

8 February 2023

Positive preliminary assessment of the satisfactory fulfilment of milestones and targets related to the first payment request submitted by Czechia on 25 November 2022, transmitted to the Economic and Financial Committee by the European Commission

Executive summary

In accordance with Article 24(2) of Regulation (EU) 2021/241, on 25 November 2022, Czechia submitted a request for payment for the first instalment of the non-repayable support. The payment request was accompanied by the required management declaration and summary of audits.

To support its payment request, Czechia provided due justification of the satisfactory fulfilment of the 37 milestones and targets of the first instalment of the non-repayable support, as set out in Section 2 (1) (1.1) of the Council Implementing Decision of 08 September 2021 on the approval of the assessment of the recovery and resilience plan for Czechia¹.

For two targets covering a large number of recipients, in addition to the summary documents and official listings provided by Czechia, Commission services have assessed a statistically significant sample of individual files. The sample size has been uniformly set at 60, which corresponds to a confidence level of 95% or above in all cases.

Upon receipt of the payment request, the Commission has assessed on a preliminary basis the satisfactory fulfilment of the relevant milestones and targets. Based on the information provided by Czechia, the Commission has made a positive preliminary assessment of the satisfactory fulfilment of all 37 milestones and targets.

The milestones and targets positively assessed as part of this payment request demonstrate significant steps in the implementation of Czechia's Recovery and Resilience Plan. This includes, among others, in the areas of school curricula, eHealth and the prevention, detection and correction of conflicts of interests. The milestones and targets also confirm progress towards the completion of investment projects related to railway infrastructure and digital devices for distance learning.

By the transmission of this positive preliminary assessment and in accordance with Article 24(4) of Regulation (EU) 2021/241, the Commission asks for the opinion of the Economic and Financial Committee on the satisfactory fulfilment of the relevant milestones and targets.

¹ Council Implementing Decision of 8 September 2021 on the approval of the assessment of the recovery and resilience plan for Czechia (ST 11047/21; ST 11047/21 ADD 1; ST 11047/21 COR 1), not yet published.

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Non-repayable support

Number: 3	Related Measure: CZ-[C1.1]-R[R2]: eHealth
Name of the Milestone: Definition of interoperability standards in accordance with the European Interoperability Framework for eHealth and definition of rules governing telemedicine	
Qualitative Indicator: Adoption of standards and rules by the Ministry of Health	Time: Q1 2022
Context: <p>The objective of the reform is to increase the digitalisation of the health sector by laying down the rules and standards for providing eHealth and telemedicine services, by introducing new eHealth services with extended functionalities, by connecting health service providers in line with interoperability standards and by strengthened cybersecurity requirements.</p> <p>Milestone #3 concerns the definition of rules governing Data Structures for Data Transfer between information systems of health facilities. It also lays down the definition of rules to health service providers for the development and provision of telemedicine services.</p> <p>Milestone #3 is the first step of the implementation of this reform. It will be followed by target #4 on the number of new telemedicine services introduced and made available to patients. Target #4 will be followed by target #5 on the completion of projects leading to the implementation of new digital health services which include Smart quarantine 2.0, promotion of digital health services, eHealth portal solutions and secondary use of health data. Target #6 on Connection of health service providers / medical facilities to eHealth services according to interoperability rules and full operation of eHealth portal with increased functionality and service catalogue is the fourth and last target of this reform. Its aim is connecting healthcare providers in an interoperable system to eHealth portal. The reform has a final expected date for implementation on 31 December 2025.</p>	
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;ii. Annex 1 - Official Journal of the Ministry of Health, No. 7, 28 June 2022, which includes the reference to the ministry's website. <p>The authorities also provided:</p> <ol style="list-style-type: none">iii. Annex 2 - Decree No. 279/2020 amending Implementing Decree No. 98/2012 on medical records (<i>Vyhláška č. 279/2020 Sb. kterou se mění vyhláška č. 98/2012 Sb., o zdravotnické dokumentaci, ve zněnípozdějších předpisů</i>). The decree was published in the national Official Journal of 19 June 2020 and entered into force on 1 July 2020;iv. Annex 3 - Act 326/2021 amending certain acts in connection with the adoption of the law on the digitalisation of health services (<i>Zákon č. 326/2021 Sb. kterým se mění některé zákony v souvislosti s přijetím zákona o elektronizacizdravotnictví</i>). The act was published in the national Official Journal of 08 September 2021 and entered into force on 1 January 2022;v. Annex 4 - Technical specification of Patient Summary data structure, which describes	

- data structures and guidelines of data blocks for development;
- vi. Annex 5 - "Methodology for keeping and sharing the Patient Summary in the Czech Republic further to Decree No. 98/2012 on medical records", published on the website of the Ministry of Health, 25 October 2022;
 - vii. Annex 6 - Testing framework for the information system interoperability of health service providers with the National Contact Point for eHealth (NCPeH) of the Czech Republic published on 27 October 2022;
 - viii. Annex 7 - Act No. 89/2021 on medical devices amending Act No. 378/2007 on medicinal products and amending certain related acts (the Medicines Act) (*Zákon č. 89/2021 Sb. o zdravotnických prostředcích a o změně zákona č. 378/2007 Sb., o léčivech a o změnách některých souvisejících zákonů (zákon o léčivech)*). The act was published in the national Official journal on 01 March 2021 and entered into force on 26 May 2021;
 - ix. Annex 8 - Rules for the development of telemedicine in the Czech Republic, which lay down rules for development of telemedicine service and provide a basis for the formulation of other specific measures and guides.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **Standards, rules and requirements governing interoperability by healthcare providers**
Decree 279/2020 amending Implementing Decree No. 98/2012 on medical records (*Annex 2*) introduces the requirements of transferring patient data in the form of "Patient Summary" by:
 - i. prescribing that for providing basic health data via the National Contact Point for eHealth to another healthcare provider the Patient Summary shall be electronic and shall be structured and coded in a way that is compatible with the National Contact Point. The necessary codes are published on the website of the Ministry of Health (paragraph 4a);
 - ii. defining the content and structure of the Patient Summary (Section 4b).

Furthermore, in line with the description of the measure and the name of the milestone, the interoperability standards are defined in accordance with the European Interoperability Framework for eHealth. The evidenced **Methodology for keeping and sharing the Patient Summary in the Czech Republic** (*Annex 5*), which provides guidance to health service providers who implement the Patient Summary on the application of the relevant legal provisions, confirms on page 9, second paragraph, that "*the content Patient Summary or its entry is designed to reflect the form in which it has been approved by the [Member] States in the framework of the eHealth Network*".

- **[...] shall serve as a basis for adaptation of the health systems**
The evidenced **Testing framework for the information system interoperability of health service providers** (*Annex 6*), lays down the methodology, process and the requirement of verification for information systems of service providers in the context of communication with/via the National Contact Point for eHealth. According to the evidence, test specifications (section three) have been described and contact points at the National Contact Point for eHealth have been made available in order to enable health service

providers to test the interoperability of their information systems for exchanging the Patient Summary. Via the website indicated in the **Official Journal of the Ministry of Health (Annex 1)** and submitted by Czechia (<https://ncez.mzcr.cz/cs/pacientsky-souhrn>) the functional requirements and the minimum data models have been made available for the use of service providers. Moreover, the evidenced **Technical Specification of Patient Summary data structure (Annex 4)** provides examples and templates for the adoption of data structures and stored data of patients in line with the European Patient Summary as approved by the European eHealth Network. These functional, technical and testing specifications enable the health service providers to commence the adaptation of the information system.

- **Rules governing telemedicine services [...] defin[ing] the conditions of providing such services**

Act 89/2021 on medical devices (Annex 7) lays down the competences and processes of authorities, notably of the State Institute for Drug Control, in relation to authorisation and monitoring of medical devices and to the management of Medical Device Information System (paragraphs 5 and 6). Paragraphs 8 to 10 lay down the conditions for obtaining certification to medical devices, including hardware and software used for telemedicine, that manufacturers must obtain, and service providers must comply with in order to be able to provide telemedicine services. Moreover, it sets the rules for prescribing and dispensing of devices, including the use and transmission of electronic vouchers for such devices using mobile phone-based solutions (paragraphs 29 to 31). Furthermore, **Rules for the development of telemedicine in the Czech Republic (Annex 8)**, as published on the website of the Ministry of Health in accordance with (2)(c) of paragraph 38 of Act No. 325/2021 on the digitalisation of healthcare, set the conditions for the selection and implementation of projects supported by authorities aiming at providing telemedicine services. In particular, Section 1, page 5, paragraph 2 provides that it is mandatory for the implementation of telemedicine projects supported by the RRP to comply with such rules. The document outlines the approach for the analysis, clinical trials, evaluation, operation and reimbursement of telemedicine services. The rules, applied by public authorities, determine the support of the development of telemedicine services, in particular for the support under subsequent target #4 and need to be taken into account by developers who seek authorisation or support.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 29	Related Measure: CZ-C[C1.2]-I[I4]: Creating the conditions for digital justice	
Name of the Milestone: Analysis of data management and use of data in the justice sector and the deployment of a data warehouse		
Qualitative Indicator: The analysis is approved by the Ministry of Justice and the data warehouse is deployed		Time: Q2 2022
Context:		
The objective of this investment is to modernise the working environment of the judicial system, enable remote and flexible working conditions and thus increase the resilience of the national justice system.		
Milestone #29 concerns the delivery of an analysis to map the usage of data in the current Czech justice IT systems and define the needs for digitalisation of the justice sector. The milestone also requires the development of a pilot data warehouse solution that allows to handle and interpret such data.		

Milestone #29 is the first step of the implementation of the investment and will be followed by two targets. Target #30 on the increase of equipped videoconferencing rooms and target #31 on the increase of the infrastructure capacity, which includes the development of a more extended data warehouse solution. The investment has a final expected date for implementation on 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - Analysis of data management and use of data in the justice sector, which defines the data use and data management needs of the justice sector and the Ministry of Justice;
- iii. Annex 2 - Protocol of Acceptance: Analysis of data management and use of data in the justice sector;
- iv. Annex 3 - Chief Architect of eGovernment Declaration;
- v. Annex 5 - Protocol of Acceptance: Data warehouse platform.

The authorities also provided:

- vi. Annex 4 - Data Warehouse, which contains the link to access to the data warehouse application.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **The milestone shall include an analysis mapping the data use and data management needs of the Justice sector and the Ministry of the Justice.**

Annex 1 provides a comprehensive analysis on the state of play of data processing in the Ministry of Justice and describes the key issues that hinder a more efficient data management, explaining in detail how the current IT system works (mapping of the data use) as well as the need for an upgrade of the existing reporting solutions to ensure more effective decision-making processes (data management needs). The analysis maps the current IT systems used by the justice department and identifies whether data is used as an input for reporting purposes. The document contains information on how the IT systems interact with each other, it describes how the data is captured and whether it can be easily extracted and processed.

Additionally, the analysis describes the functioning of the current data warehouse and how data mining is performed to produce reports. The document also summarises the requirements of the data warehouse and its design, including the description of the solution architecture, a staffing proposal to cover for different roles and the functioning of the operational backup, providing substantive input for public procurement reporting that allows for better data management and analysis of existing needs.

Annex 2 confirms that the analysis has been issued in accordance with the national legislation and approved by the Ministry of Justice, as required by the milestone and further specified in the Operational Arrangements. Annex 3 demonstrates that the

department of the Chief Architect of eGovernment was consulted and confirmed that the architectural and technical parameters specified in the analysis are aligned with the basic requirements set out in the National Architectural Plan.

- **The analysis shall serve as a basis for the preparation of future projects aiming at the digitalisation of the sector.**

The analysis describes five projects to be completed by the end of 2024, whose common goal is to increase the level of digitalisation of the justice sector in Czechia:

- Mapping of the domain’s data resources
- Analytical design of a local open data catalogue
- Staffing capacities
- Preparation of data processing solutions
- Implementation of data processing solutions

- **The milestone shall also include the deployment of a data warehouse for the Ministry of Justice.**

The milestone in the Council Implementing Decision is further specified in the Operational Arrangements, which requires the deployment of the data warehouse to be issued in accordance with the national legislation and approved by the Ministry of Justice (Annex 5). The solution proposed in the analysis (Annex 1) is demonstrated through the Denodo virtual data warehouse and made available through an online platform powered by Cognos Analytics, available at the link provided in Annex 4:

<https://cognos-test.datera.tech:5633/msp/>.

The solution runs on a virtual data warehouse, using a dataset of court proceedings in Czechia, divided by district, and recorded for the last seven years (data sources are in csv and xlsx format). It provides a user-friendly reporting interface to visualise the available information via graphs, maps, tables or other tools in the dashboard.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 51	Related Measure: CZ-C[C1.4]-I[I2]: European Digital Media Observatory Hub (EDMO)	
Name of the Milestone: Launch of the European Digital Media Observatory hub for CEE in the Czech Republic (CEDMO)		
Qualitative Indicator: Launch of the CEDMO hub built by the academic consortium with the Charles University in Prague as a leading partner		Time: Q4 2021
Context:		
<p>The objective of the investment is to establish the regional institution called the Central European Digital Media Observatory (CEDMO) as part of the European Digital Media Observatory (EDMO) network.</p> <p>Milestone #51 concerns the launch of the Central European Digital Media Observatory (CEDMO). It requires the CEDMO to be part of the European network (EDMO), and to provide analysis, methodology and digital tools to combat disinformation spread online. The activity is expected to focus, among other things, on popular disinformation topics such as fake information related to COVID or 5G networks.</p> <p>Milestone #51 is the first step of the implementation of the investment and will be followed by target #52 related to the expected output in the form of research and monitoring activity and to</p>		

the number of involved panellists in those by 31 December 2025. The investment has a final expected date for implementation on 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - Copy of the Consortium Agreement of the CEDMO;
- iii. Annex 2 - Link to the website where information on the operation of and services provided by the CEDMO is being published;
- iv. Annex 5 - Certificate signed by the management of CEDMO in accordance with national legislation attesting that the CEDMO has been launched and is operational.

The authorities also provided:

- v. Annex 3 - Website of the European Digital Media Observatory, clearly indicating the list of national observatories being part of the network including CEDMO;
- vi. Annex 4 - CEDMO Grant Agreement, as supported by the Connecting Europe Facility;
- vii. Annex 6 - Call for grant applications for CEDMO under the RRP;
- viii. Annex 7 - Eligibility manual for CEDMO support under the RRP.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **Launch of the CEDMO hub built by the academic consortium with the Charles University in Prague as a leading partner.**

The launch of the CEDMO has been confirmed by the declaration submitted by the Czech authorities and signed by the members of the strategic and project executive committees of CEDMO (Annex 5), by the signed consortium agreement between the parties (Annex 1) determining the duration of consortium and by the output of the work done by the consortium, which is published on its website (Annex 2). The signed consortium agreement between Charles University, as leading partner and project coordinator (page 3 and section 6.2.3 of Annex 5), on the one hand and its partner organisations on the other hand confirms the participation of the university, as required by the qualitative indicator of the milestone and the participation of other entities such as CVUT and Demagog.cz as indicated by the measure description.

- **The Digital Media Hub as part of the EDMO network [...]**

The criterion is supported by the evidenced CEDMO Grant Agreement (Article I.1 of Annex 4), and by the website (Annex 3) of the European Digital Media Observatory (EDMO), which was created as part of the Commission's Action Plan against disinformation, and which presents CEDMO on its list of regional hubs (<https://edmo.eu/edmo-hubs/#1644246468231-e6e67622-672d>).

- **[...] shall focus on analysing and combating the spread of fake information providing AI tools and methodology to fight fake news in the digital space**

This, including the use of AI tools and the preparation of methodology, has been confirmed by the evidenced CEDMO Grant Agreement (Article I.3 - Activities, Annex 4) and by the

website of the CEDMO (Annex 2), which in its mission lists the activities of the CEDMO, that aim at combating the spread of and the harm caused by disinformation via the following activities:

- developing the technical infrastructure for immediate disinformation responses and daily fact checking;
- innovating methods and digital tools to improve debunking and research disinformation flow;
- researching the impact of disinformation on society and specific groups;
- producing interdisciplinary analytical reports on the state of disinformation;
- designing and implement media literacy campaigns using innovative interactive tools;
- evaluating the impact of planned interventions;
- strengthening the information ecosystem;
- networking and cooperating internationally to counteract disinformation within the EU.

Combating of disinformation is also supported by the evidenced fact checking activities and events organised as published on the CEDMO website (Annex 2): https://cedmohub.eu/?_gl=1%2Aeunefw%2A_ga%2AMzUyMDY4OTkxLjE2NzU0MTg0ODQ.%2A_up%2AMQ..%2A_ga_1FB9CRHWST%2AMTY3NTQxODQ4My4xLjEuMTY3NTQxODUwNy4wLjAuMA...

- **[...] such as misinformation related to COVID or 5G networks.**
This criterion indicates COVID and 5G networks as illustrative, not exclusive examples. The evidenced website of the CEDMO (Annex 2), as cited above, presents fact checking activities in relation to COVID, vaccines, public figures, the war in Ukraine and renewable energy amongst others. The coverage of topics is not pre-determined and should be based on necessities and the disinformation challenge that has occurred.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 68	Related Measure: CZ-C[C1.5]-R[R1]: Creation of a platform for the digitalisation of the economy	
Name of the Milestone: Creation of Platform for the digitisation of the economy		
Qualitative Indicator: Launch of operation of the platform		Time: Q1 2022
Context: The objective of the reform is to connect and coordinate all the actors in the Czech digital ecosystem to share expertise, boost digital transformation and improve digital resilience in the industry. Milestone #68 concerns the creation and operationalisation of a physical platform. The platform shall operate as a working group enabling coordination among a number of entities, such as the European and national Digital Innovation Hubs, the Centres of Excellence in Artificial Intelligence, the National Competence Centres in High-Performance Computing and Cybersecurity, the European Reference Testing and Experimentation facilities, the innovation centres, and clients of all these centres. Milestone #68 is the only milestone of this reform. The reform has a final expected date for implementation on 31 December 2025.		
Evidence provided:		

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - Statute and rules of procedure of the platform, which establishes the platform and contains the rules for the management of its operations;
- iii. Annex 2 - Letter of appointment for the Chairman of the platform;
- iv. Annex 3 - Letters of appointment for the members and secretary of the platform;
- v. Annex 4 - Minutes of the meeting no. 1.

The authorities also provided:

- vi. Annex 5 - Presentation of the meeting no. 1;
- vii. Annex 6 - Minutes of the meeting no. 2.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **A platform for the digitisation of the economy shall be established and its operation launched.**

The platform was created on 14 April 2022, with the signature and entry into force of the statute and rules of procedure (Annex 1) by the Czech Minister of Industry and Trade. The document establishes the platform as a permanent advisory and coordinating body of the Ministry of Industry and Trade and lays down the internal rules governing such body, namely the appointment of members, the voting arrangements and other organisational procedures. It also describes the scope of the platform, its activities and its functioning.

Additionally, the letter on the appointment of the Chair of the platform by the Ministry of Industry and Trade (Annex 2) as well as the letter appointing the vice-president, three members and the secretary (Annex 3) complete the administrative procedures for the establishment of the platform. The launch of operations is demonstrated by minutes of the first meeting, which took place on 25 April 2022 (Annex 4).

The authorities also provided the presentation that was shared during the meeting (Annex 5), which regards the agenda of the meeting and the main objectives of the platform, as well as the minutes of the second meeting (Annex 6), which took place on 26 May 2022 and proves that the working group has continued its operations in the month following its creation.

- **The platform shall coordinate the interconnection of all actors in the national digital ecosystem such as the European and national Digital Innovation Hubs, the Centres of Excellence in Artificial Intelligence, the National Competence Centres in High-Performance Computing and Cybersecurity, the European Reference Testing and Experimentation facilities, the innovation centres, and clients of all these centres.**

Article 3 of the rules of procedure (Annex 1) provides for the participation of the following permanent members in the working group:

- Deputy minister responsible for digitisation and innovation at the Ministry of

- Industry and Trade (President of the working group);
- Director for digital economy and smart specialisation at the Ministry of Industry and Trade (Vice-president of the working group);
- The director of the department for research, development and innovation at the Ministry of Industry and Trade;
- The director of the department for digitalisation and the internet at the Ministry of Industry and Trade;
- The head of unit responsible for the implementation of the National Recovery Plan at the Ministry of Industry and Trade.

It also provides for the participation of additional members, such as the secretary, and guests invited to attend the meeting by the President or Vice-President, such as experts from:

- (European) Digital Innovation Hubs
- Centres of Excellence in Artificial Intelligence
- High Performance Computing (HPC) Centres
- Cyber security hubs
- Testing and experimentation centres in artificial intelligence
- Innovation hubs
- Business confederations, chambers and associations

The first meeting was attended by representatives from the High-Performance Computing (HPC) and Cybersecurity Centres, from the Innovation hubs as well as from business associations. Experts from the Centres of Excellence in Artificial Intelligence and the Cyber security hubs were invited but did not attend the meeting. Representatives from the (European) Digital Innovation Hubs as well as the testing and experimentation centres in artificial intelligence will be invited once the successful candidates from the EU call have been officially selected.

- **The platform shall operate as one of the working groups of the Digital Transformation Committee to be established as reform 1 under component 1.4.**

The platform is considered a working group of the Digital Transformation Committee, which will be established as part of milestone #47 *'Implementation of organisational changes to reform the structure of public bodies overseeing digital transformation of the economy'* of reform 1 *'Institutional reform of the system of management for digital transformation including RIS 3 strategy'* under component 1.4 *'Digital economy and society, innovative start-ups and new technology'*.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 72	Related Measure: CZ-C[C1.6]-R[R1]: Implementation of the new construction law and zoning law into practice	
Name of the Milestone: Entry into force of the new construction law		
Qualitative Indicator: Provision in the law indicating the entry into force of the new construction law		Time: Q3 2021
Context:		
The objective of the reform is to digitalise, simplify and streamline the process of issuing construction permits. To reach this objective, the new Construction Law aims to speed up the building permit process, digitalise the process, and decrease the number of regulatory authorities.		

Milestone #72 concerns the entry into force of the new Construction Law.

Milestone #72 is the first step of the implementation of the reform, and it will be followed by milestone #73 on start of the activity of the Supreme Construction Office and target #74 on shortening of the construction permit process by at least two years. The reform has a final expected date for implementation on 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Copy of the publication of Construction Law No. 283/2021 in the Official Journal 283/2021 of 13 July 2021.

Analysis:

The justification and substantiating evidence provided by Czech authorities covers all constitutive elements of the milestone.

- **Entry into the force of the new Construction Law.**
The new Construction Law 283/2021 Coll. (*Stavební zákon*) was published in the Official Journal 283/2921 on 13 July 2021. In line with the national legal framework, legislative acts enter into force upon publication in the Official Journal.
- **Correspondence of the main qualitative features of the new Construction Law with the requirements in the Council Implementing Decision.**
 - **Acceleration of the building permit process and making authorisation procedures more efficient**
The new Construction Law contains the provisions on acceleration primarily in Article 196 (with new exact periods for the issuance of permits of 30 days and 60 days, replacing the previous practice of issuing permits “without unnecessary delays” on the basis of Article 6(1) of general Administrative Law 500/2004), Article 178(3) (which newly establishes automatic approval if the construction office misses its deadline) and Article 184(3) which defines a more efficient process for the applications (i.e. if an application is missing the opinion of another authority, the Construction Authority will obtain it directly from the concerned authority). Compared to the old Construction Law, missing documents in application would have paused the building permit procedure. The digitalisation of the process (see below) is also an important factor contributing to the acceleration of the processes.
 - **Digitalisation of the process**
Part 7 of the new Construction Law called *Information systems of public administration* explicitly covers the digitalisation of the procedures. It ensures that the whole process from the application to the issuance is handled digitally and all concerned public authorities have access to the information in the real time. The new Construction Law also mandates the creation of a web portal for applicants in Article 268 which will allow applicants to, for example, submit applications and documents online. In addition, Article 271 provides for the storage of the relevant data in the Document Management System. Finally, Article 274 obliges all concerned construction authorities to use a single centralised information system.

- **Decrease in the number of regulatory authorities**
Part II of the new Construction Law entitled *Organisation and operation of public administration* ensures the new institutional structure is in place. Its main objective is to streamline the number of authorities involved. This is secured mainly through the establishment of the Supreme Construction Office in Article 16, the Specialised and Appeal Construction Office in Article 17 and regional construction authorities in Article 18.
- **Place building procedures under the Supreme Construction Office**
Article 30 sets that building procedures are the responsibility of the Supreme Construction Office, the Specialised and Appeal Construction Office and Regional Building Offices. Article 33(1) sets that Regional Building Offices fall under the Specialised and Appeal Construction Office, Article 32(1) sets that the Specialised and Appeal Construction Office falls under the Supreme Construction Office. Consequently, all building procedures are under the responsibility of the Supreme Construction Office.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 83	Related Measure: CZ-C[C2.1]-I[I1]: New technologies and digitalisation on railway infrastructure	
Name of the Milestone: Definition of the set of projects for Investment 1		
Qualitative Indicator: Definition of the set of projects by the Ministry of Transport		Time: Q2 2022
Context:		
<p>The objective of this investment is to contribute to digitalisation of railways in Czechia, improve traffic safety and the quality of the services provided, optimise capacity of the railway infrastructure and ensure interoperability.</p> <p>Milestone #83 concerns the definition of a set of projects under the related investment. Milestone #83 requires Czechia to define a set of projects of 41 kilometres of lines covered by Global System for Mobile Communications – Railway (GSM-R), set of projects for 20 newly installed or more reliably powered base transceiver stations (BTS), a set of projects implementing new technologies and equipment for railway traffic management.</p> <p>Milestone #83 is the first step of the implementation of this investment. It defines the projects which will be completed in the following two targets. Milestone #83 will be followed by target #84 which relates to the completion of two of the predefined projects deriving from milestone #83. Target #85 is the third and last target of the investment and involves the completion of six additional projects. The investment has a final expected date for implementation on 31 December 2024.</p>		
Evidence Provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary Document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Annex 1 - List of the planned projects, including brief descriptions. 		

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone. The Czech authorities also provide sets of replacement projects. These are not defined as substitute projects, rather all have the material prerequisites for their inclusion in component 2.1. According to the Summary Document, the decision of the Ministry of Transport to include in component 2.1 will only be made based on the submitted application for support and after its approval by the owner of component 2.1.

