CDE

Assessment of the Czech Republic's recovery and resilience plan

Centrum
pro dopravu
a energetiku

Introduction

Key points:

- The Czech recovery plan has a clear focus on energy efficiency in buildings, transportation and the digitalisation agenda. However, there is almost no focus on more complex environmental questions (e.g. biodiversity, habitats, ecosystems, soil, etc.)
- The commitment to decarbonise appears in almost every component of the plan. Yet the current version of the recovery plan will not help the Czech Republic reach a zero-carbon economy by 2050. The country's official strategic documents are already outdated and the 'recovery plan' has not proposed any significant improvements.
- During the process of drafting the plan, CSOs were not sufficiently involved and the plan was not made publicly available until 25 March 2021.

In May 2020, the European Commission proposed an EU Next Generation recovery package in response to the coronavirus pandemic (the Recovery and Resilience Facility (RRF)). The proposal will mitigate the economic effects of the pandemic by adding EUR 750 billion to the current seven-year Multiannual Financial Framework, bringing the total EU budget to EUR 1.82 trillion.

It is designed to boost the recovery of the EU economy on the basis of two clear targets:

- **37 per cent for green investments and reforms**. Each Member State will have to include a minimum of 37 per cent of expenditures related to climate and other environmental objectives.
- **20 per cent for digital investments and reforms**. Each Member State will have to include a minimum of 20 per cent of expenditures to foster the digital transition.

To achieve the targets outlined above, the Member States have until 30 April 2021 to advance a **national recovery and resilience plan**.

The drafting of the Czech recovery plan is supervised by the Ministry of Industry and Trade. The plan has undergone several major modifications since the first draft was published in October due to pressure from civil society organizations (CSOs) and the European Commission. Eliminated measures include:

- Investments in highways (TEN-T network)
- Re-financialisation of the newly legislated tax reforms which caused financial distress for the state budget (loss carryback)

- Investments in LNG/CNG vehicles and infrastructure

During the process of drafting the plan, CSOs were not sufficiently involved and the plan was not made publicly available until 25 March 2021. The Ministry of Trade and Industry, which is responsible for the recovery plan proposal, recently (25 March 2021) created a webpage where information about the plan can be accessed (www.planobnovycr.cz).

Before the first draft of the recovery plan was submitted to the European Commission in October 2020, neither Czech civil society organisations, nor the professional associations, and all ministries were not officially invited *to participate in the process*. The Ministry of Industry organised participative round tables in December due to discontent with the level of participation. Yet without clear rules of who can participate and what procedure will take place with the comments. The versions of the plan had not been publicly available until late March.

The total volume of the Czech plan is approximately EUR 7.4 billion from which approximately EUR 770 million will be in loans.[1]

The newest version of the plan consists of six pillars:

1. **Digital transformation - EUR 1.1 billion**
   - 1.1. Digital services for citizens and enterprises (EUR *114* million and **0%** green agenda)
   - 1.2. Digital systems of state administration (EUR *274* million and **0%** green agenda)
   - 1.3. Digital high-speed networks (EUR *227* million and **7%** green agenda)
   - 1.4. Digital economy and society, innovative start-ups and new technologies (EUR *219* million and **0%** green agenda)
   - 1.5. Digital transformation of enterprises (EUR *192* million and **37%** green agenda)
   - 1.6. Speed-up and digitalisation of the construction procedure (EUR *67.2* million and **0%** green agenda)
2. **Physical infrastructure and green transition - EUR 3.1 billion**
   - 2.1. Sustainable and secure transportation (EUR *844.1* million and **60%** green agenda)
   - 2.2. Reduction in energy consumption (EUR *230* million and **100%** green agenda)
   - 2.3. Transition towards cleaner energy sources (EUR *256* million and **100%** green agenda)
   - 2.4. Development of clean mobility (EUR *266* million and **100%** green agenda)
   - 2.5. Building renovation and air protection (EUR *730* million and **72%** green agenda)

[1] All prices are translated from CZK to EUR in the exchange rates from 13 April 2021 and rounded.

