

CZECH REPUBLIC

Implementing the 2030 Agenda on Sustainable Development

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Main challenges for implementing the SDGs

As noted, given its political reality as a federal state, Belgium has a challenge in bringing together different policy and decision-making levels. There is a risk the complex.

Organized around the five thematic clusters laid out in the Preamble to the 2030 Agenda- People, Planet, Prosperity, Peace and Partnership, this report looks at the plans for implementation of the SDGs in the Czech Republic. The Ministry of Labour and Social Affairs (MoLSA), which plays a key role in meeting the social tasks arising from the Sustainable Development Goals (SDGs), is in many cases ready for their implementation, or has even implemented them in some form. However, there are serious challenges within each of the clusters, which the report discusses. Although the Government generally supports the SDGs and the engagement of non-state actors in the planning process, some governmental departments fail, or in some cases, even refuse to take seriously the 2030 Agenda for Sustainable Development.

Implementing the Sustainable Development Goals: Opportunities and Challenges

In terms of the five thematic clusters laid out in the Preamble to the 2030 Agenda- People, Planet, Prosperity, Peace and Partnerships, the Government has laid out detailed plans for implementation of the SDGs. The Ministry of Labour and Social Affairs (MoLSA), which plays a key role in meeting the social tasks arising from the Sustainable Development Goals (SDGs), is in many cases ready for their implementation, or has even implemented them in some form. However, several challenges remain, as will be pointed out below.

People

One of the most important tasks facing the Czech Republic in implementing the 2030 Agenda is poverty reduction. The priority goal in this cluster is Goal 1 – to end poverty in all of its forms. To measure poverty, the Czech Republic uses the EUROSTAT index, which contains the degree of risk of poverty, material deprivation, and persons living in households with low labour force participation. This indicator is also mentioned in the country's Social Inclusion Strategy

2014-2020 as a summary indicator of social exclusion.¹ For 2014, the measure was 60 percent of the middle value of the income distribution in the amount of CZK 9,901/month (USD 419), which is the poverty level for a single person household.² As the 2014 Report of Income and Living Standards stated: “The number of people at risk of income poverty has been 9-10 percent for a long period, and did not change much in 2014 when it measured 9.7 percent. From a long-term point of view, the most vulnerable groups include the unemployed, incomplete families and families with more children. [...] Over two-fifths of families with two or more children are at risk of income poverty.”³ The report also stated that in 2014, the rate of material deprivation reached 6.7 percent, and the rate of labour force participation was 7.6 percent. It added: “The summary indicator of social exclusion in the Czech Republic in 2014 is 14.8 percent. The groups of people most vulnerable to social exclusion include incomplete families and families with more than two children.”⁴

To address this situation, the Czech Government has promised to meet the goals in the area of poverty within the framework of the National Reform Programmes: “The limit of the number of people at risk of poverty, material deprivation or living in households without employed persons by 2020 should be maintained at the level of 2008.”⁵ Another government document states that “at the same time, the Czech Republic will make efforts to reduce the number of people at risk of poverty, material deprivation or living in households without employed persons for about 30,000 people.”⁶ In this respect, the implementation plan concept issued by the MoLSA for 2015-2017, with the forecast until 2020 states its intention to establish a system for the prevention of homelessness, to suggest measures related to the proposed law on social housing, and “to suggest measures to allow for the

1 For more information, see Strategie sociálního začleňování 2014–2020 (The Social Inclusion Strategy), p. 4.

2 ČSÚ, Životní podmínky 2014, p. 3.

3 Ibid., pp. 3-4.

4 Ibid., p. 8.

5 Národní program reforem České republiky 2014, p. 23.

6 Koncepce prevence a řešení problematiky bezdomovectví v ČR do roku 2020, p. 5.

transition of homeless people to housing”.⁷ The goals outlined by the employment policy are defined as follows: the creation of the conditions allowing people from vulnerable groups to enter and remain in the labour market, active employment policy, and the establishment of a social system that will “make the performance of work or other economic activity favourable and motivating enough for people receiving social benefits”.⁸

Planet

Although the government of the Czech Republic, in response to the call for countries to develop sustainable development plans, has produced a strategy on sustainable development, its goals have not been manifested either in official policies⁹ or in the Parliament.