In particular:

- **Definition of a set of projects of 41 kilometres of lines covered by Global System for Mobile Communications – Railway (GSM-R).**

The list (Annex 1) includes a brief description of each project, specific location and the number of kilometres covered by each project, with all projects being identified through unique identifier numbers. With respect to this requirement, Annex 1 sets out a single lead project of 41 kilometres (project identifier #1). The list also provides two replacement projects (project identifiers #2 and #3). When considered together these two replacement projects also reach the required length of 41 kilometres. Brief descriptions in Annex 1 of the projects provide the context for the type of activity that will be done in the projects, with all descriptions pointing to works related to GSM-R signal networks. The specific locations are described in sufficient detail for each project, as each project defines either the location (city station), or a specific track number and kilometre.

To provide an example for the projects envisaged, project identifier #1 titled “Entry into the ECTS area” aims to expand the coverage of the GSM-R signal for selected track sections by the ETCS system. According to Annex 1, the construction expands the network of ground base stations by 13 new locations, another 2 pieces of the existing BTS are being modified by the construction. The total signal coverage of the GSM-R network would be about 41 km, while the locations are clearly specified (e.g., track Brno- Střelice, track Kladno-Kralupy nad Vltavou, and more track).

- **Definition of a set of 20 newly installed or more reliably powered base transceiver stations (BTS).**

With respect to this requirement, Annex 1 includes six projects (project identifier from #4 to #9) which total 39 newly installed or more reliably powered base transceiver stations (BTS). Notably, projects from #4 to #6 are the lead projects, while unique identifier from #7 to #9 are replacement projects. The brief descriptions provided give context for the types of activity that will be done in the projects, with all descriptions pointing to works on related newly installed or more reliably powered BTS. The specific locations are described in sufficient detail. This is because each project is defined either in location, city, or on a specific track number and kilometre.

To provide an example for the projects envisaged, project identifier #4 titled “Addition of redundant power supply for GSM-R base radios” would be constructed at Railway line Plzeň main railway station - Cheb, Railway line Brno - Židenice - Havlíčkův Brod, Railway line Havlíčkův brod - Kolín. According to Annex 1, the aim of the construction is to supplement the redundant power supply for the existing base radios of the GSM-R

system, which are currently supplied from the traction line. The construction responds to the needs of operation and maintenance, which in the long run evaluated the current state of BTS power supply as unsatisfactory. The main aspects are frequent power failures from the traction line and the related large number of service interventions, the need for short-term activation of the backup power supply (batteries) and at the same time disproportionately reducing the life of the backup power supply. According to Annex 1, the project builds on previous projects focused on the construction of GSM-R base stations, with the difference that the objective of this construction is to eliminate operational problems with the existing method of power supply of the affected BTS. The project would construct a total of 12 BTS.

- **Definition of a set of projects implementing new technologies and equipment for railway traffic management.**

With respect to this requirement, Annex 1 includes 9 projects submitted (project identifiers from #10 to #18) with new technologies and equipment for railway traffic management, of which 5 replacement projects (project identifiers from #14 to #18). Brief descriptions give context for the types of activities that will be done in the projects, with all descriptions pointing to works related to upgrading existing dispatch centres, network infrastructure, and upgrades to further network technologies. The specific locations are described in sufficient detail. This is because each project is defined either by location, city, or on a specific track number and kilometre.

To provide an example for the projects envisaged, project identifier #10 titled "Network status event management" would be implemented in Prague and Olomouc region. According to Annex 1, the aim of the project is to create a specialized dispatching office for mutual communication with dispatch centres of the Railway Administration, state organizations (Railway Infrastructure Dispatcher system, Information System to support operational management in dealing with emergencies), crisis staffs and senior management of the Railway Administration, which will use new "Traffic Information Collection" system. The aim of the "Operational Information Collection" system is to ensure fast and convenient acquisition of information on operational events that are acquired beyond basic information (e.g., train movement information, facts about exclusions) and to ensure the exchange of selected information to ensure rapid reporting of MU and operational emergencies, or alert to possible problems.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 86	Related Measure: CZ-C[C2.1]-I[I2]: Electrification of railways	
Name of the Milestone: Definition of the set of projects for Investment 2		
Qualitative Indicator: Definition of the set of projects by the Ministry of Transport		Time: Q2 2022
Context: The objective of this investment is to increase the share of non-fossil fuel transport through the electrification of lines and the provision of traction power at substations. The investment shall also create the conditions for energy savings in the transport system.		

Milestone #86 consists of the definition of the set of projects under the related investment. It entails the definition of a set of projects comprising 39.7 kilometres of electrified lines and four traction feeder stations with increased power or newly built ones.

Milestone #86 is the first step of the implementation of the investment and defines the projects which will be completed in the following two targets under Investment 2. Milestone #86 will be followed by target #87, which relates to the completion of two of the predefined projects. Target #88 is the third and last target of the investment and involves the completion of five additional projects. The investment has a final expected date for implementation on 30 June 2024.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary Document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - List of the planned projects, including brief descriptions.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone. The Czech authorities also provide sets of replacement projects. These are not defined as substitute projects, rather all have the material prerequisites for their inclusion in Component 2.1. According to the Summary Document, the decision of the Ministry of Transport to include in component 2.1 will only be made based on the submitted application for support and after its approval by the owner of Component 2.1

In particular:

- **Definition of the set of projects comprising 39.7 kilometres of electrified lines. The list includes a brief description of each project, the number of kilometres, the number of tracks, specific location, the date of construction for each project, and the power capacity.**

Annex 1 identifies the projects and for each of them it contains the number of kilometres as well as a sufficiently granular description, the specific location and the respective timelines for each project. The list sets out three lead projects which together constitute 39.7 kilometres (project identifiers from #1 to #3). The list also provides two replacement projects (project identifiers #4 and #5). Brief descriptions give context for the types of activities that will be done in the projects, with all descriptions pointing to works related to construction of electrified railway lines. Moreover, the descriptions also define whether they are single or double-track projects and the respective traction power system capacities. The specific locations are described in sufficient detail including the descriptions the track numbers for each project. The start of the physical implementation and the completion of implementation are also spelled out.

To provide an example, project identifier 2 is titled "Electrification and capacity building of the Šumperk - Libina line (outside)". According to Annex 1, the project would be completed by January 2023, with the realisation of the project having started in February 2021. It is a 14.3-kilometre project on track No. 290 at kilometre 29.169 - kilometre 43.485. According to Annex 1, the aim of the construction is to optimize the entire single-track line from Šumperk (outside) to Libina (outside), including electrification by a DC traction supply system. Furthermore, the line speed will be maximized, mainly on the existing track body, up to 100 km/h, while eliminating most speed drops to less than 70 to 80 km/h.

- **A set of projects of four traction feeder stations with increased power or newly built**

ones. The list includes a brief description of each project, specific location, the date of construction for each project, and the power capacity.

Annex 1 identifies the projects, contains the number of kilometres, a sufficiently granular description, the specific location for each project and the timelines. All projects are identified through unique identifier numbers. As per the requirement of the Council Implementing Decision, the list sets out five projects which constitute the four traction feeder stations (identifiers from #6 to #10). The list also provides four replacement projects (project identifiers from #11 and #14). Brief descriptions give context for the types of activities that will be implemented as part of the projects, with all descriptions pointing to works related to construction of new or the increase of power of existing traction feeder stations. Moreover, the descriptions also define what the traction feeder system capacities are.

The specific locations are described in sufficient detail including the descriptions of the track numbers for each project. The start of the physical implementation and the completion of implementation are also spelled out, meeting both minimum starting dates and maximum implementation dates required for Investment 2 of Component 2.1 of the Council Implementing Decision.

To provide an example, project identifier #8 is the construction of R110kV at TNS Ostrava Svinov. According to Annex 1, the completion of the implementation will be by February 2023, and the physical realisation started in March 2021. The subject of the construction is the construction of a new 110 kV substation, including a 110/22 kV transformer station at TNS Ostrava Svinov, thus ensuring sufficient power input for the entire TNS and subsequent consumption. According to Annex 1, the construction includes cable lines of the 110 kV line for the new substation. The location is Track 271 at kilometre 262.38, and the building is located in the cadastre of the village of Ostrava - Třebovice in Silesia in the Moravian-Silesian Region, close to the Ostrava - Svinov railway station.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 89	Related Measure: CZ-C[C2.1]-I[I3]: Improving the environment (railway infrastructure support)	
Name of the Milestone: Definition of the set of projects for Investment 3		
Qualitative Indicator: Definition of the set of projects by the Ministry of Transport		Time: Q2 2022
<p>Context:</p> <p>The objective of this investment is to contribute to environmental goals, help increase the share of rail transport in freight and passenger transport and improve the energy efficiency of railway stations. This investment covers rail infrastructure development projects, taking into account among other things adequate access to services for disadvantaged and vulnerable persons. Projects under the investment shall focus on network sections important for suburban transport and projects to upgrade railway hubs and station buildings within multimodal passenger terminals.</p> <p>Milestone #89 consists of the definitions of the set of projects comprising 121.88 kilometres of modernised lines, nine modernised railway stations with reconstructed tracks and safe, barrier-free accessible platforms, and over 35 station buildings with reduced energy intensity, increased comfort and better services for passengers.</p>		

Milestone #89 is the first step of the implementation of the investment and defines the projects which will be completed in the following two targets. Milestone #89 will be followed by target #90 which relates to the completion of 26 projects from the predefined set of projects. Target #90 will be followed by target #91, which involves the completion of 30 additional projects from the predefined set. The investment has a final expected date for implementation on 31 December 2023.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary Document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - List of the planned projects.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone. The Czech authorities also provide sets of replacement projects. These are not defined as substitute projects, rather all have the material prerequisites for their inclusion in Component 2.1. According to the Summary Document, the decision of the Ministry of Transport to include in Component 2.1 will only be made based on the submitted application for support and after its approval by the owner of Component 2.1.

In particular:

- **Definition of the set of projects comprising about 121.88 kilometres of modernised lines**
Annex 1 includes a description for each project and the modernisation work done, includes the number of kilometres, the number of tracks, and location. All projects are identified through unique identifiers. The list sets out fourteen projects which together constitute 129.885 kilometres (project identifiers from #1 to #12). The list also provides two replacement projects (project identifiers from #13 and #14), which constitute just over eight kilometres. Brief descriptions give context for the type of activity that will be done in the projects, with all descriptions pointing to works on the modernisation or reconstruction of railway lines. The specific locations are described in sufficient detail, including the descriptions the track line and kilometre numbers for each project.

To illustrate with an example, project identifier #8 titled “Adamov-Blansko, BC” is a projected that will be conducted along 6.7 kilometres. According to Annex 1, the subject of the construction is the complete reconstruction of the railway top of the double-track line of the TEN-T category in the entire interstation section and the rehabilitation of the railway bottom in selected sections of the second track. Simultaneously with the reconstruction of the upper part and the establishment of the structural layers of the lower part, the drainage and stabilization of the rock slopes and the reconstruction of five tunnels will be proposed. Moreover, according to Annex 1 the stop in Adamov will undergo a total renovation, where the equipment will be supplemented with a technical solution meeting the requirements for the movement of people with limited mobility and orientation. The construction also includes the reconstruction of technological facilities with the aim of increasing the safety of railway traffic and the comfort of passengers.

- **A set of projects of nine modernised railway stations with reconstructed tracks and safe, barrier-free accessible platforms.**
Annex 1 includes a brief description of each project and the modernisation work done, including the number of tracks and the number, type of modernisation and length of the

platforms concerned, as well as the specific location. All projects are identified through unique identifiers. Annex 1 identifies the projects, contains the number of kilometres, descriptions and the specific location for each project. The list sets out nine projects with reconstructed track and safe, barrier-free accessible platforms (project identifiers from #16 to #24). The list also provides five replacement projects (project identifiers #15 and from #25 to #28).

Brief descriptions give context for the types of activities that will be carried out for the implementation of the projects, with all descriptions pointing to works on the modernisation of railway stations, especially on the barrier-free accessibility and safety. Project identifiers from #17 to #24 note that the modernisation of railway stations and platforms were made barrier-free. Given that the Prague Main Railway Station, is already a barrier-free station, project #16 focused on modernising other parts of the railway station, such as reconstruction of roofing and extending pedestrian access. On safety, many of the identified projects focused on increasing safety through greater security systems and roofing improvements. The description for each project also includes the length of each platform, roofing, and pedestrian routes.

To provide an example, project identifier #17 titled “Reconstruction of platforms and establishment of barrier-free accesses in Lovosice railway station” is going to take place Losovice, track KE3 in the region of Usti. According to Annex 1, the aim of the construction is reconstructing the platforms at the Lovosice railway station to a height of 550 mm above the top of the rail and ensure barrier-free access to these platforms. Part of the construction is the extension of the underpass to the other side of the track to Máchovy Street and the solution to the new roofing of the platforms. The length of the roofing for the mentioned event is a total of 476.56m. The length of the platforms is a total of 780m for platforms no. 1 to 4.

- **A set of projects over 35 stations buildings with reduced energy intensity (to achieve, on average, at least a 30% reduction of direct and indirect greenhouse gas emissions compared to the ex-ante emissions) as well as increased comfort and better services for passengers.**

The list includes a brief description of each project, identifying all projects through unique identifier numbers, providing descriptions and the specific location for each project.

The list sets out 40 projects related to station buildings (project identifiers from #29 to #68). The list identifies project from #64 to #68 as replacement projects.

Brief descriptions give context for the type of activity that will be carried out as part of the implementation of the projects, with all descriptions pointing to works related to reconstruction or new construction of stations. Moreover, the specific locations are described in sufficient detail, including with the descriptions of the track kilometre numbers for each project.

With respect to the requirement of greenhouse gas emission reduction, Czechia provided information in every project description of 35 station buildings about expected energy saving according to the energy carrier. Based on the information provided, the listed projects are on average set to overachieve the emission reduction target by a large margin (the overall average greenhouse gas emission reductions is estimated as overall at 54%). Only five of the thirty-five projects had smaller emission reductions than 30%, with most achieving much higher levels of emission reductions.

Regarding the requirement to achieve greater comfort and better service at the stations,

the descriptions show that the reconstructions, renovations, or new constructions of selected stations will significantly increase comfort and better service. Projects consist of improving services and comfort for pedestrians, cyclists, and cars drivers, modify or provide barrier-free entrance, adding quiet zones, repair insulation, improving information systems, adding toilets and connect them to public sewage, reconstructing gutters and improving the heating systems.

To illustrate with an example, project identifier #33 titled “Karviná ON - reconstruction of a part of the station building” is going to take place at Karvina railway station (track number - 320 km. position - 333.725). According to Annex 1, the project will entail the reconstruction of part of the exhibition building including space optimization, reconstruction of the roof, replacement of facade fillings, insulation of the building, as well as the reconstruction of the exchanger and distribution of central heating. Moreover, sewage reconstruction and construction modifications of the check-in hall will also be completed. The expected energy saving according expressed in reduction of direct and indirect GHG emissions 85%.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 92	Related Measure: CZ-C[C2.1]-I[I4]: Road and rail safety (railway crossings, bridges and tunnels, cycle paths and barrier-free routes)		
Name of the Target: Completion of level crossings with an increased safety			
Quantitative Indicator: Number of level crossing with an increased safety	Baseline: 0	Target: 45	Time: Q2 2022
<p>Context:</p> <p>The aim of this investment is to improve traffic safety by taking concrete safety measures at railway crossings and improving the condition of bridges and tunnel structures.</p> <p>Target #92 concerns the completion of 45 level crossings with an increased protection level, with newly installed or modernised flashlight warning system or mechanical safety installation.</p> <p>Target #92 is the first step of the implementation of the part of the investment related to level crossing, and it will be followed by target #96 related to the completion of 160 level crossings. Target #96 will be followed by target #98 which entails the completion of 291 level crossings. The investment has a final expected date for implementation on 31 December 2024.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled; ii. Annex 1 -List of 45 completed projects; iii. Annex 2 - Certificate of completion signed by the project evaluation committee of the Ministry of Transport and State Fund for the Development of Transport infrastructure, including confirmation of compliance of the technical specifications of the 45 projects with the description of the target and of the description of the investment set out in the Council Implementing Decision; iv. Annex 3 - Protocols on handover and acceptance of the construction signed by the constructor and the Czech Railway Management Agency (<i>Správa Železnic</i>); 			

- v. Annex 4 - Permits for trial operation issued by the State Rail Office (*Dražní úřad*).

The authorities also provided:

- vi. Annex 5 – The “declaration on meeting the ‘do no significant harm’ (hereinafter referred to as “DNSH”) requirements”;
- vii. Annex 6 - Report sheet submitted as an attachment to the DNSH declaration in Annex 5.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the target.

In particular:

- **Completion of 45 level crossings with an increased protection level, with newly installed or modernised flashlight warning system or mechanical safety installation.**

According to the summary document and evidence provided (Annexes from 1 to 4), Czechia completed 45 railways crossings with an increased protection level, with newly installed or modernised flashlight warning system or mechanical safety installation. The summary document details that there were 34 construction actions in total, where seven projects contained 14 crossings, two projects contained six crossings and remaining 25 projects contained 25 crossings. In Annex 3, Czechia has provided 45 protocols on handover and acceptance of the construction signed by the constructor and the Czech Railway Management Office, including confirmation of compliance of the technical specifications of the project with the description of the target and of the description of the investment in the Council Implementing Decision. The evidence of the latter is provided in Annex 2 by undersigned minutes of the project evaluation committee of the Ministry of Transport and the State Fund for Transport. The document declares that technical specifications of all projects complied with the description of the target in the Council Implementing Decision. Furthermore, for every project, Annex 3 provides a certificate of receipt of the work, undersigned by the Czech Railway Management Agency as (*Správa Železnic*) as the competent authority, and the relevant contractor. Finally, permits for trial operation issued by the State Rail Office for each of the 45 projects are provided in Annex 4.

Evidence towards the requirement to provide an increased level of protection through newly installed or modernised flashlight warning system or mechanical safety installations is jointly provided by Annex 1 and Annex 4. Annex 1 in column “name of project” provides information about the nature of the protection measures undertaken for each crossing. Furthermore, Annex 4 (handover protocols) provides further information about the nature of the protection measures undertaken.

To provide a few examples, modernised mechanical safety installations have been installed in project number “007” at the *Žďár nad Sázavou - Tišnov* line. Newly installed flashlight warning system was constructed under project number “003” at the *Blatná - Nepomuk* line. New mechanical safety installations have been installed on the project number “025” on the *Frýdlant - Jindřichovice p. Smrkem* line. A modernised flashlight warning system was, for example, installed for project number “014” newly installed flashlight warning system was, for example, installed on the *Retz - Znojmo* line.

To conclude, based on the provided evidence in Annex 1 and 4, all 45 level crossings benefit from increased protection levels either on the basis of newly installed or modernised flashlight warning system, or based on new or modernised mechanical safety installations.

- **DNSH requirement on construction and demolition waste**

As specified in the Council Implementing Decision, at least 70 % of construction and demolition waste from this measure had to be prepared for reuse or recycling. In Annex 6, Czechia submitted a “DNSH report sheet”, which assesses possible DNSH risks in relation to the six environmental objectives. With regards to the waste prevention objective, CZ reports to have met the condition of preparing 70% of generated waste under this measure for reuse or recycling. Czechia has also submitted in Annex 5 a “DNSH declaration”, dated 19/07/2022, and signed by the Ministry of Transport on the fulfilment of the DNSH principle for all 45 level crossings in accordance with the “DNSH report sheet” in Annex 5.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 93	Related Measure: CZ-C[C2.1]-I[I4]: Road and rail safety (railway crossings, bridges and tunnels, cycle paths and barrier-free routes)		
Name of the Target: Completion of built cycle paths, sidewalks, and barrier-free routes			
Quantitative Indicator: Length of built cycle paths, sidewalks, barrier-free routes kilometres	Baseline: 0	Target: 25	Time: Q2 2022
<p>Context:</p> <p>The aim of this investment is to improve traffic safety by taking concrete safety measures at railway crossings and improving the condition of bridges and tunnel structures. Building cycle paths and pedestrian barrier-free routes is also part of the investment, with the objective of improving the safety of vulnerable traffic participants as part of the promotion of active mobility, especially in cities.</p> <p>Target #93 concerns the completion of 25 kilometres of built cycle paths, sidewalks and barrier-free routes.</p> <p>Target #93 is the first step in the implementation of the part of the investment related to cycle paths, sidewalks and barrier free routes, and it will be followed by target #97 related to the completion of a total of 49 kilometres of built cycle paths, sidewalks and barrier free routes, target #97 will be followed by target #100 which relates to the completion of 85 kilometres of built cycle paths, sidewalks and barrier free routes. The investment has a final expected date for implementation on 31 December 2023.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled; ii. Annex 1 - List of nine completed projects amounting to a total 29.49 kilometres; iii. Annex 2 - Certificates of completion signed by the project evaluation committee of the Ministry of Transport, including confirmation of compliance of the technical specifications 			

of the nine projects with the description of the target and of the description of the investment in the Council Implementing Decision;

- iv. Annex 3 - Protocols on handover and acceptance of the construction signed by the constructor and the competent authority;
- v. Annex 4 - Approval decisions by the relevant building authority allowing each project to be used by the public.

The authorities also provided:

- vi. Annex 5 - The 'do no significant harm' (hereinafter referred to as "DNSH") report sheet, the "DNSH table with attached documents", the "declaration on meeting the DNSH requirements" and supporting evidence, which include weight tickets and waste production declarations.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the target.

In particular:

- **Completion of projects involving 25 additional km of built cycle paths, sidewalks and barrier-free routes**

The target in the Council Implementing Decision is to (i) construct 25 kilometres of built cycle path, sidewalk and barrier-free routes. According to the evidence provided (summary document and Annexes from 1 to 4), Czechia completed 29.49 kilometres of constructed and reconstructed cycle paths, barrier free routes and sidewalks as part of nine projects. The detailed list of projects is found in Annex 1, and it includes information on the start and end dates of physical implementation for each project, project length, the names of contractors and subcontractors together with their identification numbers. Eight projects involve the construction of built cycle paths, and one project (#006) concerns the reconstruction of a sidewalk in the Petlerská Street in Klášterec nad Ohří.

Czechia provided certification of completion for each project including a confirmation of compliance of the technical specifications of the project with the description of the target and of the description of the investment in the Council Implementing Decision. This evidence is provided in Annex 2 in the form of undersigned minutes of the project evaluation committee of the Ministry of Transport and the State Fund for Transport, dated 17 June 2022. The document declares that technical specifications of all projects complied with the description of the target in the Council Implementing Decision.

Furthermore, for every project, Annex 3 provides a certificate of receipt of the work, undersigned by the relevant municipality as the competent authority, and the relevant contractor. For each project, Czechia has also submitted an approval decision by the relevant building authority allowing the project to enter use by the public (Annex 4).

- **DNSH requirement on construction and demolition waste**

As specified in the Council Implementing Decision, at least 70 % of construction and demolition waste from this measure had to be prepared for reuse or recycling. In Annex 5, Czechia submitted a "DNSH report sheet", which assesses possible DNSH risks in relation to the six environmental objectives. The "DNSH report sheet" refers also to the binding opinions and statements of the competent environmental authorities issued in the context of the permitting procedure as the prerequisite for the issuance of the building permit. Czechia has also submitted in Annex 5 "DNSH declaration" signed by the Ministry of

Transport on the fulfilment of the DNSH principle for all selected projects, and of the “DNSH report sheet” mentioned above. Czechia submitted specific evidence on the operationalisation of the requirement to prepare at least 70% of construction and demolition waste for recycling (signed declarations, weight tickets and waste production declarations). Based on the calculation provided in Annex 5 (“DNSH table with attached documents”), 97% of the total volume of generated construction waste has been sent for recycling. This calculation is based on the amounts of reported waste per project by the constructor, as evidenced in Annex 5 for every single project.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 94	Related Measure: CZ-C[C2.1]-I[I4]: Road and rail safety (railway crossings, bridges and tunnels, cycle paths and barrier-free routes)		
Name of the Target: Completion of modernised railway bridges or tunnels			
Quantitative Indicator: Bridges or tunnels	Baseline: 0	Target: 3	Time: Q2 2022
<p>Context:</p> <p>The investment aims at improving traffic safety by taking concrete safety measures at railway crossings and improving the condition of bridges and tunnel structures. Building cycle paths and pedestrian barrier-free routes is also part of the investment, in order to improve the safety of vulnerable traffic participants as part of the promotion of active mobility, especially in cities.</p> <p>Target #94 concerns the completion of three modernised railway bridges or tunnels.</p> <p>Target #94 is the first step of the implementation of the part of investment 4 related to modernised railway bridges or tunnels, and it will be followed by target #95 related to the completion of six modernised railways bridge or tunnels. Target #95 will be followed by target #99 which entails the completion of a further, seventh, railway bridge or tunnel. Target #99 will be followed by the fourth and last target #101 which relates to the completion of the last modernised railway bridge or tunnel reaching the objective of eight new constructions. The investment has a final expected date for implementation on 31 December 2023.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled. <p>For each of the modernised railway bridges or tunnels, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Annex 1 - A list of three modernised railways bridges or tunnels; ii. Annex 2 - Certificate of completion signed by the project evaluation committee of the Ministry of Transport and State Fund for Transport Infrastructure Development, including confirmation of compliance of the technical specifications of the projects with the description of the target and of the description of the investment in the Council Implementing Decision; iii. Annex 3 - Protocols on handover and acceptance of the construction signed by the constructor and the Czech Railway Management Agency (“Správa Železnic”) as the competent authority; iv. Annex 4 - Permits for trial operation issued by the State Rail Office. 			

The authorities also provided:

- v. Annex 5 - Declaration of honour on the fulfilment of the 'do no significant harm' (hereinafter referred to as "DNSH") principle for all supported projects;
- vi. Annex 6 - Calculation of recycled waste for every supported project;
- vii. Annex 7 - The DNSH report for every supported project.

Analysis:

The justification and substantiating evidence provided by the Czechia authorities covers all constitutive elements of the target.

In particular:

- **Completion of three modernised railway artificial structures for the operational phase (bridges or tunnels).** Czechia provided evidence concerning the completion of three bridges:
 - i. Reconstruction of the bridge at kilometre 21.502 of the Rumburk (outside) - Sebnitz (DBAG) line;
 - ii. Reconstruction of the bridge at kilometre 20.054 of the Čerčany - Světlá nad Sázavou line;
 - iii. Reconstruction of the bridge at kilometre 0.989 on the line Havlíčkův Brod - Pardubice-Rosice n/L.

