The distribution of milestones and targets in instalments should be amended to take into account the new allocation, the amendments of the plan and the indicative timeline presented by Czechia.

Component 4.4: Enhancing the efficiency of public administration

Reform 1: Increased efficiency, pro-client orientation and the use of the principles of evidence-based decision-making in public administration.

In accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia proposed six new actions amounting to EUR 11 million to improve policy co-ordination and strategic planning at the centre of government, promote evidence-informed decision making and to attract and develop skills in the public service.

Component 5.2: Support for research and development in companies and introduction of innovations into business practice

Investment 2: Support for R&D cooperation (in line with the National RIS3 Strategy)

On the basis of Article 21(1) of Regulation (EU) 2021/241, Czechia has proposed to modify target 228 due to an identified better alternative in the implementation of the investment and following the actual interest in the call. The requested change brings the measure more in line with the actual implementation of the investment, including an increase of the number of the SMEs supported.

Investment 3: Aid for research and development in the field of the environment

On the basis of Article 21(1) of Regulation (EU) 2021/241, Czechia proposed to modify target 229 due to an identified better alternative in the implementation of the investment following the actual interest in the call. The requested change brings the measure more in line with the actual implementation of the investment, including an increase of the number of the projects supported.

Investment 4: Support for research and development in synergy effects with the Framework Programme for Research and Innovation

On the basis of Article 21(1) of Regulation (EU) 2021/241, Czechia has proposed to modify target 230 to remove the distinction in the budget distribution between the Seal of Excellence projects and the ERA NET Cofunds projects, to allow for a flexible re-distribution of the overall budget. This is due to the actual costs of the projects and interest in the calls identified after the relevant call announcements.

Investment 5: Aid for research and development in enterprises in line with the national RIS3 strategy

In accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia has proposed a new measure amounting to EUR 53.9 million to support R&D projects in line with the national RIS3 strategy. This contributes to addressing country-specific recommendation 3 2019 according to which Czechia shall remove the barriers hampering the development of a fully functioning innovation ecosystem and country-specific recommendation 3 2020, according to which Czechia shall ensure access to finance for innovative firms and improve public-private cooperation in research and development.

Investment 6: Aid for research and development in the field of transport

In accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia has proposed a new measure amounting to EUR 8 million to support R&D projects in the field of transport. This contributes to addressing country-specific recommendation 3 2019 according to which Czechia shall remove the barriers hampering the development of a fully functioning innovation ecosystem, and country-specific recommendation 3 2020, according to which Czechia shall ensure access to finance for innovative firms and improve public-private cooperation in research and development.

Investment 7: Aid for research and development in the field of environment

In accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia has proposed a new measure amounting to EUR 17.9 million to support R&D projects in the field of environment. This contributes addressing country-specific recommendation 3 2019, according to which Czechia shall remove the barriers hampering the development of a fully functioning innovation ecosystem, and country-specific recommendation 3 2020, according to which Czechia shall ensure access to finance for innovative firms and improve public-private cooperation in research and development.

Component 5.3: A strategically managed and internationally competitive R&D&I ecosystem

In accordance with Article 18(2) of Regulation (EU) 2021/241, Czechia has proposed a new reform which entails the strengthening of strategic intelligence capacities for the R&D&I policy in Czechia, the creation of a grant scheme supporting the involvement of research teams in international R&D&I support programmes, and the harmonization of procedural rules for granting public R&D&I support. No additional allocation is envisaged for this reform. This contributes to addressing the country-specific recommendation 3 2019, according to which Czechia shall remove the barriers hampering the development of a fully functioning innovation ecosystem.

REPowerEU Chapter

Component 7.1: Strengthening distribution networks and increasing their connectable power

Czechia has proposed a new component which aims to support the deployment of renewable energy projects by streamlining permit granting procedures.

Investment 1: Construction, strengthening, reconstruction and modernization of distribution systems

The proposed investment shall help to accommodate the expected increase in demand for integrating the intermittent renewables into the grid, in specific locations of distribution systems. At least 1777 MW of cumulative additional capacity for connection of renewable energy sources to the distribution networks in Czechia shall be achieved.

Investment 2: Development of new photovoltaic energy sources

The objective of this investment is to scale up measure 2.3.1 Investment: Deployment of Photovoltaics. The scaled-up part of the measure shall increase the installed capacity of sources of photovoltaic powers plants on the roof of companies' buildings.

Reform 1: Simplifying permitting procedures for renewables

The proposed reform shall remove the requirement to obtain a construction permit, a license to produce electricity, a grid connection authorization and a zoning consent decision for renewable power installations with a total installed capacity of up to 50 Kw.

The proposed reform shall simplify the permitting procedure for renewable energy installations with an installed capacity above 1 MW. Those installations shall be considered as of public interest, will benefit from a preferential treatment as regards zoning permits and building permits.

Reform 2: Accelerating and digitalizing permitting process for renewables

The proposed reform shall set differentiated, binding maximum deadlines for all relevant stages of the procedure based on the capacity. The duration of the entire permit granting process (including grid connection) shall not exceed two years for installations from 150 kW and one year for installations below 150 kW. For solar installations in artificial structures, the permit granting process shall not exceed one month. The reform shall establish a digital one stop shop, acting as single point of contact to help applicants throughout the entire permitting procedure.

Reform 3: Improving the predictability, transparency and availability of grid connection process

The objective of the proposed reform is to improve the use of available electricity grid capacity and to facilitate the connection of renewable energy sources to the grid and self-consumption.

Sub-measure 1: **Improve transparency of the grid connection procedure**

The reform aims to remove barriers to grid connection process introducing binding time limits for the grid connection procedures, taking into account requirements on the duration of the permit-granting process under EU law; reducing the duration of the assessment and contract from 30 to 15 days for distribution system operators (DSO) (including low, medium and high voltage) and from 60 to 30 days for Transmission System Operator (TSO) (high voltage).

The objective of the reform is also to address the challenges linked to the overbooking of available capacities while enhancing the accountability of the DSO.

Every month, the three regional DSOs shall publish a transparency map on their website including for each of their respective areas of operation, information on available grid connection capacities for new connections at all voltages levels, publish aggregated anonymized connection requirements of accepted and rejected requests.

Sub-measure 2: Regulatory incentives for electricity network operators to increase grid flexibility

The reform aims to revise the regulatory framework governing DSO/TSO investments and tariffs, in view of ensuring smooth integration of additional renewable energy sources into the Czech energy mix.

The reform shall contribute to the increase of the additional cumulative connection capacity of at least 8000 MW of renewable energy sources to the distribution networks in Czechia.

Component 7.2: Supporting the decentralisation and the digitalisation of the energy sector

Czechia has proposed a new component which aims to decentralise and digitalise the electricity sector through investment in data platform and reforms facilitating the uptake of new activities such as energy communities, flexibility and storage.

Reform 1: Energy communities

The objective of the reform is to establish a regulatory framework in view of incentivizing and facilitating the development of renewable energy communities. The reform shall introduce incentives for the development of energy communities and encourage activities they can engage in, such as collective production and consumption within the energy community framework.

Investment 1: Electricity Data Centre

The objective of the measure is to set up an Electricity Data Centre (EDC). The EDC shall manage a digital IT platform collecting data on generation, consumption and flexibility at one central location and providing technical services to enhance the security and reliability of the operation of the electricity system of the Czech Republic for the benefit of all market participants (including end customers). The creation of the EDC aims to support the creation of new market and activities and to enable energy sharing.

The EDC shall ensure the coordination, sharing and exchange of measured data as well as the matching and data processing related to the provision of flexibility, flexibility aggregation and electricity storage. It shall also provide services in the following areas: collection and provision of metering data, data evaluation for the purpose of energy storage, energy sharing, flexibility aggregation, balancing, grid scheduling, market registration, transmission of metering data, a network light traffic systems and master data registration. The access to technical functionalities provided by of the EDC information system shall be non-discriminatory and be open to all market participants. Customers, distribution system operator, electricity suppliers and electricity market operators shall be able to access data they are entitled to under the relevant applicable legislation.

Reform 2: Energy Storage and Non fossil flexibility framework

This measure aims to develop, approve and deploy a comprehension regulatory framework for flexibility services such as energy storage, demand response, aggregation that will be included in the LEX RES 3. The objective is to promote the development of innovative technical, technological and software solutions for energy flows optimization that will help ensure RES integration to the grid and enable the electricity system and grid to adjust to the variability of electricity generation and consumption across different time horizons**.**

Component 7.3: Comprehensive reform of the advisory system for the Renovation Wave in the Czech Republic

Czechia has proposed a new component which aims to streamline the process of renovation project preparation, increase the expertise and capacity in the area of energy efficiency renovations, raise awareness of energy poverty and available solutions, and ultimately increase the number and quality of residential renovation projects.

Reform 1: One-stop-shops for energy communities and energy efficiency renovations

The reform shall be implemented by conducting an evaluation of the pilot operation of three regional one-stop-shops which provide households, enterprises and the public sector with advice on energy efficiency renovations. The evaluation shall be formalised in a study which draws lessons learnt and recommends actions for improvement in the operation of regional one-stop-shops. The reform shall also include support measures towards the education and information of municipalities and citizens on the concept and advantages of energy communities, including the creation of one-stop-shops to provide technical support on regulatory, technical, financial and organisational aspects.

Reform 2: Data and methodological guidance for the advisory system

The reform shall be implemented by preparing data and methodological guidance to be used in the provision of advisory services for households. The methodological guidance shall include a module on energy poverty and how to advise vulnerable households.

Investment 1: Provision of advisory services to households

The investment shall be implemented by providing advisory services to at least 120 000 household, enterprise, or public sector projects via the regional one-stop-shops.

Investment 2: Awareness raising

The investment shall be implemented by conducting a nation-wide public awareness-raising campaign on energy poverty and the reduction of energy consumption.

Component 7.4: Green Skills

A new component has been proposed based on Article 18(2) of Regulation (EU) 2021/241, with the objective of supporting the adaptation of universities to changing needs of the labour market by promoting green skills development in study curricula. This will be done via establishing new study programmes, adding new courses to existing programmes and establishing lifelong learning courses. In addition, public universities will adopt new Sustainable and Green Transition Strategies and will propose the addition of strategic partnerships between public universities and a third party developing green skills.

Component 7.5: Decarbonisation of road transport

A new component has been proposed based on Article 21(c) of Regulation (EU) 2021/241 with the objective of increasing the uptake of zero-emission vehicles and the associated charging and refuelling infrastructure.

Reform 1: National Action Plan for Clean Mobility and deployment targets for zero-emission mobility

The proposed reform will revise the National Action Plan for Clean Mobility to make it fit for purpose, reflecting the goals of the EU Green Deal and the associated legislation. It will aim to promote an accelerated uptake of zero-emission vehicles of various vehicle types, in particular by setting out targets for the increase of registration of zero-emission vehicles between 2022 and 2026.