2.6. Natural protection and adaptation to climate change (EUR *576* million and **100%** green agenda)
2.7. Circular economy, recycling and industrial water (EUR *169* million and **55%** green agenda)

3. Education and job market - EUR 1.57 billion

3.1. Innovation in education in the context of digitalisation (EUR *186* million and **0%** green agenda)
3.2. Adaptation of the capacity and focus of school programs (EUR *504* million and **0%** green agenda)
3.3. Modernisation of employments services and development of the job sector (EUR *883* million and **0%** green agenda)

4. Institutions, regulations and support of entrepreneurship in response to COVID-19 - EUR 0.56 billion

4.1. Systemic support of public investments (EUR *96* million and **39%** green agenda)
4.2. New quasi capital instruments for the support of entrepreneurship and development of the ČMZRB in its role as a national development bank (EUR *154* million and **100%** green agenda)
4.3. Anti corruption reforms (EUR *0* and **0%** green agenda)
4.4. Increase of effectivity of the public administration (EUR *2* million and **0%** green agenda)
4.5. Development of the cultural and creative sector (EU *282* million and **0%** green agenda)

5. **Research, development and innovation - EUR 0.51 billion**

5.1. Excellent research and development in the priority areas of public interest and in the health sector (EUR *192* million and **0%** green agenda)
5.2. Support of research and development in enterprises and introduction of innovations into business practice (EUR *315* million and **2%** green agenda)

6. Health and resilience of the citizens - EUR 0.57 billion

6.1. Resilience of the health care system (EUR *180.5* million and **0%** green agenda)
6.2. Prevention of ontological diseases (EUR *393.7* million and **0%** green agenda)

The plan's total allocation for the green agenda is exactly 37 per cent and the contribution towards digitalisation is 25.4 per cent. The division into categories (such as physical infrastructure and green transition) creates the illusion that this recovery plan highlights sustainability and meets the European Commission's target of a 37 per cent share of green and climate measures. In reality, less than a third of the total budget can be considered pro-environmental, and measures supporting biodiversity are below seven per cent of the total allocation.

The recovery plan and its alignment with the Czech National Energy and Climate Plan

The alignment between the recovery plan and the Czech National Energy and Climate Plan (NECP) is not a good measure for the recovery plan's contribution to decarbonisation, as the NECP was drafted before the new EU climate objective (a 55 per cent reduction in greenhouse gas emissions by 2030) was agreed upon. However, even when the EU target was 40 per cent, the Czech NECP was insufficient for reaching EU climate objectives.

For the year 2050, the Czech Policy of Climate Protection sets an emissions reduction target of 80 per cent by 2050. Neither the NECP nor the Policy are currently being sufficiently fulfilled.

However, the target set in component 2.3. (Transition towards cleaner energy sources) of the recovery plan goes slightly beyond the Czech NECP and aims to increase the share of renewables in overall energy consumption from 22 per cent in 2030 to 22.09 per cent in 2030.

Assessment

Fossil fuels

The Czech government sees fossil gas as a suitable replacement for coal in thermal energy supply systems and also wants to invest in gas boilers as a substitute for small heating units powered by solid fuels. The next few sections will elaborate further on each of these components.

District heating

The development of new heating infrastructure is included within component 2.3 (Transformation of industry and transition towards cleaner energy sources) alongside investment in new photovoltaic (PV) sources of energy. This component therefore has two separate points of focus:

1. Development of new PVs (EUR 190 million)
2. Modernisation of district heating distribution networks (EUR 64 million)

The goal is the replacement of fossil fuels with low-emission or non-emitting energy sources. The plan says: *'this component is fully in line with the energy politics of the European Union, whose goal is a reduction of emissions by 40 per cent by 2030'* (which is already outdated). The main part of the renovation is supposed to be financed from the Modernisation Fund, and the RRF will mainly finance distribution infrastructure (i.e. the

Modernisation Fund will finance the generation infrastructure and RRF the distribution infrastructure).