The construction of the first of the three projects began on 9 March 2020, and the target for the final (third) project was met on 30 November 2021. In Annex 2, Czechia submitted a certificate of completion signed by the project evaluation committee of the Ministry of Transport and State Fund for Transport Infrastructure Development, including confirmation of compliance of the technical specifications of the projects with the description of the target and of the description of the investment in the Council Implementing Decision. The compliance of the technical specifications of the projects with the description of that target and of description of the Council Implementing Decision is confirmed, for all three projects, by the project evaluation committee of the Ministry of Transport. The committee's meeting minutes and official conclusion statement, dated 10 June 2022, can be found in Annex 2. The procedure of the evaluation commission is defined in the manual of work procedures for the implementation of the National Recovery Plan within the corresponding component 2.1. The protocol on handover and acceptance of the construction signed by the relevant contractors and Czech Railway Management Agency ("*Správa Železnic*"), is provided in Annex 3 for every single project. In addition, for every project, a permit has been issued by the State Rail Office ("*Dražní úřad*"). This evidence can be found in Annex 4.

- **DNSH requirement on construction and demolition waste**

As specified in the Council Implementing Decision, at least 70 % of construction and demolition waste from this measure had to be prepared for reuse or recycling.

Annex 7 provides a DNSH report sheet, which summarises the risks of harm to the six environmental objectives for each project under this target. For each project where a risk to an environmental objective is relevant, the DNSH report sheet refers to a statement of the relevant national environmental body issued in the context of the permitting

procedure as the prerequisite for the building permit to show that the project has no impact on the corresponding environmental objective. Annex 5 includes a declaration on the fulfilment of the DNSH principle signed by the Deputy Minister of Transport. The declaration states that “I confirm that the system related to the abovementioned measure of the National Recovery Plan is operational and complies with the DNSH principle under the Recovery and Resilience Facility within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the so-called ‘Taxonomy Regulation’). Third, Annex 6 includes a declaration from the State Rail Office, which details that 100% of all construction and demolition waste per project was reused or recycled (amounting to a total of 1674 tonnes).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 102	Related Measure: CZ-C[C2.2]-I[I1]: Improving the energy performance of state buildings	
Name of the Milestone: Adoption of the model contract by the Ministry of Industry and Trade for the Energy Performance Contracting method services with a guarantee		
Qualitative Indicator: Publication of the model contract on the Ministry’s website		Time: Q4 2021
<p>Context:</p> <p>The objective of the investment is improving the energy performance of state buildings. It aims at supporting up to 100 buildings renovation projects including with insulation of buildings and exchange and renovation of windows and doors, installation of systems based on renewable energy sources or implementation of improvements of the indoor environment measures.</p> <p>Milestone #102 consists of publishing a model contract for the Energy Performance Contracting method services in order to promote the implementation of projects with an emphasis on maximising the yield of energy savings compared to the funds spent.</p> <p>Milestone #102 is the first step of the implementation of the investment. It will be followed by target #103 related to contracting through a grant agreement of at least 75% of 100 building renovations projects by Q4 2023. Target #103 will be followed by the third and last target #104 related to reducing energy consumption in state buildings by 216 TJ/per year as an outcome of the renovation of buildings, which shall be demonstrated through energy performance certificates. The investment has a final expected date for implementation on 31 March 2026.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Annex 1 - A copy of the model contract for the Energy Performance Contracting (hereinafter “EPC”) method services adopted by the Ministry of Industry and Trade titled “Energy Performance Contract for public entities”. The document has been adopted on 02/09/2021 in accordance with section 10e(1) of the Energy Management Act and in conjunction with Section 1746(2) of the Civil Code. 		

The authorities also provided:

- iii. Annex 2 - Annexes to the model EPC method for public entities.

Analysis:

The justification and substantiating evidence provided by Czechia's authorities covers all constitutive elements of the milestone.

In particular:

- **A model contract for the EPC method services with a guarantee is adopted by the Ministry of Industry and Trade in order to promote the implementation of projects with an emphasis on maximising the yield of energy savings compared to the funds spent.** The main advantage of the EPC method is that it can be used to reduce operating costs for buildings owned by municipalities, regions or organizational units of the state. Moreover, the EPC contracting method provides a contractual guarantee on the amount of reached energy savings, which will support the meeting of the 30% energy savings requirement or a reduction in CO2 emission of 30% applying to public building renovation investments under this measure in subsequent targets #103 and #104. **Furthermore, in line with the description of the measure, the (ii) model contract shall be published on the Ministry's website.**

The model contract for the EPC method services was adopted by the Ministry of Industry and Trade on 02/09/2021 and published online in December 2021 on the same date. A copy of the model contract is provided in Annex I, and the annexes to this contract that include notably the amount of guaranteed energy savings are provided in Annex II. The published model contracts and their annexes are widely used for both contracting authorities and all other parties interested in the EPC method, which leads to reduced operating costs on buildings.

As required by the milestone description according to Article 12 of the model contract (submitted in Annex 1), any energy service company (energy provider) makes the commitment that, as a result of the measures taken, the guaranteed savings specified in Annex 5 of the EPC model contract (submitted in Annex 2) will be achieved for the duration of the guarantee in each billing period. In addition, the contracting parties agree that if the guaranteed savings are not achieved for reasons attributable to energy service company during the billing period, the client shall be entitled to the penalty paid by the energy service company determined in accordance with Article 19 of the model contract.

To operationalize the 30% guaranteed energy saving requirement in subsequent targets #103 and #104 under this measure, Annex V will require for each contract to include:

(i) The total amount of guaranteed cost savings for the EPC project reached as a result of the measures. Annual and cumulative cost savings shall be provided. Savings are guaranteed at constant prices. This requirement is detailed in Annex 2 of the model contract.

(ii) The method of calculating the penalty and the amount of the penalty for non-achievement of the guaranteed savings, which is to be specified and elaborated in accordance with the tender specifications and in accordance with the EPC model contract (Article 19 of the EPC model contract).

(iii) Method of calculation of the premium and the amount of the premium, which is to be specified and elaborated in accordance with the tender specifications and in accordance with the EPC method (Article 20 of the EPC model contract).

The EPC model contract and its annexes have been published on the website of the Ministry of Industry and Trade, as evidenced through website links listed in the summary document:

- https://www.mpo.cz/assets/cz/energetika/energeticka-ucinnost/energeticke-sluzby/2021/9/Vzorova_SES_OSS.pdf
- https://www.mpo.cz/assets/cz/energetika/energeticka-ucinnost/energeticke-sluzby/2021/9/Vzorova_SES_OSS_Prilohy.pdf

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 105	Related measure: CZ-C[C2.2]-I[I2]: Improving the energy performance of public lighting systems	
Name of the milestone: Adoption of programme documentation by the Ministry of Industry and Trade regarding measures to renovate public lightning systems		
Qualitative Indicator: Publication of the model contract on the Ministry's website		Time: Q4 2021
<p>Context:</p> <p>The aim of this investment is to enable the renovation of public lighting across the Czech Republic. Its objective is reaching 286 TJ/per year of energy savings as an outcome of the reconstruction of public lighting systems.</p> <p>Milestone #105 requires adopting and publishing programme documentation that provides the framework for subsequent investments in 2000 projects of renovation of public lightning systems across different municipalities in Czechia, 80% of which shall be contracted by 31 December 2024. Milestone #105 further requires the adoption and publication of the documentation by the Ministry of Industry and Trade, and its subsequent publication on the Ministry's website. The documentation under this milestone establishes the timetable and the conditions for support of the measures to renovate public lighting systems, including the smart elements, in view of the objective of achieving at least 30% primary energy savings.</p> <p>Milestone #105 is the first step of the implementation of the investment. Milestone #105 will be followed by target #106 which concerns contracting 80% (1600) of at least 2000 projects of renovation of public lightning by Q4 2024. The third and last target #107 of this investment entails achieving a total reduced energy consumption by 286 TJ/per year as an outcome of the reconstruction of public lighting, which should be demonstrated through energy performance certificates. The investment has final expected for implementation by 31 March 2026.</p>		
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Annex 1 - A copy of the program documentation prepared by the Ministry of Industry and Trade titled "Tender no.1/2022 for reconstruction of public lighting systems". The tender has been published on 27/04/2022. 		
Analysis:		

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the target.

In particular:

- **Adoption of programme documentation by the Ministry of Industry and Trade regarding measures to renovate public lightning systems. The documentation shall (i) establish the timetable and the conditions for support of the measures to renovate public lighting systems, (ii) including the smart elements, in view of the objective of (iii) achieving at least 30% primary energy savings.**

First, according to the provided evidence the summary document and Annex 1, the Ministry of Industry and Trade has adopted the programme documentation on 27 April 2022, in the form of a public tender. Annex 1 is a copy of the program documentation (public tender), which indicates the (i) timeline and conditions for support. The tender in Annex 1 specifies the eligible entities, eligible costs, technical project requirements, project timetables, a methodology for measuring energy savings and a methodology for the calculation of reference energy consumptions values. The tender has been launched on 1 January 2022 and will end on 30 June 2023, which is in line with the indicative timeline for target 106 of contracting at least 80% of projects by the end of 2024. Furthermore, the tender's scope covers renovations of public lighting systems in towns and cities, and therefore meets to the Council Implementing Decision requirement to focus on public lighting systems. Programme documentation (call for applications) was developed and published on the website www.mpo-efekt.cz (published on 27 April 2022), with more detailed information for applicants in corresponding section of the website in <https://www.mpo-efekt.cz/cz/dotacniprogramy/vyzvy/1-2022-rekonstrukce-verejneho-osvetleni>. It also includes a detailed guidebook ("*Osvětlovací příručka MŽP*") on minimising of light pollution to avoid significant harm to the environment.

Second, the project documentation (Annex 1) and summary document describe how the Council Implementing Decision requirement of including "smart elements" in the investment was met. The tender (Annex 1, letter B) includes preparation support for charging stations (electric-vehicle ready) as a separate sub-activity, and it is supported with a dedicated allocation. A subsidy in the amount of CZK 25.000 can be provided to installations for the preparation of cabling for 1 charging point. The maximum number of supported preparations for recharging points per municipality or a project is set at 50. The preparation investment support under the call is conditional on a commitment from the applicant to construct the charging stations within five years from obtaining the support.

Third, the requirement to (iii) achieve at least 30% of energy savings is met on the basis of evidence provided in Annex 1, page 4. The eligibility condition of the tender is that compared to the original lighting system, the renovated lighting system must reach at least 30% of energy savings has been met. Moreover, Annex 1 also specifies that new public lighting system are not eligible.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 131

Related Measure: CZ-C[2.6]-I[I1]: Flood protection

Name of the Milestone: Notification of award of flood protection contracts

Qualitative Indicator: Notification of awarded projects and contracted tenderers	Time: Q1 2022
<p>Context:</p> <p>The objective of this investment is to protect populated areas against the negative effects of flood, to achieve retardation of surface run-off and reduction in flood wave speed notably by improving water retention in the landscape and by facilitating the natural treatment of water structures in built-up areas.</p> <p>Milestone #131 consists of the notification of awarded contracts for flood protection measures.</p> <p>Milestone #131 is the first step of the implementation of this investment and is followed by target #132 which relates to the completion of 20 projects aiming at flood protection by Q4 2022. The third and last target #133 concerns the completion of 20 additional projects aiming at flood protection. The investment has final expected for implementation on 31 December 2023.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled; ii. Notification of awarded flood protection projects. These documents contain the contracting parties and prove that the tender has been completed and the public contract has been awarded. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. Building permits for the awarded projects (when required by the national legislation); iv. Methodological instruction of the Ministry of Agriculture and the Ministry of the Environment on the assessment of the potential impact of the project on the status of the affected water bodies [Section 23a of Act No. 254/2001 Coll., on Water and on Amendments to Certain Acts (Water Act); v. Calls for proposal of the two programmes: 2a programme “Flood prevention programme IV” and 2b programme “Sustainable and efficient water management in municipalities and ensuring the flood protection of the cities” under the Ministry of Environment; vi. List of flood protection projects. The list includes names of projects, their identification numbers, information about tenders and contractors; vii. Template assessment sheet to be used by an independent engineer to verify compliance with the Council Implementing Decision in the context of Target #132; 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.</p> <p>In particular:</p> <ul style="list-style-type: none"> • Notification of awarded flood protection projects (total number of projects: 40). In line with the description of the milestone, the Czech authorities provided a list of 45 awarded flood protection projects with the name of the projects, their identification number, information about tenders and the name of contractors. Czechia also provided 	

copy of award notifications for all projects, which also contain the contracting parties and prove that the tender has been completed and the public contract has been awarded.

The list includes projects awarded under two calls for proposals:

- “Flood prevention programme IV” under the Ministry of Agriculture;
- “Sustainable and efficient water management in municipalities and Ensuring the flood protection of the inner cities” under the Ministry of Environment.

Czechia has provided both calls for proposals, which contain a clear definition of supported activities and the terms and conditions for projects to be eligible.

- **For each project, full compliance with the requirements of the Water Framework Directive shall be ensured and demonstrated before the commencement of any construction works.**

According to the justification provided by the Ministry of Agriculture, compliance with the Water Framework Directive before the commencement of any construction works is proven by the issuance of a building permit. Czechia submitted building permit or building notification for all projects. In Czechia, the Water Framework Directive is transposed into the Water Act (254/2001 as amended in Act 254/2020). According to the Water Act, compliance with the Water Framework Directive must be ensured for projects affecting water bodies (§ 115 paragraph 21 act No. 254/2001 Coll., Water act) before the issuance of a building permit. 38 projects included in the list obtained a building permit and a copy of the permit was provided by the authorities as supporting evidence. For seven projects in the list a permit was not needed (because of their small scale and characteristics). For these projects, building notifications have been provided by the authorities as supporting evidence. In Czechia, before a building notification is issued, a statement of the the river basin authority is required. This statement is made based on the Methodological instruction of the Ministry of Agriculture and the Ministry of the Environment on the assessment of the potential impact of the project on the status of the affected water bodies [Section 23a of Act No. 254/2001 Coll., on Water and on Amendments to Certain Acts (Water Act). The assessment of the river basin authority ensures compliance with the Water Framework Directive.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 134	Related Measure: CZ-C[C2.6]-I[I2]: Small watercourses and water reservoirs
Name of the Milestone: Submission by the Ministry of Agriculture of the list of projects to be supported under Investment 2	
Qualitative Indicator: Submission of the list of projects to be supported under investment 2	Time: Q3 2021
<p>Context:</p> <p>The aim of the investment is increasing water retention in water courses and at strengthening safety in the event of flows in towns in municipalities by the revitalisation of small watercourses and construction of close-to-nature water reservoirs.</p> <p>Milestone #134 consist in the submission of the list of projects to be supported.</p> <p>Milestone #134 is the first step of the implementation of this investment and is followed by target #135 which relates to the completion of 50% of the small watercourses and water reservoirs</p>	

projects, which is also part of the present payment request. The third and last target #136 concerns the completion of the remaining 50% of the small watercourses and water reservoirs projects. The investment has a final expected date for implementation on 31 December 2023.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - Database of projects, including their identification (ID numbers), name of projects, applicants for the subsidy (State Enterprises Basin, Forests of the Czech Republic and municipalities, associations of municipalities), subject of the subsidy, timeframe for completion, total costs and amount of the subsidy;
- iii. Annex 2 - Rules of Ministry of Agriculture No. 53466/2019-MZE-15151 for the provision and drawing of subsidies from the program "Support for measures on small watercourses and small reservoirs" and Appendix 1 to the Rules.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **Database including identification of the projects, a short description and timeline for completion.**
A list of 900 projects to be supported under the measure has been submitted. The database contains projects from two different programmes of a grant scheme targeting small watercourses and small reservoirs: 129 290 (sub-programme 129 293) and 129 390 (sub-programmes 392 and 393). It contains the identification number of the projects, a short description and timeline for completion of each of the projects, in line with the requirements of the Council Implementing Decision.
- **The projects shall consist of construction and reconstruction of small water reservoirs.**
Technical specifications for the grant scheme ensure compliance of the projects with the requirement of the Council Implementing Decision (see Annex 2 - Rules of the Ministry of Agriculture for the provision and use of grants from the programme 129 390 p.1 and Rules of the Ministry of Agriculture for the provision and use of grants from the programme 129 290 p.1) by specifying that projects shall consist of reconstruction and repair of small watercourses and small water reservoirs.
- **Project design in compliance with relevant requirements under the EIA, Habitat and Water Framework Directives.**
According to the justification provided by the Czech authorities in the summary document, compliance with the Water Framework Directive and Habitat Directive is proven by the issuance of a building permit. Compliance with these directives is an integral part of permitting procedures. Czech law no 100/2011 Coll., Environmental Impact Assessment Act is harmonised with the Directive 2011/92/EU. Given the nature of the projects (small water structures) environmental impact assessment is not required.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 135	Related Measure: CZ-C[C2.6]-I[I2]: Small watercourses and water reservoirs		
Name of the Target: Completion of 50% of the small watercourses and water reservoirs projects			
Quantitative Indicator: Number of projects	Baseline: 0	Target: 450	Time: Q2 2022
<p>Context:</p> <p>The objective of this investment is to increase water retention in water courses and to strengthen safety in the event of flows in towns by revitalising small watercourses and setting up close-to-nature water reservoirs.</p> <p>Target #135 consists of the completion of 50% of the small watercourses and water reservoirs projects. This represents 450 projects.</p> <p>Target#135 is the second step of the implementation of the investment. It is followed by the third and last target #136 which relates to the completion of the remaining 50% of projects. The investment has a final expected date for implementation on 31 December 2023.</p>			
<p>Evidence Provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled; ii. Annex 1 - Building permit for all of the 450 projects. iii. Annex 2 - Completion report by an independent body endorsed by the relevant ministries for 450 projects (50% of the total number of projects to be supported under the measure), including justification that implementation is in line with the description of the investment (15 November 2022); iv. The National Action plan for Climate Change Adaptation and State Policy of the Environment in the Czech Republic 2030 with a view to 2050; v. Demonstration that public consultations have been conducted; vi. In the context of the sampling analysis, additional evidence provided for a sample of 60 units including: (i) the corresponding individual assessment fiche per project as developed by the independent authority and (ii) a document proving project completion per individual project. 			
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.</p> <p>In particular:</p> <ul style="list-style-type: none"> • Completion report by an independent engineer for 450 projects (50% of the total amount projects to be supported under the measure). As required by the Council Implementing Decision, an independent completion report dated 15 November 2022 was submitted and covers 450 projects (50% of the total number of 900 projects). The report was prepared by the Czech Technical University (Faculty of Civil Engineering) and certifies the completion of 450 projects including 356 projects of rehabilitation or construction of water reservoirs and 94 projects involving small watercourses reservoirs. The independent report includes justifications claiming that the implementation of the projects is in line with the description of the measure. It also assesses in detail the alignment of the projects with the description of the target in the Council Implementing Decision. The assessment of each project was carried out separately by addressing the following assessment points (as specified in the independent report on pages 1 and 2): 			

- The project contributes to water retention or retention in water courses;
- The project significantly improves morphological conditions of small watercourses or water reservoirs;
- The project increases safety during high flows in towns and municipalities;
- The project does not include expansion of existing Irrigation system on waterbodies with less than good status or potential;
- The project does not have a negative impact on status/potential of the affected water bodies;
- The project meets the requirements arising from the relevant environmental legislation including Directive 2011/92/EU and Council Directive 92/43/EEC;
- The project respects the relevant provisions of the Directive 2000/60/EC;
- The project complies with the Do No Significant Harm (hereinafter referred to as “DNSH”) Technical Guidance (2021/C58/01);
- The project prefers nature-based solutions and avoided concrete-based solutions where possible;
- The project design documentation acquired legal building permit according to Czech legislation;
- The project is implemented in accordance with the design documentation.

Furthermore, according to the independent report (on pages 3 and 4), and in line with the description of the measure, the projects significantly improved reservoirs morphology. The increased safety during high flows in towns and municipalities is achieved due to increased water retention volume (in total 1 256 619 cubic meters), or due to increased safety of reservoirs located in areas adjacent to build-up areas. The independent report also concludes that the water retention in the watercourses is achieved (7195 cubic meters restored). Considering the location of the watercourse projects, they contribute to an increased safety during high flows in the adjacent towns or municipalities.

- **Nature-based solutions shall be given a preference, while constructing and/or refurbishing of artificial concrete-based flood protection infrastructure shall be avoided as much as possible.**

According to the independent report (on page 5) and in line with the description of the target, nature-based solutions were given preferences in vast majority of projects and the use of concrete was limited to parts of the projects where it could not be avoided for structural reasons.

- **Permits issued in accordance with environmental impact assessment and relevant assessments in the context of the Water Framework Directive (2000/60/EC), Environmental Impact Assessment Directive (2011/92/EU) and Habitat Directive (92/43/EEC).**

In line with the description of the target, the Czech authorities submitted building permits for 450 projects (see Annex 1) and justified that compliance with Directive 2011/92/EU and Directive 2000/60/EC is an integral part of the verifications in the context of the Czech permitting procedure. The independent body confirmed on page five that all the 450 implemented projects meet the requirements from the relevant environmental legislation including Directive 2011/92/EU, Council Directive 92/43/EEC and Directive 2000/60/EC as required by the Council Implementing Decision. The independent body also specifically confirmed (See Independent report on p. 2) that if a permit or approval is issued, the compliance with Directive 2011/92/EU is considered to be satisfactory, including requirements on direct involvement of the public.

- **The permits assess all potential impacts on the status of water bodies within the same river basin and on protected habitats and species directly dependent on water, considering in particular migration corridors, free-flowing rivers or ecosystems close to undisturbed conditions, as well as current pressures related to water abstraction.**

The independent body also states (see Independent report on pages 2 and 5) that, in line with the description of the target, all potential impacts on the status of water bodies within the same river basin and on protected habitats and species directly dependent on water, considering in particular migration corridors, free-flowing rivers or ecosystems close to undisturbed conditions, as well as current pressures related to water abstraction were assessed by the relevant water authorities during the process of issuing permits or approvals.

- **Good ecological status/potential of the relevant water bodies in accordance with the requirements of the Water Framework Directive 2000/60/EC has been achieved and evidenced by latest relevant supporting data**

With regards to good ecological status/potential of the relevant bodies in accordance with the requirements of Directive 2000/60/EC, the independent report states on page five that none of the projects causes deterioration of the ecological status/potential of affected water bodies or prevents good ecological status/potential achievement. The Council Implementing Decision states that good ecological status/potential of the relevant bodies is to be achieved in accordance with the requirements of the Water Framework Directive 2000/60/EC and evidenced by the latest relevant supporting data. The independent body and authorities both flagged that it is not technically feasible to provide such data. Relevant data is in fact only collected every three years as part of the River Basin Management plans, in line with EU requirements. In addition, there is an important time lag needed for the projects financed to translate into an improved water status. Such technical remarks are fully consistent with the fact the DSNH requirements for such type of measures usually allow for a much longer time span for demonstrating progress on water quality (until 2026). To account for limited availability of recent official data, the independent body undertook a specific assessment on water quality and confirmed (see independent report on page five) that based on the available information the measure as a whole contributes towards achieving good ecological status/potential and that every possible effort is made and all necessary means are taken to achieve good ecological status or potential. Water Framework Directive requires good status by 2015, with possible extension until 2027 if justified in accordance with Article 4 of the Water Framework Directive. The national authority confirmed that based on the information currently available, good ecological status or potential of relevant water bodies is on track to be achieved at the latest by Q2 of 2026. On this basis, it is considered that this constitutive element of the target is satisfactorily fulfilled.

- **In case water reservoirs are intended for irrigation, any expansion of existing irrigation system (including through increased use of water, i.e., not only physical expansion), even via more efficient methods, is not supported where concerned water bodies (surface or ground waters) are or projected (in the context of intensifying climate change) to be in less than good status or potential.**

Regarding the specific requirement on water reservoirs intended for irrigation included in the description of the target, the independent report states on page four that none of the implemented projects include expansion of existing irrigation system or are causing deterioration of the ecological status/potential or are preventing good ecological status/potential achievement.

For each unit in the sample, the evidence provided allows to confirm the information

contained in the independent report. The sample size has been uniformly set at 60.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 146	Related Measure: CZ-C[2.7]-R[R2]: Finalisation and implementation of the circular Czechia strategy 2040
Name of the Milestone: Completion and adoption of the circular Czechia strategy 2040 by the Ministry of Environment	
Qualitative Indicator: Publication of the circular Czechia strategy 2040 in the database of the Czech Republic's strategic documents	Time: Q1 2022
Context: <p>The objective of this reform is to establish a strategy for transforming the Czech society into a circular economy. This envisaged circular economic system shall be achieved through minimising waste generation and the use of resource inputs, in line with the EU's new Circular Economy Action Plan.</p> <p>Milestone #146 consists of the completion and the adoption of the Circular Czechia 2040 strategy. The strategy shall formulate the vision, global and strategic goals, priority areas and principles necessary to achieve a circular economy in the Czech Republic.</p> <p>Milestone #146 is the first step of the implementation of the reform, and it will be followed by Milestone #147, related to the publication of a monitoring report evaluating the state of implementation of the strategy. The reform has a final expected date for implementation on 30 September 2025.</p>	
Evidence Provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided by the Czech authorities:</p> <ol style="list-style-type: none">i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;ii. Annex 1 - A copy of the adopted Circular Czechia Strategy 2040;iii. Annex 2 - A link to the database of the Czech Republic's strategic documents where the strategy can be accessed. <p>The authorities also provided:</p> <ol style="list-style-type: none">iv. Government resolution of 13 December 2021 on the Strategic Framework for Circular Economy of the Czech Republic 2040.	
Analysis: <p>The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.</p> <p>In particular:</p> <ul style="list-style-type: none">• Completion and adoption of the Circular Czechia 2040 strategy.<p>The Government approved on 13 December 2021 the Strategic Framework of the Circular Economy of the Czech Republic 2040 ("Circular Czechia 2040 strategy") (see the Resolution of the Government of the Czech Republic of 13 December 2021 No. 1151 on the Strategic Framework for Circular Economy of the Czech Republic 2040).</p>• Publication of the Circular Czechia strategy 2040 in the database of the Czech Republic's	

strategic documents.

The completed and adopted strategy was published in the database of strategic documents of the Czech Republic on 13 December 2021. The strategy is also accessible online.

- **The strategy shall formulate the vision, global and strategic goals, priority areas and principles necessary to achieve a circular economy in the Czech Republic.**

The strategy shall incentivise enterprises, consumers, cities and municipalities to support circular solutions through product design and manufacturing, innovation, research, digitalisation and education. The strategy is split into three parts.