The Government has however adopted several measures to protect nature and the environment. It has announced a new protected area on the site of the former military territory of Brdy and the surrounding nature parks. It has also extended the New Green Light to Savings programme until 2021 and allocated CZK 27 billion to the programme; in addition to heat cladding, it will also support the installation of solar panels on roofs. Its legislation has facilitated the operation of solar panels and biogas stations.¹⁰ The Government has also pushed through legislation obliging chain stores to distribute discarded but safe food among the poverty stricken to reduce waste.

Other actions are more questionable. The Government announced that it will use almost CZK 10 billion from the EU to facilitate the upgrade of domestic coal stoves to reduce household pollution. This, however, will encourage more coal combustion. The proposal to leave larger territories of national parks to nature and visitors goes in the right direction, but it allows for harmful interventions in the most valuable zones and large-scale felling of trees in the remaining territory.¹¹ The Government still has no strategy to limit the impact of climate change, nor has it suggested a specific action plan to mitigate the climate change impact.

The Government has also failed in three other environmental areas. It has broken the set territorial limits on coal mining and the social agreement which guaranteed the people in North Bohemia the preservation of their homes and the improvement of the environment. The Ministry of Industry keeps pursuing unnecessary and obsolete plans to open unprofitable and

risky uranium mines.¹² Successive exceptions have reduced the penalties for land grabbing, and the Parliament has been discussing more changes which would significantly restrict the protection of agricultural land against destruction.¹³ Recycling, reduced at national level, is also being reduced at the regional level.¹⁴

There are not many options by which to correct these negative policies. Despite a law designed to decrease the dependency on fossil fuels, this is rarely enforced. The expected new rules regarding national parks will also be difficult to amend. Recycling could be supported only by major changes to the Government plan.¹⁵ The proposed rules for construction raise concern due to complex exceptions and restrictions to the participation of the public in the decision-making on incinerators or felling of trees.¹⁶

Prosperity

Meeting the SDGs places significant demands on the country related to the unsustainable model of its economy. The so-called dependent economy does not allow for sustainable economic growth, and it also significantly limits full employment and decent work.

In the Czech Republic, foreign-owned companies represent a large part of the manufacturing industry (important for the Czech economy as a whole) and play a significant role in the financial sector, as there are almost no Czech financial structures. Therefore, the outflow of the primary income in 2014 reached almost half a trillion CZK in 2014 (CZK 488 billion) according to the Czech Statistical Office (ČSÚ).¹⁷ This lowers the value of GDP by up to one tenth.¹⁸ This means both a lower base for investment and wage increases. The looping of the dependent economy is also affected by the fact that the Czech subsidiary companies are the so-called price-takers, which have no influence on the market, and large parts of the Czech production take the form of assembly or payroll work. This also corresponds to the level of the value added, which is at the lower to medium level according to the input-output tables. Not only is the Czech economic structure centred on large, usually foreign-owned companies, the value of local production, including the structures of

7 Implementační plán Koncepce ministerstva práce a sociálních věcí pro období 2015–2017, s výhledem do roku 2020, p. 40.

8 A Summary is available at: Koncepce politiky zaměstnanosti 2013-2020, p. 34-35.

9 <http://www.zelenykruh.cz/bily-slider-na-hp/ekologicka-politika-vlady-povede-k-poskozeni-zdravi-a-ekonomickym-ztratam-tvrdi-odbornici>

10 <http://www.hnutiduha.cz/aktualne/ministr-brabec-rozsiril-novou-zelenou-usporam-i-na-stresni-fotovoltaiku>

11 <http://www.hnutiduha.cz/aktualne/ochrana-narodnich-parku-krok-dobrym-smerem-ale-do-cile-jeste-kus-cesty>

12 <http://www.hnutiduha.cz/aktualne/ministr-jan-mladek-uhelne-limity-konecne-nezpochybnuji-uran-chci-ale-vytezit>

13 <http://www.zelenykruh.cz/bily-slider-na-hp/senat-dnes-hlasuje-o-oslabeni-ochrany-zemedelske-pudy>

14 <http://www.hnutiduha.cz/aktualne/nezdvojnabome-li-recyklaci-komunalnich-odpadu-nedosahneme-na-evropske-fondy>

15 <http://www.hnutiduha.cz/aktualne/zakaz-skladkovani-spalitelnych-odpadu-nevede-k-vyssi-recyklaci-ale-vetsimu-spalovani>