The document also says: *'For the stabilisation and development of district heating, it will be crucial for thermal energy supply systems that currently use coal to ensure the transition to another (less emission intensive) fuel (biomass, waste or natural gas by 2038 at the latest by the Coal Commission recommendation).'*

This is the case for 45 heat plants. Between 2021 and 2030 the fuel sources used in these plants should be switched from coal to biomass, waste or gas. Given that investments within this component will not be used for generation infrastructure but for more efficient distribution networks (almost 1,500 kilometres) it is counted as a 100 per cent contribution to the 37 per cent green target.

Issues:

- The main issue with this component is that it is supposed to contribute 100 per cent to the climate objectives while investing in infrastructure which will be used for the distribution of heat from fossil fuels. Using the same logic, we could say that building highways is not directly linked to the increase in car emissions.

Gas boilers

Support for gas boilers is included within component 2.5. (Buildings renovation and air protection) of the recovery plan. The goal of this component is to achieve 35,705 complex and medium-deep energy renovations, increased use of renewables, the construction of new buildings with very low energy intensity, support for adaptation and mitigation measures and 72,500 replacements of unsatisfactory combustion heat sources with expected energy savings of 8.4 PJ/year and reduction in CO2 emissions of 1,350 kt/year.

The recovery plan continues to support more efficient heating sources which are supposed to replace the current less efficient boilers using solid fuels. There is an array of supported technologies, e.g. electrified technologies such as heat pumps as well as technologies using various fuels (gas boilers, biomass boilers).

The total allocation for this component is EUR 730 million, out of which EUR 330 million will be allocated for the replacement of heat sources (the rest is allocated mainly for energy efficiency measures related to the buildings themselves).

The plan states that '*this component is fully in line with the EU's energy and climate policy, which sets the target of reducing greenhouse gas emissions by at least 40% by 2030 compared to 1990.*'[2]

The expected distribution of the newly installed heat sources is 30 per cent for natural gas, 60 per cent for biomass and 10 per cent for heat pumps. Solid fossil fuels are not

[2] The target mentioned is outdated.

supported under the measure for boiler subsidies. As mentioned above, natural gas (efficient gas condensing boilers) is the only currently supported fossil fuel.

Only new sources that meet the eco-design requirements (i.e. the requirements of Directive 2009/125/EC of the European Parliament and of the Council) and are included in one of the two highest energy efficiency classes within the meaning of Article 7, paragraph 2 of the Regulation (EU) 2017/1369 of the European Parliament and of the Council are available for financing.

These boilers meet the eco-design criteria and their expected lifespan is about 15 to 20 years.

Issues

- Given that the lifespan of these boilers is about 15 to 20 years we do not perceive them as an increased risk of stranded assets.
- However, gas boilers should not be supported by public finance. This creates a false sustainability discourse among the population (similar to advertisements on our buses which state 'I run on natural gas' with a big smiling emoji and green mountains in the background).
- The expected distribution of the newly installed heat sources is 30 per cent natural gas, 60 per cent biomass and 10 per cent heat pumps. We propose increasing the share of heat pumps and decreasing the share of natural gas.

Biodiversity and nature-based solutions

The allocation for biodiversity protection in the Czech recovery plan is nearly absent. This does not create any opportunity for the Czech Republic to use the RRF to reach the goals of the Biodiversity Strategy 2030 or the Farm to Fork Strategy. Even though the authors of the recovery plan claim that 37 per cent of the investments included will contribute to the green transition, in reality such a share is currently significantly below 30 per cent and the share of this that is directed towards biodiversity is almost non-existent.

The purpose of component **2.6. Nature protection and adaptation to climate change** is to contribute to the economic and environmental sustainability of the agricultural and forestry landscape in the context of climate change, in particular by retaining water in the landscape, increasing biodiversity and improving forest ecosystems.