The first part includes an analytical overview of the current situation of the circular economy in Czechia and in the EU. The authors of the strategy drew attention to the fact that in contrast to many other Member States, Czechia had not yet issued its own strategic document for the circular economy. The second part provides strategic proposals by identifying priority areas such as product design, circular solutions for consumers, cities, and industries, waste management, education and R&D that should help Czechia transit to a circular economy. The section also links the circular Czechia strategy 2040 with Czechia's Recovery and Resilience Plan particularly with the pillar "Physical infrastructure and green transition". The last part defines the implementation plan including indicators, performance monitoring settings and a timetable for the implementation of the key priority areas in the circular Czechia strategy 2040. Thus, in line with the Council Implementing Decision requirement, the strategy formulates the vision, global and strategic goals, priority areas and principles necessary to achieve a circular economy in the Czech Republic.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 168	Related Measure: CZ-C[C3.1]-R[R1]: Curricula reform and strengthening of IT education	
Name of the Milestone: Approval of new curricula strengthening digital literacy and computational thinking		
Qualitative Indicator: Approval of new curricula for primary, lower-secondary schools and <i>gymnázia</i> by the Ministry of Education, Youth and Sports		Time: Q3 2021
Context: <p>The aim of this reform is to revise the curricula of primary and lower-secondary schools ("basic education" (<i>základní školy</i>)) and selective lower-secondary and upper-secondary schools ("grammar schools" (<i>gymnázia</i>)) with a view to promote digital literacy and IT skills across all educational areas. The new curricula shall be extended to new areas such as data processing and modelling, coding and programming, robotics and advanced digital technologies (augmented reality, virtual reality, 3D printing). Teaching of informatics shall be reinforced in terms of hours taught.</p> <p>Milestone #168 requires the new curricula to: reinforce education of informatics in terms of teaching hours, extend the coverage of informatics to new areas, such as data processing and modelling, coding and programming, robotics, augmented reality, virtual reality and digital technology, introduce the digital competence as one of the key competences and promote the use of digital technologies across educational areas, including non-IT subjects.</p> <p>Milestone #168 is the first step of the implementation of the reform, and it will be followed by</p>		

milestone #169 which covers the gradual implementation of the new curricula. Milestone #168 requires the approval of a new curricula for primary, lower-secondary schools and upper-secondary by the Ministry of Education, Youth and Sports. The reform has a final date for implementation on 1 September 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to underlying evidence;
- ii. Annex 1 Minister's decree amending the Framework Educational Programme for Basic Education No. MSMT-40117/2020-4 published on the Minister's webpage on the 29 January 2021;
- iii. Annex 2 Minister's decree amending the Framework Educational Programme for Grammar Schools No. MSMT-24248/2021-2 September 2021;
- iv. Annex 3 Minister's decree amending the Framework Educational Programme for Bilingual Grammar Schools No. MSMT-24248/2021-3 September 2021;
- v. Annex 4 Minister's decree amending the Framework Educational Programme for Sports Grammar Schools No. MSMT-24248/2021-4 September 2021.

The authorities also provided:

- vi. Annex 5 Summary explanation of all changes and methodological support for schools which contains four links to the following:
 - a. Explanation of curriculum changes and how the schools can access support for applying these changes found in <https://revize.edu.cz/>;
 - b. General explanation of how the new curriculum will look like after incorporating the new educational field of informatics and the new digital competence <https://revize.edu.cz/co-se-meni>;
 - c. Explanation of curriculum changes for grammar schools <https://revize.edu.cz/navrh-zmen-v-rvp-pro-gymnazia>;
 - d. Detailed explanation of new digital competences incorporated to the amended curriculum of primary, lower-secondary schools and *gymnázia* <https://revize.edu.cz/digitalni-gramotnost-v-rvp-zv>.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular the new curricula shall:

- **Reinforce education of Informatics in terms of teaching hours.**

In line with the description of the measure, the Czech government approved the new Framework Educational Programme which ensures that the number of teaching hours dedicated for informatics in primary basic education is doubled and in lower secondary basic education it is quadrupled. In addition, bilingual *grammar* schools had to increase the number of teaching hours dedicated to informatics by 1 hour. This is shown in chapter 7 (page 150) of the Annex to the action of the Minister for Education, Youth and Sport amending the Framework training programme for basic and lower secondary education, ref. MSMT-40117/2020-4 and chapter 7 (page 106) of the Annex to the action of the Minister for Education, Youth and Sport amending the Framework training programme for bilingual grammar schools, ref. MSMT-24248/2021-3.

- **Extend the coverage of informatics to new areas, such as data processing and modelling, coding and programming, robotics, augmented reality, virtual reality and digital technology.**

In line with the description of the measure, the new Framework Educational Programme introduced new educational areas of informatics, in order to develop computational thinking. The new educational areas are data, information and modelling, algorithms and programming, information systems and digital technology as reflected in chapter 5.8.1 (page 64-66) of the Annex to the action of the Minister for Education, Youth and Sport amending the Framework training programme for gymnasiums, ref. MSMT-24248/2021-2

- **Introduce the digital competence as one of the key competences.**

In line with the description of the measure, the new Framework for Educational Programme ensures that digital competences are one of the key competences for primary, lower-secondary, and upper-secondary schools. In particular, this is done by adding digital competence as one of the key different competences of the basic education phase. The other key competences being learning competences, problem-solving, communicative, social and personal, civic and work. Its importance is also reinforced with an increase to the minimal number of hours that must be dedicated to the Informatics educational area. This is shown in chapter 4 (pages 9 to 13) on Annex to the action of the Minister for Education, Youth and Sport amending the Framework training programme for gymnasiums, ref. MSMT-24248/2021-2.

- **Promote the use of digital technologies across educational areas, including non-IT subjects.**

In line with the description of the measure, schools ought to develop the use of digital competences across all areas. The new Framework Educational Programme ensures that schools develop digital competences across curricula as reflected in Chapter 4 (pages 9 to 13) on the annex to the action of the Minister for Education, Youth and Sport amending the Framework training programme for gymnasiums, ref. MSMT-24248/2021-2. This will be done by teaching students how to use digital devices for learning and participating in school life and society, acquiring, searching and critically assessing data, modifying digital content, using digital technologies to improve processes, understand the importance of digital technologies for society and preventing the misuse of digital devices. Therefore, the use of digital devices is promoted across different educational areas which englobe both IT and non-IT subjects.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 172	Related Measure: CZ-C[C3.1]-I[I2]: Digital equipment for schools		
Name of the Target: Number of digital devices purchased by schools for distance learning			
Quantitative Indicator: Number of devices	Baseline: 0	Target: 74000	Time: Q4 2020
Context: The two main aims of this reform are to prevent digital exclusion by ensuring that digital equipment is accessible to all pupils and that schools are adequately equipped with both basic and advanced technologies to support digital literacy and implement the curricula that have been revised further to the completion of milestone #168, which is part of the same reform. Target #172 on the number of digital devices purchased by schools for distance learning			

concerns the purchase of at least 74 000 digital devices by schools for distance learning and the provision of funding for IT equipment for distance learning for at least 4 102 primary and secondary schools.

Target #172 is the first step of the implementation of the investment, and it will be followed by target #173 which relates to the purchase of additional 70 000 digital devices for pupils in need. In addition, as part of the same target, at least 80% of schools will set up a fund for mobile digital devices for disadvantaged pupils. This will be followed by target #174 which relates to equipping at least 9 620 schools with both basic and advanced digital technologies necessary for promoting digital literacy and teaching new informatics according to the revised curricula. Target #175 on number of schools supported in counselling and mentoring on IT is the fourth and last target of the investment. It relates to the provision of targeted mentoring and counselling to at least 1 120 schools on the usage of IT equipment and internal school networks, complemented by centrally provided methodological guidance.

Evidence Provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the target (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to underlying evidence;
- ii. Annex 1 - Copy of the decision by the ministry on the dedicated funding for basic schools Bulletin No. LXXVI, Book 6 of September 2020;
- iii. Annex 2 - Copy of the decision by the ministry on the dedicated funding for lower secondary stage of grammar schools Bulletin No. LXXVI, Book 7 of October 2020;
- iv. Annex 3 - List of digital devices purchased by schools (the number of devices by type);
- v. Annex 4 - List of schools which received funding for IT equipment for distance learning with references to the name of the company that delivered the equipment in each case;
- vi. In the context of the sampling analysis, additional evidence provided for a sample of 60 units including: (i) proof of payment between the suppliers and the school containing the list of devices declared to the Ministry of Education and/or (ii) the signed contracts between the suppliers and the school containing the list of devices declared to the Ministry of Education, (iii) a proof that the school received funding for ICT equipment for distance learning in 2020.

The authorities also provided:

- vii. Annex 5 - "Report on the extraordinary survey on distance learning in primary and lower secondary education by the Ministry of Education" which is based on a survey from the Ministry of Education, Youth and Sports (MEYS) survey among schools on distance learning published in April 2021.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the target.

In particular:

- **At least 74 000 devices (tablets, laptops, mobile phones, etc.) are purchased by schools for distance learning:**

The target in the Council Implementing Decision requires that at least 74 000 digital devices (tablets, laptops, mobile phones, etc.) are purchased by schools for distance

learning. Czechia has provided a list of at least 74 000 digital devices purchased by schools including the number of devices by type. As Annex 3 (List of digital devices purchased by schools) and Annex 5 “Report on the extraordinary survey on distance learning in primary and lower secondary education by the Ministry of Education”) demonstrate, Czechia purchased 61 969 laptops, 11 844 tablets, 217 mobile phones, 1 060 graphic tablets and visualizers which amounts to a total of 75 090 devices. As part of the sampling exercise, Czechia provided signed contracts between suppliers and schools, proof of payments between suppliers and schools and a proof that the school received funding for ICT equipment for distance learning in 2020. Concerning that this target covers a large number of beneficiaries, in addition to the summary documents and further annexes provided by Czechia, Commission services have assessed a statistically significant sample of individual schools. The sample size has been uniformly set at 60, which corresponds to a confidence level of 95% or above in all cases. The evidence provided for a sample of 60 units confirmed that the schools had purchased digital devices for distance learning.

- **At least 4 102 primary and secondary schools received funding for IT equipment for distance learning:**

The target in the Council Implementing Decision requires that at least 4 102 primary and secondary schools received funding for IT equipment for distance learning. Czechia has provided a list of schools which purchased the digital devices together with the corresponding suppliers. As Annex 4 (List of schools which received funding for IT equipment for distance learning with references to the name of the company that delivered the equipment in each case) and Annex 5 (“Report on the extraordinary survey on distance learning in primary and lower secondary education by the Ministry of Education”) show, 4 106 schools (both primary and lower-secondary) received funding for IT equipment for distance learning. The list also includes suppliers. In addition, the Czech authorities have shared the two decisions from the Ministry of Education, Youth and Sports (“ad-hoc publications”), which were issued on 6 September 2020 (Annex 1) and on 7 October 2020 (Annex 2) respectively. They inform on the funding totalling CZK 1.3 billion to be used to reimburse the digital devices for online learning acquired by primary and lower secondary schools.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 176	Related Measure: CZ-C[C3.2]-R[R1]: Transformation of universities to adapt to new forms of learning and changing needs of the labour market	
Name of the Milestone: Launch of a programme to support transformation of universities		
Qualitative Indicator: Launch of the programme by the Ministry of Education		Time: Q2 2022
Context:		
<p>The aim of this reform is to accelerate the transformation of universities regarding both content and forms of learning. The range of study programmes should be adjusted to new trends and changing needs in the labour market, especially concerning digital transformation. The reform should also facilitate transition to new, mainly digital skills and modern teaching methods.</p> <p>Milestone #176 requires the Ministry of Education to set up a programme which supports universities to adapt to new forms of learning and introduction of new study programmes. Focus</p>		

should be on fast-growing sectors, which suffer from a lack of high-skilled specialists. The objective is to provide support to at least 20 universities.

Milestone #176 is the first step of the implementation of the reform, and it will be followed by target #177 related to the provision of accreditation to at least 35 new study programmes. Target #178 is the third and last target of the reform and relates to the creation and offer of at least 20 new courses focused on upskilling and reskilling by universities. The reform has a final expected date for implementation on 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to underlying evidence;
- ii. Annex 1 - Publication of the call No. MSMT-29805/2021-5 with a link to the publication of the call for proposals which was published on 14 December 2021 by the Ministry of Education, Youth and Sports;
- iii. Annex 2 - Identification of sectors - analysis supporting the identification of the supported sectors, processed as of 30 June 2021;
- iv. Annex3a - Copy of the invitation to the subcommittee meeting containing also the agenda points dated 24 November 2021 and drafted by the Ministry of Education, Youth and Sports;
- v. Annex 3b - Summary of the consultation of social partners dated 24 November 2021 drafted by the Ministry of Education, Youth and Sports and copy of invitations to the consultation with the social partners which took place on 24 November 2021;
- vi. Annex 3c - Summary of the consultation of social partners dated 21 October 2021 drafted by the Ministry of Education, Youth and Sports and minutes of the consultation with the social partners for the meeting which took place on 21 October 2021;
- vii. Annex3d - Summary of the consultation of social partners and minutes of the consultation with the social partners for the meeting dated 1 October 2021 and drafted by the Ministry of Education, Youth and Sports;
- viii. Annex 4 - List of universities supported by the programme and individual documents per each university proving they were selected for the programme.
- ix. Annex 5 - Further identification of sectors - further analysis supporting the identification of the supported sectors.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular the programme shall:

- **Support adaptation of universities to new forms of learning and introduction of new study programmes.** In line with the description of the measure, the Czech authorities published the call of proposals on 14 December 2021. The call MSMT-29805/2021-5 was published the 14 December 2021 on the website of the Ministry of Education, Youth and Sports (MŠMT) under the following link: <https://www.msmt.cz/vzdelavani/vysoke-skolstvi/vyzva-k-predkladani-navrhu-projektu-v-ramci-narodniho-planu>. The objective of the call is to choose at least 20 universities which will be granted an aid administered by the Ministry of Education, Youth and Sports. Within the universities selected at least 35 new study programmes should be accredited, including at least 15 study programmes covering

priority, fast-growing high-added value sectors with a lack of highly qualified professionals, at least 20 study programmes both Bachelor's or Master's degree with a professional profile and at least 20 lifelong learning courses.

- Support sectors that shall be identified on the basis of an analysis of economic data, in consultation with the social partners.** In line with the description of the measure the Czech authorities conducted an analysis on different disciplines and sectors in order to decide the focus of the call. The sectors identified are as follows digital technologies, technology and engineering, mobility, environmental quality, waste management and energy, construction, landscape planning and human health and social work activities as evidenced by Annex 2 and Annex 5. The analysis was conducted using recent data from both Czech policy documents (e.g., "Strategic Framework Czech Republic 2030") and European sources (e.g., "European Skills Agenda 2020"). Social partners were consulted on 1 and 20 October 2021 and an agreement was reached regarding the focus of the call and the specification of the four abovementioned sectors as shown in annexes 3c and 3d. Annex 3c shows the conclusion reached between the Association of Industry and Transport of the Czech Republic (SP ČR) and the Ministry of Education, Youth and Sports dated 20 October 2021 and annex 3d shows the agreement reached between the Czech-Moravian Confederation of Trade Unions (ČMKOS) and the Ministry of Education, Youth and Sports dated the 01 October 2021.
- Focus on fast-growing, high value-added sectors suffering from a lack of highly skilled specialists, such as cybersecurity, artificial intelligence, Industry 4.0 or e-government services.** In line with the description of the measure the Czech authorities selected fast-growing sectors which are set out on page one of the annex 4 Focus of study programmes in a specific objective B (page 1) of the call of proposals MSMT-29805/2021-5 published the 14 December 2021. The sectors chosen were digital technologies, technology and engineering, mobility, environmental quality, waste management and energy, construction, landscape planning and human health and social work activities.
- Support at least 20 universities.** In line with the description of the measure, 26 public universities have been supported by the programme on their respective projects as shown by Annex 4 provided by the Czech authorities. This annex shows the list of universities supported and the details of their successful application to the call explaining for which programme they will receive funding.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 184	Related Measure: CZ-C[C3.3]-R[R1]: Development of labour market policies	
Name of the Milestone: Establishment of the tripartite Re-skilling and Upskilling Committee		
Qualitative Indicator: Entry into force of a decree establishing a permanent Reskilling and Upskilling Committee of the Council of Economic and Social Agreement (tripartite)		Time: Q1 2022
Context: The aim of this reform is to promote life-long learning in Czechia. The reform consists of several systemic measures such as the setting up of a tripartite mechanism involving the Ministry of Labour, the Ministry of Education, employers and trade union representatives to coordinate the development of the learning programmes. In addition, its aim is to create a database of reskilling and upskilling courses, expanding the target groups that can participate in retraining organised by the Labour Office to employ people at risk, establishing at least 14 regional training		

centres in the area of digital technologies and Industry 4.0. Finally, the reform contains a legislative amendment to increase the effectiveness of the retraining courses organised by the Labour Office.

Milestone #184 aims to create a permanent Reskilling and Upskilling Committee of the Council of Economic and Social Agreement (tripartite). Milestone #184 is the first step of the implementation of the reform, and it will be followed by milestone #185 related to the entry into force of the amended Employment Act increasing efficiency of employment services and better targeting of most vulnerable groups. Milestone #185 will be followed by milestone #186 whose aim is to create a public database including reskilling and upskilling courses. Milestone #186 will be followed by milestone #187 which relates to trainings on reskilling and upskilling in digital skills and skills needed for Industry 4.0. Trainings will be offered to 130 000 participants. Target #188 is the fourth and last target and it relates to the creation of the regional centres to promote Industry 4.0. The reform has a final expected date for implementation on 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to underlying evidence;
- ii. Annex 1 - Ministerial decree (14/2021), and letter of establishment including the Statute and Rules of Procedure of the committee dated 11 October 2021 published by the Ministry of Labour and Social Affairs;
- iii. Annex 2 - List of members of the committee;
- iv. Annex 3 - Minutes of the first meeting of the committee which took place on 2 February 2022;
- v. Annex 4 - Minutes of the second meeting of the committee which took place 2 February 2022.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **The Reskilling and Upskilling Committee shall coordinate development of life-long learning in line with the actual and anticipated demand for skills.** In line with the description of the measure, the Reskilling and Upskilling Committee was established by a Ministerial Decree (14/2021) signed by the Minister of Labour and Social Affairs on 11 October 2021. Three committee meetings have taken place on 25 November 2021, 3 February 2022, as supported by the minutes of both meetings, and 8 September 2022, as supported by the following document on the Ministry's website <https://www.mpsv.cz/documents/20142/2649574/V%C3%BDbor+pro+rekvalifikaci+a+dal%C5%A1%C3%AD+vzd%C4%9BI%C3%A1v%C3%A1n%C3%AD.pdf/4add56fb-7a39-bf31-41de-c8456cc084f2>.
- **It shall consist of the representatives of the Ministry of Labour and Social Affairs, Ministry of Education, Youth and Sports, employers' associations and trade unions.** Furthermore, in line with the description of the measure, during the Committee meetings the Ministry of Labour and Social Affairs was represented by the Deputy Minister for Employment and the Ministry of Education, Youth and Sports was represented by the Deputy Minister for Education and Youth. In addition, employers were represented by

representatives from the Confederation of Industry of the Czech Republic, Confederation of Employers' and Business Associations of the Czech Republic and the Chamber of Commerce of the Czech Republic during the committee meetings. Trade unions were represented by representatives from the Czech-Moravian Confederation of Trade Unions and the Association of Independent Trade Unions of the Czech Republic. Future meetings of the committee will consist of the same set up as established in art. 3 "Composition of the Committee" on page 1 of the Annex 1 to the Minister's Order No. 14/2021 Statute of the Committee on Retraining and Continuing Training.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 198	Related Measure: CZ-C[C4.2]-R[R1]: Development of the Czech-Moravian Guarantee and Development Bank as a National Development Bank	
Name of the Milestone: Adoption of the medium-term strategy of the Czech-Moravian Guarantee and Development Bank (ČMZRB) approved by the bank's shareholders (represented by the Ministries of Industry and Trade, Finance and Local Development)		
Qualitative Indicator: Adoption of the medium-term strategy of the Czech-Moravian Guarantee and Development Bank (ČMZRB)		Time: Q4 2021
Context:		
<p>The aim of this reform is to address the challenges concerning the access to finance by small and medium sized enterprises (SMEs) through the Czech National Development Bank (formerly Czech-Moravian Guarantee and Development Bank). The Czech National Development Bank committed to introduce a new product line in the form of a financial instrument designed for supporting the green transition. The financial product has to respond to environmental objectives with full application of the "Do No Significant Harm" (hereinafter referred to as "DNSH") principle.</p> <p>Milestone #198 concerns the amendment of the Czech National Development Bank's Strategy to include broad principles for sustainable financing in line with EU environmental objectives and to ensure that the bank is prepared to implement the new type of instrument including the application of the DNSH principle. The update of the Strategy has to be approved by the bank's shareholders (Ministry of Finance, Ministry for Regional Development and Ministry of Industry and Trade).</p> <p>Milestone #198 is the first step of the implementation of the reform. It is followed by milestone #199 which relates to the approval of the implementation plan and internal regulations for the management of the new type of financial instruments. The reform has a final expected date for implementation on 31 December 2021.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence; ii. Annex 1 - Decision no 1 of shareholders meeting of 16 December 2021 for the approval of the updated Strategy of the National Development Bank for the period 2020-2023; iii. Annex 2 - The adopted amended Strategy of the National Development Bank for the period 2020-2023. <p>The authorities also provided:</p>		

iv. Annex 3 - Document listing the changes made in the Strategy in December 2021.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the target.

In particular:

- **Evidence of the adoption of the Strategy:** In line with the Council Implementing Decision Annex and Operational Arrangements, the Czech authorities provided the copy of the decision of the formal adoption of the updated National Development Bank's Strategy by the bank's shareholders (represented by the Ministry of Finance, Ministry for Regional Development and Ministry of Industry and Trade) in the shareholders' meeting held on 16 December 2021 (see Decision no 1 of shareholders meeting of 16 December 2021 for the approval of the updated Strategy of the National Development Bank for the period 2020 - 2023).
- **Introduction of the new financial product and reference to the DNSH principle in the provisions of the Strategy:** The update of the Czech National Development Bank Strategy includes principles for sustainable financing in line with EU environmental objectives. It introduces the broader EU environmental principles in the Bank's activities, including the specific reference to the DNSH principle for the components supported by the Recovery and Resilience Facility. Broader environmental principles in the form of the sustainable finance (ESG) principles are introduced in the provisions on page 5 (part 3.3) of the Strategy. The specific provisions containing the DNSH principle in relation to the instrument financed by the Recovery and Resilience Facility are introduced in part 4.2 on page 12 of the Strategy. The new product is targeted at financing low-carbon and climate-friendly projects that have a positive environmental impact and support EU climate policy. The amended Strategy explicitly confirms that the new financial instrument in the form of a junior subordinated loan under the National Recovery Plan has to comply with the DNSH principles as set out in the Council Implementing Decision Annex and Technical Guidance under the Recovery and Resilience Facility Regulation (2021/C58/01), and that the implementation of this financial instrument has to fulfil the requirements of the DNSH requirements as set out in the Council Implementing Decision Annex (see page 12 of the Strategy).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 199	Related Measure: CZ-C[C4.2]-R[R1]: Development of the Czech-Moravian Guarantee and Development Bank as a National Development Bank	
Name of the Milestone: Delivery of a management model for the new quasi-equity instrument		
Qualitative Indicator: Approval of the implementation plan and internal regulations for the management of the new type of financial instruments by the Board of Directors of the Czech-Moravian Guarantee and Development Bank (ČMZRB).		Time: Q4 2021
Context: The aim of this reform is to address the challenges concerning the access to finance by small and medium sized enterprises (SMEs) through the Czech National Development Bank (formerly Czech-Moravian Guarantee and Development Bank). The Czech National Development Bank will introduce		

a new product line in the form of a financial instrument. The financial product has to respond to environmental objectives with full application of the “Do No Significant Harm” (hereinafter referred to as “DNSH”) principle.

Milestone #199 aims at setting up an internal management model for the new product, mainly consisting of the implementation plan and internal regulations. The internal regulations should allow for project evaluation and selection that complies with the DNSH Technical guidance (2021/C58/01) requirements and green tagging criteria as established under Annex VI of the Recovery and Resilience Facility Regulation, allowing for support of activities with a climate coefficient of 40% or 100%. The implementation plan should also assure that human resources and appropriate IT system are in place for the new product, compliant with the DNSH methodology.

Milestone #199 is the second and last milestone of the reform whose aim is to prepare the Czech National Development Bank for the implementation of the new financial instrument. The reform has a final expected date for implementation on 31 December 2021.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence;
- ii. Annex 1 - Implementation plan called “Proposal for the introduction of the National Development Bank’s Subordinated Loan product” from 17 January 2022 which includes also the management model of the new product. Evidence of its approval is included in the same Annex in the part called “Extract from the Minutes of the proceedings of the Assets and Liability Management Committee no 1 from 17 January 2022”;
- iii. Annex 2 - Internal regulation on application and verification of the DNSH from 23 August 2022;
- iv. Annex 3 - Evidence of the approval of the internal regulation on application and verification of the DNSH by the Board of Directors of the National Development Bank on 6 May 2022;
- v. Annex 4 - Report on consultation of the Subordinated loan with the market by the National Development Bank;
- vi. Sub-annexes 4a and 4b –Documents containing unique MS Teams IDs, list of participants, agenda and minutes of two meetings between representatives of the Czech National Development Bank and the Czech Banking Association (“Czech Banking Association meeting 12_2021” and “Czech Banking Association meeting 3_2022”) held via Microsoft Teams on 6 December 2021 and on 1 March 2022, as drafted by the National Development Bank representatives.

The authorities also provided:

- vii. Sub-annex 3a - DNSH assessment tool “Project Financing Assessment Tool for the Subordinated Loan” provided by the Czech Development Bank in excel format;
- viii. Sub-annex 4c - PowerPoint presentation called “NRB subordinated loan” prepared by the Czech National Development Bank representatives for the Czech Banking Association;
- ix. Sub-annex 4d - Copy of the agreement dated 10 November 2021 entered into between the Czech Development Bank and the professional advisor on the elaboration and implementation of the rules related to DNSH and climate regulations of the new Subordinate loan product.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **Implementation plan and its approval**

The implementation plan for the new type of financial instrument (see document “Proposal for the introduction of the National Development Bank Subordinated Loan product” dated 17 January 2022) has been approved by an extended Committee (“the Assets and Liabilities Management Committee”), which includes all Board of Director members (see document “Extract from the Minutes of the proceedings of the Assets and Liability Management Committee no 1 from 17 January 2022”). This Committee has in its statutes the mandate to approve new products including the implementation plan. The implementation plan includes a description of the new type of financial product (section 2), a plan for the delivery of the product (section 3), the risk characteristics of the product (section 4), the economics of the product (section 5), the potential risks with the implementation of the product (section 6), the timetable for implementation as well as the software requirements (section 7).

