



Recovery and Resilience Plan Czechia

This profile is part of a follow-up series launched after the publication of our [Comparative analysis](#) of last November on the Impact of the Recovery Plans on the social and affordable housing sector.

Budget

Based on the draft plan, the Czech Republic is set to receive **€ 7.03 billion in grants** from the Recovery and Resilience Facility. In addition, it can **access loans worth € 15.5 billion** (2018 prices) on a voluntary basis. € 0.44 billion will be funded from national sources.

→ Priority areas for reforms and investments

The plan sets out six main areas for the country's strategy, of which the second area is relevant for our sector: **Physical infrastructure & green transition (energy consumption, building renovation, investment incentives)**. There are furthermore 33 components.

In total, €1.219 billion is provided for buildings and the RRP **focuses on public buildings**. For information, private buildings are rather covered by different programmes.

→ Consistency with the NECP

According to the European Commission, the RRP measures are designed to contribute to ambitious targets to achieve carbon neutrality in the EU by 2050 and to the objective of reducing GHG emissions by 2030 by 30% compared to 2005. **In total, 41.6% of the allocation (€ 2.9 billion) of the Recovery Plan is attributed to climate-related actions and serving all 5 priorities of the NECP.**

According to CDE, consistency with NECP can be seen in:

- Point 1.7 digitalization and acceleration of construction proceedings
- Point 2.2 energy efficiency
- Point 2.3 the energy efficiency of district heating distribution
- Point 2.5 renovation of buildings and air protection

However, in order to achieve energy efficiency targets, the NECP emphasises **the need to renovate the national stock of residential and non-residential buildings, both public and**

private, which is in line with the RRP components pursuing the objective of at least 30% of the primary energy savings, **and financing large-scale investments aimed at tackling the low levels of energy efficiency of buildings.**

It is crucial to know that based on a recent JRC study¹, a renovation rate of 3% in the residential sector would be needed for reductions in heating and cooling energy use of up to 32.5% by 2030.²

Finally, looking at the broad picture, the European Commission considers that no reforms able to initiate systemic changes are envisaged in the Recovery Plan. Additional **measures incentivising investments in renewable energy resources and additional public funding** may be needed to mobilise the total volume of investments necessary to fulfil the outstanding energy savings required to achieve the objective of the NECP and the Long-term renovation strategy.³

→ Link to the Semester

The reforms and the investments included in component 2.5 'Building renovation' support addressing CSR 3 from 2019, according to which Czechia shall focus investment-related economic policy on **low carbon and energy transition, including energy efficiency, taking into account regional disparities**, and CSR 3 from 2020, according to which Czechia shall focus investment on the **green transition, in particular on clean and efficient production and use of energy, including in the coal regions.**⁴

Renovating buildings, replacing coal-fired boilers with low carbon solutions in the family houses will help reduce the cost of green investment, especially in the case of the low-income groups and contribute to alleviating energy poverty.

Even though the priorities of the Czech Plan are well-balanced, the assessment of the European Commission concludes that **only the long-term fiscal sustainability aspects are left under-addressed by the measures.**⁵

In terms of regional disparities, the plan considers them only to a limited extent - improving the access to the labour market of some disadvantaged groups. According to the European Commission, **further efforts are needed in the area of social inclusion.**⁶

→ Relevant components

COMPONENT 1.6: ACCELERATION & DIGITALISATION OF THE BUILDING PROCESS (€ 57 million)

¹ D.A. Pohoryles, C. Maduta, D.A. Bournas, L.A. Kouris. Energy performance of existing residential buildings in Europe: a novel approach combining energy with seismic retrofitting. Energy Build., 223 (2020), 10.1016/j.enbuild.2020.110024

² Page 25, Assessment of the European Commission on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_sw_d_en.pdf

³ Page 62, Assessment of the European Commission on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_sw_d_en.pdf

⁴ Page 69, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

⁵ Page 41, Assessment of the European Commission on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_sw_d_en.pdf

⁶ Page 53, Assessment of the European Commission on the Czech RRP https://ec.europa.eu/info/sites/default/files/com-2021-431_sw_d_en.pdf