Here are some proposed changes to component 2.6. Nature protection and adaptation to climate change[3]:

1. Flood protection

[3] The following topics (flood protection, support for measures on small watercourses and small reservoirs, etc.) are chapters from the recovery plan. In this section, in addition to proposed changes to the plan, we also detail appropriate adaptation measures previously proposed by the Ministry of Environment (which was not responsible for writing these chapters of the plan) that could be included in the chapters.

- As part of the investment measure, funds need to be allocated exclusively for projects outside urban areas, i.e. dry polders, restoration of wetlands, revitalisation and renaturation of riverbeds. Another beneficial measure supporting water retention in the landscape would be the blinding and treatment of land reclamation in the agricultural landscape.

Appropriate adaptation measures proposed by the Ministry of Environment:

- Artificial infiltration - implementation of specific localities (EUR 9.6 million)
- Wetlands and ponds (EUR 61 million)
- Adaptation measures in buildings - green roofs (EUR 48 million)
- Program to support the use of rainwater and greywater (EUR 98 million)
- Dešťovka (covered by NZÚ - EUETS resources) (EUR 23 million)[4]

2. Support for measures on small watercourses and small reservoirs
   - Mud removal from ponds does not ensure their greater retention capacity and is mainly harmful to biodiversity. We propose to redirect the funds allocated for this measure to measures proposed by the Ministry of the Environment to strengthen the adaptive capacity of the landscape.

Appropriate adaptation measures proposed by the Ministry of Environment:

- Revitalisation of watercourses in the landscape and urban areas (EUR 19.2 million)
- Ponds (nature-friendly measures) (EUR 24 million)

3. Irrigation
   - According to the European Commission, irrigation cannot be considered an adaptation measure. We propose to allocate funds for the creation of wetlands.

Appropriate adaptation measures proposed by the Ministry of Environment:

- Measures against erosion on agricultural land (EUR 17 million)

4. Implementation of land improvements aimed at stabilising the landscape
   - Within the framework of land readjustments, funds are invested mainly in the road network, including a related increase in landscape drainage. Investments related to the asphalting of field dirt roads cannot be reported as measures to increase the adaptation of the landscape to climate change. Guarantees should be provided in the setting of programmes that will ensure that investments from the recovery plan resulting in landscaping planning will not finance these measures.

Appropriate adaptation measures proposed by the Ministry of Environment:

- Tree plantings (excluding forest) (EUR 53 million)

5. Improving the state of forest ecosystems

[4] Dešťovka is a subsidy programme of the Ministry of the Environment and the State Environmental Fund of the Czech Republic. It supports sustainable water management in households. NZÚ is a subsidy programme of the Ministry of the Environment administered by the State Environmental Fund of the Czech Republic focused on energy savings in family and apartment houses.

- Subsidy support should focus on under-plantings and replantings (here the Ministry of the Environment registers investment needs in the amount below), on supporting the retention of land in the forest and the related strengthening of carbon sequestration in forests. Investment rules should stipulate that planting support should be spread over a longer period so that it does not run too quickly. (The concern here is that the money will be invested quickly and solely in reforestation whose main purpose is fast carbon sequestration).
- In line with the recommendations and reservations of the European Forestry Institute, accelerated tree planting in forest soils cannot be considered an adaptation measure.

Appropriate adaptation measures proposed by the Ministry of Environment:

- Increasing the resilience of forests to drought (EUR 56 million)

6. Water retention in the forest
   - Damming torrents is an environmentally unfavourable measure and should not be financed by the RRF. The funds can be transferred to finance projects proposed by the Ministry of the Environment in other areas.

Buildings

In relation to the Building Renovation Strategy, the Czech recovery plan is less ambitious than it could be.

The Strategy states that the cumulative investment costs of reducing energy consumption by 30 PJ/year in 2030 amount to about EUR 85 million, and a reduction of 47 PJ/year in 2030, about EUR 154 million.

The recovery plan, however, proposes to finance too few renovations to meet the objectives of the Strategy. This is problematic because the Czech government plans for the RRF to be a key source of funding for the programme of NZÚ, one of the main programmes responsible for building renovations.