Reform 2: Tax measures in support of zero-emission mobility

The proposed reform will result in the revision of the Income Tax Act to provide two tax benefits for companies operating zero-emission vehicles. First, the Income Tax Act shall set out an accelerated depreciation for all zero-emission vehicles that will benefit reduce the tax burden of these vehicles. Second, the Income Tax Act will also be revised to allow for company in-kind benefits for company cars schemes that will primarily benefit zero-emission cars over low-emission and conventionally fuelled vehicles, giving an incentive for both employees and employers to opt for zero-emission cars.

Reform 3: Improving the regulatory framework for renewable hydrogen

The proposed reform aims to revise the Czech hydrogen regulatory framework for the hydrogen sector, notably by updating the Hydrogen Strategy. The reform will align the national framework with EU framework, prepare an action plan aiming to define public funding properties and timelines for launching calls, and prepare a list of legislation, secondary regulation, and technical norms that would need to be revised to provide appropriate enabling conditions for the hydrogen sector.

Reform 4: Enabling conditions for zero-emission alternative fuels infrastructure

The proposed reform aims to simplify and ease the construction, permitting process, and operation of electric charging infrastructure and hydrogen refuelling stations. The reform aims to revise the Construction Act to provide preferential treatment for chargers through simplified definition of building types. The reform shall also aim to adopt measures identified as enabling conditions under Reform 1 (the revision of the National Action Plan for Clean Mobility).

Reform 5: Incentivising zero-emission mobility through changes in highway vignette costs

The proposed reform aims to create an incentive for the uptake of zero-emission road vehicles, namely of passenger cars, light commercial vehicles, and vehicles above 4.25 tonnes, by differentiating and benefiting these types of vehicles over conventional vehicles and highway vignette fees. The reform aims to achieve these changes by revising the annual highway fees by increasing the fees by no less than 50% compared to 2022 baselines, as well as through implementing the revised Eurovignette Directive with voluntary aspects that would allow zero-emission trucks to benefit from a 75% discount of tolls compared to conventional vehicles.

Investment 1: Aid for purchase of vehicles – vehicles (electric, H2, bikes) for private companies (Scale-up of existing measure)

The proposed investment constitutes a scale-up measure of Investment 4 from component 2.4. The investment will result in 4555 vehicles, of which 4055 shall be zero-emission cars and vans, and 500 e-bikes. When taking the original measure and the nature of the scale up of the measure lies in the increase of zero-emission cars and vans by 500 units. The proposed investment amounts to EUR 32 million of estimated costs.

Component 7.6: Rail

A new component has been proposed under Article 21b based on a request of Czechia to transfer EUR 55 million from Brexit Adjustment Reserve (BAR).

Investment 1: Electrification of Brno Region

The proposed investment is for the electrification for the length of 9.9km of railway track. This is to be achieved through the electrification project 'Brno - Zástavka u Brna, stage 2', which is to be completed by Q2 2026. The proposed investment amounts to EUR 55.5 million.

Component 7.7: Simplifying environmental permitting processes and defining areas for the development of renewable energy sources

The purpose of this component is to simplify and streamline permitting processes related to the deployment of renewable energy generation projects.

Reform 1: Single Environmental Opinion

The objective of the measure is to introduce a single environmental opinion and support its implementation by the Czech administration. The reform on the Single Environmental Opinion is expected to simplify and streamline the environmental permitting process, including for renewable energy projects, while taking into account the environmental interests of nature and landscape conservation and the requirements under EU law as well as other international legal on public participation and access to justice in environmental matters.

Reform 2: Renewable acceleration areas

The objective of the sub-measure is to support the accelerated deployment of wind and solar power technologies in specific locations called renewables acceleration areas, with a total capacity of at least 2.5 GW. The reform aims to create the possibility for regions and municipalities to designate renewables acceleration areas for solar and wind power technologies, based on the principles of territorial development. Each participating area is to include targets installed capacity (MW) for wind and solar energy established for a region following a mapping of the areas necessary for national contribution towards the 2030 renewable target. The designation of renewables acceleration areas is to be implemented by Q3 2025 in most regions.

Table 1: New and modified components and associated costs

Component	Status	Costs (EUR million)
1.1: Digital services to citizens and businesses	Modified	126.9
1.2: Digital public administration systems	Modified	662.9
1.3: High-capacity digital networks	Modified	286.9
1.4: Digital economy and society, innovative start-ups and new technology	Modified	232.1
1.5: Digital transformation of enterprises	Modified	143.3
1.6: Acceleration and digitalisation of the building process	Modified	56.8
1.7: Digital Transformation of Public Administration	New	44.7
2.1: Sustainable transport	Modified	942.6
2.2: Reducing energy consumption in the public sector	Modified	411.3
2.4: Clean mobility	Modified	194.5
2.5: Building renovation and air protection	Modified	759.5
2.6: Nature protection and adaptation to climate change	Modified	514.8
2.7: Circular economy, recycling and industrial water	Modified	121.4
2.8: Brownfields revitalisation	Modified	130.9
2.9: Promotion of biodiversity and fight against drought	Modified	159.6
2.10: Affordable Housing Reform	New	358.0
3.2: Adaptation of school programmes	Modified	603.1
3.3: Modernisation of employment services and labour market development	Modified	985.2
4.1: Systemic support for public investment	New	152.7
4.4: Enhancing the efficiency of public administration	Modified	12.6
5.2: Support for research and development in companies and introduction of innovations into business practice	Modified	206.1
5.3: A strategically managed and internationally competitive R&D&I ecosystem	New	0
7. REPowerEU Chapter		
7.1: Strengthening distribution networks and increasing their connectable power	New	390.5
7.2: Supporting the decentralisation and the digitalisation of the energy sector	New	33.7
7.3: Energy consulting	New	168.5
7.4: School adaptation – Promoting green skills and sustainability in universities	New	42.1
7.5: Decarbonisation of transport	New	32.0
7.6: Electrification of railways and railway sector reforms	New	55.5
7.7: Simplifying environmental permitting processes and defining areas for the development of renewable energy sources	New	13.1

2.3 Other elements not covered by assessment criteria

Consistency with other initiatives

The previous description of consistency with other programmes as reflected in the previous Staff Working Document SWD(2021) 211 final, remains valid.

In addition, the RRP outlines its contribution to the European Year of Skills. The most prominent contribution to skills for school students and university students is provided by the labour market components and a new component in the REPowerEU chapter on green skills. The latter focuses on supporting education and training systems so that university students have access to quality and inclusive education on sustainability, climate change, environmental protection and biodiversity in order to strengthen the green transition and sustainable development. In particular, component 3.1 focuses on supporting the skills of young people so that they are equipped to respond to challenges linked to the digital transition of the education system, by strengthening digital literacy and computational thinking of pupils. Component 3.2 focuses on increasing the capacities of universities and adapting study programmes to new forms of learnings in specific the digital expertise and also on dealing with growing inequalities at the level of primary and lower secondary education. In addition, reforms and investments in both components 3.1 and 3.2 support the adaptation of schools to distance learning and with a focus on schools with a higher share of pupils with weak socio-economic backgrounds.

The measures in the REPowerEU chapter complement and are consistent with the Czech Hydrogen Strategy and the National Clean Mobility Action Plan, and will contribute to achieving the updated 2030 targets as set out in the forthcoming update of the Czech National Energy and Climate Plan.

National arrangements for the implementation of the plan

The description of the national arrangements for the implementation of the plan as reflected in the previous Staff Working Document SWD (2021) 211 final remains valid.

The introduction of dedicated support measures to strengthen the administrative capacity and, in particular, the staffing of the authorities responsible for implementing the RRF (from 217 to 470 by the end of 2024) under the new Component 4.1 'Systemic support for public investment' is expected to improve the effective monitoring and implementation of the RRP and it is assessed under the chapter on 'Milestones, targets, monitoring and implementation' of this document.

Gender equality and equal opportunities for all

The previous description of the Czech RRP's focus on gender equality and equal opportunities for all, as reflected in the previous Staff Working Document SWD(2021) 211 final, remains valid. In addition, the modified RRP includes new reforms and investments in the field of affordable housing, which are expected to improve equal opportunities for all.

Stakeholder consultation

The consultation on the initial intentions of the modified plan was launched at the meetings of the Committee for the RRP (established in May 2021) in June and December 2022. Subsequently, the component owners elaborated the reforms and investments in the modified plan and continued consultations with key national stakeholders in early 2023. Reforms and investments included in the modified plan were discussed with economic, social and territorial partners at the meetings of the Committee for the RRP in March and May 2023. Formal consultation took place during a week-long inter-ministerial consultation in May 2023, when government authorities, economic, social and non-governmental partners (such as the Confederation of Industry, the Chamber of Commerce, the Czech Banking Association, the Confederation of Employers' and Entrepreneurs' Associations, the Association of Independent Trade Unions and the Green Circle) had the opportunity to comment on the proposals. The modified plan includes an overview of the consultations with national stakeholders. It provides a timeline of the consultation process and some information on the results and how contributions were taken into account.

Implementation and digital security self-assessment

The description of the implementation and digital security self-assessment as reflected in the previous Staff Working Document SWD(2021) 211 final remains valid.

Cross-border and multi-country projects

Several measures included in the modified plan have a multi-country or cross-border dimension. In particular, the railway electrification, decarbonisation of road transport, energy savings in residential and public buildings are expected to reduce Czechia's energy demand and the reliance on fossil fuels. Other examples include the reforms on implementing a single environmental opinion and designating renewables acceleration areas, the investments in the reinforcement of electricity distribution networks, and the installation of photovoltaics sources, which have a cross-border effect since they will contribute to both the deployment and integration of renewable energy sources into the electricity network.

Communication strategy

The description of the communication strategy as reflected in the previous Staff Working Document SWD(2021) 211 final remains valid.

The communication activities for the key reforms and investments contained in the modified plan, will include:

- updates on the communication and media campaign, including on the REPowerEU chapter, and the state of play of their implementation;
- promotional activities on the occasion of the annual conference and requests for payment;
- communication activities through print, audiovisual and social media, including the main www.planobnovycr.cz website, direct communication via database or direct mailing, the use of social networks, and a final campaign to communicate the key reforms and investments implemented as well as the results and benefits of the plan.

State aid

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility. Union funds channelled through the authorities of Member States, like the RRF funds, become State resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[2]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Czechia in the recovery and resilience plan cannot be deemed a State aid notification. In as far as Czechia considers that a specific measure contained in the recovery and resilience plan entails de minimis aid or aid exempted from the notification requirement, it is the responsibility of Czechia to ensure full compliance with the applicable rules.