The aim of the component is to **simplify and streamline the process of granting construction permits**. The significant acceleration of the construction permissions process is expected to considerably improve the business and investment environment in Czechia. The conditions for proper implementation of the digitalisation of building management and spatial planning will also be addressed. Full streamlining of parallel processes into a single procedure, as well as the institutional reform, as foreseen in the draft Construction Code, may shorten the average issuance time of 5,4 years to an average of 1,2 years.⁷

- **Reform 1: Implementation of the new construction law and zoning law into practice (by 2023)**

It aims to bring a **high degree of digitalisation to the construction permissions process**. The new Construction Act entered into force by 30 September 2021 which will bring the decentralised structure of the building authorities under the responsibility of the State.

The reform shall speed up building procedures, make authorisation procedures more efficient and place them under the responsibility of a single authority – the Supreme Construction Office, says the Czech Plan.

- **Investment 1: Central information system ('AIS')**

To implement the reform, the existing data will be migrated to a new platform. This process management information system will be used by civil servants of the authorities involved in the construction permissions process.

- **Investment 2: Development and use of the public administration's data in spatial planning (by 2024)**

This investment will implement a **central database of spatial analytical documentation** in the context of the spatial planning information system, which shall be used to provide data and services for town and country planning authorities, other public sector users, and providers of spatial planning documents.

- **Investment 3: Reaping the full benefits of digitising building control (by 2025)**

The investment shall create a **series of information systems, standards and methodologies**, necessary for the full digitalisation of the construction permissions process and spatial planning.

Three IT systems will be put in place to allow for interlinking the key databases and facilitate the construction permit process and spatial planning:

⁷ Page 43, Annex to the Proposal of the European Commission to the Council
https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

- A system linking technical norms with implementing regulations, integrated into the Building Developer Portal and made accessible to the public;
- A system for structured requirements about buildings and procedures, validation and control of the permissions process;
- A system for management of data standards of buildings.⁸

COMPONENT 2.2: REDUCING ENERGY CONSUMPTION IN THE PUBLIC SECTOR (€ 325 million)

This component includes the renovation of state and public buildings and the modernisation of public lighting.

- **Investment 1: Improving the energy performance of state buildings (by 2026)**

This investment will focus on the buildings of the state administration that do not meet the minimum energy performance requirements in the long term and at increasing the number of high-quality deep renovations.

Only projects that achieve, on average, a reduction of primary energy consumption of at least 30 % or a reduction in CO₂ emissions of 30 % shall be financed.

The investment aims at supporting of up to **100 building renovation projects** including insulation of a buildings, exchange and renovation of windows and doors, improvements of the indoor environment measures having a demonstrable impact on the energy performance of the buildings.⁹

- **Investment 3: Improving the energy performance of public buildings (by 2026)**

This investment complements the previous measure and it will support up to **400 building renovation projects** including insulation of a buildings, exchange and renovation of windows and doors, installation of systems based on renewable energy sources or implementation of improvements of the indoor environment measures having a demonstrable impact on the energy performance of the buildings.

COMPONENT 2.3: TRANSITION TO CLEANER ENERGY SOURCES (€ 262 million)

The component aims to move Czechia from fossil fuels to low-emission and zero-emission energy sources such as photovoltaic energy.

- **Reform 1: Preparation of an assessment of decarbonisation of district heating (by 2022)**

This measure will increase energy efficiency, **switching from coal combustion to renewable energy sources**, the combustion of natural gas, biomass and waste, and

⁸ Page 44, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

⁹ Page 56, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

decreasing greenhouse gas emissions and pollutants. This assessment will then guide the investments financed under this component.¹⁰

- **Investment 1: Increasing installed capacity of sources of photovoltaic energy (by 2026)**

This measure aims at replacing at least a part of the coal-fired energy sources by sources of photovoltaic energy.

New capacity of sources of photovoltaic energy of 270 MWp shall be installed and put into operation. Projects will include **the construction of photovoltaic power plants on the roofs of companies' buildings including shelters** (such as shelters for cars, construction machines or storage of material) as well as accumulation of energy aiming at optimizing the generation of electricity.