- **Strengthening institutional and human resources to ensure the efficient management of the new type of financial instruments, including through adjustment of internal regulatory procedures of the IT systems for the new product (see description of Reform 1)**

The implementation plan also assesses the need for strengthening institutional and human resources to ensure the efficient management of the new type of financial instruments, including through adjustment of internal regulatory procedures of the IT systems for the new product (sections 3.3 and 3.4). Besides the use of standard systems, processes and capacity, new agendas related to the DNSH, and the quasi-equity type of products are identified. The use of present human resources is envisaged by the implementation plan for the new products, with the further adaptation needed to the proper implementation of the “Environmental, social, and governance” and quasi-equity specificities including product training (4.3, 6.1, 7.10). The plan also details the steps needed for the adaptation of the IT systems of the bank in order to be able to process the new type of products and the DNSH methodology (7.6).

- **Internal regulation and its approval**

The Council Implementing Decision Annex envisages that the Bank develops a methodology for project evaluation and selection that complies with the DNSH Technical guidance (2021/C58/01) requirements and green tagging criteria as established under Annex VI to the RRF Regulation, allowing for support of activities with a climate coefficient of 40% or 100%. A new internal regulation in compliance with the DNSH principle and with the requirements of the applicable intervention fields of Annex VI of Regulation (EU) 2021/241 was approved by the Board of Directors of the Czech National Development Bank (see document “Internal regulation on application and verification of the DNSH from 23 August 2022”). The internal regulation’s main objective is: 1. to ensure that the DNSH regulation is applied and is well anchored in the internal management system by establishing an internal process of DNSH and intervention fields evaluation; 2. to ensure the process of approval / rejection of project’s compliance with the DNSH and intervention fields; 3. to ensure the system of verification in place which includes process of ex-ante, on-the-spot and ex-post checks. The decision no 19 of the Board of Directors of 6 May 2022 (see document “Evidence of the approval of the internal regulation on application and verification of the DNSH by the Board of Directors of the National Development Bank on 6 May 2022”) provide evidence of the approval of the internal regulation.

The regulation consists of the following key parts:

- Basic provisions – defining the scope of the new regulation for ensuring compliance with environmental criteria for the new product, the subordinate loan fund K 4.2/2022, (1.1) in line with the Council Implementing Decision Annex requirements and listing related Bank’s internal regulations (1.3)
- Control and inspection mechanisms – definition of the process and its main output. The process consists of collection of relevant data from the client (2.1.1), procedure of internal assessment (2.1.1.2) and evaluation process defined in 2.1.1.3. (use of the methodology – see point 3 below). The checks (controls) take place before the approval/rejection of the project (2.1.2) and ex-post (2.1.3.). There are different types of ex-post controls: regular (aimed at client’s creditworthiness, 2.1.3.1), on the spot check (physical inspection, 2.1.3.2) and administrative control (ongoing basis and based on the credit agreement). All of the checks incorporate the DNSH aspect. The output of these processes is formalized in the ‘Project Inspection Report’ (2.1.3.5).
- Methodology – the methodology consists of the evaluation of the total project costs which cannot exceed 10 million EUR (described in 2.2.1. of the regulation), evaluation against the list of excluded sectors (described in 2.2.2 of the regulation), intervention fields of Annex VI of Regulation (EU) 2021/241 with the climate coefficient of 40% or 100% (described in 2.2.3 of the regulation) and compliance with European and national legislation (described in 2.2.4-2.2.12 of the regulation). An instrument for the purposes of evaluation of project compliance with the DNSH and intervention fields for the product is provided in the Annex 3 in the form or excel file that the bank developed internally.

- **Consultation with market entities and professional advisers**

The new rules related to the implementation of the new product have been consulted with market entities and professional advisers. The National Development Bank has collaborated with a professional advisor for the development of the product characteristics including the provision for evaluation of the products ensuring compliance with the DNSH principle. This is evidenced by the Advisory Agreement entered into by the bank and the professional advisor on 10 November 2021 (see document “Copy of the agreement between the Czech Development Bank and the professional advisor on the elaboration and implementation of the rules related to DNSH and climate regulations of the new Subordinate loan product”). Besides the collaboration and the meetings held with professional advisor (which took place between January and March 2022, the representatives of the National Development Bank also held on-line meetings with the Czech Banking Association which comprises representatives of the largest commercial banks in the country. A list of these meetings, held on 6 December 2021 and 1 March 2022 was also annexed to the documentation submitted. The meetings focused on the development of the new product including the DNSH assessment and the applicable intervention fields. The authorities have also submitted the documents “CBA meeting 3 2022” and “CBA meeting 12 2021” including the list of participants in the meetings, the unique MS Teams IDs of the meetings, the agendas and main points of discussion as drafted by the representatives of the National Development Bank.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 200	Related Measure: CZ-C[C4.2]-I[I1]: Development of a new line of quasi-equity instruments supporting entrepreneurship
Name of the Milestone: Funding agreement with the Czech-Moravian Guarantee and Development Bank as a National Development Bank (ČMZRB)	

Qualitative Indicator: Signing of the Funding Agreement	Time: Q4 2021
<p>Context:</p> <p>The investment aims to address the challenges concerning the access to finance by small and medium sized enterprises (SMEs) through the Czech National Development Bank (formerly Czech-Moravian Guarantee and Development Bank). The Czech National Development Bank will introduce a new product line in the form of a quasi-equity financial instrument. The investment aims to finance at least 30 projects providing a combined support of EUR 32.4 million, complying with the Do No Significant Harm (hereinafter referred to as “DNSH”) Technical guidance (2021/C58/01) requirements and green tagging criteria as established under Annex VI to the RRF Regulation, allowing for support of activities with a climate coefficient of 40% or 100%.</p> <p>Milestone #200 requires the signing of a Funding Agreement between the Ministry of Industry and Trade and the Czech National Development Bank for financing quasi-equity instruments. The agreement has to be in compliance with the objectives of the Regulation (EU) 2021/241, including the DNSH Technical Guidance (2021/C58/01) and the supported projects must comply with the intervention fields of Annex VI to Regulation (EU) 2021/241 with a 40% or 100% coefficient. Until 31 December 2026, the reflows from the new quasi-equity instrument shall be re-used only for the purposes of this instrument. The new instrument shall be a quasi-equity instrument in the sense of subordination to its senior debt, but it shall provide for a project-specific financing.</p> <p>Milestone #200 is the first milestone of the investment following the reform in which the Bank’s Strategy has been updated and internal regulations have been designed for project evaluation and selection that complies with the DNSH principle and green tagging. Milestone #200 will be followed by target #201 which concerns the actual selection of projects. The investment has a final expected date for implementation on 31 December 2025.</p>	
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangement, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence; ii. Annex 1 – The signed Funding Agreement entered into by the Ministry of Industry and Trade and the Czech National Development Bank dated 19 May 2022 on the creation and management of a loan fund “K 4.2/2022”. 	
<p>Analysis:</p> <p>The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.</p> <p>In particular:</p> <ul style="list-style-type: none"> • Signature of the Funding Agreement: The Funding Agreement has been entered into by the Ministry of Industry and Trade and the National Development Bank and came into force on 19 May 2022, following the signature of both contractual parties (see document “The signed Funding Agreement entered into by the Ministry of Industry and Trade and the Czech National Development Bank dated 19 May 2022 on the creation and management of a loan fund “K 4.2/2022””). • Investment policy: The investment policy is elaborated in Annex I to the Funding Agreement. It consists of three main sections: 1. Investment strategy which reconfirms the form of the subordinated loans of the financial product, specifies co-financing and 	

expected mobilization of the private capital; 2. Basic parameters of the product (minimum/maximum amount of loan, maturity, repayment, interest, etc.); 3. Eligibility criteria including the environmental criteria (see below).

- **Eligibility criteria:** The eligibility criteria are explicitly covered in Annex I to the Funding Agreement, under the separate heading ‘Eligibility conditions’. These eligibility conditions list the set of criteria for a project to be eligible for funding by the Czech National Development Bank under the new subordinated loan product (beneficiary must be SME, project seat on the territory of Czech Republic, public aid conditions, co-financing) including the environmental criteria defined by the DNSH and climate coefficient (see below).
- **Compliance with the DNSH Technical Guidance (2021/C58/01) of supported beneficiaries under this measure through the use of sustainability proofing, an exclusion list and the requirement of compliance with the relevant EU and national environmental legislation:** The condition of the compliance of projects with the DNSH is ensured by:
 - a general provision in the text of the Agreement in article VIII, point 2, which requires compliance with the Technical Guidance on the application of the DNSH principle under the RRF Regulation (2021/C58/01), as described in the Annex to the Council Implementing Decision on the approval of the assessment of the recovery and resilience plan for Czechia (2021/0245(NLE)); and
 - specific provisions included in the Eligibility conditions in Annex I to the Funding Agreement, which state that the total costs of the project cannot exceed EUR 10 million and that the funding by the National Development Bank will be provided directly to final beneficiaries (without an intermediary) so that the specific provisions on the exemption from InvestEU Sustainability proofing apply.

It also provides for an exclusion list in order to ensure compliance with the DNSH Technical Guidance (2021/C58/01) and requires compliance with the national and European environmental legislation as defined in the Council Implementing Decision Annex. Furthermore, the provision in Article VIII, point 3, explicitly states that the Bank shall establish and implement in its procedures an effective system for evaluating and verifying individual projects in order to fulfil the conditions related to the DNSH, in such a way that, for each project supported, it is able to demonstrate that these conditions have been met.

- **Compliance with the requirements of the applicable intervention fields of Annex VI to Regulation (EU) 2021/241 (with a 40% or 100% coefficient):** This condition of compliance is ensured by:
 - a general provision in the text of the Agreement in article VIII point 1, which authorises the Bank to finance only those projects whose planned output is an activity to which a coefficient of 40 % or 100 % is attributed on the basis of the methodology set out in Annex VI to Regulation (EC) 241/2021 of the European Parliament and of the Council; and
 - specific provisions included in the Eligibility conditions in the Annex I, which provide a list of activities in line with the applicable intervention fields of Annex VI to Regulation (EU) 2021/241 (with a 40% or 100% coefficient).

Furthermore, the provision in Article VIII point 3, explicitly states that the Bank shall establish and implement in its procedures an effective system for evaluating and verifying individual projects in order to fulfil the conditions related to climate coefficient, in such a way that, for each project supported, it is able to demonstrate that these conditions have been met.

- **Use of reflows:** Article III point 7 of the Funding Agreement specifies that the reflows from the financial instrument will be used for the same instrument until 31 December 2026 and reflows to the Czech-Moravian Guarantee and Development Bank as a National Development Bank (ČMZRB) core capital shall take place only after 2026.
- **Further specifications: The new quasi-equity instrument shall consist of investment loans.** The Funding Agreement specifies in Article I under the term ‘Subordinated loan’ that the quasi-equity financial instrument is in the form of a subordinated loan, which is provided from the ‘K 4.2/2022’ loan fund under the terms of the call. The form of a subordinated loan is also reconfirmed in the Annex I, under ‘Basic parameters of the product’.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 203	Related Measure: CZ-C[C4.3]-R[R2]: Judiciary reform aimed at strengthening the legislative framework and transparency in the areas of courts, judges, prosecutors and bailiffs	
Name of the Milestone: Entry into force of the Courts and Judges Act		
Qualitative Indicator: Provision in Courts and Judges Act indicating the entry into force		Time: Q4 2021
Context:		
<p>The aim of this reform is to establish a transparent and uniform system of recruitment and selection of judges and court officials based on precise, objective and uniform criteria. Furthermore, the reform aims at regulating in more detail the ancillary activities of judges and to streamline court proceedings involving lay judges. It also seeks to strengthen the safeguards of disciplinary proceedings for judges, prosecutors and bailiffs by introducing an appeal review.</p> <p>Milestone #203 requires the entry into force of an amendment to the Courts and Judges Act which shall create transparent and objective criteria for the selection of judges and court presidents, regulate in more detail secondary activities of judges and streamline court proceedings in which lay judges participate.</p> <p>Milestone #203 is the first milestone of the reform. It concerns the entry into force of the amendment to the Courts and Judges Act. The second and last milestone #204 concerns the entry into force of the amendment to the Act on proceedings in cases of judges, prosecutors and bailiffs. The reform has a final expected date for implementation on 31 December 2024.</p>		
Evidence provided:		
<p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence; ii. Annex 1 - Copy of the publication of the amending Act of the law on Courts and Judges dated 25 May 2021 with reference number 218/2021 in the Czechia’s Collection of Law. <p>The authorities also provided:</p> <ol style="list-style-type: none"> iii. Annex 2 - Explanatory memorandum to the amending Act on Courts and Judges with reference number 218/2021; iv. Annex 3 - Transcript from the hearing of the Senate discussing the draft amendment dated 		

17 March 2021 with reference number Printing No. 51;

- v. Annex 4 -Ministerial decree No 2/2023 of the Ministry of Justice on the organisation of work and training of judges of district and regional courts. On 3 February 2023, the ministry issued a decree to streamline the organisation of work of lay judges and strengthen their competences by providing further training and assistance, entering into force on 7 February 2023, as published in the Official Journal of the Ministry of Justice on 7 February 2023.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **The Courts and Judges Act shall introduce objective rules for the selection of judges and court officials.**

As required by the Council Implementing Decision, the Act No. 218/2021 which is the amendment to Act No. 6/2002 . on Courts and Judges, as amended – hereinafter referred to as the Amendment of the Courts and Judges Act (published in the Czechia’s Collection of Law on 25 May 2021, *Sbírka zákonů č.218/ 2021*, pages 1826 – 1835) **establishes a uniform and transparent system for the selection of judges and court officials and contains new provisions about secondary activities of judges.**

The Amendment of the Courts and Judges Act entered into force on 1 January 2022, with the exception of the provisions of points 23, 27, 28, 33 and 35 of the first part of Article I, which relate to the publication of decisions of district, regional and high courts judgments and entered into force on 1 July 2022 as established in Article XI. These provisions, further enhance the transparency of the justice system but do not relate to the requirements of the Council Implementing Decision.

As required by the Council Implementing Decision, the Amendment of the Courts and Judges Act introduces **a new selection system of new judges, which is based on precise, objective and uniform criteria** (Part no 5, Section 109-117a).

The new selection system of new judges consists of five phases which have to be completed by the candidate-judge: i) practice as an assistant of a judge, ii) judicial exam, iii) selection procedure of a judicial candidate, iv) practice of a judicial candidate and v) open competition for the position of a judge. Selection committees in phases iii) and vi) shall consist of judges and judicial experts while judges will have majority. Applicants from other legal professions (such as lawyers, notaries, bailiffs or public prosecutors) are also allowed to apply for the position of a judicial candidate and/or judge.

The Amendment of the Courts and Judges Act also establishes **new rules in connection to the selection of presidents of district, regional and high courts** (Section 105a-e). From 1 January 2022, court presidents of district, regional and high courts shall be selected in open competitions before selection committees in which judges will have a majority. Applicants are required to have at least five years of practice as a judge. The proposal prohibits the possibility to repeat the mandate of a court president at the same court. Presidents of high and regional courts may repeat their mandate at a different court of the same level after five years from the end of the first mandate. Court presidents are required to complete a management education course (organized by the Judicial Academy).

- **The Courts and Judges Act shall provide for a more detailed regulation of the secondary**

activity of judges.

Additionally, as required by the Council Implementing Decision, the Amendment of the Courts and Judges Act **contains more detailed provisions about secondary activities of judges** (Sections 85 and 85a). From 1 January 2022, judges are obliged to report to the president of the respective court secondary activities exercised by them in the previous calendar year, by 30 June of the current year. The report contains information about the type and form of the exercised activity, person for whom it was exercised, place where it was exercised and the duration of the activity. This obligation will not apply to judges who do not exercise such activity, or who earn by these secondary activities less than 20% of their annual judge's salary (to minimise the administrative burden).

- **The Courts and Judges Act shall streamline court proceedings in which lay judges participate.**

Concerning the streamlining of court proceedings involving lay judges, as part of the Amendment of the Courts and Judges Act, the Government originally proposed a substantial limitation of the scope of the involvement of lay judges in criminal proceedings. The rationale for this was to improve efficiency, as the potential lack of legal expertise and age profile of lay judges is perceived by some as slowing down proceedings. This proposal was discarded during the legislative process (Annex 3). Instead, the Czech Parliament decided to introduce an amendment providing that the **remuneration of lay judges should be 'reasonable'** (Annex 1, Point 17 amended Section 93(4) of the Courts and Judges Act). The main objective behind this proposal - as laid down in the explanatory memorandum (Annex 2, page 26) and interventions during the debate in the Senate (Annex 3) - was to make this function more attractive to younger, more qualified citizens, which would further lead to making the proceedings with lay judges more efficient. The proposed amendment to limit the number of proceedings with lay judges was proposed in the context of this reform due to the fact that the institute of lay judges is enacted in the Courts and Judges Act. However, **it was ancillary to the objectives of the reform** which were mainly focused on creating transparent and objective criteria of selection of judges and courts presidents and revising the issue of secondary activities of judges in order to address the recommendations of the Group of States against Corruption (GRECO) in this area. By the Amendment of the Courts and Judges Act these two main issues were solved.

In addition, by means of Ministerial Decree No. 2/2023 (Annex 4), published on the Ministry's website (<https://justice.cz/web/msp/rejstrik-instrukci>), **the composition of the senate involving lay judges has been made more efficient** by providing for communication preferably via electronic means or via phone (Paragraph 2, subparagraph 2), and introducing a deadline of at least 7 days for informing the lay judges of the convening of a hearing, which can be shortened where there is a risk of frustration of the trial ((Paragraph 2, subparagraph 3). Finally, the Decree sets out that court presidents shall provide for **training activities for lay judges** (paragraph 3(1)). These measures contribute to **streamlining the concerned proceedings**, as well as improving the quality of lay judges' contributions and are thereby expected to make the proceedings involving them more efficient.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 207

Related Measure: CZ-C[C4.3]-R[R5]: Control and audit

Name of the Milestone: The system to collect, store and make available data in relation to all final recipients including all beneficial owners (as established by article 3, point 6, of the Anti-money

laundering directive)	
Qualitative Indicator: Procedure approved and implemented by the delivery unit with the description of the system to collect and make available data on final recipients	Time: Q2 2022
<p>Context:</p> <p>This reform aims to improve the control and audit environment of the Czech Republic, in order to efficiently protect the financial interests of the Union during the implementation of the RRF.</p> <p>Milestone #207 concerns the approval and the implementation of the procedures for the system to collect, store and process data in relation to all final recipients, including all beneficial owners as established by Article 3 of the Directive (EU) 2015/849.</p> <p>This milestone (#207) is the first step of the implementation of the reform and is directly connected to the milestone #210 on the repository system (due in Q2 2022), whose functionalities should be confirmed by an audit report.</p> <p>Other milestones of this reform are milestone #208 on the action plan on the prevention of the conflict of interests (due in Q4 2021), milestone #209 on measures preventing conflict of interests (due in Q2 2022), milestone #210 on the repository system (due in Q2 2022), milestone #211 on audit strategy (due in Q4 2021), milestone #212 on the review of the definition of beneficial ownership (due in Q4 2021), milestone #213 on the guidance on the avoidance and management of conflict of interests (due in Q2 2022), and milestone #214 on procedures to avoid conflict of interests in line with Article 61 of the Financial Regulation (due in Q2 2022).</p> <p>The reform has a final expected date for implementation on 30 June 2022.</p> <p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence; ii. Annex 1 - Methodological guidance for monitoring of RRP in force from 21 November 2022, including annex No. 1 Monitoring report to the request for the payment; annex No. 2 Partial monitoring report; and annex No. 3 Overview of information systems and their connection to the repository system; iii. Annex 2 - Copy of the approval decision by the RRF Managing Council from 21 – 31 January 2022; Copy of the approval decision by the RRF Managing Council from 27 April – 10 May 2022; Copy of the approval decision by the RRF Managing Council from 21 November 2022; iv. Annex 3 - Internal manual of the coordinating body in force from 3 October 2022, including the signatures, including annex No. 1 Checklist on Partial monitoring report; annex No. 2 Checklist on Monitoring report to the request for the payment; and annex No. 3 Checklist on the sample check; v. Annex 5a - Confirmation (from 26 September 2022) from the coordinating body that the procedure to collect, store and make available data on final recipients, contractors, sub-contractors, beneficial owners and the list of any measures for the implementation of reforms and investment projects is being successfully implemented (hereinafter “Confirmation document from the coordinating body”). <p>The authorities also provided:</p> <ul style="list-style-type: none"> vi. Annex 4a - Acceptance protocol including summary of the functionalities of the repository system from 4 April 2022; 	

- vii. Annex 4a - Acceptance protocol including summary of the functionalities of the system from 28 April 2022;
- viii. Annex 4b - – Document explaining the technological procedures for the project documentation in the repository system by the contractor ASD Software, s.r.o. from 2 May 2022;
- ix. Annex 5b - Post-Implementation review – PART I.: The process of collecting, storing and making available data by Deloitte from September 2022;
- x. Annex 5c - Situation report on the protection of the financial interests of the Union and related control of component owners regarding RRP signed 4 October 2022.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **The procedure describing how the data on final recipients, contractors, sub-contractors, beneficial owners, and the list of any measures for the implementation of reforms and investment projects is to be collected and stored is being successfully implemented.**

The methodological guidance for monitoring of the RRP describes the procedures and rules for monitoring the implementation of the RRP, setting out the responsibility to monitor the implementation of the components to the implementing bodies, which collect and store the data in their information systems (chapter 5.1). There are various information systems used by the implementing bodies, as the RRP implementation is built on the existing national procedures and as a result the system is decentralised. The information systems of the implementing bodies can be connected to the national register of beneficial owners, or the beneficial owner data can be transferred in form of a web service upon a request to the Ministry of Justice (chapter 5.1). The implementing bodies are then obliged to submit reports and transfer the relevant data to the coordinating body (chapter 5) to the umbrella repository system of the coordinating body (AIS system), which serves as an overarching, central repository system (chapter 5.2).

Part of the monitoring report for the request for payment which is an annex to the methodological guidance for monitoring of the RRP is a list of operations. The list of operations, including the data on final recipients of funds, contractors, sub-contractors, together with names and dates of births of beneficial owners can be transferred into the umbrella repository system through a direct automated connection via interface, a transmission of data via XML or a manual transcript of data directly in the umbrella repository system. The checks and controls of transmitted data are carried out by the system as well as by the coordinating body (chapter 5.2). Furthermore, the coordinating body performs checks for the submitted projects on a sample basis through the checklist on Monitoring report to the request for the payment, including the check on the storing of the data according to Article 22 (2) (d) of the RRF Regulation (question 25 of the checklist). Furthermore, the contractor developing the umbrella repository system has also developed the document Technological procedures for the project documentation in the repository system describing how the data on final recipients, contractors, sub-contractors, beneficial owners, and the list of any measures for the implementation of reforms and investment projects is to be uploaded and stored in the system.

Moreover, the Methodological guidance for monitoring of the RRP states that the umbrella repository system contains the data for already implemented operations (chapter 5.2). This position is further elaborated in the Confirmation document from the coordinating body, which states that in case of measures that are part of the RRP but do not receive any funds,

only a list of measures (reforms and investment projects) with their description are collected, stored and made available, as there are no funds hence no final recipients or beneficial owners to these measures. It means that data are collected and stored also in the repository system(s) of the implementing bodies, which was confirmed by the final evidence submitted for milestone #89 (see assessment of milestone #210).

The successful implementation of the described procedures is further supported by other documentation submitted by Czechia, including the post-Implementation review performed by a private consultant from September 2022, and Technological procedures for the project documentation in the repository system from 2 May 2022.

- **The system to collect and make available data on final recipients shall be in line with the requirements of Article 22(2)(d) of the RRF Regulation. This description shall explicitly cover all categories of data mentioned in Article 22(2)(d), including on ‘beneficial owners’ as defined in Article 3, point 6, of Directive 2015/849, as amended by Directive 2018/843.**

The Methodological guidance for monitoring of RRP defines the data, which shall be collected and stored by all implementing bodies in their information system (chapter 5.1). The guidance presents the list of data in line with the requirements of Article 22(2)(d) of the RRF Regulation, covering all categories of data necessary:

- name of the recipient and final recipient of the funds;
- name of the contractor and sub-contractor, where the final recipient of funds is a contracting authority in accordance with the Union or national law on public procurement;
- first name, last name and date of birth of beneficial owner(s) of the recipient of the funds or contractor, as defined in Article 3 (6) of Directive (EU) 2015/849 of the European Parliament and of the Council;
- a list of any measures for the implementation of reforms and investment projects under the RRF with the total amount of public funding of those measures and indicating the amount of funds paid under the Facility and under other Union funds;
- data as defined in chapter 5.2 of the Methodological guidance for monitoring of RRP, which are declared to the coordinating body (aggregated data on the fulfilment of the milestones and targets, and data on each operation of the declared milestones and targets).

- **The procedures shall be approved and implemented by the RRF Managing Council**

The procedures and methodological guidance, including the Monitoring guidance, were approved by the Steering Committee (the Czech RRF Managing Council) decisions from 21 to 31 January 2022, 27 April to 10 May 2022, and 21 November 2022, respectively, as evidenced by the Annex 2. The decisions from 21 to the 31 January 2022 and from 27 April to 10 May 2022 were taken by voting *per rollam*, whereas the decision on the methodological guidance from 21 November 2022 was taken during a regular meeting of the Steering Committee. The Methodological guidance for monitoring of RRP is binding for the coordinating body, audit body and implementing bodies involved in the RRP (chapter 1 of the Guidance).

- **The system of collecting data will be based on and follow the best practices gained of MS2014+ system.**

As evidenced in the Confirmation document from the coordinating body, the experience with MS2014+ system for monitoring of programs under cohesion was used for the development of the umbrella repository system. The functionalities from MS2014 + system implemented in the umbrella repository system include the unique ID of each project, the

mandatory data system, automated checks and verifications, automated interconnections via interface with other systems and registers, ability to generate and send XML or XLS file, communication tools with implementing bodies, automated notifications following changes (transition) of reports, monitoring report calendars, overall overview of reports received, history of filled data, and obligatory checkboxes to prove acquaintance and confirmation of obligations laid down in the system (point 3).