Brownfields

The revitalisation of brownfields was included in the recovery plan up until the last version of the draft that went into the interdepartmental proceeding. It was supposed to receive approximately EUR 154 million. We would like to see this component to be included again due to the high number of brownfields in the Czech Republic which are currently economically unfeasible to revitalise.

The ‘do no significant harm’ principle

The ‘do no significant harm’ principle intends to ensure that proposed measures are fully in line with the six environmental objectives set forth in the EU Taxonomy on sustainable activities (climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; circular economy; waste prevention and recycling; pollution prevention and control; protection and restoration of biodiversity and ecosystems).

The official document says that *‘no measure for the implementation of reforms and investment projects included in the Recovery and Resilience Plan shall significantly harm the environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 (principle of "do no significant harm”).’*

Furthermore, the Czech recovery plan does contain an explanation of each component’s compliance with the principle. These explanations, however, are not accessible and are not very convincing. For the majority of the components, the chapter on the principle says: *‘[The ‘do no significant harm’] principle is described in the attached table T1a_DNSH.’*

This table, however, is not included as an attachment and was not provided elsewhere by the authorities.

For some components, the chapter on the principle says:

‘Each investment under component X.X. has been assessed in detail in the context of environmental objectives, as defined in Article 17 of the Taxonomy Regulation. The conclusion of the in-depth analysis was that all the investments submitted fully reflect the "do no significant harm principle.”’

or

‘Due to their nature, all reforms and investments fully fulfill the principle of "not significantly damaging.”’

More detailed explanations of the measures’ compliance with the principle do not exist. Further assessment of components such as **Digital services for citizens and enterprises, Digital systems of state administration** or **Excellent research and development in the priority areas of public interest and in the health sector** (etc.) is not possible at the moment. The content of the recovery plan changes constantly and there are no clear guidelines on how to assess the influence of digitalised public administration systems and other proposed measures on the green agenda.

At the level of individual components, measures under **Pillar 2 - Physical Infrastructure and Green Transition** have the greatest influence on the fulfillment of the green agenda and their implications for the environment and climate are more measurable.

We have provided a short overview of the 'do no significant harm' principle in relation to the most relevant parts of the recovery plan below.

1.5. Digital transformation of enterprises
'Due to its nature, component 1.5 fulfills the "do no harm" principle.'

- The recovery plan states that this component contributes 37 per cent to the green agenda. The rationale behind this is that its priority is to support the ecological transformation of small and medium enterprises in particular through digital technologies.
- The focus of the measure is on the green and digital transition, in particular on high-capacity digital infrastructure and technologies and clean and efficient production and use of energy.
- The digitisation of industry should, in essence, primarily meet digital targets, although it may also have an indirect effect on emissions reduction targets (new technologies should help reduce carbon emissions), but also help kick-start the circular economy (waste recovery and recycling).
- This component should be excluded from the 37 per cent share of climate measures (and reduced to zero per cent) as it could be replaced by other measures which have a direct climate impact.
- Although this component is supposed to make a large contribution to the green agenda, we see the inclusion of this component as highly opportunistic. It hypothesises that digitisation will automatically lower material and energy demand. Theoretically, digitisation can actually lead to an increase in overall energy/material demand. Digitisation leads to higher production efficiency, which will bring more production capacity. Higher digital interconnection of consumers to cyberspace-based advertisement will create more demand, which can be met by more efficient automated production and distribution. Ultimately, their digitisation could lead to greater production and consumption despite the material and energy savings brought about by the digitalisation of the company.
- Although the digital transformation of enterprises can have a secondary positive impact on the energy intensity and material demands of economic activity, it should not be considered a 40 per cent contribution to the green agenda.

2.1. Sustainable and secure transportation

'The principle of ['do no significant harm'] is described in the appendix in table T1a_DNSH.'