3. SUMMARY OF THE ASSESSMENT OF THE PLAN

3.1. Comprehensive and adequately balanced response to the economic and social situation

The modifications to Czechia's RRP further strengthen and confirm the previous assessment that the RRP is a comprehensive and adequately balanced response to the country's economic and social situation. The update of the Czech RRP makes use of an extensive array of sources of financing available from increased financial allocation under Article 18 of the RRF Regulation, REPowerEU financial contribution as well as some loan financing in order to increase the ambition of the already approved plan, in line with the increased need of a stronger response to the renewed economic challenges. The economic and social consequences of COVID-19 crisis have been further aggravated by Russian's unprovoked military aggression on Ukraine and the consequent energy crisis which led to a significant increase in inflation (HICP in Czechia reaching 14.8% in 2022, one of the highest in EU) and further challenges in terms of achieving the green and digital transition, maintaining a social equity when confronted with the high inflation, while ensuring further economic growth.

As a result, the update of the plan comes to further increase the ambition in several existing components and add new measures which address all the six pillars of the facility, including: (i) green transition due to the REPowerEU chapter, (ii) social and territorial cohesion with the new component 2.10 Affordable Housing, (iii) smart, sustainable & inclusive growth addressed in component extension 5.2 Support for research and development in companies, (iv) Policies for the next generation addressed in component 2.10 Affordable Housing, (v) Health, and economic, social and institutional resilience addressed in the new component 4.1 Systemic support for public

[2] Annex to the Communication to the Commission of 9 March 2023 on the Approval of the content of a draft for a Commission Regulation amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty; available at: https://competition-policy.ec.europa.eu/system/files/2023-03/GBER_amendment_2023_EC_communication_annex_0.pdf

investment, and (vi) Digital transformation addressed in extensions of components 1.2 Digital public administration systems or 1.3 High capacity digital networks.

Table 2: Coverage of the six pillars of the Facility by Czechia's RRP components

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, economic, social and institutional resilience	Policies for the next generation
1.1 Digital services for citizens and businesses		●	○	○	●	○
1.2 Digital public administration systems		●	○	○	●	○
1.3 High-capacity digital networks		●	○	○	○	
1.4 Digital economy and society, innovative start-ups and new technologies		●	●	○		
1.5 Digital transformation of enterprises		●	●			
1.6 Acceleration and digitalization of the building process		●		○	○	
1.7 Digital Transformation of Public Administration		●	○		○	
2.1 Sustainable and safe transport	●		○	○		
2.2 Reduction energy consumption in the public sector	●		○			
2.3 Transition to cleaner energy sources	●		●	○		
2.4 Clean mobility	○		●			
2.5 Building renovation and air protection	●		○	○		○
2.6 Nature protection and adaptation to climate change	○		○	○		
2.7 Circular economy, recycling & industrial water	●		●			
2.8 Brownfields revitalisation	●		●	○		
2.9 Promotion of biodiversity and fight against drought	○		○			
2.10 Affordable Housing Reform	○			●	○	○
3.1 Innovation in education in the context of digitalisation		●	●	○		●
3.2 Adaptation of school programmes		○	●	●		●
3.3 Modernisation of employment services and labour market development			●	●	○	●
4.1 Systemic support for public investment	○	○	○	○	●	○
4.2 New quasi-equity instruments to support entrepreneurship and development of the ČMZRB as a national level bank	●		●			
4.3 Anti-corruption reforms					●	
4.4 Enhancing the efficiency of public administration	○	○	○	○	●	○
4.5 Development of the cultural and creative sectors		○	●	○	○	
5.1 Excellent R&D in the health sector			●		●	
5.2 Support for R&D in companies and the introduction of innovations into business practice			●			●
5.3 Strategy intelligence-driven and internationally competitive research, development and innovation ecosystem			●			●

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, economic, social and institutional resilience	Policies for the next generation
6.1 Increasing resilience of the health system				○	●	
6.2 National plan to strengthen oncological prevention and care				○	●	
7.1 Strengthening distribution networks and increasing their connectable power	●		●	○		
7.2 Supporting decentralization and digitalization of the energy sector	●		●	○		
7.3 Comprehensive reform of the advisory system for the renovation wave	●		●	○		
7.4 School adaptation – Promoting green skills and sustainability in universities	●			○		●
7.5 Decarbonisation of transport	●		●			
7.6 Electrification of railways	●		○	○		
7.7 Simplifying decision-making processes and defining areas for the development of renewable energy sources	●		○		○	○

Key: "●" investments and reforms of the component significantly contribute to the pillar; "○" the component partially contributes to the pillar

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Taking into consideration all reforms and investments envisaged by Czechia, its modified recovery and resilience plan continues to represent, to a large extent, a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Czechia into account. This would warrant a ***rating of A*** *under criterion 2.1 in Annex V to the RRF Regulation.*

3.2. Link with country-specific recommendations and the European Semester

The addendum of the plan along with the REPowerEU chapter and the additional loan request, addresses a significant subset of challenges identified in the European Semester. As the maximum financial contribution for Czechia has been adjusted upwards, and as the size of the plan increased following an additional loan request intended to be used not exclusively for REPowerEU objectives, all 2022 and 2023 structural recommendations are considered in the overall assessment. The modifications to Czechia's RRP confirm and strengthen the previous assessment that the RRP is contributing to effectively addressing all or a significant subset of the country specific recommendations addressed to Czechia for the years 2019, 2020 and 2021, since

Czechia does reduce some investments in the digital component (in the area of digital economy and digital transformation of enterprises) but compensates with additional investments in public administration information systems or digitalisation of enterprises.

In 2023, Czechia was recommended to take action in 2023 and 2024 in four main policy areas. To begin with, Czechia was recommended to preserve nationally financed public investment and to ensure the effective absorption of RRF support and other EU funds, in particular to foster the green and digital transitions (CSR 1.2, 2022 and CSR 1.3 2023). For the period beyond 2024, Czechia was recommended to continue to pursue a medium-term fiscal strategy of gradual and sustainable consolidation, combined with investments and reforms conducive to higher sustainable growth, to achieve a prudent medium-term fiscal position and to take measures to ensure the long-term fiscal sustainability of public finances, including the sustainability of the pension system (CSR 1.4 and CSR 1.5 2023). The second recommendation consisted in accelerating the implementation of its recovery and resilience plan, also by ensuring an adequate administrative capacity, and swiftly finalise the addendum, including the REPowerEU chapter, with a view to rapidly starting its implementation (CSR 2, 2023). The third recommendation consists in strengthening the provision of social and affordable housing, including by adopting a specific legislative framework for social housing and improved coordination between different public bodies, as well as incentivising the construction of new housing units as well as the refurbishment of existing ones (CSR 3 2022 and CSR 3 2023). Furthermore, Czechia was recommended to reduce overall reliance on fossil fuels and diversify of fossil fuel imports, accelerate the deployment of renewables, streamline permit procedures and make grid access easier (CSR 4.2 2022, CSR 4.2 2023 and CSR 4.3 2023). Moreover, Czechia was recommended to increase the energy efficiency of district heating systems and of the building stock by incentivising deep renovations and renewable heat sources (CSR 4.4 2023). Finally, Czechia was recommended to promote the uptake of zero-emission vehicles and to boost the availability of high capacity charging and refuelling infrastructure through new reforms, as well as to step up policy efforts aimed at the provision and acquisition of the skills needed for the green transition (CSR 4.5 2023 and CSR 4.6 2023).

A set of new measures of the Czech plan, including the REPowerEU chapter, expand public investment for the green transition and for energy security (CSR 1.2, 2022). They include investments in the modernisation of electricity distribution grids, deployment of photovoltaics sources and advisory services for energy efficiency renovations. Such measures address the country specific recommendation CSR 3.4 2020 to promote private investment to foster the economic recovery.

New measures in the recovery and resilience plan contribute to improving the provision of social and affordable housing (CSR 3 2022 and CSR 3 2023). Under a new component 2.10, a reform through the Housing Act addresses the current and escalating housing availability crisis while mitigating the effects of the energy crisis by enabling the supply of a more energy efficient affordable housing stock. The reform is accompanied by three investments implemented via financial instruments. Their purpose is boosting the supply of rental housing units at affordable prices.

Various new measures of the REPowerEU chapter aim at reducing overall reliance on, and consumption of fossil fuels by accelerating the deployment of renewables, including through further streamlining permit procedures and making grid access easier (CSR 4.2 2023, CSR 4.3 2023 and CSR 4.2 2022). Investments in grid modernisation and digitalisation (Component 7.1) aim at reinforcing the electricity distribution networks and are backed by reforms which streamline and increase transparency of the grid connection process and introduce new grid tariffs. They are accompanied by legislative reforms (LEX RES 2 and LEX RES 3) under Component 7.2 establishing frameworks for energy communities, electricity sharing, data exchange, energy storage, aggregation and flexibility. A comprehensive reform of the advisory services for the renovation wave (Component 7.3) aims to increase the number and quality of energy efficiency renovation projects in residential buildings. Component 7.7 supports renewable energy generation towards administrative simplification. They foresee reforms on the designation of renewable acceleration areas, simplification of permitting procedures for small scale renewables installations (PV rooftop), acceleration and digitalisation of all RES permitting procedures, and the implementation of a single environmental opinion for renewable energy projects. They are accompanied by investments for the construction of new photovoltaic installations under the existing Component 2.5. A set of added measures focus on increasing the energy efficiency of district heating systems and of the building stock by incentivising deep renovations and renewable heat sources (CSR 4.4 2023 and CSR 4.3 2022). Component 7.3 includes a comprehensive reform of the advisory services system for energy efficiency renovations for households, enterprises and the public sector. The reform seeks to increase the number and quality of building renovations projects, and is supported by investments which will fund the provision of 120,000 advisory services, training of professionals for the Renovation Wave, and a nation-wide awareness-raising campaign on energy efficiency. A set of added measures aim at intensifying efforts to improve the sustainability of the transport system in line with CSR 4.5 2023, CSR 3.7 2020 and CSR 3.1 2019. Component 7.5 aims to address decarbonisation of road transport. It consists of 5 reforms and 1 investment which aim at incentivising the uptake of zero-emission road transport and sustainable transport infrastructure. Component 7.6 focuses on increasing electrification of rail networks in Czechia.

Many of the new measures help further address those country specific recommendations that are already addressed by the initial RRP. Additional measures that focus on strengthening the R&D ecosystem and supporting research and development in companies and introduction of innovations into business practice will address CSR 3.8 2020 to ensure access to finance for innovative firms and improve public-private cooperation in research and development and CSR 3.6 2019 to remove the barriers hampering the development of a fully functioning innovation ecosystem. Furthermore, a new Component 4.1 will support the administrative capacity for the implementation of the RRP and address CSR 3.3 2020 to front-load mature public investment projects and CSR 3.4 2019 to reduce the administrative burden on investment, as well as CSR 3.5 2019 to support more quality-based competition in public procurement. Finally, several new digital measures aim at extending online services for the implementation of social policies. They include digital services for end users in the social area, development information systems in social area, and an IPCEI Microelectronics and Communication Technologies. They address CSR 3.2 2020 to improve e-government.