- **Investment 2: Achieving primary energy savings resulting from the modernization of heat distribution**

This measure aims at reducing coal combustion for heat production (and related electricity generation) by 2030, in compliance with the adopted assessment of decarbonisation of district heating in Czechia under reform 1 of this component, in particular by making the district heating highly efficient and decreasing greenhouse gas emissions and pollutants through the **replacement of steam-based distribution networks by hot water distribution networks**.¹¹

COMPONENT 2.5: BUILDING RENOVATION & AIR PROTECTION (€ 632 million)

The component aims at **reducing energy and water consumption in residential buildings**, improving quality of living in these buildings, reducing emissions of greenhouse gases and other pollutants by replacing solid fuel-fired boilers, adapting residential buildings to the effects of climate change, constructing new buildings, as well as awareness-raising regarding energy savings, the use of renewable energy sources and adaptation to climate change in the residential sector. The component will be implemented under the New Green Savings (NGS) 2030 support programme.

- **Reform 1: Renovation wave in the household sector (by 2025)- €332 million**

The measure will support the implementation of energy efficiency improvements in residential buildings and raise awareness of the possibilities to reduce energy needs.

Foreseen actions¹²:

- **The New Green Savings 2030 programme** shall be upgraded by optimising the setting of support conditions, by increasing the requirements for medium-scale renovations (saving 30 % of primary energy consumption), by increasing the

¹⁰ Page 61, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

¹¹ Page 62, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

¹² Page 70, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

emphasis on complex energy renovations, by reinforcing support for the construction of new houses with higher energy efficiency standards, and by supporting efficient water management.

- A two-stage pre-project preparation shall be introduced for households: a basic **assessment of renovation options**, alternatives, investment intensity, energy cost savings, the possible level of subsidy from the New Green Savings (first stage) and an overview of possible measures to renovate houses and use renewable energy sources in them, including an assessment of the economic efficiency and feasibility of these measures (second stage). The two-stage pre-project support shall significantly improve investment support, **especially for lower income households**.
 - The **energy consultation centres** of the National Network of Local Action Groups shall be integrated in the network of local energy agencies.
 - The **support for training and retraining of workers** deploying green construction, green technologies or materials under the State programme for supporting energy savings (EFEKT) shall be strengthened and expanded.
 - The existing system of **environmental education and awareness-raising in eco-centres targeted at children and young people shall be extended** to the entire general public and shall have a significant new focus on energy saving, climate change and adaptation.
- **Reform 2: Support for energy communities (by 2025)-€ 283 million**

The reform aims at establishing 'energy communities' involving residential and entrepreneurial sector actively in renewable energy use as well as awareness-raising and training focused on developing community-based energy.

Foreseen actions:

- The New Green Savings 2030 programme will **support the installation of new renewable energy sources** in a way that eliminates obstacles to their future integration in the energy community. The New Green Savings 2030 programme shall also **support smaller common multi-home energy storage sites or the creation of energy communities within individual multi-family buildings** and other investment measures linked to energy communities.
 - The establishment of energy communities as well as **awareness-raising and education** focused on developing energy communities.
- **Investment 1: Support for the renovation & revitalisation of buildings in the housing sector**

This measure aims at saving energy in residential buildings, constructing new residential buildings that exceed mandatory energy standards, **replacing non-compliant combustion sources in households using solid fuels with gas condensing boilers of energy class**

A, using renewable energy sources as part of comprehensive energy renovation of buildings, and adapting to climate change, including water management.

Smart energy solutions at the level of individual households, houses or small groups of houses such **as smart meters, common energy storage sites and demand aggregation shall be promoted.**

The cost of installing gas-condensing boilers shall represent a maximum of 20 % of the overall renovation programme cost and be installed in order to replace solid-fuel-based boilers. The energy efficiency **scheme shall incentivise beneficiaries to install new gas-fired boilers and to adopt other energy efficiency measures as well.**

A maximum of 10 % of this measure shall support the construction of new buildings. The new buildings supported shall have a Primary Energy Demand that is at least 20 % lower than the Near Zero Energy Buildings requirement.

The Plan mentions also that vulnerable energy consumers will be also supported but details are not yet known.