- The main focus of the component is on the development of electrified railroads, digitalisation of infrastructure, noise barriers and security (e.g. crossing facilities for pedestrians, railways, etc., but also walking and biking paths).
- This measure is in line with the 'do no significant harm' principle.
- The increase of railroads in transportation has a positive impact on emissions reduction. Furthermore, trains are considered to be one of the most cost/material/energy efficient form of industrial transportation.

2.2. Reduction in energy consumption

'The principle of ['do no significant harm'] is described in the appendix in table T1a_DNSH.'

and

'As the component is considered for practical implementation, a 100% contribution to climate protection will be provided.'

- The main focus of this component is on the realisation of energy efficient measures during the reconstruction of state buildings and systems of public lightning.
- This measure is in line with the 'do no significant harm' principle.

2.3. Transition towards cleaner energy sources

'The principle of ['do no significant harm'] is described in the appendix in table T1a_DNSH.'

- This measure is in line with the 'do no significant harm' principle.
- However, we see it as problematic that the subcomponent 'modernisation of the district heating distribution infrastructure' is projected to contribute 100 per cent to the green agenda. Although more efficient district heating networks are needed, at the moment, the heat will still be generated mostly by coal with a plan to switch to gas.

2.4. Development of a clean mobility

'The principle of ['do no significant harm'] is described in the appendix in table T1a_DNSH.'

- The draft of the recovery plan, following Directive 2018/2001 of the European Parliament and of the Council on the promotion of the use of energy from renewable energy sources, declares that the share of renewable energy sources in total energy consumption in transport should be 14 per cent in 2030, of which 7 per cent is food biofuels, 4.5 per cent advanced biofuels, 1.7 per cent biofuels under Part B (raw materials for the production of biofuels and biogas for transport) and 0.8 per cent electricity.
- Continued support for biofuels is not environmentally friendly. Biofuels produce emissions, have high land use requirements and increase the price of food crops. Furthermore, there is a strong link between biofuels and our current government. Our prime ministers' company Agrofert is a big producer of rapeseed for biofuels and this vested interest should be taken into account.
- However, the recovery plan focuses almost entirely on electric vehicles (EVs) and hydrogen (H2) vehicles, which is a positive sign. CNG/LNG vehicles have been eliminated from the list.
- The only problematic investment is support for hybrid buses.
- If hybrid buses are eliminated from the recovery plan and there is a proposal for reform regarding the biofuels, this measure is in line with the 'do no significant harm' principle.

2.5. Buildings renovation and air protection

- This component has three sub targets: energy efficiency in buildings, replacement of heat sources in households and educational measures.
- At its current amount, the funds proposed in the recovery plan for this component will not be enough to meet the targets set in the Czech Building Renovation Strategy. It is necessary to increase the target of this component to 70,000 buildings and the allocation to buildings' energy efficiency to EUR 771 million (from EUR 385 million).
- The overall increase in allocation would therefore be from EUR 730 million to EUR 1.12 billion.
- The expected distribution of the newly installed heat sources is 30 per cent natural gas and 60 per cent biomass. We propose increasing the required share of heat pumps and lowering the share of boilers running on natural gas.
- Because opinions on the environmental impact of gas boilers differ and those supported by the plan meet EU ecodesign criteria, this component could be classified in line with the 'do no significant harm' principle.

2.6. Natural protection and adaptation to climate change

'Each investment under component 2.6. has been assessed in detail in the context of environmental objectives, as defined in Article 17 of the Taxonomy Regulation. The conclusion of the in-depth analysis was that all the investments submitted fully reflect the "do no significant harm principle".'

- We propose certain changes to this component in the section on biodiversity and nature-based solutions.

2.7. Circular economy, recycling and industrial water

'The principle of ['do no significant harm'] is described in the appendix in table T1a_DNSH.'

- This measure is in line with the 'do no significant harm' principle.
- The targets for this measure are in line with the strategic documents of the EU and aim to speed up the transition towards a circular economy.