Czechia's modified RRP continues to address the country specific recommendations (CSRs). The priorities of the plan are coherent with progress on the relevant country-specific recommendations. As a result of the proposed reforms and investments addressing the most imminent challenges to the Czech economy and society, the priorities of the plan focus on the relevant issues and are expected to contribute effectively to the resolution of these challenges.

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Taking into consideration the reforms and investments envisaged by Czechia, its modified recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and the modified recovery and resilience plan represents an adequate response to the economic and social situation of Czechia. This would warrant a ***rating of A*** *under criterion 2.2 in Annex V to the RRF Regulation.*

3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

As part of the modification of the RRP, Czechia has put forward further reforms aimed at strengthening the provision of affordable housing, improving childcare services, and the digitalisation of services to citizens and businesses. In particular, Czechia has proposed reforms in the area of renewable energy sources, including simplifying the linking of renewables to the grids as well as measures supporting energy communities and acceleration of areas for renewables. The modification of the plan also includes resources to financial instruments to incentivise affordable housing.

The REPowerEU chapter includes additional resources in the area of energy investment through investments focusing on the modernisation of electricity grids, the deployment of photovoltaic sources, and advisory support towards the renovation of private and public buildings, and the establishment of energy communities. These investments will stimulate the creation of green jobs. In addition, Czechia also commits to reforms on zero emission transport, in particular by deploying and simplifying permitting process for construction of electric charging stations and hydrogen refuelling stations and updating its Clean Mobility Action Plan. In view of reforms and investments put forward as part of the amendment of the RRP, the initial positive assessment of the impact of the plan on growth potential, job creation, and territorial and social cohesion, remains unchanged.

The mix of investments and reforms presented by Czechia is set to stimulate economic growth through multiple channels. In particular, measures in the area of housing are expected to make the largest contributions to economic growth and job creation.

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The nature and the extent of the proposed modifications to Czechia's recovery and resilience plan confirm and strengthen the previous assessment (Rating of A) of the plan's impact on the growth potential, job creation and economic and social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union, as reflected in the SWD(2021) 211 final.

3.4. The principle of 'do no significant harm'

The modified Czech recovery and resilience plan including the REPowerEU chapter is expected to continue to ensure that no measure included in the plan does significant harm to environmental objectives, within the meaning of Article 17 of the Taxonomy Regulation. None of the measures included in the REPowerEU chapter requires a DNSH derogation.

Czechia has conducted an adequate Do No Significant Harm (DNSH) assessment of all new measures under the revised plan as well as for all reforms and investments included in the component 19 (REPowerEU chapter). The DNSH assessment was performed in line with the methodology set out in the Commission's technical guidance on the application of DNSH under the RRF Regulation (2021/C58/01). It covers the six environmental objectives applying a two-step approach. The first step assesses whether there is a risk that a measure could do significant harm to one or more of the environmental objectives. In cases where the analysis identifies a risk, a more detailed assessment is performed. Based on information provided by the Czech authorities, there is either no risk of significant harm, or where a risk is identified, a more detailed assessment is performed demonstrating the absence of significant harm.

DNSH safeguards have been clarified and reformulated in the existing brownfields measures to facilitate its application, without reducing the ambition, namely the requirement on conservation of valuable biodiversity areas.

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*Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investments projects included in Czechia´s modified recovery and resilience plan, including its REPowerEU chapter, is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of 'do no significant harm'). This would warrant a **rating of A** under the assessment criterion 2.4 of Annex V of the RRF Regulation.*

3.5. Green transition

The measures of the REPowerEU chapter are expected to contribute to the green transition, or address the challenges resulting therefrom, as well as to the achievement of the Union 2030 climate targets while complying with the objective of EU climate neutrality by 2050. The measures are broadly split into five thematic areas: modernisation of the electricity grid, renewable energy, energy efficiency, zero emissions transport, and green skills.

The reforms and investments in grid modernisation and digitalisation (thematic area 1) aim at reinforcing the electricity distribution networks and are backed by reforms which streamline and increase transparency of the grid connection process and introduce new grid tariffs. The chapter also includes legislative reforms establishing frameworks for energy communities, electricity sharing, data exchange, energy storage, aggregation and flexibility.

The second thematic area concerns renewable energy and foresees reforms on the designation of acceleration areas for renewable energy sources, simplification of permitting procedures for small scale renewables installations, acceleration and digitalisation of all RES permitting procedures, and the implementation of a single environmental opinion for renewable energy projects. It also includes investments for the construction of new photovoltaic installations. In the third thematic area on energy efficiency the emphasis is on improving the energy efficiency performance of the building stock. There is one measure, a comprehensive reform of the advisory services for the renovation wave.

The fourth thematic area on clean mobility focuses on the decarbonisation of road transport. The measures include a revision of the Clean Mobility Action Plan, deployment targets for zero-emission vehicles (ZEVs), an investment as well as regulatory and tax incentives for the uptake of ZEVs, and easier permitting rules for the construction of charging stations and hydrogen refuelling stations. The fifth thematic area contains a reform and investments promoting green skills and sustainability in universities. The aim is to modernise the learning offer of public universities by creating new courses, study programmes, and lifelong learning opportunities focusing on green skills.

Climate target

On the basis of the assessment guidelines provided for in sub-criterion 5b, the measures in the modified RRP (including the REPowerEU chapter) supporting climate change objectives account for 42.9% of the plan's total allocation (i.e., above the 37% required), based on the methodology for climate tracking set out in Annex VI. The most important contribution to this target is the investment in the strengthening and modernisation of the electricity distribution system.

Additionally, the proposed measures within the REPowerEU chapter supporting climate change objectives account for 99% of the chapter's total estimated costs, based on the methodology for climate tracking set out in Annex VI. The most important contributions to this target are the investments in the modernisation of the electricity distribution grid, the provision of advisory services for energy renovation, and the deployment of solar photovoltaics generation.

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The nature and extent of the proposed modifications to Czechia's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the contribution of the plan to the green transition and to the climate target, as reflected in the previous SWD(2021) 211 final.

3.6. Digital transition

The modification of the plan maintains its ambition towards the digital transition. The modified RRP continues to significantly contribute to the digital transition of businesses, infrastructure, and public administration, and to fostering digital skills of the workforce, the pupils and the general population, with an expected lasting impact. The modified plan includes 52 investments and reforms included in the calculation of the digital target, totalling EUR 1 936 122 562 of contribution to the digital transition.

Several modifications increase the plan's allocation to the digital transition. These include a top-up of EUR 333.9 million to investment 3 under component 1.2, which increases its ambition in the number of public administration information systems with strengthened cybersecurity. In addition, 3 new measures have been introduced under existing components: investment 4 under component 1.1 (EUR 14.7 million) and investment 6 under component 1.2 (EUR 44.3 million), which introduce new online services for the implementation of social policies; and investment 4 under component 1.5 (EUR 46.5 million), which foresees financing of projects promoting research and innovation in microelectronics.

The modified plan also includes a new component contributing to the digital transition: 1.7, which includes 4 measures (EUR 44.7 million) that aim to accelerate the digitalisation of public administration.

The modified plan entails modifications to 33 existing measures contributing to the digital transition. These include a removal of 4 measures (investments 1, 3, 4, 13 under component 1.4) and a decrease in the cost allocation of 4 measures (investments 6, 7 under component 1.4, reform 1 and investment 3 under component 1.5). These modifications do not constitute reductions of the plan's allocation to the digital transition, as the freed-up funds are reallocated to other digital measures to strengthen their ambition or to compensate for inflation (reform 1 and investments 1, 2, 4 under component 1.3, investment 2 under component 1.4). Other modifications include shifts in the completion deadline, reductions in the target ambition due to objective circumstances without changes to the total cost estimate, as well as minor clerical corrections in the text of milestones or targets, all of which do not affect the plan's allocation to the digital transition.

None of the measures included in the REPowerEU chapter were identified as contributing to the digital transition.

All other milestones and targets contributing to the digital transition remain unchanged. Therefore, based on the methodology set out in Annex VII of the RRF Regulation, the contribution to digital objectives accounts for 22.80% (excluding the measures in the REPowerEU chapter). This is an increase of 0.68 percentage points compared to the original plan.

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*Taking into consideration the assessment of all the measures envisaged, the modified recovery and resilience plan is expected, to a large extent, to make a significant contribution to the digital transition or to address the challenges resulting from it and ensures that **at least 20%** of its total allocation (excluding the measures in the REPowerEU chapter) contributes to supporting digital objectives. This would warrant a **rating of A** under criterion 2.6 of Annex V to the RRF Regulation.*

3.7. Lasting impact of the plan

The modified RRP plan does not reduce the ambition of the initial plan as a whole. It takes into account the prolonged impact of the COVID-19 crisis, inflation and supply chain disruptions, as well as some unexpected legal or technical difficulties or the availability of better alternatives for the implementation of some measures by modifying measures in accordance with Article 21(2) of Regulation (EU) 2021/241. It also includes new and scaled-up measures as a result of the increase in the financial contribution and the up-take of loans and includes a new REPowerEU chapter. These additional measures, together with the existing measures, are expected to have lasting positive effects on the Czech economy and further boost its green and digital transition.

Twenty-seven new or enhanced reforms included in the modified RRP are expected to have a long-lasting impact on Czechia. Furthermore, the Act on Affordable Housing shall be adopted to increase housing affordability – one of the lowest in the EU. Finally, to support children's development, the placement of children into institutional care under the age of four shall be banned. In addition, Czechia will also strengthen its administrative capacity by a number of actions financed under components 4.1 and 4.4, focused both on implementation of the RRP and a wider set of public policies. Czechia will also adopt steps to improve the R&D ecosystem, which include, for instance, the adoption of a new methodological guideline to harmonise the conditions for granting public support for research. Additionally, the REPowerEU chapter includes 15 new reforms to modernise and digitise the electricity grid, simplify permitting procedures and decision-making for renewable energy sources, electrify railways, decarbonise road transport, improve the advisory services for the renovation wave, and promote green skills in universities. These REPowerEU measures will have a lasting impact on Czechia's electricity and transport systems and contribute to job creation in the renewables and building renovations sectors.

New investments included in the modified RRP are expected to have a long-lasting impact on Czechia. These investments introduce or enhance 27 measures related to cybersecurity and modernisation of public administration, supporting access to financing for companies, supporting development of microelectronics under the IPCEI initiative, boosting the supply of affordable housing, supporting R&D projects in the environmental field and in the field of transport, as well as by stimulating private investments with venture capital fund for strategic technologies. The REPowerEU chapter includes investments which aim to hasten the development and take-up of renewable energy generation and its dedicated infrastructure.

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The nature and extent of the proposed modifications to Czechia's recovery and resilience plan do not have a material impact, and rather confirm and strengthen the previous assessment (rating of

A) of the lasting impact of the measures proposed by Czechia, as reflected in the previous SWD(2021) 211 final.