Commission Preliminary Assessment: [Satisfactorily fulfilled]

Number: 208	Related Measure: CZ-C[C4.3]-R[R5]: Control and audit	
Name of the Milestone: 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		
Qualitative Indicator: Effective implementation of the action plan confirmed by updated procedures and processes of the coordinating body		Time: Q4 2021
<p>Context:</p> <p>This reform aims to improve the control and audit environment of the Czech Republic, in order to efficiently protect the financial interests of the Union during the implementation of the RRF.</p> <p>Milestone #208 concerns the creation and the implementation of an action plan that would include measures to be implemented by the coordinating body of the Czech Recovery and Resilience Plan in the area of prevention and management of conflict of interests.</p> <p>Milestone #208 is the second step in the implementation of the reform. Milestone #208 is directly linked to milestone #209 which requires audit report confirming effective implementation of the action plan (due in Q2 2022). In addition, some measures developed as part of the action plan are assessed in more detail under milestone #213 which relates to the guidance on the avoidance and management of conflict of interests (due in Q2 2022). Other milestones of this reform are milestones milestone #207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners (due in Q2 2022), milestone #211 on audit strategy (due in Q4 2021), milestone #212 on the review of the definition of beneficial ownership (due in Q4 2021), and milestone #214 on procedures to avoid conflict of interests in line with Article 61 of the Financial Regulation (due in Q2 2022).</p> <p>The reform has a final expected date for implementation on 30 June 2022.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence; ii. Annex 1 - Action Plan for the systematic prevention of conflict of interests according to Article 61 of the Financial Regulation for RRP in its current version; iii. Annex 2 - Overview of training on methodological documents and related procedures; iv. Annex 3a - The result of the coordinating body internal verification of the implementation of the action plan and the setting up of the management and control systems; v. Annex 3b - Checklists of readiness for implementation of the Action Plan for RRP. <p>The authorities also provided:</p>		

- vi. Supplementary information on milestone 208 provided on 20 December 2022 including also four lists indicating the users of Arachne.
- vii. Supplementary information on corrective actions taken in the repository system on the 'Public project and entities search engine' provided on 27 January 2023.
- viii. The risk analysis of the coordinating body adopted on 31 August 2022 by the Ministry of Industry and Trade.
- ix. Report on the risk status of component owners adopted on 30 June 2022 by the Ministry of Industry and Trade.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **Effective implementation of the action plan will ensure an efficient internal administrative system of the coordinating body, in particular as regards sufficient and systemic prevention of the conflict of interests.**

The Action Plan for the systematic prevention of conflict of interests according to Article 61 of the Financial Regulation for the RRP was adopted by the Steering Committee and became effective on 11 May 2022. The Steering Committee is the highest decision making and managing body of the Czech RRP as established by the governmental resolution No. 467 of 17 May 2021. The coordinating body of the Czech National RRP (the so-called Delivery Unit) is located in the Ministry of Industry and Trade and is responsible for the Steering Committee. In order to ensure an efficient internal administrative system of the coordinating body, in particular as regards sufficient and systemic prevention of the conflict of interests, 14 measures were proposed in the Action Plan and implemented as evidenced by the documents submitted by the Czech authorities, in particular:

- RED FLAGS Methodological Guidance for the National Recovery Plan (further referred as "RED FLAGS Guide") was adopted on 25 January 2023 by the Steering Committee by the decision to vote per rollam. The Guidance is assessed in detail under milestone #213 (measure No. 1).
- Guidance on conflict of interests according to Article 61 of the Financial Regulation for National Recovery Plan (further referred as "Conflict of Interests Guide") was adopted on 25 January 2023 by the Steering Committee by the decision to vote per rollam. The Guidance is assessed in detail under milestone #213 (measure No. 2).
- The trainings took place in spring 2022 and were attended by representatives of all implementing entities as evidenced by Annex No. 2 to the summary document which includes an overview of the trainings organised with the attendance lists from the trainings. Recordings of the training sessions are also available on shared working spaces (measure No. 3).
- The Action plan sets out firm deadlines for the implementing bodies to comply with the overall methodological framework for the RRP, particularly with the RED FLAGS Guide and Conflict of Interests Guide and imposes on all RRP implementing bodies its implementation and integration into their management and control documents. These documents were prepared by the implementing bodies and sent to the coordinating body for their verification, together with ten checklists of readiness for the implementation of the Action plan on conflict of interests as evidenced under Annex No. 3b to the summary document (measures No. 4 and 5).
- On the basis of documents prepared and submitted by the implementing bodies (including the checklists), as described under measures No. 4 and 5 above, the

coordinating body verified if the requirements from the central methodologies were implemented. This verification is evidenced in Annex 3a - *Summary report to verify the fulfilment of the points of the Action Plan for systematic prevention of conflict of interests as referred to in Article 61 of the Financial Regulation for the National Recovery Plan 2021-2026 for selected components*. This report was supplemented by the addendum dated on 30 September 2022 which described the additional measures taken by the Ministry of Culture following the previous recommendation of the coordinating body (measure No. 6).

- A positive opinion on the effectiveness of Czechia's internal control system was issued by the audit body despite the identification of some shortcomings (as evidenced in the audit report following the Audit No. NPO/2022/S/002, Annex No. 1 to the summary document under milestone #214) (measures No. 7 and 8).
- The implementing bodies prepared the risk analysis on their parts by 31 May 2022. The elaboration of risk-analysis was later verified by the coordinating body as evidenced by question two of the checklist (Annex No. 3b to the summary document) and the results of that verification were summarised in the Report submitted as Annex No. 3a to the summary document. The overall risk analysis at the level of the coordinating body was adopted on 31 August 2022 as evidenced by the evidence submitted additionally on 20 December 2022, together with the assessment of the risk status of the implementing bodies (measure No. 9).
- This Code of Ethics was established as Annex No. 1 to Conflict of Interests Guide. It is binding to all interested persons of the RRP as defined in this guide (chapter 4.3) (measure No. 10).
- Signing the Code of Ethics by the staff involved in implementation of the RRP was verified by the coordinating body as evidenced by question four of the checklist (Annex No. 3b to the summary document) and the results of that verification were summarised in the Report submitted as Annex No. 3a to the summary document (measure No. 11).
- The Declaration on Honour was adopted as Annex No. 2 to Conflict of Interests Guide. The concerned entities¹ are obliged to require that the applicant/final recipient signs a Declaration on Honour stating that he or she is not aware of any conflicts of interests towards the implementing body and disclosing relevant data on its beneficial owners (measure No. 12).
- According to RED FLAGS Guide (chapter 2.2), all implementing bodies are obliged to use Arachne or similar risk scoring tools in order to verify the applicant's operation(s). If they use Arachne, they are also obliged to describe the procedures on its use in detail in their internal procedures and to ensure that it is communicated to all their employees involved in the implementation of the RRP (chapter 4.2). As evidenced by the summary of audits (part 5.2) accompanying the first payment request, the audit body provided trainings to coordinating body, component owners and implementing bodies on the use of Arachne on 13 May 2022, 13 September 2022 and 18 October 2022. Following that training, participants were granted access to Arachne as evidenced in the supplementary information in M#208 provided by the Czech authorities on 20 December 2022 (measure No. 13).
- The database of all operations supported by the RRF is part of the RRF umbrella repository system (AIS system). The coordinating body launched this system in production version on 1 July 2022. This system is continuously being filled by data from implementing bodies. Within the AIS system, the coordinating body developed a public search tool in which a list of all measures (projects) included in the payment request(s) submitted to the Commission is published, together with their recipients, contractors and sub-contractors. The tool is accessible through the website of RRP

<https://www.planobnovy.cz/dokumenty> - “Vyhledávač podpořených projektů a subjektů”. No data on beneficial owners are published since all final recipients for milestones and targets in the first payment request are public bodies for which no data on beneficial owners are required (measure No. 14).

To sum up the measures to substantiate the requirement ensure an efficient internal administrative system of the coordinating body, in particular as regards sufficient and systemic prevention of the conflict of interests.

- **The action plan shall include measures to ensure that payments to final recipients, contractors and subcontractors under the Plan would be subject to prior controls of conflict of interests verification down to the level of beneficial owners as defined in Article 3, point 6, of Directive (EU) 2015/849 of the European Parliament and of the Council.**

The measures of the action plan described above enforce procedures for the investments and reforms under the RRP and for the whole implementation structure, thus ensuring that payments to final recipients, contractors, and sub-contractors under the RRP will be subjected to prior multilevel controls of conflict of interests, down to the level of beneficial owners.

- The main documents 1) RED FLAGS Guide (measure No. 1) and Conflict of Interests Guide (measure No. 2) clearly define procedures of control and verification of conflict of interests and procedures for avoiding funding or withdrawing funding if any conflict of interests is identified, verified, and confirmed. The guides distinguish between the procedures (i) for the implementation structure, and (ii) for operations (see Introduction of the Conflict of Interests Guide). Regarding controls of conflict of interests at the level of the implementing structure, the following actions are envisaged: the entities concerned are obliged to require that the applicant/final recipient signs a Declaration of Honour stating that he or she is not aware of any conflicts of interests and disclosing relevant data on its beneficial owners (see Chapter 4.5 of the Conflict of Interests Guide and the template of the Declaration in Annex No. 2). The Conflict of Interests Guide then sets out in chapter 5.1 the procedure for the verification of the Declaration on Honour, particularly by indicating the relevant databases to be used for the verification. For this purpose, it also establishes a checklist of questions in Chapter 5.2. The checks should be performed before the legal act is issued or the contract is concluded, as well as after completion of the project (chapter 5.1). These checks are carried out regardless of the legal form of the final recipient (legal entity, foundation, legal arrangement – trust, etc.). The control is carried out regardless of the form of funding (ex-ante, interim, ex-post). Finally, Chapter 6 of the Conflict of Interests Guide describes the relationship between Article 61 of the Financial Regulation and the public procurement procedures. It confirms that Article 61 applies to anyone and to any entity under Member States jurisdictions involved in implementing the EU budget, including in the procurement process and that similar national rules, which generally forbid conflict of interests, are applied on public procurement procedures. The implementing bodies on whom this guidance is binding have to ensure compliance with the obligations pursuant to Article 61 Financial Regulation on all levels of the implementation of the measures. The Guide also informs that furthermore, conflicts of interest at the level of the contracting authority (i.e. the applicant/final recipient) and the supplier are also regulated in Section 44 of the Act. Contracting authorities are required to take appropriate measures to effectively prevent, identify and remedy conflicts of interest arising in the course of public procurement procedures.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 209	Related Measure: CZ-C[C4.3]-R[R5]: Control and audit
Name of the Milestone: Measures preventing conflict of interests implemented by the coordinating body.	
Qualitative Indicator: Audit report confirming effective implementation of the action plan.	Time: Q2 2022
Context: <p>This reform aims to improve the control and audit environment of the Czech Republic, in order to efficiently protect the financial interests of the Union during the implementation of the RRF. The objective of this milestone is to improve the national control system to prevent, detect and correct situations of the conflict of interests.</p> <p>Milestone #209 requires a follow-up audit carried out by the audit body to confirm the effective implementation of the action plan under milestone #208 on the action plan on the prevention of the conflict of interests (due in Q4 2021).</p> <p>Milestone #209 is the third step in the implementation of the reform. Apart from milestone #208, it is also directly linked to milestone #214 on the action plan on the prevention of the conflict of interests (due in Q4 2021), since both milestones were covered by the same audit by the Czech audit body. Other milestones of this reform are milestones milestone #207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners (due in Q2 2022), milestone #209 on measures preventing conflict of interests (due in Q2 2022), milestone #210 on the repository system (due in Q2 2022), milestone #211 on audit strategy (due in Q4 2021), milestone #212 on the review of the definition of beneficial ownership (due in Q4 2021), and milestone #213 on the guidance on the avoidance and management of conflict of interests (due in Q2 2022).</p> <p>The reform has a final expected date for implementation on 30 June 2022.</p>	
Evidence provided: <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none">i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence;ii. Final audit report from the system audit No. NPO/2022/S/002 of 13 October 2022; <p>The authorities also provided:</p> <ol style="list-style-type: none">iii. Final audit report from the system audit No. NPO/2022/S/004 of 19 October 2022;iv. Final audit report from the system audit No. NPO/2022/S/005 of 11 October 2022.	
Analysis: <p>The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.</p> <p>In particular:</p> <ul style="list-style-type: none">• Follow-up audit shall be carried out by the audit body to confirm the implementation of	

the action plan.

The audit body started the system audit No. NPO/2022/S/002 on 29 March 2022. The audit was carried out at the level of the coordinating body (Ministry of Industry and Trade). The scope of the system audit included the implementation of the action plan for the administrative system of the coordinating body as required by the M#208. Draft audit report was submitted to the auditee on 15 September 2022. Following the contradictory procedure, the final audit report was finalized on 13 October 2022 as evidenced in Annex 1.

- **The content of this report shall include the measures taken by the coordinating body to the internal administrative system and controls on conflict of interest prior to the payments to final recipients, contractors and sub-contractors.**

During the audit, the audit body verified actions taken by the coordinating body related to the internal administrative system, in particular as regards to (i) adequate and systemic avoidance of the conflict of interests; and (ii) controls on the conflict of interests prior to the payments to final recipients, contractors and sub-contractors.

- **The audit report shall confirm effective implementation of the action plan.**

As regards to the implementation of the action plan, the audit body formulated its conclusion that the action plan is effectively implemented, but some improvements were needed (such as in the procedures of specific ministries).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 210	Related Measure: CZ-C[C4.3]-R[R5]: Control and audit		
Name of the Milestone: Repository system			
Qualitative Indicator: Audit report confirming repository system functionalities			Time: Q2 2022
Context:			
<p>This reform aims to improve the control and audit environment of the Czech Republic, in order to efficiently protect the financial interests of the Union during the implementation of the RRF.</p> <p>Milestone #210 aims to confirm the functionality and operationalisation of the repository system for monitoring the implementation of the RRF and for collection and storage of all the data referred to in Article 22(2)(d) of the Regulation (EU) 2021/241 by the audit body.</p> <p>Milestone #210 is the fourth step in the implementation of the reform. It is connected to milestone #207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners (due in Q2 2022). Other milestones of this reform are milestones #208 on the action plan on the prevention of the conflict of interests (due in Q4 2021), milestone #209 on measures preventing conflict of interests (due in Q2 2022), milestone #211 on audit strategy (due in Q4 2021), milestone #212 on the review of the definition of beneficial ownership (due in Q4 2021), milestone #213 on the guidance on the avoidance and management of conflict of interests (due in Q2 2022), and milestone #214 on procedures to avoid conflict of interests in line with Article 61 of the Financial Regulation (due in Q2 2022).</p> <p>The reform has a final expected date for implementation on 30 June 2022.</p>			
Evidence provided:			
In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:			

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence;
- ii. Final audit report from the system audit No. NPO/2022/S/001 of 13 October 2022;
- iii. Acceptance protocol including summary of the functionalities of the system from 1 April 2022;
- iv. Acceptance protocol including summary of the functionalities of the system from 10 June 2022;
- v. Acceptance protocol including summary of the functionalities of the system from 31 August 2022.

The authorities also provided:

- vi. Supplementary information on corrective actions taken in the repository system provided on 19 December 2022, including confirmation from the Czech audit body, updated on 26 January 2023.
- vii. Updated data extracted from the repository system as of 11, 20 and 25 January 2023.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **A repository system for monitoring the implementation of the RRF shall be in place and operational.**
The umbrella repository system (AIS system), which serves as an overarching, central repository system, is under the responsibility of the coordinating body and is in operation since 1 July 2022. The coordinating body submitted three acceptance protocols, from 1 April 2022, 10 June 2022, and 31 August 2022, including the summaries of the functionalities deployed.
- **The final audit report from the audit body shall indicate:**
 - **The auditor/responsible body signing the report**
 - The final audit report was signed by the audit body – the Ministry of Finance performing the audit, and it includes the names and signatures of the lead and associated auditors (chapter 6).
 - **The date on which the report was signed**
 - The final audit report was signed on 11 October 2022 (chapter 6).
 - **The system is operational and has at least the following functionalities**
 - collects data and monitors the achievement of milestones and targets
 - collects, stores and ensures access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation
 - The audit body has verified the umbrella repository system and concluded that the system is in principle functional (except findings No. 2 and 3, see point e) below) and has at least the following functionalities: (i) it ensures the collection of data and monitoring of the achievement of the milestones and targets; and (ii) it collects, stores and ensures access to the data required by Article 22(2)(d)(i) to (iii) of the RRF Regulation (chapter 3).
 - It is to be noted that the audit body audited only the umbrella repository system of the coordinating body. The rest of the information systems used by the implementing bodies for the

monitoring of the implementation of the RRP and to collect and store the data (such as MS2014 +, eSSL GINIS, EDS) were not audited. The audit body will be requested to check the systems of the implementing bodies during the next system audits at these bodies.

- **that the data is being collected by the implementing bodies and/or recipients/any other entity entrusted with this task, according to national set-up and that the data is being stored into the system**

- The audit body confirms in its audit report (chapter 3) that the data is collected and stored into the system by the implementing bodies (component owners) or entities authorized by them, with the exception of finding No. 1 (see point below).

- **any weaknesses of the system identified by the report and any corrective actions recommended to address them:**

- Based on the audit work performed, the audit body identified that as of 9 September 2022, the complete data and documents needed for monitoring the successful fulfilment of the milestones and targets were not available in the umbrella repository system. For target #172 the required data, including the final recipients, contractors, and their beneficial owners were missing in the umbrella repository system. The audit body issued a recommendation to ensure the completion of required data (chapter 4, finding No. 1). The coordinating body informed the Commission services that the data for the target #172 have been stored in the umbrella repository system in the end of November 2022 - the data have been subsequently audited by the audit body and submitted to the Commission via Fenix. In addition, for milestone #89, the data on beneficial owners were also missing in the umbrella repository system - they are collected in the repository system of the implementing bodies, which was confirmed by the final evidence submitted by the Czech authorities.

- The audit body also identified the lack of control mechanism for the data on beneficial owners, which need to be entered manually and therefore are prone to mistakes, however, the umbrella repository system does not distinguish between the data uploaded automatically from the available registers or manually by the implementing bodies. As there is no control or validation of data entered manually, the sufficient reliability of this data is not ensured. The audit body recommended to ensure the additional control and validation of the manually entered data (chapter 4, finding No. 2). A technical solution has been prepared and deployed, and an automated validation can be done repeatedly and on request, which will flag any inconsistencies (confirmed by the final evidence submitted by the Czech authorities).

- The third deficiency identified by the audit body relates to the absence of the possibility to record in the umbrella repository system multiple layers of recipients/final recipients. As the system allowed only one level of the recipient to be entered, it did not provide a complete picture of the structure how the RRF funds are transferred to the final recipient. The audit body recommended to modify the system in a way that will provide a complete structured picture of the projects (chapter 4, finding No. 3).

Based on the additional information provided by the coordinating body, the system has been adjusted. Multiple levels of recipients down to the final recipients, together with multiple final recipients under one project with clear reference to their contractors and subcontractors for each individual case can be entered into the system now.

Following the verification of the data and information provided by the Czech authorities, Commission auditors were able to confirm that the repository system stores reliable and complete data as required by Article 22(2)(d) of the Regulation (EU) 2021/241, thus allowing to reach the conclusion that the repository system is functional and operational.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 211	Related Measure: CZ-C[C4.3]-R[R5]: Control and audit	
Name of the Milestone: Audit strategy ensuring independent and effective audit of the RRF implementation		
Qualitative Indicator: Audit strategy approved by the head of audit body		Time: Q4 2021
<p>Context:</p> <p>This reform aims to improve the control and audit environment of the Czech Republic, in order to efficiently protect the financial interests of the Union during the implementation of the RRF. The objective of this milestone is to adopt an audit strategy ensuring the independent and effective audit of the RRF implementation.</p> <p>Milestone #211 concerns the adoption and entry into force of an audit strategy for the audit body, ensuring the independent and effective audit of the RRF implementation in accordance with internationally accepted audit standards.</p> <p>Milestone #211 is the fifth step of the implementation of the reform. Other milestones of this reform are milestones milestone #207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners (due in Q2 2022), milestone #208 on the action plan on the prevention of the conflict of interests (due in Q4 2021), milestone #209 on measures preventing conflict of interests (due in Q2 2022), milestone #210 on the repository system (due in Q2 2022), milestone #212 on the review of the definition of beneficial ownership (due in Q4 2021), milestone #213 on the guidance on the avoidance and management of conflict of interests (due in Q2 2022), and milestone #214 on procedures to avoid conflict of interests in line with Article 61 of the Financial Regulation (due in Q2 2022).</p> <p>The reform has a final expected date for implementation on 30 June 2022.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ol style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence; ii. Annex 1 - Audit strategy approved by the head of the audit body on 23 December 2021, in force as of 1 January 2022; 		

iii. Annex 2 - Risk assessment table.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **Adoption and entry into force of the audit strategy by the head of the audit body.**
The audit strategy of the audit body for the RRF implementation has been approved by the head of unit of the audit body on 23 December 2021 and has entered into force is 1 January 2022 (p. 2 of the audit strategy).
- **The audit strategy shall ensure the independent and effective audit of the RRF implementation in accordance with internationally accepted audit standards.**
The audit body is functionally and organisationally independent from the coordinating body and implementing bodies, because according to the Government Resolution No. 467 of 17 May 2021, the Ministry of Finance was designated to perform the audits of the RRF implementation, whereas the responsibility to perform the function of the audit body for the RRF was assigned to the Department 52 – Audit authority at the Ministry of Finance (chapter 1.2 of the audit strategy).
The effective performance of the audit activities for the RRF are ensured by (i) an adequate audit methodology and approach (see point 3 below); and (ii) an adequate allocation of the human resources (chapter 5 of the audit strategy). As per the audit strategy, there are 13 audit positions in the unit 5211 (one of the 11 units of the Department 52) responsible for the RRF Audit, with a possibility to outsource some audit activities in the case of lack of capacities or lack of specific knowledge. In addition, the audit strategy provides measures related to the continuous professional trainings of the auditors (chapter 5).
As indicated in the chapter 1.4 of the audit strategy, the auditors should follow the Ethical codex of the employees of the Ministry of Finance. In addition, the audit strategy states that the internationally accepted audit standards are reflected in the audit activities carried out by the audit body (chapter 1.5).
- **The audit strategy shall include at least**
 - **The methodology and approach to risk assessment.**
The audit body developed its methodology and approach to risk assessment based on its experience from the audit of the ESI Funds. The risk assessment is described in the chapter 2 of the audit strategy and is carried out at two levels: (i) risk assessment of the implementing bodies; and (ii) risk assessment of the milestones and targets. The audit body confirms that the substantive testing of milestones and targets will be carried out before the submission of the payment request to the Commission.
 - **The frequency and type of audits (such as systems and project audits, desk-based and on-the-spot) to be carried out in the different implementation stages of the reforms and investment implemented under the Plan as well as the reliability of data supporting the achievement of milestones and targets**

Chapter 3 of the audit strategy specifies the two types of the audits which will be carried out by the audit body:

- System audits at the level of the coordinating body and implementing bodies based on the key requirements specified in the annex No. 1 of the Financing

- Agreement. Chapter 3.1 specifies, which key requirement will be audited for the coordinating body and which for the implementing bodies; and
- Substantive testing to verify the achievement of the milestones and targets and reliability of data supporting their achievement, which will be carried out before the submission of each payment request to the Commission. The selection of the sample for the substantive testing is described in the chapter 3.2 and fully reflects the Commission Guidance on sampling methods for audit bodies under the RRF for audits to ensure the effective functioning of Member State systems in terms of collecting, storing, verifying and certifying reliable and accurate data on the achievement of milestones and targets.
- In chapter 4, the audit strategy includes the audit plan of the audit body for years 2022, 2023 and 2024.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 212	Related Measure: CZ-C[C4.3]-R[R5]: Control and audit	
Name of the Milestone: Review of the definition of beneficial ownership as it relates to the RRF control system		
Qualitative Indicator: Report from a compliance review including suggestions on possible follow-up action.		Time: Q4 2021
<p>Context:</p> <p>The aim of this reform is to ensure the effective protection of the EU’s financial interests when implementing the RRF. Adjustments to national control and audit processes were required in that context – as a pre-requisite for the disbursement of funds – to provide sufficient assurance as to the prevention, detection and correction of fraud, corruption and conflicts and interests, as defined in Article 61 of the Financial Regulation. This reform includes several measures designed to harmonise, formalise and strengthen national procedures and control systems.</p> <p>Milestone #212 concerns the review of the definition of beneficial ownership as it relates to the RRF control system. The review of national procedures is carried out to ensure that the application of beneficial ownership is fully aligned with the definition of ‘beneficial owners’ as defined in Article 3, point 6, of Directive 2015/849, as amended by Directive 2018/843.</p> <p>Milestone #212 is the sixth step of the implementation of the reform (due in Q2 2022). It is linked to milestone #210 which is about collection of data, including on beneficial owners. Other milestones of this reform are milestone #207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners (due in Q2 2022), milestone #208 on the action plan on the prevention of the conflict of interests (due in Q4 2021), milestone #209 on measures preventing conflict of interests (due in Q2 2022), milestone #211 on audit strategy (due in Q4 2021), milestone #213 on the guidance on the avoidance and management of conflict of interests (due in Q2 2022), and milestone #214 on procedures to avoid conflict of interests in line with Article 61 of the Financial Regulation (due in Q2 2022).</p> <p>The reform has a final expected date for implementation on 30 June 2022.</p>		
<p>Evidence provided:</p> <p>In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:</p> <ul style="list-style-type: none"> i. Summary document duly justifying how the milestone (including all the constitutive 		

- elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence;
- ii. Annex 1 - Report from compliance review of national procedures conducted by the Czech Ministry of Justice - 'Definition of the beneficial owner and beneficial owner registration under Czech legislation in comparison with the requirements of the AML Directive';
 - iii. Annex 2 - Act No. 245/2022 Coll. of 10 August 2022, published in the Official Journal¹, amending Act No. 37/2021 Coll. on the registration of beneficial owners (RBO Act). The Act No. 245/2022 Coll. entered into force on 1 October 2022, as stated in its Article III;
 - iv. Annex 3 - Updated manual on beneficial ownership registration prepared by the Ministry of Justice in cooperation with Ministry of Finance, the Financial Analysis Office and the Ministry of Regional Development. Its content corresponds to the legal situation in force on 1 October 2022.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **A compliance review of the national procedures was carried out by the Czech authorities to ensure that the application of beneficial ownership in the context of the RRF control system aligns with the definition of 'beneficial owners' as defined in Article 3(6) of Directive 2015/849, as amended by Directive 2018/843 (the so-called anti-money laundering Directive – AML Directive).**

In line with the description of the measure, the Czech authorities finalised in December 2021 a detailed analysis of the definition of beneficial owners and beneficial owner registration under Czech legislation in conjunction with the requirements of the AML Directive. The version attached to this payment request reflects the amendment to Act No. 37/2021 Coll. on the registration of beneficial owners (hereafter "RBO Act"), which was prepared and adopted following the initial compliance review. In accordance with the requirements set out in the Council Implementing Decision, the review covers relevant legislation - by examining the compliance of the definition of beneficial owner applicable under the RBO Act (section two of the analysis) – as well as its practical implications and application (sections three and four of the analysis on the identification and registration of beneficial owners). The analysis covers, in particular, the manual for the registry of beneficial owners (on page 20 of the English translation) and also looks at the effective, proportionate and dissuasive sanctions in case of breaches of the obligation to obtain and hold information on the beneficial ownership (section 4.8), as provided by Article 30(1) of the AML Directive.