4.2. New quasi capital instruments for the support of entrepreneurship and development of the ČMZRB in its role as a national development bank

Although this component does not strike us as making a 100 per cent contribution to the climate targets, it is classified this way in the recovery plan. The only provision in relation to climate/environment is:

'The measure is generally aimed at investing in business. Only projects that respect the "do no significant harm" principle (DNSH) will be selected. In the case of investments in buildings and structures (which would be realised within the framework of the prepared investments) the feasibility study will be checked (methodically a commitment will be

required that buildings will be realised in an environmentally friendly way). At the same time environmental impact assessment will be required, e.g. whether it is carried out with due diligence and whether it shows signs that the investment will not have a negative impact on the environment.'

- Although support for small and medium enterprises is crucial for the development of more resilient local economies (which is the purpose of the ČMZRB), marking this measure as a 100 per cent contribution to the climate objectives is misleading. The 'do no significant harm' principle is supposed to be secured solely by legislation already in place.
- This component is currently undergoing changes due to interdepartmental proceedings and it is said that necessary steps will be taken to ensure its 100 per cent compliance with the target 37 per cent allocation for climate objectives.

Conclusions

Thanks to the pressure from civil society, several harmful investments in highways and gas infrastructure were taken out of the Czech recovery plan, pushing the country towards more of a green recovery. Still, the lack of allocations for biodiversity and several problematic climate measures set the plan back.

The drafting of the Czech recovery and resilience plan has taken place largely behind closed doors. CSOs were not invited to participate in the planning process and there has not been any attempt to inform the public about the most current version of the plan and the latest changes. Despite this lack of respect for the partnership principle, the plan has undergone several major positive modifications due to pressure from CSOs and the European Commission since the first draft was published in October. Harmful projects erased from the plan included investment in highways, the re-financialisation of the newly legislated tax reforms and investment in LNG/CNG vehicles. With these harmful measures gone, the plan is largely going in the right direction, but it still makes some noticeable missteps.

There are several truly green measures, such as the construction and electrification of railroads on a massive scale. More sustainable transportation (including railroads, but also biking and walking paths) will receive EUR 844 million. Another EUR 230 million will go towards energy efficiency measures, and almost EUR 200 million towards the development of photovoltaics. Another EUR 169 million will be used for revitalisation of the recycling infrastructure in order to approximate us to the circular economy model.

Although these investments will be beneficial for the environment, when taken together they still do not reach the 37 per cent mark. Furthermore, certain measures, such as an investment in distribution networks for district heating (more efficient pipelines), highly efficient gas boilers and financial support for the Czech development bank (ČMZRB) are also problematically considered as fully contributing to the green agenda.

Despite the fact that more efficient pipelines for district heating are needed, they will still redistribute heat from fossil fuels. Although some organisations consider gas boilers highly efficient and helpful in the short-term to alleviate air pollution, cleaner air in this case is the result of a false public discourse on sustainability and continued dependence on gas.

And although support for small and medium enterprises is crucial for the development of more resilient local economies (which is the purpose of the ČMZRB), marking this measure as contributing 100 per cent to the climate objectives does not make sense. The 'do no significant harm' principle is supposed to be secured solely by legislation already in place (e.g. financial support only for projects which are environmentally friendly). This component is currently undergoing changes due to interdepartmental proceedings and it is said that necessary steps will be taken to ensure its 100 per cent contribution to the green agenda.

The Czech recovery plan has come a long way from supporting new highways and vehicles running on fossil gas. The current version of the plan is quite complex and takes into account different needs of the economy, society and climate. There are strong measures to support the country's pathway to decarbonise and transition away from fossil fuel dependency. However, that does not mean that there are no problems with the plan.

The plan's neglect for measures in support of nature and biodiversity conservation and several questionable climate measures are serious cause for concern. If money from these and few other components was redirected towards more meaningful, environmentally friendly measures (e.g. more money for accelerating the renovation of buildings), the plan would meet its 37 per cent climate objective and could be considered a good example for other countries.