3.8. Milestones, targets, monitoring and implementation

The milestones and targets of the modified Czech RRP enable an adequate monitoring of the plan's implementation. Be it under article 18 of the RRF Regulation or the new REPowerEU chapter, each of the new reforms and investments introduced under the revised RRP includes at least one target and/or milestone that contains the key elements of the measure and allows for the assessment of the achievement of its objectives. The modified RRP includes a set of 102 new milestones and targets, including 48 under the new REPowerEU chapter. Milestones set for reforms are based on the achievement of decisive steps in the implementation process, such as the adoption of revised actions plans and strategies, the entry into force of legal acts, the entry into operation of digital applications or the publication of evaluation studies. These milestones are clear and realistic as they reflect decisive steps towards the complete implementation of each reform.

The performance of the investments included in the new components and REPowerEU chapter will be assessed on the basis of the achievement of multiple milestones and targets monitored by each public entity in charge of implementing the measures and capturing the key implementation stages of each investment. The targets chosen – some of which build on existing targets for scaled up measures - are consistent with the objectives, cost estimates and implementation schedule of each measure and quantified by specific indicators reflecting the result of the works undertaken (for example, the new capacity of photovoltaic energy sources installed and put into operation).

The adjustments made to the plan's original milestones and targets under Article 21 of the RRF Regulation do not affect the plan's overall level of ambition and are expected to contribute to its timely delivery by addressing current implementation challenges.

The arrangements proposed by Czechia in the initial RRP were considered the minimum (rating B) necessary to ensure effective monitoring and implementation of the RRP and complemented by reinforcing measures to address remaining weaknesses regarding the prevention, detection and correction of conflicts of interest through a set of dedicated milestones to be fulfilled before the first payment request. All these milestones were subsequently fulfilled and positively assessed by the Commission as part of the first payment request, as reflected in COM(2023)1792 (see section 3.9 on audit and control below for a more detailed analysis).

The introduction of dedicated support measures to strengthen the administrative capacity and, in particular, the staffing of the authorities responsible for implementing the RRF (from 217 to 470 by the end of 2024) under the new Component 4.1 'Systemic support for public investment' is expected to improve the effective monitoring and implementation of the RRP.

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For all these reasons, the arrangements proposed by Czechia in its modified recovery and resilience plan are expected to be adequate to ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and *the related indicators. This would warrant **a rating of A** under the assessment criterion 2.8 of Annex V to the RRF Regulation.*

3.9. Costing

Czechia has provided individual cost estimates for all investments and reforms included in the recovery and resilience plan for which funding through the facility is requested. Overall, for the new or modified measures, Czechia has submitted sufficient evidence and explanations for the cost estimates to be considered reasonable and plausible and information regarding the additionally with other Union funds has also been provided. The costs can be considered commensurate and in line with the principle of cost efficiency.

Reasonable costs

Based on the assessment of individual cost estimates and related supporting documents, the cost estimates for most of the measures in the plan are deemed reasonable. Measures representing a significant majority of the plan are rated as "reasonable" to a "high" or "medium" extent. For the majority of the new of measures included in the plan, Czechia provided sufficient information and evidence on costs, based on the template tables, backed up by descriptions of the methodology used, the cost calculations as well as the budgetary implications of the measure. For the modified measures where the revision had an implication regarding costs, Czechia provided sufficient information and evidence of the impact of the changes on the costs allocated, including adjustments of the unit costs due the effect of the high inflation or based on more recent costs resulting from completed tenders or responses from market actors.

The reforms and investments included in the plan comply with the eligibility criteria set out in the Regulation. Based on the information provided by the authorities, costs supported under the RRF are incurred only for reforms and investments implemented after 1 February 2020 or 1 February 2022 for REPowerEU chapter measures, exclude value-added tax (VAT), and do not substitute recurring national budgetary expenditure. Costs that could have a recurring nature are included in the plan only to a limited extent and for duly justified exceptions, in accordance with Article 5(a) of the Regulation. For instance, salaries are only supported by the plan if they are of temporary nature and inherently and directly linked to the outcome of the measure (e.g., salaries of trainers for the implementation of upskilling programmes, salaries of researchers involved in R&D projects). The new component 4.1 (Systemic support for public investments) has been added in order to centralize all administrative costs related to RRF projects implementation and assure a legal structure of temporary nature covering eventual employees costs needed for implementation of these projects. Some of the measures explicitly provide reassurance for compliance with the eligibility criteria, while for the rest there is no indication that the costs incurred may be incompatible with the eligibility criteria of the RRF.

The costs in the Czech recovery and resilience plan have been estimated based on several methodologies. For the newly introduced measures, the costs have been calculated using bottom-up approaches, with reference to market prices or prices of similar units in past investments for the key cost drivers, or from cost estimates derived from the costing data of similar investments carried out in Czechia or in other Member States. For the updated measures where the revision had an implication regarding costs, the update is either based on adjustments of the unit costs due the effect of the high inflation in the sector, or on the results of tenders conducted for current similar projects or even of the results of the tenders for the exact same project where its implementation has already started. For demand-driven schemes, where final recipients must submit applications for intended projects, ex-ante cost estimations are less precise than in the case of measures, where the type and nature of projects is clearly defined upfront. For the former, the authorities have provided a target in terms of recipients and the overall amount to be spent, often supported by evidence that the costs of the measure are in line with the investment absorption capacity of the sector. The Czech authorities did not provide an independent validation for any of the cost estimates proposed.

Most of the cost estimates rely on an understandable methodology, which is based on underlying assumptions. For some measures, however, the methodology is not sufficiently substantiated and the link between the justification and the estimated costs is not clear enough to deem the costs reasonable. Furthermore, for several measures, it cannot be fully guaranteed that the comparability with past projects is fully assured and that the assumptions and adjustments are appropriate. This aspect and the lacking validation of the cost estimates by an independent public body are the main reasons preventing the plan from receiving a high rating on reasonability.

Plausible costs

Based on the assessment of individual cost estimates and related supporting documents, most of the measures in the Czech plan are deemed plausible at least to a medium extent. Measures representing a significant majority of the plan are rated as “plausible” to a “high” or “medium” extent. For most of the new measures added to the plan, the Czech authorities have provided reference costs including historical or comparative data for the cost drivers, for example results of previous investments or tenders. For the updated measures where the revision had an implication regarding costs, the update is plausible when considering the high inflation in the sector, or considering the results of tenders conducted for similar projects or the project itself in case where the tendering has already started.

In some cases, adjustments to comparative costs have been made, ensuring the comparability of the projects financed under the RRF with past projects. Nevertheless, the exact comparability of these projects cannot be established in all instances, in particular, for the case of demand-driven schemes. Whilst factoring in the limitations of ex-ante costing approaches, the lack of complete comparability is the major a reason preventing the plan from receiving a high rating on plausibility.

No double Union financing

For the majority of measures in the plan, the Czech authorities have provided additional information on whether the measure or similar measures receive funding from other EU sources. For the very limited number of measure where other EU financing is envisaged, the name of the programme and information on the amounts covered has been provided. In many cases, the exact same measure is not covered by other EU funds, but other EU funds provide financing for similar measures or areas of intervention. In these cases, the authorities have provided explanation about the complementarity of the projects and information on the delineation was provided, based on differences in the timing of the funding or the nature of the intervention.

Commensurate and cost-efficient costs

The amount of the estimated total costs of the plan is commensurate to the expected social and economic impact of the funded measures and in line with the principle of cost-efficiency. The modified plan is further increasing the ambition of the initial plan to address a significant subset of challenges identified in the country-specific recommendations (CSRs), previous Semester country reports, as well as recommendations monitored through the Social Scoreboard (see Annex 14 of the 2023 Country report - Czechia[3]). The plan contains several measures that aim to foster economic growth and economic cohesion in an inclusive manner. It is addressing weaknesses of the Czech economy, boosting the growth potential, stimulating job creation, and mitigating the adverse effects of the crisis. This is visible in measures that sustain the acceleration of digitalisation of the public administration and thus addressing an important investment barrier, measures related to the green transition, which provide a new source of economic growth while allowing phasing out polluting industries, or measures to support the financing of SMEs, research and development, and highly innovative projects. The newly added REPowerEU chapter aims to significantly boost the capacity of the economy to withstand an energy crisis thus further accelerating the green transition. Moreover, the plan contains measures that aim to strengthen social cohesion, including policies aiming at the integration of the most vulnerable groups in the labour market. This is visible in measures destined at upskilling and reskilling the workforce, and measures to improve the participation of women into the labour force. As a result, even though the plausibility and reasonability of the cost estimates can only be considered medium, the positive expected impact of the plan on the Czech economy and society warrants a high rating in terms of commensurability and cost efficiency.

The justification provided by Czechia on the amount of the estimated total costs of the recovery and resilience plan is to a medium extent reasonable and plausible, it is in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.

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*The nature and extent of the proposed modifications to Czechia's recovery and resilience plan do not have a material impact on the previous assessment (**rating of B**) of the reasonability and plausibility of the costs, their additionality, and that they are in line with the principle of cost efficiency and commensurate to the expected social and economic impact of the modified plan, as reflected in the SWD(2021) 211 final.*

3.10. Controls and audit

The internal control system described in the initial RRP remains in force and applies to all measures, regardless of the source of funding. The outline of the internal control system has a clear

[3] https://economy-finance.ec.europa.eu/system/files/2023-05/CZ_SWD_2023_603_en.pdf

structure. Control actors are identified across all levels and the national set-up for the RRF internal control system consists of two levels:

a. Management verifications carried out by the implementing bodies and coordinating body; and

b. Audits carried out by the national audit body.

The Managing Council of the national recovery and resilience plan is the highest decision-making and approval body with the responsibility for the overall coordination and monitoring of the Plan. Payment requests have to be approved by this committee. The Ministry of Industry and Trade, as the central coordinating body for the RRF and its implementation, is responsible for the coordination, monitoring and reporting of the Plan and is the main point of contact for the Commission. This body is also responsible for the preparation of payment requests and management declarations.

The main responsibility for the first level of the control system lies with the implementing bodies. Implementing bodies are responsible for (i) the overall management of the particular component; (ii) verification of the compliance of implemented measures with applicable Union and national law; and (iii) verification of the progress in achievement of defined milestones and targets.

The second level of the control system is entrusted to the audit body – Department 52 – at the Ministry of Finance. The audit body is functionally and organizationally independent from the Coordinating body and the Implementing bodies. The audit body verifies whether (i) the Plan is implemented in compliance with applicable Union and national law; (ii) internal control systems provide adequate assurance that defined milestones and targets have been achieved; and (iii) mechanisms to prevent, detect and correct serious irregularities and avoid double funding are working efficiently. The audit approach includes (i) system audits to provide reasonable assurance that the system functions effectively and prevents, detects and corrects irregularities; and (ii) substantive testing to verify that defined milestones and targets have been achieved at the project level. A specific audit and control milestone on RRP audit strategy (M211) was assessed as satisfactorily fulfilled under the first request for payment submitted by Czechia, as reflected in COM(2023)1792.