- **The deficiencies identified have been corrected following the review.**

As evidenced by several mentions (on page 1 and 3 of the analysis), the review took into account the arguments presented by the European Commission in the letter of formal notice of 12 November 2021, which launched the infringement proceedings for incorrect transposition of the AML Directive (Proceedings No. 2021/2162) pursuant to Article 258 of the Treaty on the Functioning of the European Union. The European Commission considered that the RBO Act deviated from the AML Directive both in its definition of beneficial owner and in the extent of its registration exemptions.

In the light of these elements and on the basis of the analysis performed, the review concluded (page 19 of the English translation of the analysis) that a reform of the definition of beneficial ownership under the RBO Act had to be carried out in order to improve its consistency with the wording and scope of the AML Directive. In accordance with the Council Implementing Decision, which requires that deficiencies identified following the review be corrected, the RBO Act was amended by the Act No. 245/2022 Coll., which was

published in the Official Journal on 31 August 2022² and entered into force on 1 October 2022, as stated in its Article III. The Act No. 245/2022 Coll. introduced several changes aimed at ensuring full compliance with the AML Directive (the assessment is without prejudice to compliance assessment under Union law):

- Firstly, the new law deleted the existing two-fold definition of beneficial owner based on the concepts of ‘end recipient’ and ‘person with ultimate influence’. In Article 1 of the Act No. 245/2022 Coll., the existing definitions have been replaced by a general and uniform definition taken from the introductory part of Article 3(6) of the AML Directive so as to ensure full consistency, as requested by the Council Implementing Decision. The term ‘beneficial owner’ now refers under Czech law to any natural person who ultimately owns or controls a legal person or legal arrangement. The application of this general definition for corporations is further specified in Section 4 of the RBO Act, as amended by Article I(7) of the Act No. 245/2022 Coll. while the new provisions applicable to foundations, similar legal persons and legal arrangements are further detailed in the new Section 5a introduced by Article I(11) of the Act No. 245/2022 Coll.
- Secondly, in response to the concerns raised by the European Commission in its letter of formal notice of 12 November 2021, articles I(12) and I(13) of the Act No. 245/2022 Coll. amended section 7 of the RBO Act to, respectively, add a material test whereby it can be concluded that a legal person does not have a beneficial owner, and remove the registration exemptions previously granted to several legal persons governed by private law (e.g. political parties, churches, trade unions).

Relevant guidance documents have been adjusted accordingly following the entry into force of Act No 245/2022 Coll., as evidenced by the updated manual (version from 1 October 2022) on beneficial ownership registration published on the website of the Financial Analytical office³ and attached to the summary document submitted. The document, which was prepared by the Ministry of Justice in cooperation with the Financial Analytical Office at the Ministry of Finance, provides clarifications and practical guidance on the application of the new identification and registration obligations stemming from the amended RBO Act, in particular with regards to the transitional provisions set out in Article II of the Act No. 245/2022 Coll. (section 7.2.2 of the manual). These transitional provisions provide for the swift and full implementation of these new obligations. Article II(1) states that the Ministry of Justice shall ensure that all the data automatically transcribed before the entry into force of the amended RBO Act is brought into compliance with the new Act and automatically updated by 1 November 2022. In addition, and as provided by Article II(2), legal persons who were deemed not to have a beneficial owner before 1 October 2022 have to ensure until 1 March 2023 the registration of their beneficial owner(s) and comply with the requirements of the amended RBO Act. The manual on the registration of beneficial owners (section 7.2.2.2) and the summary note submitted by the Czech authorities indicates that for the vast majority of these entities, the fulfilment of these registration obligations is ensured by the automatic transcription of data from the relevant public registers (such as the register of associations of churches and religious societies, register for political parties) into the beneficiary owners register.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 213	Related Measure: CZ-C[C4.3]-R[R5]: Control and audit	
Name of the Milestone: Guidance on the avoidance and management of conflict of interests		
Qualitative Indicator: Guidance on the avoidance and management of conflict of interests issued by the delivery unit of the coordinating body.		Time: Q2 2022

Revision by the audit authority.

Context:

This reform aims to improve the control and audit environment of the Czech Republic, in order to efficiently protect the financial interests of the Union during the implementation of the RRF. The objective of this milestone is to strengthen the measures to protect the EU budget against fraud and irregularities.

Milestone #213 requires issuing guidance on the avoidance and management of conflict of interests in accordance with the EU Financial Regulation and applicable national law for the component owners and other entities implementing reforms and investments under the recovery and resilience plan and the revision of this guidance by the audit body.

The adoption of the guidance under Milestone #213 is also part of the measures of the action plan on the prevention of the conflict of interests under Milestone #208 (due in Q4 2021). Other milestones of this reform are milestone #207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners (due in Q2 2022), milestone #209 on measures preventing conflict of interests (due in Q2 2022), milestone #210 on the repository system (due in Q2 2022), milestone #211 on audit strategy (due in Q4 2021), milestone #212 on the review of the definition of beneficial ownership (due in Q4 2021), and milestone #214 on procedures to avoid conflict of interests in line with Article 61 of the Financial Regulation (due in Q2 2022).

The reform has a final expected date for implementation on 30 June 2022.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence;
- ii. Annex 1 - Guidance on conflict of interests according to Article 61 of the Financial Regulation for National Recovery Plan in the version of 25 January 2023 (further referred as "Conflict of Interests Guide), including the annex No. 1 Code of Ethics and annex No. 2 Declaration on Honour;
- iii. Annex 2 - RED FLAGS Methodological Guidance for National Recovery Plan in the version of 25 January 2023 (further referred as "RED FLAGS Guide), including the annex No. 1 Checklist for RED FLAGS and annex No. 2 Examples of RED FLAGS;
- iv. Annex 3a - Steering Committee minutes approving the Conflict of Interests Guide and the RED FLAGS Guide in the version of January 2022;
- v. Annex 3 b - Steering Committee minutes approving the Conflict of Interests Guide and the RED FLAGS Guide in the version of May 2022;
- vi. Annex 3 c - Steering Committee minutes approving the Conflict of Interests Guide and the RED FLAGS Guide in the version of November 2022;
- vii. Annex 3 – Steering Committee decision to vote per rollam of 25 January 2023.
- viii. Annex 4a - Comments of the audit body on the Conflict of Interests Guide including their settlement;
- ix. Annex 4b - Comments of the audit body on the RED FLAGS Guide including their settlement.
- x. M#213 - additional evidence submitted on 19 December 2022 on the comments of the audit body regarding the RED FLAGS Guide.
- xi. Annex 4 – additional evidence submitted on 26 January 2023 on the comments of the audit

body on the final versions of the Conflict of Interests Guide and the RED FLAGS Guide.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **Adoption by the coordinating body of guidance to ensure avoidance and management of conflict of interests by the component owners and other entities implementing reforms and investments under the recovery and resilience plan and its revision by the audit body**

The coordinating body adopted the latest versions of the Conflict of Interests Guide pursuant to Article 61 of the Financial Regulation for the Czech RRP (see the decisions of the Steering Committee, which is the highest decision making and managing body of the Czech RRP). All the versions of the guide have been revised by the audit body (see the list of comments provided for each guidance). In addition, the coordinating body adopted the RED FLAGS Guide for the Czech RRP on 25 January 2023, which also deals with the avoidance and management of conflict of interests based on the national law on conflict of interests.

Concerning the avoidance of conflicts of interests, chapter 4.4 sets out the obligations and measures that the concerned entities² shall abide by and implement within their internal procedures to prevent and detect cases of conflict of interests. These include, for instance, ensuring the identification of all financial actors, ensuring appropriate separation of functions, and the signing of a Code of Ethics by the staff of the concerned entities. In this regard, the Code of Ethics requires the employees to familiarise themselves with the Conflict of Interests Guide and comply with it. Furthermore, the concerned entities are obliged to require that the applicant/final recipient signs a Declaration on Honour stating that he or she is not aware of any conflicts of interests towards the implementing body and disclosing relevant data on its beneficial owners (chapter 5). The guide then sets out in chapter 5.1 the procedure for the verification of the Declarations on Honour. For this purpose, it also establishes a checklist of questions in chapter 5.2. The checks should be performed ex-ante, before the legal act is issued or the contract is concluded, as well as after completion of the project. Where appropriate, checks may be performed on a sample basis (chapter 5.1). In the framework of calls and competitions, the component owners shall ensure that the applicant/final recipient is informed in advance regarding the application of the conflict of interests' rules, and the consequences for detected conflicts of interests (chapter 5).

Concerning the management of conflict of interests, the Conflict of Interests Guide distinguishes between the procedures to be applied within the implementing structure and vis-à-vis the applicant/final recipient. As regards the internal procedures, the guide recalls the obligations under Article 61(2) of the Financial Regulation in chapter 4 (reporting of the case to the hierarchical superior for its assessment and adoption of appropriate measures). It further determines the actions to be taken in case of detection of a conflict of interests in chapter 4.4. In particular, the guide sets out that the person concerned shall be excluded from the implementation of the RRP, and that the responsibilities of the person on the side of the implementing body affected by a conflict of interests shall be adjusted to eliminate the conflict of interests. As regards conflict of interests vis-à-vis applicants/final recipients, the guide states in chapter 5 that in case of an identified conflict of interests, no legal act giving the possibility of receiving aid shall be issued, or that the relevant acts shall be repealed.

The RED FLAGS Guide summarises these procedures in chapter 5.2.5 and refers generally to the Conflict of Interests Guide. In addition, the RED FLAGS Guide provides procedures for the avoidance of the conflict of interests in the public procurement and granting process (Section 4(b) and(c) of the national law on conflict of interests and Section 44 of the national law on public procurement) in chapters 5.2.1 to 5.2.4.

- **The guidance shall reflect the full breadth of necessary measures to protect the EU budget against fraud and irregularities.**

In addition to the Conflict of Interests Guide which deals solely with conflict of interests, the RED FLAGS Guide reflects the full breadth of measures to protect the financial interests of the Union. This guide addresses the procedures to prevent, detect and correct other irregularities such as risks of double-funding and complementarity of funding (chapter 5.1), as well as fraud and corruption (chapter 5.3). More generally, the guide sets out the principles and procedures for detecting warning signals (red flags) which shall serve as a guide for implementing bodies to take measures aimed at the protection of the budget of the Union (see chapters 2.1 and 2.2). It further sets out the basic principles for the inclusion of projects to be financed under the RRP and thus for its correct implementation (for instance, chapter 3 and chapter 7). The RED FLAGS Guide further includes a checklist, which shall help the component owners to implement the relevant procedures, as well as a list of the most common indicators for the detection of warning signals (red flags).

- **This guidance shall be based on Commission Notice - Guidance on the avoidance and management of conflicts of interest under the Financial Regulation (OJ C 121, 9.4.2021, p. 1).**

The Conflict of Interests Guide and the relevant parts of the RED FLAGS Guide are based on the Commission's Guidance. In general, in its introduction the Conflict of Interests Guide indicates that Article 61 of the Financial Regulation and the Commission Notice – Guidance on the avoidance and management of conflict of interests under the Financial Regulation are the basic documents on which the Guide is based.

Concerning the definition of conflict of interests, chapter 4 of the Conflict of Interests Guide recalls the definition set out in Article 61(3) of the Financial Regulation and covers also perceived conflict of interests. The guide gives further explanations on the definition of conflicts of interest for family and emotional reasons (chapter 4.1) and concerning other direct or indirect interests (chapter 4.2), which are based on section 3.2.1 of the Commission guidance, including relevant examples.

As regards the scope of the Conflict of Interests Guide, it applies to the coordinating body, implementing bodies and other entities with delegated tasks, bodies at the Ministry of Finance (audit body and AFCOS contact point), members of the Steering Committee, recipients which further re-distribute the RRF funds and other entities subject to Article 61 of the Financial Regulation. Furthermore, chapter 4.3 of the guide specifies which are the "interested persons" of the concerned entities in line with section 3.2.2 of the European Commission guidance, while at the same time taking the specificities of the RRP into account. These are national authorities at all levels, which are involved in the budget implementation, including also preparatory acts, and therefore responsible for the decision-making process related hereto. Furthermore, the guide recalls also relevant examples of the Commission guidance.

Concerning the implementing bodies' obligations, chapters 4 and 4.4 reflect, among others, the obligations stipulated in Article 61(2) of the Financial Regulation and further described in section 3.2.4 of the Commission guidance. These concern, inter alia, the reporting obligations to the hierarchical superior in case of arising of a conflict of interests, as well as its management, as described above under point 1.

Additionally, several measures to avoid and manage conflict of interests described under point 1 are based on the measures recommended by the Commission guidance in Section 6, such as, for instance, the use of Code of Ethics, ensuring the separation of functions, as well as checking information in relevant databases and risk scoring tools such as Arachne.

Finally, chapter 6 of the Conflict of Interests Guide addresses the relationship between Article 61 of the Financial Regulation and the public procurement rules. The guide recalls the national law on public procurement to address conflicts of interests in the procurement process. It confirms that Article 61 of the Financial Regulation 2018 applies to all persons and entities under the jurisdiction of the Member States involved in the implementation of the EU budget, including where a private entity (under a contract) is entrusted with the performance of any activity related to the management, monitoring, control or audit of contracts. In addition, it also states that public procurement procedures are subject to similar national rules that generally prohibit conflicts of interest. Implementing bodies or other persons bound by these guidelines shall ensure compliance with the obligations under Article 61 of the Financial Regulation. The Guide also informs that conflicts of interest at the level of the contracting authority (i.e. the applicant/final recipient) and the supplier are also regulated in Section 44 of the Act. Contracting authorities are required to take appropriate measures to effectively prevent, detect and remedy conflicts of interest arising or likely to arise in the course of public procurement procedures.

- **The guidance shall harmonise the measures to be taken by the entities implementing reforms and investments under the RRF (ministries, other public bodies, state funds, etc.)**

The Conflict of Interests Guide is binding for the coordinating body, implementing bodies and other entities with delegated tasks, bodies at the Ministry of Finance (audit body and AFCOS contact point), members of the Steering Committee, recipients who further re-distribute the RRF funds and other entities subject to Article 61 of the Financial Regulation (see the Introduction of the Conflict of Interests Guide). The RED FLAGS Guide is binding for the coordinating body, implementing bodies and other entities with delegated tasks, bodies at the Ministry of Finance (audit body and AFCOS contact point) and members of the Steering Committee (see the Introduction of the RED FLAGS Guide). This ensures the harmonisation of the measures to be taken by the relevant actors for the prevention, detection and correction of conflict of interests in line with the requirements of the Council Implementing Decision.

Commission Preliminary Assessment: [Satisfactorily fulfilled]

Number: 214	Related Measure: CZ-C[C4.3]-R[R5]: Control and audit	
Name of the Milestone: Procedures to avoid conflict of interests in line with Article 61 of the Financial Regulation		
Qualitative Indicator: Audit report with the unqualified audit opinion on the effectiveness of the RRF internal control system to prevent, detect and correct situations of conflict of interests		Time: Q2 2022
Context: This reform aims to improve the control and audit environment of the Czech Republic, in order to efficiently protect the financial interests of the Union during the implementation of the RRF. The objective of this milestone is to improve the national control system to prevent, detect and correct situations of the conflict of interests. Milestone #214 requires an unqualified audit opinion of the audit body on the effectiveness of the		

internal control system to avoid conflict of interests at the level of the RRP.

Milestone #214 is the eighth and last milestone of the implementation of the reform. It is directly linked to milestone #209 on measures preventing conflict of interests (due in Q2 2022), since both milestones were covered by the same audit by the Czech audit body. Other milestones of this reform are milestone #207 on the system to collect, store and make available data in relation to all final recipients including all beneficial owners (due in Q2 2022), milestone #208 on the action plan on the prevention of the conflict of interests (due in Q4 2021), milestone #210 on the repository system (due in Q2 2022), milestone #211 on audit strategy (due in Q4 2021), milestone #212 on the review of the definition of beneficial ownership (due in Q4 2021), and milestone #213 on the guidance on the avoidance and management of conflict of interests (due in Q2 2022).

The reform has a final expected date for implementation on 30 June 2022.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled, with appropriate links to the underlying evidence;
- ii. Final audit report from the system audit No. NPO/2022/S/002 of 13 October 2022;

The authorities also provided:

- iii. Final audit report from the system audit No. NPO/2022/S/001 of 11 October 2022;
- iv. Final audit report from the system audit No. NPO/2022/S/004 of 19 October 2022;
- v. Final audit report from the system audit No. NPO/2022/S/005 of 11 October 2022.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the milestone.

In particular:

- **The RRF internal control system to avoid conflict of interests shall be effective and shall ensure, in particular that: (a) collection, storage and processing data in relation to all final recipients, including all beneficial owners as established by Article 3, point 6 of the Directive (EU) 2015/849; (b) internal control system to prevent, detect and correct conflict of interests situations is in accordance with Article 61 of the Financial Regulation; and (c) national control procedures to avoid conflict of interests situations for all beneficial owners are effective.**

The audit body started the system audit No. NPO/2022/S/002 on 29 March 2022. The audit was carried out at the level of the coordinating body (Ministry of Industry and Trade). The scope of the system audit included the assessment of the internal control system of the RRF, in particular that the system (i) collects, stores and processes data in relation to all final recipients, including all beneficial owners as established by Article 3, point 6 of the Directive (EU) 2015/849; (ii) prevents, detects and corrects conflict of interests situations in accordance with Article 61 of the Financial Regulation; and (iii) ensures that the national control procedures to avoid conflict of interests situations for all beneficial owners are effective. Draft audit report was submitted to the auditee on 15 September 2022. Following the contradictory procedure, the final audit report was issued on 13 October 2022.

- **The final audit report from the audit body with unqualified audit opinion on the effectiveness of the RRF internal control system is submitted.**

As regards to the audit on the effectiveness of the internal control system to avoid conflict of interests at the level of the RRP, **the audit body provided unqualified (positive) audit opinion.** The audit body formulated the following observations related to the internal control system of the RRP in its subsequent audit reports:

- Incomplete data in the umbrella repository system (AIS system) as regards data required by Article 22(2)(d) of the RRF Regulation (identified under the audit No. NPO/2022/S/001);
- Lack of control mechanism for the manual recording of the data on beneficial owners in the AIS system (identified under the audit No. NPO/2022/S/001);
- Design of the AIS system does not provide the possibility to record multiple layers of recipients/final recipients (identified under the audit No. NPO/2022/S/001);
- Measures to prevent, detect and correct conflict of interests, fraud, corruption are not implemented and carried out for the target No. 172 (identified under the audit No. NPO/2022/S/004); and
- Controls of the conflict of interests and double funding for the target No. 135 are only formal, based on submitted self-declarations (identified under the audit No. NPO/2022/S/005).

The action plan with the actions to be taken based on the audit recommendations is evidenced in the Annex No. 4 of the final audit report No. NPO/2022/S/002. The actions were addressed by the Czech authorities as evidenced under milestones # 208 and # 210.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 223	Related Measure: CZ-C[C5.1]-I[I1]: Public Research & Development support for priority areas of medical sciences and related social sciences	
Name of the Milestone: Launch of a new Research & Development support program		
Qualitative Indicator: Approval of the program by the Czech Government and launch of a tender		Time: Q4 2021
<p>Context:</p> <p>The objective of this reform is to establish and support at least four research consortia aimed at improving a systematic provision of necessary expertise in one of the selected disciplines: infectious diseases research, cancer research, neurosciences, metabolic disorders or cardiovascular diseases research and research on the socio-economic impact of health risks. The consortia are expected to be established between relevant universities, public research institutions and other public and private entities, ensuring the necessary knowledge transfer. These consortia aim to form national research authorities which will bring a qualitative change to the chosen Research & Development priority areas with impacts both in terms of scientific production and on the functioning of Czechia’s public administration in health crisis situations.</p> <p>Milestone #223 concerns the launching of a new programme to support Research & Development in priority medical sciences and related social sciences, in accordance with the national rules established in the Act No. 130/2002 on support for research, experimental development and innovation from public funds and publishing an open call for public tender in Research & Development & Innovation (hereinafter referred to as “R&D&I”) for the newly established programme.</p>		

Milestone #223 is the first step of the implementation of the investment and it will be followed by target #224 which relates to the award of at least four Research & Development consortia in priority medical sciences and related social sciences. Target #224 will be followed by target #225 which concerns the validation of at least four national Research & Development consortia together with their integrations on the Czech Research & Development system as national research authorities. The investment has a final expected date for implementation on 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestones (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 -Programme EXCELES (LX) containing full text of new systemic programme instrument to support Research & Development in priority medical sciences and related social sciences namely: infectious diseases research, cancer research, neurosciences, metabolic disorders or cardiovascular diseases research and research on the socio-economic impact of diseases, in accordance with the Act No. 130/2002 on support for research, experimental development and innovation from public funds;
- iii. Annex 2 - The ex-ante analysis of the programme EXCELES' draft provided by the Technology Centre of the Czech Academy of Sciences;
- iv. Annex 3 - Absorption capacity analysis of the programme EXCELES' draft provided by the Technology Centre of the Czech Academy of Science;
- v. Annex 4 -Summary of consultations with the Czech Research, Development and Innovation Council (hereinafter referred to as "RDIC") and its Health Research Working Group and the Commission for the evaluation of research organisations;
- vi. Annex 5 - Official statement of the RDIC to the full text of programme EXCELES;
- vii. Annex 6 - The result list of the official external comment procedures;
- viii. Annex 7 - Czech Government resolution No. 796, dated on 13 September 2021 (in Czech) approving the programme EXCELES;
- ix. Annex 8 -Open call for project proposals in R&D&I public tender published in the official Trade Bulletin (in Czech). Advertisement of the public tender in R&D&I launched according to the Act No. 130/2002 of the Czech Republic on 8 December 2021;
- x. Annex 9 - Publication of the programme EXCELES in the national R&D&I information system (IS VaVal). Hyperlink on the programme website in the IS VaVal: <https://www.isvavai.cz/cea?s=programy&ss=detail&n=0&h=LX>;
- xi. Annex 10 - Tender Documentation. Full text of tender documentation of programme EXCELES. The official MEYS' website for the programme EXCELES: <https://www.msmt.cz/research-and-development-1/programme-exceles-implementation-tool-for-component-5-1-of>.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **The milestone shall be achieved upon launching of a new systemic programme instrument to support Research & Development in priority medical sciences and related social sciences, namely: infectious diseases research, cancer research, neurosciences, metabolic disorders or cardiovascular diseases research and research on the socio-economic impact of diseases, in accordance with the national rules established in the Act**

No. 130/2002 on support for research, experimental development and innovation from public funds.

As set out in the Council Implementing Decision, a new programme EXCELES was launched on 13 September 2021 by adoption of the Czech Government resolution No. 796 and published on the website of the Ministry of Education: <https://www.msmt.cz/vyzkum-a-vyvoj-2/program-exceles-komponenta-5-1-narodniho-planu-obnovy>. The programme promotes excellent research in priority areas of public interest in the health sector and follows the national rules established in the Act No. 130/2002 on support for research, experimental development and innovation from public funds which is stated in part I of the Government resolution. Compliance with the Act No. 130/2002 is further ensured in the description of the EXCELES programme (Annex 1) through multiple references in the provisions governing the application and selection procedures of the programme such as the legislative framework of the programme (part 2), aid intensity in the programme and its justification (part 6.3), method of implementation of the programme and its projects (part 7.1), specification of the subject of support (part 8.1), eligibility requirements for applicants (part 9) and definition of recognised costs (part 10.1).

For the purposes of registration in the publicly available Research & Development National Information System (hereinafter referred to as "IS VaVal"), the EXCELES programme has been assigned the code "LX". EXCELES aims to increase the capacity of research capacities in selected priority areas to respond to current trends and needs following the occurrence of major diseases and the social and economic impact of systemic health risks associated with them.

The selected R&D&I priority areas are: i) infectious diseases research, ii) cancer research, iii) neurosciences, iv) metabolic disorders or cardiovascular diseases research and v) research on the socio-economic impact of diseases – presented in the part 'Objectives of the programme and basic intervention logic of the programme' of the Czech Government resolution No. 796 establishing the EXCELES programme.

- **Adoption by the government shall follow consultation with all stakeholders and in internal and inter-ministerial consultation procedures, consultation with representatives of the academic and application communities and universities in the Research, Development and Innovation Council.**

The government resolution was adopted following public consultations with all stakeholders, including the representatives of the academic and application communities and universities in the R&D&I Council. The following evidence was submitted which confirms that the public consultations took place, firstly internally, within the bodies involved in the research and development policy: Annex 4 – Summary of consultations with the Czech Research, Development and Innovation Council (RDIC) and its Health Research Working Group and the Commission for the evaluation of research organisations; Annex 5 – Official statement of the RDIC to the full text of programme EXCELES, adopted on 25 June 2021 and later, as the inter-ministerial consultation procedure: Annex 6 - The result list of the official external comment procedure, that included all relevant stakeholders such as Czech Ministries, the Research, Development and Innovation Council, the Czech Academy of Sciences, the Government Commissioner for Human Rights and the Confederation of Industry of the Czech Republic.

- **Verification of absorption capacity.**

The absorption capacity was verified before adoption of the programme by the Technology Centre of the Czech Academy of Sciences (Annex 3 - *Assessment of health R&D capacities*

and focus based on analysis of participation in national R&D programmes and Horizon 2020). This study on the absorption capacity was completed on 30 November 2020. It was drawn up as one of the supporting documents for the preparation of the programme to support excellent research in the health sector and related fields of the Ministry of Education, Youth and Sports of the Czech Republic. As indicated in part 4 of the Assessment (Summary of the most important findings), the analysis has shown that there are capacities in the Czech Republic for health (or biomedical) R & D in both the public and private sectors. The importance of institutions varies between biomedical R & D disciplines. The offices of the Czech Academy of Science have an important role to play in particular in biochemistry and molecular biology, as well as in immunology and neurology. Schools and their faculty hospitals have a strong position in particular in R & D focused on oncology and endocrinology. In the field of cardiology, there is an important role for the state-funded institutions sector.

