



Summary Report on the SAO Environmental Audits

FOREWORD BY SAO MEMBER PETR NEUVIRT

Dear readers,

The present publication maps 11 audits carried out by the Supreme Audit Office in the field of the environment since 2018. Given that the SAO focuses its audits on all areas of life that are financed from the state budget and foreign funds provided to the Czech Republic, I believe that the number of audits related to the environment is not small at all.

This year marks the 32nd anniversary of the establishment of the Supreme Audit Office. Since its inception, the SAO has always paid attention to, among other things, environmental matters, which it considers very important. The first audits covered, for example, the issue of environmental remediation in the North Moravian and North Bohemian regions, which were heavily affected by coal mining, industrial production and high levels of pollution. The revitalisation of river systems and flood control measures are also worth mentioning. Much has changed since then. Air quality has improved significantly compared to 30 years ago and there are fewer areas with exceeded pollutant limits today. The most significant decline has been recorded in sulphur dioxide emissions, with atmospheric concentrations falling by almost 95 % between 1993 and 2020¹. These emissions were associated with the occurrence of acid rain, which led to soil acidification and the destruction of forests. Many people surely remember that this used to occur, for instance, in the Jizera Mountains. Greenhouse gas emissions in the Czech Republic have fallen by 47% compared to 1990.

Since 2000, surface water quality has also improved thanks to the construction of new wastewater treatment plants and the expansion of the sewerage network. In 1995, only 56% of the population was connected to the sewerage system, while by 2023 this figure has risen to almost 87%.

In the forests, we can observe a gradual decline of the bark beetle calamity, which started in northern Moravia in 2015 and gradually spread to other areas, culminating in 2020.

Waste also poses a risk to ecosystems and human health. At the beginning of the 1990s, there were more than six thousand unsecured and illegal landfills in the Czech Republic. The situation began to change with the adoption of the first Waste Act in 1991 and the development of the waste sorting system.

Despite this positive data, not everything is ideal, as the results of our audits show – new problems have emerged, or some existing ones have worsened. Water quality is stagnating in the short term and pollution levels are not being further reduced; landfilling is still the most used method of municipal waste management. The state of Czech forests is not so good; air pollution is not threatening them as much, but they are being weakened by the effects of climate change, such as more frequent droughts, strong winds or higher temperatures. Massive tree felling has had a negative impact on the ability of forests to absorb carbon dioxide emissions that contribute to climate change. Landscapes are also facing the risks of climate change, as evidenced by more frequent extreme weather events such as floods; conversely, there are more and more areas where droughts are likely, and other weather extremes are increasing. The decline of biodiversity in our country is illustrated, for example, by the decline of birds in agricultural areas; their numbers are down by more than 40% since 1993. Agricultural land, which is at risk of degradation due to intensive farming, is increasingly giving way to built-up areas.

The sector with the least progress in decarbonisation is transport, where energy consumption is rising and more than 90% of energy consumed in transport is fossil-based. Despite a decrease in pollutant emissions due to technology upgrades, greenhouse gas emissions from transport are increasing.

The areas of focus in the audits therefore remain similar. This Summary Report covers energy savings, waste and water management, including the issue of pesticides in surface water and groundwater, as well as nature and landscape conservation, including air quality. It summarises the main audit findings and details of the funds spent. Our Report includes detailed information from the audits, including the impact and corrective measures taken.

International comparisons are an integral part of this publication, providing the reader with an overview of how we are doing compared to other European countries, our neighbours in Europe. We also briefly discuss cooperation with foreign Supreme Audit Institutions.

The Supreme Audit Office is very active in international cooperation, especially in the EUROSAl² and INTOSAl³ Working Groups on Environmental Auditing. From my point of view, the sharing of experience, knowledge of problems and the way they are controlled and audited in other countries, as well as close cooperation, for example in the form of coordinated audits, undoubtedly bring valuable insights. We also draw inspiration from innovative approaches used by foreign institutions to monitor the impact of audits. The SAO has also produced handbooks and materials on environmental auditing for our colleagues around the world. These included topics such as sustainable energy, energy savings and sustainable urban development.

RNDr. Petr Neuvirt,

Member of the Supreme Audit Office

2 EUROSAl – European Organisation of Supreme Audit Institutions.

3 INTOSAl – International Organisation of Supreme Audit Institutions.

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I. INTRODUCTION

The environment constitutes everything that creates the natural conditions for the existence of organisms, including humans, and is a prerequisite for their further development. Its components are mainly air, water, rocks, soil, organisms, ecosystems and energy⁴. The importance of the environment as a public good is also emphasised in the *Charter of Fundamental Rights and Freedoms*⁵ and its protection is supported and promoted by the general public⁶. People expect the positive effects of the support for environmental protection to be manifested mainly in the improvement of air quality and the condition of the Czech landscape. On the other hand, they are concerned about the impact of the economic costs associated with the measures taken. The state therefore uses various instruments to influence this motivation, both at an individual level and at the level of whole sectors of the national economy. Support for measures to improve the environment is mainly in the form of subsidies.

Impact of climate change on the environment in the Czech Republic

Although environmental protection is perceived as important, the reality shows that the state of the environment in the Czech Republic has been changing significantly in recent years under the influence of the deepening impacts of climate change. More frequent and intense droughts, floods, heavy rainfall, rising temperatures, extreme winds and fires⁷ are increasingly affecting the landscape and people's lives. A dramatic example was the extreme hail and tornado storm that devastated several villages in southern Moravia in June 2021. Further evidence of climate change was the widespread floods that hit the Olomouc and Moravian-Silesian Regions in September 2024.