Adequacy of control systems and other relevant arrangements

Concerning the prevention and detection of serious irregularities, the Plan provides a general description of the national procedures and measures. The regular risk analysis (including fraud risk analysis) shall be carried out by the coordinating body and component owners on annual basis. Moreover, all bodies involved in the implementation of the Plan follow national anti-corruption strategy. The initial Plan also clarifies that the data mining and risk scoring tool Arachne shall be used for the verification of the absence of conflict of interest, fraud, corruption and, where relevant, double funding.

Czechia's initial RRP includes eight milestones on audit and control, which were assessed as satisfactorily fulfilled as part of the first payment request, as reflected in COM(2023)1792.

The initial Plan provides that that implementing bodies are responsible for the collection and storage of data on final recipients, contractors, sub-contractors and beneficial owners in line with requirements of Article 22(2), point (d) of the RRF Regulation. For this purpose, milestone M207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners; and milestone M210 on repository system were assessed by Commission services as satisfactorily fulfilled. Furthermore, the repository system was audited by the Commission audit No. CZ-Q3 2022-PFIU on protection of the financial interests of the Union carried out in September 2022. The repository system of RRP implementation is decentralized and there are several IT systems used by the implementing bodies in which the data are collected and stored. This data is later uploaded to the umbrella repository system (AIS) upon preparation of the payment request to the Commission.

An assurance that the application of beneficial ownership in the context of the RRF internal control system and the procedure describing the collection and storage of this data are fully aligned with the definition of 'beneficial owners' as defined by Article 3, point 6 of Directive 2015/849 was obtained through the milestone M212 on the compliance review, which was assessed by the Commission services as satisfactorily fulfilled under the first payment request.

As per Article 22(2), point (b) of the RRF Regulation the Member States shall take appropriate measures to prevent, detect and correct conflict of interests as defined in Article 61 of the Financial Regulation. For this purpose, as part of milestone M213, a Guidance on the avoidance and management of conflict of interests and Red Flags Methodological Guidance for the implementing bodies and other bodies implementing reforms and investments were issued by the coordinating body. Furthermore, the milestone M208 ensured a creation and implementation of an action plan on the administrative system of the coordinating body, in particular, as regards sufficient and systemic prevention of the conflict of interest in the context of the RRF. A follow-up audit was carried out by the audit body confirming the implementation of the action plan (the report by the audit body issued on 13 October 2022), satisfactorily fulfilling the milestone M209.

Adequacy of arrangements to avoid double EU funding

The Czech authorities recognize that there are risks in respect of funding from several EU and national sources. The Czech authorities use the following mechanisms and tools to address double funding: (i) ex-ante trainings and guidance provided to the final recipients; (ii) systematic segregation of funds; (iii) double funding verification before the Grant agreement is concluded; (iv) declarations of honour; and (v) use of various European and national registers. The fact that the Implementing bodies for RRF are also involved in the implementation of ESI Funds gives prerequisite for cross-checking the data with traditional ESI Funds management systems and avoid double funding. Following the submission of the revised RRP, Czechia provided further information on complementarity of funding and measures to avoid double funding for the RRP including the REPowerEU chapter.

Legal empowerment and administrative capacity of control function

The legal mandate of the bodies involved in the implementation of the Plan, the description of their tasks and responsibilities was adopted in the Government resolution No 467 on 17 May 2021.

The implementing bodies are defined in the initial Plan. The coordinating body is responsible for the preparation and submission of the payment requests. The Managing Council is responsible for the approval of requests for payment. The audit body is responsible for the drawing up of the summary of audits, which is signed by the head of the audit body. The administrative capacities of the coordinating body, implementing bodies and audit body is expected to increase from current 240 FTE to total 470 FTE by the end of 2024 as part of the newly added Component 4.1 'Systemic support for public investment'.

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The arrangements proposed by Czechia in the modified recovery and resilience plan to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from the Facility and other Union programmes, are assessed to be adequate. This would warrant a rating of A under the assessment criterion 2.10 of Annex V to the RRF Regulation.

4. COHERENCE

The modified RRP presented by Czechia is structured in 37 coherent components, that support the objective of stimulating the economy and mitigating the socio-economic impact of the COVID-19 pandemic, which has been further aggravated by high inflation, energy crisis and Russia's war of aggression against Ukraine. On the top of the original 26 components, Czechia proposes 11 new components, out of which seven represent the REPowerEU chapter. These components show synergies with the rest of the plan, in particular, those related to the green transition.

Mutually reinforcing measures

The modifications to the RRP do not negatively alter the components' coherence, nor the coherence of the plan as a whole. They do not alter the way they are mutually-reinforcing. The additional REPowerEU chapter is fully in line with the measures deployed under the initial RRP to support the green transition and further increases their ambition.

The REPowerEU chapter is built around a consistent package of both reforms and investments that are mutually reinforcing to support the modernisation of electricity grid, the generation of renewable energy, the promotion of energy efficiency renovations, the promotion of clean mobility, and the development of green skills. The reforms are expected to reinforce the investments in the REPowerEU chapter, but they also support the implementation of measures set in the original plan.

Moreover, the new and updated components on efficiency of public administration and systemic support to public investment reinforce the implementation capacity and project preparation of investments and reforms included in the RRP.

Complementarity of measures

The modifications made to the existing 26 components of the RRP do not negatively alter the complementarity of these components. The new and updated components complement each other and the original ambition of the plan. Notably, the new component on the digital transformation of public administration expands the efforts of the RRP to digitalise public administration and the new component on competitive research and development ecosystem complements the research measures embedded in the plan.

Lastly, the REPowerEU reforms and investments complement the efforts of the RRP on green transition, especially in renewable deployment and distribution electricity networks. Yet the the complementarity effect of measures remained limited in other parts of the plan such as the energy efficiency renovations and electrification of rail. Further actions in these fields have been identified, which would have complemented and further reinforced the existing measures supporting the green transition in the RRP. Czechia decided to finance such measures from different sources, therefore they could not have been taken into account for the assessment of the RRP.

The plan does not present inconsistencies or contradictions between the different components. In order to promote wider coherence across instruments, notably with the European cohesion policy funds, a balanced territorial allocation of resources is encouraged.

The nature and extent of the proposed modifications to Czechia's recovery and resilience plan do not have a material impact on the previous assessment (rating of B) of the coherence of the actions proposed by Czechia, as reflected in the previous SWD [2021 211 FINAL].

4.1. REPowerEU

The implementation of the measures included in the five thematic areas (Investments in grid modernisation and digitalisation; Renewable energy generation; Energy efficiency; Clean mobility; Promoting green skills and sustainability in universities) of the Czech REPowerEU chapter is expected to contribute directly to supporting the objectives in Article 21c(3) of Regulation (EU) 2021/241. In terms of the expected impact, the proposed measures will help reduce the reliance on fossil fuels and will contribute to the overall energy security and diversification of the Union's energy supply.

The new investment in modernisation of distribution systems aims to secure the technical grid capacities for the connection of new renewable energy sources, contributing to address energy distribution bottlenecks (Article 21c(3), point (e)). It is accompanied by several reforms addressing permitting barriers that will directly respond to this objective: the reform on improving the transparency and availability of grid connection, the reform of grid tariffs and the reform connection procedures will accelerate the grid connection process.

The reforms and investments foreseen as part of components 7.1 (Strengthening distribution networks) and 7.2 (Decentralisation and digitalisation of energy) will contribute notably to the

REPowerEU objective described under Article 21c(3), point (b)): the simplification of permit granting procedures for renewable energy sources and the designation of renewable acceleration areas, as well as the implementation of single environmental opinion will increase the share and accelerate the deployment of renewable energy in Czechia. The adoption of regulatory frameworks for new activities such as energy communities, storage, flexibility assets and active customers will contribute to the decentralisation and greening of the Czech energy system, in line with the objectives defined in Article 21c(3), point (b).

The investments in the construction of photovoltaic sources and the electricity data centre will also contribute lowering Czechia's dependency on fossil fuel imports. All these measures are expected to have a long-lasting impact. The reform and two investments in green skills and sustainability programmes in universities aim at modernising the learning offer of public universities by creating new study programmes, new courses in existing programmes, and new lifelong learning courses, all focusing on green skills, in line with the objectives defined in Article 21c(3), point (f).

The REPowerEU chapter addresses energy poverty and energy efficiency through the extensive reform of the advisory services for the renovation wave which aims to increase the number and quality of residential renovation projects. The improved advisory services will help households prepare their renovation projects and apply for available funding to implement the projects.

The measures on decarbonising transport primarily tackle issues with deployment of zero-emission road transport and infrastructure in Czechia, thus contributing towards the decreased use of fossil fuels in the sector. The road transport reforms namely include the revision of Czechia's Clean Mobility Action Plan and its implementation through a target for the deployment of new zero-emission vehicles (ZEVs), tax measures to incentivise the uptake of ZEVs by companies, changes of highway vignette fees to incentives ZEVs over conventional vehicles, and easier permitting rules for construction of charging stations and hydrogen refuelling stations The reforms are accompanied by a scale up of existing investment component 2.4 in deployment of zero-emission cars, vans, and cargo e-bikes for companies. The REPowerEU chapter also addresses the objective of electrifying of rail infrastructure, namely by including an investment in electrifying line Brno-Zastávka u Brna.

During the preparation of the modified RRP including the REPowerEU chapter, Czechia benefited from support through Regulation (EU) 2021/240 of the European Parliament and the Council of 10 February 2021 establishing a Technical Support Instrument ('Support to REPowerEU'). Stakeholders were involved in the preparation of the report between July 2022 and February 2023, which provided input for the design of the measures under the REPowerEU chapter. In November 2022, the Government adopted Resolution No. 924, on the revision of the RRP, including the inclusion of the REPowerEU chapter. The consultation on the initial intentions of the REPowerEU chapter was initiated at the meeting of the Committee for RRP in December 2022. Subsequently, the component owners elaborated the reforms and investments in the REPowerEU chapter and continued consultations with key national stakeholders in early 2023. Reforms and investments included in the REPowerEU chapter were discussed with economic, social and territorial partners at the meetings of the Committee for RRP in March and May 2023. Formal consultation on the REPowerEU chapter took place during a week-long inter-ministerial consultation in May 2023, when government authorities, economic, social and non-governmental partners (such as the Confederation of Industry, the Chamber of Commerce, the Czech Banking Association, the Confederation of Employers' and Entrepreneurs' Associations, the Association of Independent Trade Unions and the Green Circle) had the opportunity to comment on the revised proposals. The REPowerEU chapter includes an overview of the consultations with national stakeholders. It provides a timeline of the consultation process and some information on the results and how contributions were taken into account.