In addition, the draft programme was evaluated ex-ante by the same institution on 21 March 2021 (Annex 2 - Ex-ante evaluation of the programme to promote excellent research in priority areas of public interest in health (EXCELES)).

- **The open call for public tender in Research & Development & Innovation for the new Research & Development programme shall follow the national rules, especially established in the Act No 130/2002 on support for research, experimental development and innovation from public funds.**

The tender documentation of the program EXCELES was approved by the Ministry of Education, Youth and Sport on 1 December 2021 (Annex 10, no MSMT-30175/2021-1). On 8 December 2021 an open call for project proposals in R&D&I public tender came out and was published in the official Trade Bulletin (Annex 8, no MSMT-30175/2021-1), on the MEYS' website (Annex 10, no MSMT-30175/2021-1): <https://www.msmt.cz/vyzkum-a-vyvoj-2/zadavaci-dokumentace-programu-exceles> and in the official website of the national R&D&I information system - IS VaVal (Annex 9, np LX) on the website: <https://www.isvavai.cz/cea?s=programy&ss=detail&n=0&h=LX>.

It follows the national rules, especially established in the Act No 130/2002 on support for research, experimental development and innovation from public funds.

The national rules, especially established in the Act No 130/2002 are applicable to the launched call – Chapters: Introduction and Legal Framework) which is confirmed in numerous chapters of the programme documentation including on page 5 and 6 of the tender documentation (Annex 10).

- **Furthermore, in line with the description of the measure, the consortia will form national research authorities aimed to bring about a qualitative change to the chosen Research & Development priority areas with impacts both in terms of scientific production and on the functioning of Czechia's public administration in health crisis situations.**

This is confirmed in **Chapter 3 'Focus and goal of the programme'** of the tender documentation, which underlines that the programme aims to significantly increase the quality and internationalisation of research carried out in the Czech Republic in chosen priority areas of research, development and innovation and to achieve European or world excellence, so that the Czech Republic becomes an equal and respected player in the European Research Area that participates in the creation of trends of excellent European research. In order to achieve that, in **Chapter 4** of the tender documentation (**Subject of support**) sets clear requirements described in description of the investment. The EXCELES programme supports a consortium project focusing on the R&D&I priority area and carried out by a multidisciplinary, highly qualified team with a high degree of internationalisation using the most modern research infrastructures and cutting-edge scientific methodology

available, which will meet the objectives of the programme.”

The requirements that had to be fulfilled by the consortia and the objectives to be achieved were further specified in **Chapters 5 (Project proposal) and Chapter 6 (Applicants and proof of eligibility)** of the tender documentation. For example, under part 5.1 - Content of the project proposal, letter (i) point 2, it is required that each applicant presents how and to what extent the consortium will cooperate with other entities (research organizations, enterprises, public organizations from the application sphere) outside the project consortium from different regions of the Czech Republic and abroad, and with public authorities. Additionally, under **section 6.2**, the tender documentation requires that applicants for support in the programme EXCELES may be legal entities that are research organisations or enterprises engaged in research, development or innovation and another participant in a project under this programme may be an organisational unit of the State or an organisational unit of the Ministry engaged in research and development or a legal entity that is a research organisation or an enterprise engaged in research, development or innovation. This is in line with the requirements of the investment which state that the consortia are expected to be established between relevant universities, public research institutions and other public and private entities, ensuring the necessary knowledge transfer.

The requirement of the necessary knowledge transfer is further elaborated in part **6.3.2 Professional competence** – each applicant has to also demonstrate its professional competence for the entire project by the ability to staff the project with sufficiently qualified professional capacity and by indicating the staff who actively participated in the international projects or carried out successful R&D practice or has successfully participated in the knowledge transfer or commercialisation of R&D&I results in a foreign research organisation as an R&D worker or in a major innovative foreign enterprise (points 11 a-d).

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 224	Related Measure: CZ-C[C5.1]-I[I1]: Public Research & Development support for priority areas of medical sciences and related social sciences		
Name of the Target: Award of public contracts to at least four Research & Development consortia			
Quantitative Indicator: Number of contracts	Baseline: 0	Target: 4	Time: Q2 2022
Context:			
<p>The objective of this investment is to establish and support at least four research consortia aimed at improving a systematic provision of necessary expertise in one of the selected disciplines: infectious diseases research, cancer research, neurosciences, metabolic disorders or cardiovascular diseases research and research on the socio-economic impact of health risks. The consortia will be established between relevant universities, public research institutions and other public and private entities, ensuring the necessary knowledge transfer. These consortia aim to form national research authorities which will bring about a qualitative change to the chosen Research and Development priority areas with impacts both in terms of scientific production and on the functioning of Czechia’s public administration in health crisis situations.</p> <p>Target #224 concerns the award of public contracts to at least four Research & Development consortia in priority medical sciences and social sciences.</p> <p>Target #224 is the second step of this investment. Target #224 will be followed by target #225 which relates to the validation of at least four consortia in the areas of research of: infectious</p>			

diseases, cancer, neurosciences, metabolic disorders or cardiovascular diseases and their socio-economic impact. Target #225 also aims to integrate the consortia in the Czech Research & Development system as national research authorities. The investment has a final expected date for implementation on 31 December 2025.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - List of consortia which have been awarded public contracts for Research & Development projects, incl. the amount of award to be disbursed, accompanied by a brief description of each consortium;
- iii. Annex 2 - Notification of the contract award to the beneficiaries (Document No. MSMT-2789/2022-2).

The authorities also provided:

- iv. Annex 3 - Public contracts on special-purpose support - The National Institute for Research on the Socioeconomic Impact of Diseases and Systemic Risks;
- v. Annex 4 - Public contract on special-purpose support - The National Institute for Cancer Research;
- vi. Annex 5 - Public contract on special-purpose support - The National Institute of Virology and Bacteriology;
- vii. Annex 6 - Public contract on special-purpose support - The National Institute for Research on Cardiovascular Diseases Related to Metabolic Diseases of Diabetes and Obesity;
- viii. Annex 7 - Public contract on special-purpose support - The National Institute for Neurological Research.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of T#224 provided in the Council Implementing Decision Annex as follows:

- **Notification of the award of public contracts to at least four Research & Development consortia in priority medical sciences and related social sciences, namely: infectious diseases research, cancer research, neurosciences, metabolic disorders or cardiovascular diseases research and research on the socio-economic impact of diseases.** The Ministry of Education notified the award of public contracts in May 2022 to five Research & Development Consortia (see Annex 2, public contract award notification). The consortia cover the fields specified in the Council Implementing Decision Annex as follows:
 - The National Institute of Virology and Bacteriology (NIVB) (project No. LX22NPO5103) has been notified the award of a public contract for the priority area 'infectious diseases research' on 17 May 2022 (see Annex 2, p. 3, Annex 5 – Annex 1 of the contract, Section a) - Occupied Research & Development & Innovation priority area, p. 34).
 - The National Institute for Cancer Research (NICR) (project No. LX22NPO5102) has been notified the award of a public contract for the research field area 'cancer research' on 17 May 2022 (see Annex 2 p. 2, Annex 1, pp. 3 - 4, Annex 4 – Annex 1 of the contract, Section a) 1) - selected R&D&I priority area, p. 33).

- The National Institute for Neurological Research (NINR) (project No. LX22NPO5107) has been notified the award of a public contract for the priority area ‘neurosciences’ on 17 May 2022 (Annex 2, p. 7, Annex 7 – Annex 1 of the contract, Section a) 1) - selected Research & Development & Innovation priority area, p. 33).
- The National Institute for Research on Cardiovascular Diseases Related to Metabolic Diseases of Diabetes and Obesity (project No. LX22NPO5104) has been notified the award of a public contract for the priority area ‘metabolic disorders or cardiovascular diseases research’ on 17 May 2022 (Annex 2, p. 4, Annex 6 – Annex 1 of the contract, Section a) 1) - selected Research & Development & Innovation priority area, p. 34).
- The National Institute for Research on the Socioeconomic Impact of Diseases and Systemic Risks (project No. LX22NPO5101) had been notified the award of a public contract in the priority area ‘research on the socio-economic impact of diseases’ on 17 May 2022 (see Annex 2, p. 1, Annex 3 – Annex 1 of the contract, Section a) 1) - selected Research & Development & Innovation priority area, p. 32).

- **The total budget allocated for this purpose shall amount to at least EUR 196 371 000.**

The overall budget disbursed for the total of the five research consortia amounts to CZK 4 986 559 000, as evidenced by Annex 1 (p. 1), and further confirmed by the notifications of the contract award (Annex 2) and Article 6 of the public contracts (Annexes 3-7), which set out the individual budget allocated to each project. This total amount corresponds to EUR 195 843 178 when applying the exchange rate agreed in the Operational Arrangements of 1 EUR = 25,462 CZK. The Council Implementing Decision required that the total budget allocated for this purpose amounts to at least EUR 196 371 000. Whilst this constitutes a minimal numerical deviation of 0.27% from the requirement of the Council Implementing Decision, the overall objective of this target is considered met notwithstanding this minor deviation. Given the minor amount that arises due to the exchange rate differences it is considered that the overall objective of the investment is met. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

The evidence provided by the Czech authorities addresses the description of the reform in the Council Implementing Decision Annex as follows:

- **The investment shall enhance scientific support to the public administration or faster and more transparent sharing of relevant and scientifically validated information and Research & Development & Innovation results.**

In line with the Council Implementing Decision requirement that the investment shall enhance scientific support to the public administration, according to Article 10(1)l) of each contract, the beneficiaries are required to ensure the production of at least two results in the context of expert and information support for “evidence-based” decision-making by public authorities (see Article 10(1)l) of Annexes 3-7). Furthermore, the beneficiaries shall ensure the cooperation of the beneficiary and other participants in the Research & Development & Innovation project for a period of at least three years after the completion of the project solution in order to provide expert and information support for “evidence-based” decision-making by public authorities (see Article 10(2)b) of each contract, Annexes 3-7). The project proposals annexed to the contracts further specify how each respective research consortium intends to support the knowledge transfer to public authorities (see

Section I in the project description “Cooperation and application potential”, as well as the f2e) tables of Annexes 3-7.

- **The consortia are expected to be established between relevant universities, public research institutions and other public and private entities, ensuring the necessary knowledge transfer.**

The consortia are established between relevant actors as required by the Council Implementing Decision Annex (see Article 6 of each contract and, where applicable, section B.1. of the annexed proposal on the composition of the consortium):

- The National Institute of Virology and Bacteriology (NIVB) (project No. LX22NPO5103) is composed by four universities and four public research institutes (Annex 5, Article 6 of the contract, p. 9, Annex 1 to the contract, Section B.1., pp. 42-45).
- The National Institute for Cancer Research (NICR) (project No. LX22NPO5102) is composed of three universities and eight public research institutes (see Annex 4, Article 6 of the contract, p. 9).
- The National Institute for Neurological Research (NINR) (project No. LX22NPO5107) is composed of six universities, four public research institutes, and one university hospital (Annex 7, Article 6 of the contract, p. 9).
- The National Institute for Research on Cardiovascular Diseases Related to Metabolic Diseases of Diabetes and Obesity (project No. LX22NPO5104) is composed of two universities and three public research institutes (Annex 6, Article 6 of the contract, page 8, section B.1.1 of the Annex to the contract, page 46).
- The National Institute for Research on the Socioeconomic Impact of Diseases and Systemic Risks (project No. LX22NPO5101) is composed of two universities and seven public research institutes, (Annex 3, Article 6 of the contract, on page 9).
- The necessary knowledge transfer in line with the requirements of the Council Implementing Decision is ensured through the commitment to deliver concrete research outputs, as well as the cooperation with other subjects outside the consortium:
 - Each consortium committed to achieve concrete results and outputs (see Article 10(1) of each contract, Section H, and tables f2a) and f2b), Annex 1 to each of the contracts).
 - Each consortium further committed to achieve the project objective of strengthening inter-institutional, interdisciplinary, and inter-regional cooperation and the quality of national research by further increasing international cooperation (see Article 10(1) and Article 1(4)b) of each contract, and table f2a) point b), Annex 1 to each of the contracts).
 - All consortia outlined in their proposals that they will cooperate with other research organisations, the private sector, and public authorities (see Section I. of each proposal on cooperation and application potential, Annex 1 to the contracts, and table f2e).
 - Particularly with regards to the knowledge transfer with the private sector, all consortia will either build up on existing cooperation with private entities of their members or envisage the establishment of such cooperation (see section I of each contract, and table f2e)).

- **The consortia shall form national research authorities aimed to bring about a qualitative change to the chosen Research & Development priority areas with impacts both in terms of scientific production and on the functioning of Czechia’s public administration in health crisis situations.**

The contracts signed with the beneficiaries set out several obligations ensuring compliance with the requirements of the Council Implementing Decision:

- Article 10(1) n) sets out the obligation for the beneficiary to ensure the establishment of a national scientific authority in the selected Research & Development & Innovation priority areas, whose structure and activities are regulated in writing (such as a consortium contract) for a period of at least three years after the completion of the project (see the respective Article of each contract, Annexes 3 to7).
- According to Article 10(1), the consortia are required to comply with the project objectives which were set out in the tender documentation. These include, in particular, achieving and maintaining a European level of excellence in research, and strengthening inter-institutional, interdisciplinary and inter-regional cooperation and the quality of national research by further increasing international cooperation (see the project objectives and sub-objectives in Article 1(3) and (4) of each contract, the detailed explanations in Section C of each proposal annexed to the contracts, along with the steps aimed at achieving the goals set out in Annex 1, table f2a)).
- To this end, the consortia are required to meet certain target values (see Article 10(1) of the contract, and Annex 1, in particular table f2b) on ‘results and outputs’, which will be monitored on an annual basis (see Article 10(1) of the contract and Section 11 of the tender documentation).
- The project objectives shall be achieved by 15 December 2025 (see Article 4(1) and (4) a) of each contract, Annexes 3-7). Beyond the duration of the project (for at least another three years), pursuant to Article 10(2) of each contract, the consortia shall cooperate in order to maintain the level of scientific achievements and inter-institutional and inter-regional cooperation in the Research & Development & Innovation priority area (see letter a)), and to generate internationally competitive Research & Development & Innovation results (see letter c)). As regards to the cooperation with public authorities, as mentioned above, Article 10(2) b) ensures that consortia shall cooperate in order to provide expert and information support for “evidence-based” decision-making by public authorities also beyond the duration of the project. These commitments are therefore in line with the description requirement that the investment shall have a qualitative impact both in terms of scientific production and on the functioning of Czechia’s public administration in health crisis situations.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 226	Related Measure: CZ-C[C5.2]-R[R1]: Creation of National Coordination Group for Support for Industrial Research	
Name of the Milestone: Establishment of National Coordination Group for Support for Industrial Research		
Qualitative Indicator: Establishment of National Coordination Group for Support for Industrial Research		Time: Q4 2021
Context: The aim of this reform is to establish a National Coordination Group for the Support for Industrial Research, which shall harmonise the industrial Research & Development support policies between policy makers, existing Research, Development and Innovation (hereinafter referred to as “R&D&I”) support providers and the Government Council for R&D&I.		

Milestone #226 concerns the establishment of a National Coordination Group for the Support for Industrial Research. The coordination group shall harmonize the industrial Research & Development support policies between policy makers, existing R&D&I support providers and the Government Council for R&D&I, the conditions for granting support, and concentrate all relevant programmes under the remit of the Technology Agency of the Czech Republic.

Milestone #226 is the only milestone of this reform and calls for the establishment and entry into operation of a National Coordination Group for Support for Industrial Research. The reform has a final expected date for implementation on 31 December 2021.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - Copy of the resolution of the Government of the Czech Republic of 27 April 2022 No. 333 establishing the National Coordination Group for Support for Industrial Research;
- iii. Annex 2 - Copy of the minutes of the first meeting of 7 June 2022 of the National Coordination Group for Support for Industrial Research proving the start of operation of the group.

The authorities also provided:

- iv. Annex 1b - A PDF version of the webpage where the Resolution was uploaded;
- v. Annex 2 and 3b - A PDF version of the webpage of the Ministry of Industry and Trade
- vi. Annex 3 - The Statute of the National Coordination Group for Support for Industrial Research;
- vii. Annex 4 - Rules of procedure of the National Coordination Group for Support for Industrial Research;
- viii. Annex 5 - Letter of appointment of 1 June 2022 for a permanent guest of the National Coordination Group for Support for Industrial Research;
 - i. Annex 6 - Statute and rules of procedure of the Coordination Group of SIGMA programme;
 - ii. Annex 7 - Copy of the minutes of the first meeting of Coordination Group of SIGMA programme of 5 September 2022;
 - iii. Annex 8 - Description of SIGMA programme.

Analysis:

The justification and substantiating evidence provided by the Czech authorities cover all constitutive elements of the milestone.

In particular:

- **Establishment of a National Coordination Group for Support for Industrial Research**
The National Coordination Group for Support for Industrial Research was established by point I. 1 of RESOLUTION of the GOVERNMENT OF THE CZECH REPUBLIC of 27 April 2022 No. 333 on the establishment of a National Coordination Group for the Support of Industrial Research.
- **Putting into operation of the National Coordination Group for Support for Industrial Research**
The Czech authorities provided evidence that the National Coordination Group entered into operation. According to the minutes, the National Coordination Group held its first meeting on 7 June 2022 (minutes of the National Coordination Group meeting of June

2022, Annex 2, published on the website of the Ministry of Industry and Trade, see Annex 2-3-b). As pages 1 and 2 of the minutes show, during its first meeting, the National Coordination Group adopted its Rules of Procedure and discussed the topics of the adopted agenda, as well as its future activities. The next meeting of the National Coordination Group is expected to be held at the end of 2022 (see page 2 of the minutes).

- **Harmonisation of the industrial R&D support policies between policy makers, existing RDI support providers and the Government Council for RDI Members**

According to its mandate as set out in Article II.1 a) of the Statute (Annex 3), which was approved by point I.2 of the Government Resolution (Annex 1), the National Coordination Group shall contribute to the harmonisation of the industrial research support policies applied by R&D&I aid providers by coordinating the approach to support industrial research in line with the requirement of the Council Implementing Decision Annex. This responsibility of the National Coordination Group was also stressed by its President during its first meeting, who also recalled that complementing the management system of the national R&D&I environment by establishing the National Coordination Group as the coordinating body for policy makers was an important reform for the Commission in the context of the RRP (see page 1 of the meeting minutes). On its website, the Ministry of Industry and Trade refers to the newly established National Coordination Group as the coordinating body of policymakers and providers of support for R&D&I (see Annex 2-3-b).

As provided by Article II. Pont 3) of the Statute (Annex 3), the National Coordination Group exercises its competences – including the coordination of the approach to research support, through a) the conduct of the National Coordination Group, b) the issuing of opinions on issues falling within its competences, and c) recommendations on the promotion of industrial research to the Czech government or individual providers.

The harmonisation of industrial research between the relevant actors mentioned in the Council Implementing Decision is ensured by the composition of the National Coordination Group as provided by Article III point 1), III point 5), and III point 8) of the Statute while executing its competences in line with the Group's Statute mentioned above. According to Article III, point 1) of the Statute, the National Coordination Group is composed by its members and permanent guests. According to Article III point 5), members of the National Coordination Group are representatives of policy makers and relevant providers of industrial research support (Article III, point 5. a)), and the national RIS3 manager (article III, point 5) b)). According to Article III, point 8), representatives of the R&D&I Council may be appointed as permanent guests. As evidenced by the letter of the Deputy Minister for Digitalization and Innovation provided by the Czech authorities, a representative of the R&D&I Council was appointed as a permanent guest on 1 June 2022 (Annex 5). As a justification, the Czech authorities explained in the summary document that this role was requested by the R&D&I Council as a reason of caution, to avoid possible conflict of interests of its members. The fact that permanent guests do not have voting rights according to Article IV. point 3) of the Rules of Procedure (Annex 4), therefore addresses this concern. At the same time, it ensures that the R&D&I Council representative will be entitled to take part in all the meetings and discussions, thereby contributing to the harmonisation of R&D&I policies in line with the requirements of the Council Implementing Decision Annex.

- **Harmonisation of the conditions for granting support**

In line with the requirements of the Council Implementing Decision Annex, Article II point 1) b) of the Statute provides that the National Coordination Group shall approximate the conditions for granting aid (see Annex 3, Article II point 1) b) of the Statute). Moreover, the

meeting minutes prove that at the first meeting of the National Coordination Group, its Chair suggested that the proposals for invitation for tenders and similar activities under the RRP will be shared with the members of the National Coordination Group for their comments and indicated that the item “Coordination of call announcements in R&D&I” will be regularly included in the agenda for discussion (page 2 of the minutes of the meeting).

- **Concentration of all relevant programmes under the remit of the Technology Agency of the Czech Republic**

The Council Implementing Decision required that the National Coordination Group for Support for Industrial Research concentrates all relevant programmes under the Technology Agency. The Czech authorities created the SIGMA Programme for the support of Applied Research and Innovation by Government Resolution No. 414 of 18 May 2022, to concentrate relevant programmes under the remit of the Technology Agency (see the website of the Technology Agency, <https://www.tacr.cz/program/program-sigma> and Resolution No. 414 available at <https://odoc.cz/portal/zvlady/usneseni/2022/414>). As evidenced by the minutes, the National Coordination Group should then discuss the SIGMA programme. Whilst this constitutes a minimal formal deviation from the requirement of the Council Implementing Decision, since it was the Czech authorities instead of the National coordination Group assigning the concentration of programmes under the remit of the Technology Agency, the deviation is acceptable because the same result has been achieved and does not affect the progress towards the achievement of the reform that the milestone represents. As of this, this minimal deviation does not affect the progress towards achieving the reform that the milestone represents. On this basis, it is considered that this constitutive element of the milestone is satisfactorily fulfilled.

- **Ensuring the establishment of a structure for supporting programmes compatible with the smart specialization strategy**

According to its mandate under Article II. 1c), the National Coordination Group contributes to the unification of industrial research support policies applied by R&D&I support providers by stabilising the structure of the national Research and Innovation Smart Specialisation Strategy (RIS3) and meeting its objectives.

Commission Preliminary Assessment: Satisfactorily fulfilled

Number: 236	Related Measure: CZ-C[C6.2]-R[R1]: National Oncological Programme	
Name of the Milestone: National Oncological Programme of the Czech Republic 2022-2030		
Qualitative Indicator: Approval of the National Oncological Programme 2022-2030 by the government		Time: Q4 2021
Context:		
<p>The objective of this reform is to increase the resilience of the cancer prevention and care system in Czech Republic by establishing the Czech Republic’s National Oncological Programme for the period 2022-2030 (NOP 2030), reflecting the priorities set out in Europe’s Beating Cancer Plan, in consultation with key actors and stakeholders. A National Council for the Implementation of the National Oncological Programme 2022-2030 shall also be set-up, which shall play a coordinating role in the preparation, implementation and evaluation phases.</p> <p>Milestone #236 concerns the approval of the National Oncological Programme 2022-2030 in consultation with key actors and stakeholders and the set-up of the National Council for the Implementation of the programme.</p>		

Milestone #236 is the only milestone of this reform. The reform has a final expected date for implementation on 31 December 2021.

Evidence provided:

In line with the verification mechanism set out in the Operational Arrangements, the following evidence was provided:

- i. Summary document duly justifying how the milestone (including all the constitutive elements) was satisfactorily fulfilled;
- ii. Annex 1 - A copy of the National Oncological Plan of the Czech Republic 2022-2030
- iii. Annex 4 - Government resolution No. 541 - approving NOP 2022-2030;
- iv. Annex 6 - (a) Summary document - activities of the National Council for NOP implementation - summarizing the consultation among stakeholders;
- v. Annex 6 - (b) List of members of the National Council for NOP implementation;
- vi. Annex 7 - Ministerial Decree No. 34/2021 – establishing National Council for NOP Implementation and the summary of the responsibilities of the National Council.

The authorities also provided:

- vii. Annex 2 - Overview of objectives, relevant strategies, funding sources and stakeholders of National Oncological Programme 2022-2030;
- viii. Annex 3 - National Oncological Programme 2022-2030 Summary of the analytical study;
- ix. Annex 5 - Europe's Beating Cancer Plan.

Analysis:

The justification and substantiating evidence provided by the Czech authorities covers all constitutive elements of the target.

In particular:

- **Approval of the National Oncological Programme 2022-2030**
In accordance with the milestone definition and with the Operational Arrangements specifications, the Czech authorities have provided a copy of the approved National Oncological Programme 2022-2030. The programme also reflects the priorities set out in Europe's Beating Cancer Plan, including the principles of the Patient Centred Cancer Care Culture. The plan was approved by the government decision 541 on 22 June 2022 which is also attached as evidence. The summary document also contains a link where the plan can be publicly consulted. In addition to the required evidence, the Czech authorities have also submitted a summary of the plan and an overview document summarizing objectives, relevant strategies, funding sources and stakeholders of the National Oncological Programme 2022-2030.
- **Consultation with actors and stakeholders involved, in particular the Ministry of Health, National Oncology Centres, Centres of highly specialised cancer and haematology care, Institute of Health Information and Statistics, representatives of healthcare providers, health insurance companies and patients associations.**
The Czech authorities have submitted a document summarising the consultation that took place with the actors and stakeholders involved. Preliminary meetings have been held since May 2021 to discuss the involvement of the stakeholders, the drafting of the National Oncological Programme 2022-2030, as well as other elements of component 6.2 of the Recovery and Resilience Plan - The National Plan to Strengthen Oncological Prevention and

Care. After the set-up of the National Council for Implementation of the National Oncological Programme 2022-2030 (6 August 2021), discussions were held under the umbrella of this Council. The Council includes representatives from the Ministry of Health, the Czech Oncology Society representing also the National Oncology Centres, specialised cancer and haematology care centres, Institute of Health Information and Statistics, representatives of healthcare providers (such as the Czech Surgery Society, Czech Pneumological and Phthiseological Society and Society of General Medicine), health insurance companies (e.g. General Health Insurance Fund VZP, Association of Health Insurance Funds) and patients associations (e.g. Patient Council of the Ministry of Health). Further discussion took place from August 2021 until May 2022 while at the last meeting on 11 May 2022, the actors involved were informed of the submission of the National Oncological Programme 2022-2030 to the government.

- **Setting up the National Council for the Implementation of the National Oncological Programme**

According to evidence provided in Annex 7, the National Council for Implementation of the National Oncological Programme 2022-2030 has been set-up by the Ministerial Decree No. 34/2021. The role of the Council, its organisation and its composition are specified in detail in the Ministerial Decree. The Council will ensure preparation, implementation and evaluation of the success of the National Oncological Programme 2022-2030.

Commission Preliminary Assessment: Satisfactorily fulfilled