- **Investment 2: Support exchanges of non-compliant heat generators and installing renewable energy sources (by 2025)- € 283 million**

This measure aims at **replacing non-compliant combustion sources** in households using solid fuels with low-emission heating sources (heat pumps, biomass boilers), and installing renewable energy sources suitable for the housing sector, in particular photovoltaic and photothermal systems.¹³

- **Investment 3: Pre-project preparation and awareness-raising (by 2025)**

This measure aims at supporting the pre-project preparation of energy-saving renovations, heat exchanges for more energy-efficient energy and in particular, automation in the management of energy consumption in the housing sector, including education and training in these areas. **120 community energy project preparation projects, 3 600 project preparation studies for family houses, 1 200 project preparation studies for apartment buildings and 50 projects of Energy Consultation and Information Centres shall be completed.**¹⁴

COMPONENT 2.6: NATURE PROTECTION & ADAPTATION TO CLIMATE CHANGE (€ 542 million)

Relevant Investment:

- **Flood protection (by 2023)-€ 99 million**

¹³ Page 71, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

¹⁴ Page 71, Annex to the Proposal of the European Commission to the Council https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

The investment aims at protecting populated areas against the negative effects of flood, at **improving water retention in the landscape**, and at **facilitating the natural treatment** of existing water structures in built-up areas. The investment shall consist of: the identification of water retention potential; the establishment, treatment and reconstruction of polders and absorbing grass strips; the construction and reconstruction of natural water reservoirs; and of other measures.

COMPONENT 2.7: CIRCULAR ECONOMY, RECYCLING & INDUSTRIAL WATER (€ 141 million)

Relevant measures:

- **Under Reform 1:** 'Implementation of new legislation on waste management in the Czech Republic', one element is relevant for the housing sector: the upcoming **Decree on by-products and waste conversion** (asphalt decree), in preparation, setting out conditions under which the asphalt mixture is a by-product or ceases to be waste.
- **Reform 2: Finalisation and implementation of the circular Czechia strategy 2040 (by 2025)**
The reform consists of the finalisation and implementation of the circular Czechia strategy 2040, which shall **promote circular economy principles and further define the necessary steps ensuring** that Czechia becomes resilient in the long term and **develops an overall sustainable social system**.

COMPONENT 3.3: MODERNISATION OF EMPLOYMENT SERVICES & LABOUR MARKET DEVELOPMENT (€ 886 million)

- **Reform 3: Reform of long-term care (by 2023)**

The reform aims at addressing the challenge of fragmented governance and **financing of long-term care and a low proportion of community-based and home-based services**.

The measure consists of a legislative reform, which shall aim at integrating health and social long-term care, ensure a stable system of adequate financing of quality long-term services, **provide incentives for community-based and home-based care**, allow access of private providers and improve supervision of social care.¹⁵

- **Investment 3: Development and modernisation of social care infrastructure (by 2025)**

This measure aims at addressing the lack of social care infrastructure and the need to support **the transition towards community-based social and long-term care**.

These investment projects shall be implemented by the municipalities. **Investment into home-based and community-based care settings shall be favoured and the principle of freedom of choice and independent living shall be respected for all investment projects**.

¹⁵ Page 116, Annex to the Proposal of the European Commission to the Council
https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

Investment in new capacities shall contribute to climate objectives by increasing energy efficiency.¹⁶

COMPONENT 4.2: NEW QUASI-EQUITY INSTRUMENTS FOR THE PROMOTION OF ENTREPRENEURSHIP & DEVELOPMENT OF A NATIONAL DEVELOPMENT BANK (ČMZRB) (€ 39 million)

- Reform 1: Development of the Czech-Moravian Guarantee and Development Bank as a National Development Bank

The purpose of the reform is to strengthen the ČMZRB position as a national development bank, its **capacity to implement financial instruments, especially those supporting the objectives of green transition.**¹⁷



¹⁶ Page 117, Annex to the Proposal of the European Commission to the Council
https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf

¹⁷ Page 123, Annex to the Proposal of the European Commission to the Council
https://ec.europa.eu/info/sites/default/files/com-2021-431_annexe_en.pdf