The REPowerEU chapter is expected to have a lasting impact by accelerating the green transition and decreasing the dependence on fossil fuels (including sizeable imports from Russia), as well as by boosting growth and jobs. The implementation of reforms and investments is expected to deliver particular benefits through accelerating the rollout of renewable energy in Czechia, increasing the renewable energy capacity and including sizeable investments into the electricity, improving the energy efficiency of buildings, boosting the deployment of sustainable modes of transport and laying regulatory groundwork for uptake of more zero-emission vehicles in this decade.

In terms of the overall consistency and complementarity with other policy instruments, the new measures under the REPowerEU chapter were prepared in parallel with the update of the Czech National Energy and Climate Plan 2021-2030 and the measures included in both documents are complementary. Additionally, the plan, including all new reforms and investments, is compatible with the Modernisation Fund and the Partnership Agreement of Czechia for the programming period 2021-2027, which defines the procedures for ensuring the complementarities between Czech support instruments financed from the RRF and the ESIF.

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030. This would warrant a ***rating of A*** *under criterion 2.12 of Annex V to the RRF Regulation.*

4.2. Cross-border or multi-country dimension or effect

Most measures included in Czechia's REPowerEU chapter have a multi-country or cross-border dimension. The total allocation for cross-border investments amounts to EUR 605.8 million, corresponding to 82.4% of the estimated cost of the REPowerEU chapter.

The measures with the biggest contribution to the target are the investments in modernisation and reinforcement of electricity distribution systems, the provision of renovation advisory services, and the scale up measure on construction of photovoltaics sources. These measures have a cross-border effect as they will contribute to both the deployment and integration of renewable energy sources into the electricity network.

The implementation of the reform of the advisory services on energy renovations is expected to reduce Czechia electricity demand and the reliance on fossil fuels.

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Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border or multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V to the RRF Regulation.

REPowerEU measure	Costs (EUR million)	Contribution to the target in %
33 - 7.1 Strengthening distribution networks and increasing their connectable power - 7.1.3 Construction, strengthening, reconstruction and modernization of distribution systems	282.0	52.31%
33 - 7.1 Strengthening distribution networks and increasing their connectable power - 7.1.4 Development of new photovoltaic energy sources	108.6	20.1%
34 - 7.2 Supporting decentralisation and digitalisation of the energy sector – 7.2.2 Energy data center	33.7	6.2%
35 - 7.3 Energy consulting - 7.3.1 Comprehensive reform of consultancy for the renovation wave in the Czech Republic	168.5	31.2%
42 - 7.7 Simplifying decision-making processes and defining areas for the development of renewable energy sources - 7.8.1 Implementation of the Single Environmental Opinion	5.5	1.%
42 - 7.7 Simplifying decision-making processes and defining areas for the development of renewable energy sources - 7.8.2 Defining renewables acceleration areas	7.6	1.4%
Total	**605.8**	**82.4%**

ANNEX I: CLIMATE TRACKING AND DIGITAL TAGGING

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
1.1.1	1.1 Digital services to citizens and businesses - 1.1.1 Digital services for end-users	40.0			011	100%
1.1.2	1.1 Digital services to citizens and businesses - 1.1.2 Development of open data and public data fund	6.4			011	100%
1.1.3	1.1 Digital services to citizens and businesses - 1.1.3 Conditions for quality data pool management and ensuring controlled data access	2.5			011	100%
1.1.4	1.1 Digital services to citizens and businesses - 1.1.4 eHealth services	55.9			013	100%
1.1.5	1.1 Digital services to citizens and businesses - 1.1.5 Digital services for justice	7.4			011quater	100%
1.1.6	1 - 1.1 Digital services to citizen and businesses - 1.1.6 Digital services for end-users in social area	14.7			011	100%
1.2.1	1.2 Digital public administration systems - 1.2.1 Developing and improving individual information systems	36.6			011	100%
1.2.2	1.2 Digital public administration systems - 1.2.2 Developing of core registers and facilities for eGovernment	101.5			011	100%
1.2.3.1	1.2 Digital public administration systems - 1.2.3.1 Cybersecurity	169.4			021quinquies	100%
1.2.3.2	1.2 Digital public administration systems – 1.2.3.2 Cybersecurity	278			021quinquies	100%
1.2.4	1.2 Digital public administration systems - 1.2.4 Centers of competence for supporting eGovernment, Cybersecurity and eHealth	14.3			013	100%
1.2.5	1.2 Digital public administration systems - 1.2.5 Developing systems	12.8			095	100%

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
	supporting the digitalisation of health					
1.2.6	1.2 Digital public administration systems - 1.2.6 Creating the conditions for digital justice	6.1			011quater	100%
1.2.7	1.2 Digital public administration systems - 1.2.7 Development of information systems in social area	44.3			011	100%
1.3.1	1.3 High capacity digital networks - 1.3.1 Improving the environment for the deployment of electronic communication networks	79.4			053	100%
1.3.2	1.3 High capacity digital networks - 1.3.2 Supporting the development of the 5G ecosystem	1.5			054	100%
1.3.3	1.3 High capacity digital networks - 1.3.3 Building high-capacity connections	146			053	100%
1.3.4	1.3 High capacity digital networks - 1.3.4 Covering 5G corridors and promoting the development of 5G	33.9			054bis	100%
1.3.5	1.3 High capacity digital networks - 1.3.5 Supporting the development of 5G mobile infrastructure in rural investment-intensive white areas	12.6			054bis	100%
1.3.6	1.3 High capacity digital networks - 1.3.6 Scientific research activities related to the development of 5G networks and services	13.6			054bis	100%
1.4.1.2	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.1.2 European Digital Media Observatory Hub (EDMO)	9.2			021ter	100%
1.4.1.5	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.1.5 European Blockchain Services Infrastructure	8.4			010	100%

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
	(EBSI) – DLT bonds for SME financing					
1.4.1.6	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.1.6 5G Demonstrative application projects for cities and industrial areas	45.3			010bis	100%
1.4.2.1	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.2.1 Czech Rise-Up programme	2.5			010	100%
1.4.2.2	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.2.2 Fostering entrepreneurship and innovative firms	5.9			018	40%
1.4.2.3.1	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.2.3.1 Pilot co-investment funds for the development of pre-seed investments, strategic technologies and university spin-offs within the framework of European Centres of Excellence	55			010	100%
1.4.2.4	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.2.4 Internationalisation of start-ups	8.4			015	40%
1.4.2.5	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.2.5 Regulatory sandboxes in line with EU priorities	5.9			010	100%
1.4.3	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.3 Joint Strategic Technologies Support and Certification Group with the Strategic Technologies Board	4.3			009bis	100%

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
1.4.3.1	1.4 Digital economy and society, innovative start-ups and new technologies - 1.4.3.1 Building quantum communication infrastructure	7.1			021quater	100%
1.5.1.1	1.5 Digital transformation of enterprises - 1.5.1.1 European and national Digital Innovation Hubs	8.7			010	100%
1.5.1.2	1.5 Digital transformation of enterprises - 1.5.1.2 European Reference Testing and Experimentation facility	5.7			010bis	100%
1.5.1.3	1.5 Digital transformation of enterprises - 1.5.1.3 Digital transformation of manufacturing and non-production companies and increase of their resilience	82.5			010	100%
1.5.1.4	1.5 Digital transformation of enterprises - 1.5.1.4 IPCEI Microelectronics and Communication Technologies	46.5			021quater	100%
1.6.1	1.6 Acceleration and digitalisation of the building process - 1.6.1 Implementation of the new Building Act into practice	36.0			055	100%
1.6.2	1.6 Acceleration and digitalisation of the building process - 1.6.2 Creation of a new central information system (“AIS”)	13.0			011	100%
1.6.3	1.6 Acceleration and digitalisation of the building process - 1.6.3 Development and use of public administration data in spatial planning	1.4			055	100%
1.6.4	1.6 Acceleration and digitalisation of the building process - 1.6.4 Reaping the Full Benefits of Digitising Building Control	6.5			055	100%

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
1.7.1	1.7 Digital Transformation of Public Administration - 1.7.1 Unification of visual identity and internet domains of central authorities and state administration information systems and platform of training	2.8			011	100%
1.7.2	1.7 Digital Transformation of Public Administration - 1.7.2 Reducing gaps that obstruct the optimisation, implementation and management of digitisation projects	19.9			011	100%
1.7.3	1.7 Digital Transformation of Public Administration - 1.7.3 Public Administration Contact Centre	14.4			011	100%
1.7.4	1.7 Digital Transformation of Public Administration - 1.7.4 Establishing the central infrastructure for working with data	7.6			011	100%
2.1.1	2.1 Sustainable transport - 2.1.1 New technologies and digitisation on railway infrastructure	37.5	070	40%	070	100%
2.1.2	2.1 Sustainable transport - 2.1.2 Electrification of railways	263.8	066bis	100%		
2.1.3	2.1 Sustainable transport - 2.1.3 Improving the environment (railway infrastructure support)	453.7	069	40%		
2.1.4.1	2.1 Sustainable transport - 2.1.4.1 Increasing safety at railway crossings	120.3	069	40%		
2.1.4.2	2.1 Sustainable transport - 2.1.4.2 Construction objects	43.8	069	40%		
2.1.4.3	2.1 Sustainable transport - 2.1.4.3 Protection of vulnerable road users (cyclists, pedestrians)	23.6	075	100%		
2.2.1	2.2 Reducing energy consumption in the public sector - 2.2.1 Improving the energy performance of state buildings	121.9	026bis	100%		

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
2.2.2	2.2 Reducing energy consumption in the public sector - 2.2.2 Improving the energy performance of public lighting systems	87.9	026bis	100%		
2.2.3	2.2 Reducing energy consumption in the public sector - 2.2.3 Improving the energy performance of public buildings	201.5	026bis	100%		
2.3.1	2.3 Transition to cleaner energy sources - 2.3.1 Development of new photovoltaic energy sources	196.4	029	100%		
2.3.2	2.3 Transition to cleaner energy sources - 2.3.2 Modernisation of distribution of heat in district heating systems	65.2	034bis0	100%		
2.4.1.1	2.4 Clean mobility - 2.4.1.1 Building infrastructure for public transport in the city of Prague	47.1	073	100%		
2.4.1.2	2.4 Clean mobility - 2.4.1.2 Building infrastructure – Recharging points for private companies	11.8	077	100%		
2.4.1.3	2.4 Clean mobility - 2.4.1.3 Building infrastructure – Recharging points for residential buildings	5.7	077	100%		
2.4.2.1	2.4 Clean mobility - 2.4.2.1 Aid for purchase of vehicles – vehicles (electric, H2, bikes) for private companies	39.6	N/A[4]	100%		

[4] The 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles); a 40% climate contribution coefficient for plug-in hybrid light-duty vehicles; and, in line with the criteria under the Taxonomy Regulation, a 100% climate coefficient for low-emission heavy-duty vehicles.