16 <http://www.zelenykruh.cz/bily-slider-na-hp/novela-stavebniho-zakona-omezi-prava-obcanu-vyjadrit-se-ke-stavbam-v-jejich-okoli>

17 Lukáš Kučera, Hodnocení výkonnosti ekonomiky České republiky v širším kontextu. ČSÚ, 30.11.2015.

18 The IMF reported in 2015 that Czech GDP per capita at purchasing power parity was USD 29,925.

economic democracy, has been systematically underestimated for a long time. The Czech governments have ignored the calls of the European Parliament for greater promotion of resilient local structures, such as cooperatives or firms in crisis taken over by employees. These topics, so crucial for the local resilience, not only for economic reasons, but also for the social and environmental ones, are marginalized.

The development of local infrastructure is hindered by the financial market structure. Regulation by the Czech National Bank (CNB) has choked credit unions, as the Bank clearly prefers to deal with other banks, with approximately 97 percent of the assets in foreign possession.¹⁹ Alternative financial arrangements have not been developed, and there is a lack of awareness and of social capital for their greater use.

Although unemployment is not high in the Czech Republic, in the context of the high growth in 2015 (4.7%), the number of people registered unemployed at labour offices (more than 400,000) is alarming and suggests deeper social problems.²⁰ The current Government has embarked on gradually raising the minimum wage, which used to be the lowest in the EU and has not been adjusted for a number of years. The minimum wage is, however, still far below the level needed to reduce working poverty, which affects a great number of people, including more than a quarter of working women. The CNB has also reinforced the policy of cheap labour by devaluing the Czech currency in November 2013.

The Office of the Government has taken steps to improve cooperation with the ILO and its tripartite system and now more strongly encourages discussion on topics like sustainable development where the civil society is engaged. Practical applicability, however, is still limited because it has also taken several steps in the opposite direction – to support foreign investment, to reinforce the image of the Czech Republic as a cheap destination, to put an emphasis on coal mining and other extractive industries.

Fortunately, thanks to the stronger activity of trade unions, there is growing awareness that the model based on cheap labour, devaluation and dependence on foreign owned firms is worn out. The factor of cheap labour cements the technological backwardness which makes it impossible to raise the standard of living and hinders the aspiration of the Czech Republic to join the ranks of developed countries.

Another problem is tax avoidance, particularly by large corporations. The international report on tax fraud, coordinated by EUROODAD (the Czech version being prepared by Glopolis)²¹ implies that the Czech Government “welcomes the reform of the global tax rules and standards that significantly affect the ability of

governments to collect taxes and will prevent the utilitarian transfer of profits to countries with more favourable taxes”. Although the Government agrees with the involvement of developing countries in the negotiations on tax issues, it “does not support the efforts to promote and extend the current mandate of the UN Committee of Tax Experts” to create an intergovernmental authority for tax issues. Although the Ministry of Finance supports the adoption of the automatic exchange of accounting information “with as many jurisdictions as possible”, the inclusion of the developing countries has not been explicitly mentioned. And while the fight against tax evasion is one of the priorities of the Government, a little attention is paid to the avoidance of tax obligations on the part of large corporations.²²

Peace and justice

Since 2001, the export of weapons and military equipment from the Czech Republic has been growing almost continuously, reaching the record value of USD 487 million in 2014. It is estimated that this growth continued in 2015 as well. In addition to the sales of old inventory from the Cold War, export growth also reflects the revival of the armaments industry. Some Czech armament companies have managed to overcome the economic downturns of the 1990s and their production has been continuously increasing.²³

This growth in production and export of weapons is largely due to arming undemocratic and dictatorial countries,²⁴ including Algeria, Viet Nam, Saudi Arabia, Pakistan, and Egypt. Smaller importers include Indonesia, Thailand, Bahrain, Ethiopia, Israel, Nigeria, Yemen, Colombia, and Mexico. The steady growth in exports to the countries of the Middle East and North Africa is also alarming. In 2014, the greatest importer of weapons was Saudi Arabia with 16 percent of the total.²⁵

At the local level, there have been increasing attacks by the Czech police against people living alternative lifestyles as well as on citizens in general. Following the unsuccessful investigation of attacks on police cars and other targets with incendiary bottles, the police have adopted a repressive attitude to people described as left-wing extremists. In the eyes of the police, a left-wing extremist is also a person who publicly protests against racism and fascism. The media have reported a case of police accusing a female student of attacking a