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
2.4.2.2	2.4 Clean mobility - 2.4.2.2 Aid for purchase of vehicles (electric, H2) and infrastructure for municipalities, regions, state administration and other public entities	23.6	N/A[5]	100%		
2.4.2.3	2.4 Clean mobility - 2.4.2.3 Aid for purchase of vehicles (battery trolleybuses and low-floor tramways) for public transport in the city of Prague	66.8	074	100%		
2.5.1	2.5 Building renovation and air protection - 2.5.1 Renovation and revitalisation of buildings for energy savings	141.1	025bis	100%		
2.5.2	2.5 Building renovation and air protection - 2.5.2 Support exchanges of non-compliant heat generators and installing renewable energy sources	602.2	032	100%		
2.6.1	2.6 Nature protection and adaptation to climate change - 2.6.1 Flood protection	72.3	040	40%		
2.6.2	2.6 Nature protection and adaptation to climate change - 2.6.2 Small watercourses and water reservoirs	62.8	040	40%		
2.6.4	2.6 Nature protection and adaptation to climate change - 2.6.4 Land consolidation	32.5	050	40%		
2.6.5	2.6 Nature protection and adaptation to climate change - 2.6.5 Building forests resilient to climate change	335.4	037	100%		

[5] The 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles); a 40% climate contribution coefficient for plug-in hybrid light-duty vehicles; and, in line with the criteria under the Taxonomy Regulation, a 100% climate coefficient for low-emission heavy-duty vehicles.

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
2.6.6	2.6 Nature protection and adaptation to climate change - 2.6.6 Water retention in forest	11.8	040	40%		
2.7.1.1	2.7 Circular economy, recycling and industrial water - 2.7.1.1 Building recycling infrastructure	67.4	045bis	100%		
2.7.2.1	2.7 Circular economy, recycling and industrial water - 2.7.2.1 Circular solutions in businesses	39.3	047bis	40%		
2.7.2.2	2.7 Circular economy, recycling and industrial water - 2.7.2.2 Water saving in industry	14.7	047bis	40%		
2.8.1.1	2.8 Brownfields revitalisation - 2.8.1.1 Support for revitalisation of specific areas – energy-efficient renovation of buildings on brownfield sites	55.8	026	40%		
2.8.1.2	2.8 Brownfields revitalisation - 2.8.1.2 Support for revitalisation of specific areas – demolition and energy-efficient construction	24.0	025ter	40%		
2.8.2.1	2.8 Brownfields revitalisation - 2.8.2.1 Support for the revitalisation of areas in public ownership for non-business use – energy-efficient renovation	25.1	026	40%		
2.8.2.2	2.8 Brownfields revitalisation - 2.8.2.2 Support for the revitalisation of areas in public ownership for non-business use – turning industrial sites and contaminated land into a natural carbon sink	6.3	046bis	40%		
2.8.3.1	2.8 Brownfields revitalisation - 2.8.3.1 Support for the revitalisation of areas in public ownership for business use – energy-efficient renovation of buildings on brownfield sites	13.7	026	40%		

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
2.8.3.2	2.8 Brownfields revitalisation - 2.8.3.2 Support for the revitalisation of areas in public ownership for business use – demolition and energy-efficient construction	5.9	025ter	40%		
2.9.1	2.9 Promotion of biodiversity and fight against drought - 2.9.1 Protection against droughts and floods of the city of Brno	29.9	040	40%		
2.9.2	2.9 Promotion of biodiversity and fight against drought - 2.9.2 Rainwater management in urban agglomerations	41.8	040	40%		
2.9.3	2.9 Promotion of biodiversity and fight against drought - 2.9.3 Protected areas including Natura 2000 sites and protected species of plants and animals	21.4	050	40%		
2.9.4	2.9 Promotion of biodiversity and fight against drought - 2.9.4 Adaptation of aquatic, non-forest and forest ecosystems to climate change	63.1	037	100%		
2.9.5	2.9 Promotion of biodiversity and fight against drought - 2.9.5 Preparation of Landscape Policy and landscape planning with special regard to achieving climate, energy and nature and landscape protection goals (RESTORE & REPOWER)	3.4	050	40%		
3.1.2	3.1 Innovation in education in the context of digitalisation - 3.1.2 Implementation of the revised curriculum and digital skills of teachers	22.1			108	100%
3.1.3	3.1 Innovation in education in the context of digitalisation - 3.1.3 Digital equipment for schools	168.7			012	100%

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
3.3.1.1	3.3 Modernisation of employment services and labour market development - 3.3.1.1 Development of labour market policies – digital competencies	127.6			108	100%
3.3.1.2	3.3 Modernisation of employment services and labour market development - 3.3.1.2 Development of labour market policies – competencies needed for digital transition and for addressing the needs of Industry 4.0	127.6			016	40%
3.3.1.4	3.3 Modernisation of employment services and labour market development - 3.3.1.4 Development of labour market policies – Creation of a database of reskilling and upskilling courses	0.4			011	100%
3.3.2.2	3.3 Modernisation of employment services and labour market development - 3.3.2.2 Increasing the capacity of childcare facilities – Construction of new energy efficient buildings	63.6	025ter	40%		
3.3.2.3	3.3 Modernisation of employment services and labour market development - 3.3.2.3 Increasing the capacity of childcare facilities – energy efficiency renovation	76.2	026	40%		
3.3.2.4	3.3 Modernisation of employment services and labour market development - 3.3.2.4 Increasing the capacity of childcare facilities – energy efficiency renovation compliant with energy efficiency criteria	114.4	026bis	100%		
3.3.3.1.1	3.3 Modernisation of employment services and labour market development - 3.3.3.1.1 Development and modernisation of	109.0	025ter	40%		

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
	social care infrastructure – creation of new capacities of community-based, outpatient and field social services					
3.3.3.1.2	3.3 Modernisation of employment services and labour market development - 3.3.3.1.2 Development and modernisation of social care infrastructure – reconstruction of community-based, outpatient and field social services, including facilities, reconversion of existing capacity	109.0	026	40%		
3.3.3.1.3	3.3 Modernisation of employment services and labour market development - 3.3.3.1.3 Development and modernisation of social care infrastructure – reconstruction of community-based, outpatient and field social services, including facilities, reconversion of existing capacity (compliant with energy efficiency criteria)	109.0	026bis	100%		
3.3.3.2.2	3.3 Modernisation of employment services and labour market development - 3.3.3.2.2 Development of social prevention, counselling and care services through the renewal of the electric vehicle fleet – electric cars	4.6	N/A[6]	100%		

[6] The 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles); a 40% climate contribution coefficient for plug-in hybrid light-duty vehicles; and, in line with the criteria under the Taxonomy Regulation, a 100% climate coefficient for low-emission heavy-duty vehicles.

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
3.3.3.2.3	3.3 Modernisation of employment services and labour market development - 3.3.3.2.3 Development of social prevention, counselling and care services through the renewal of the electric vehicle fleet – hybrid cars	5.4	N/A[7]	40%		
3.3.4.3	3.3 Modernisation of employment services and labour market development - 3.3.4.3 Development and modernisation of infrastructure in the field of care for children at risk- equipment	20	025	40%		
4.2.2	4.2 New quasi-capital and guarantee instruments to support entrepreneurship and development of the National Development Bank, a.s. NRB as a national development bank - 4.2.2 Development of a new line of quasi-equity instruments supporting entrepreneurship	39.3	047	40%		
4.5.4	4.5 Development of the cultural and creative sector - 4.5.4 Digitalisation of cultural and creative sector	31.4			021bis	100%
4.5.6	4.5 Development of the cultural and creative sector - 4.5.6 Creative vouchers	22.0			020	40%
5.2.1	5.2 Support for research and development in companies and introduction of innovations into business practice - 5.2.1 Supporting	39.3			020	40%

[7] The 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles); a 40% climate contribution coefficient for plug-in hybrid light-duty vehicles; and, in line with the criteria under the Taxonomy Regulation, a 100% climate coefficient for low-emission heavy-duty vehicles.

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
	the uptake of innovation in business practice					
5.2.3	5.2 Support for research and development in companies and introduction of innovations into business practice - 5.2.3 Aid for research and development in the environmental field	8.4	022	100%		
5.2.4	5.2 Support for research and development in companies and introduction of innovations into business practice - 5.2.4 Aid for research and development in synergy effects with the Framework Programme for Research and Innovation	19.6			015	40%
5.2.7	5.2 Support for research and development in companies and introduction of innovations into business practice - 5.2.7 Research and development in the environmental field	17.9	022	100%		
7.1.3	7.1 Renewable energy and electricity infrastructure - 7.1.3 Construction, strengthening, reconstruction and modernization of distribution systems	282.0	033	100%		
7.1.4	7.1 Renewable energy and electricity infrastructure - 7.1.4 Development of new photovoltaic energy sources	108.6	029	100%		
7.2.2	7.2 Supporting decentralisation and digitalisation of the energy sector – 7.2.2 Energy data center	33.7	033	100%		
7.3.1	7.3 Comprehensive reform of consultancy for the renovation wave in the Czech Republic – 7.3.1 Energy consulting	168.5	027	100%		

			Climate		Digital	
Measure / Sub-Measure ID	**Measure/Sub-Measure Name**	**Budget (EUR m)**	**Int. Field**	**Coeff. %**	**Int. Field**	**Coeff. %**
7.4.1	7.4 School adaptation – Promoting green skills and sustainability in universities - 7.4.1 Transformation of universities to adapt to changing needs of the labour market	42.1	01	100%		
7.5.6	7.5 Decarbonisation of road transport - 7.5.6 Support for the purchase of vehicles - zero emission vehicles for businesses	32.0	N/A[8]	100%		
7.6.1	7.6 Electrification of rail transport – 7.6.1 Electrification in Brno region	55.5	066bis	100%		
7.7.2	7.7 Simplifying environmental permitting processes and defining areas for the development of renewable energy sources - 7.7.2 Defining renewables acceleration areas	7.6	050	40%		

While the estimated cost of Czechia's recovery and resilience plan exceeds the total allocation of non-repayable financial support to Czechia, Czechia will ensure that all spending related to the measures mentioned in this table as contributing to climate objectives are fully financed by the funds from the Recovery and Resilience Facility.

[8] The 'Methodology for climate tracking' annexed to the Recovery and Resilience Facility Regulation does not set out intervention fields that would allow for climate or environmental tracking of electric vehicles or plug-in hybrid vehicles, except for vehicles for urban transport falling under intervention field 074. According to Article 18(4)(e) of the Regulation, the methodology should however 'be used accordingly for measures that cannot be directly assigned to an intervention field listed in Annex VI'. In this context, the Commission has applied a 100% climate contribution coefficient for zero-emission vehicles of all categories (this includes battery electric and fuel cell/hydrogen-powered vehicles); a 40% climate contribution coefficient for plug-in hybrid light-duty vehicles; and, in line with the criteria under the Taxonomy Regulation, a 100% climate coefficient for low-emission heavy-duty vehicles.