¹⁹ https://www.czso.cz/csu/czso/vliv_zahranicnich_firem_v_ceske_republice20120119,

²⁰ <https://www.czso.cz/csu/czso/cri/predbezny-odhad-hdp-4-ctvrtleti-2015>

²¹ See <http://eurodad.org/files/pdf/1546494-fifty-shades-of-tax-dodging-the-eu-s-role-in-supporting-an-unjust-global-tax-system.pdf>

²² <http://www.glopolis.org/soubory/817a/shrnuti-zpravy-50-odstinu-danovych-uniku.pdf>

²³ Českým zbrojovkám prudce roste vývoz. Ale války nám spíše škodí, tvrdí. *Idnes.cz*, p. 7. 6. 2015

http://ekonomika.idnes.cz/zbrojarum-se-dari-vyvazet-dc0-/ekonomika.aspx?c=A150607_133309_ekonomika_rny

²⁴ The data for 2015 will be published probably in the summer of 2016.

²⁵ <http://zbraně.nesehnuti.cz/index.php/na-rekordnim-vyvozu-zbrani-z-ceske-republiky-ma-podil-vyzbrojovani-diktatoru-a-nedemokratickych-rezimu/>

police officer during a demonstration²⁶ and a case of a Russian student and anarchist who spent three months in custody for an alleged attack on the house of the Defence Minister without any evidence against him.²⁷

Partnership

The participation of citizens in public administration in the Czech Republic is generally weak. The first projects involving citizens are participatory budgets (PBs). Although citizens have a legal right to be informed of the budget proposals and comment on it, in practice the budget process has remained a highly specialized financial issue and the citizens seldom exercise their rights. However, since 2011, some citizens' initiatives, such as Alternativa Zdola (The Grassroot Alternative) has informed the public of the benefits of the participatory budgeting and tried to enforce it.

The Pirate Party, promoting greater transparency in the public administration, has introduced a participatory method of distributing the state contribution it received after the elections to the Czech Parliament in 2013. In 2014 and 2015, it distributed CZK 1.140 million in seven rounds. And in the municipal elections in the fall of 2014, the participatory budget appeared in the programme of at least 50 municipalities or city districts.

In 2015, there were a total of three processes of participative budgeting, followed by three others in 2016. The capital city of Prague has approved financial support for the development of participatory budgets in the districts.

Regional and global challenges

Recently tensions related to the refugee crisis in Europe are increasing, even though the number of refugees in the Czech Republic is negligible;²⁸ the fear arises on the basis of information from other countries which is often twisted, exaggerated or fabricated and spread on the Czech Internet, at events and in major media. The anti-refugee movement pays great attention to the perceived threat of Islam which is not defined as a religion, but as a hateful ideology inconsistent with the Czech Constitution. Politicians either support these movements or they are reluctant to deal with them, which only exacerbates the situation.

In response to the refugee crisis and following pressure from NGOs, discussions have started about increasing the contribution to official development assistance (ODA), which is now only 0.11 GNI although it was supposed to reach at least 0.33 GNI in 2015.²⁹ With regard to its reluctance to accept a greater share of Syrian refugees to Europe, both the Government and opposition politicians have publicly declared their preference for increasing ODA and helping the recipients directly to prevent migration.³⁰ However, these statements have been largely political rhetoric, and the ODA budget has not been increased.³¹

26 <http://www.ceskatelevize.cz/ct24/domaci/1769306-aktivistka-byla-zprostena-obzaloby-z-utoku-na-policistu-podle-soudkyne-jej-spis>

27 <http://denikreferendum.cz/clanek/22850-sevcov-byl-zprosten-ozaloby-z-utoku-zapalnymi-lahvemi-za-graffiti-byl-vyhosten>

28 <https://www.euroskop.cz/8962/26126/clanek/cesko-ma-skoro-nejmin-zadosti-o-azyl-z-eu/>

29 Brussels European Council; Presidency Conclusions; 16 and 17 June 2005; 10255/1/05; pg 8.

30 http://zpravy.idnes.cz/proti-trvalym-kvotam-pro-uprchliky-bude-sirsi-koalice-tvrdil-sobotka-1ee-/domaci.aspx?c=A151014_095213_domaci_kop

31 <http://www.ceskenoviny.cz/zpravy/cr-bude-dal-davat-na-rozvojevou-pomoc-aspon-854-milionu-kc-rocne/1227676>