Climate change also has significant economic impacts. However, these are difficult to quantify as they cover a wide range of direct and indirect damage. Nevertheless, it is clear that even individual extreme events constitute a significant economic burden. For example, the floods in 2024 caused damage of CZK 25 to 30 billion, according to estimates by the Ministry of Finance. We can also mention the tornado that devastated part of southern Moravia in 2021 and left behind damage of at least CZK 15 billion. The cost of reconstruction after extreme storms, droughts and fires is in the tens of billions of Czech crowns every year.

According to the *Report on the Environment of the Czech Republic 2023* prepared by the Czech Environmental Information Agency (CENIA), 2023 was the warmest year since 1961. The annual average temperature in the Czech Republic has increased by 0.35°C over 10 years (see Chart 1). This rate of temperature increase is about double the global average. Rising air temperature is a driving factor in other manifestations of climate change, such as drought, fire risk, torrential rainfall and the associated risk of flash floods, and the increasing extremes of dangerous hydrometeorological events (storms, high winds).

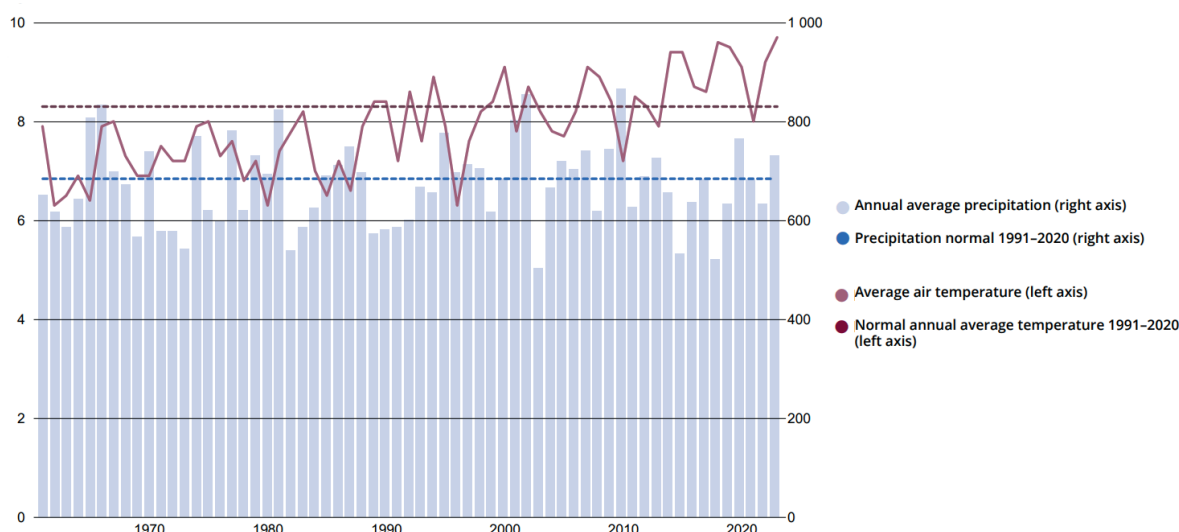
⁴ Section 2 of Act No 17/1992 Coll., on the environment.

⁵ Article 11(3) and Article 35 of the Charter of Fundamental Rights and Freedoms.

⁶ Source: [Czech \(non-\)transition 2022 – STEM](#).

⁷ *Strategy on Adaptation to Climate Change in the Czech Republic, 1st update for the period of 2021-2030.*

Chart 1: Average annual air temperature and annual precipitation in the Czech Republic in 1961-2023 and comparison with the 1991-2020 normal (in °C, in mm)



Source: *Report on the Environment of the Czech Republic 2023* (data source: CHMI).

Key actors and environmental protection strategies

In the field of environmental protection support, the key actors in the Czech Republic are the Ministry of the Environment (hereinafter referred to as the “MoE”), the State Environmental Fund of the Czech Republic (hereinafter referred to as the “SEF”) and the Nature Conservation Agency of the Czech Republic (hereinafter referred to as the “NCA”). Other entities are also involved in supporting measures in this area, e.g., the Ministry of Agriculture (hereinafter referred to as the “MoA”) or the Ministry of Finance (hereinafter referred to as the “MoF”).

The MoE has defined environmental protection measures in the *State Environmental Policy of the Czech Republic for 2012-2020* and the *State Environmental Policy of the Czech Republic for 2023 with a view to 2050* approved by the government in 2021. The main objective of the state policy in the field of environment is to ensure a healthy and quality environment for citizens, to contribute significantly to the efficient use of all resources and to minimise the negative impacts of human activities on the environment. These policies also address, among other things, the mitigation of the impacts of hazards, including emergencies and crisis situations.

International environmental activities and projects

The SAO’s international cooperation in the field of audits of environmental protection spending takes place mainly within the INTOSAI and EUROSAT Working Groups, which provide valuable information not only for analytical work and audit planning, but also for the work on the audits themselves and the evaluation of their results.

Issues related to the auditing of state funds in the environmental field are common to all countries. The working groups are currently focusing, for example, on the security of energy infrastructure, the impact of extreme weather and national preparedness for crisis situations. They also focus on climate risk assessment, government responses to natural disasters such as floods and droughts, and the environmental context. They also look at the relationship between natural disasters and climate change.

Supreme Audit Institutions have a crucial role to play in this area – their independence, expertise and access to information allow them to objectively assess the effectiveness of spending and, where appropriate, recommend measures for improvement.

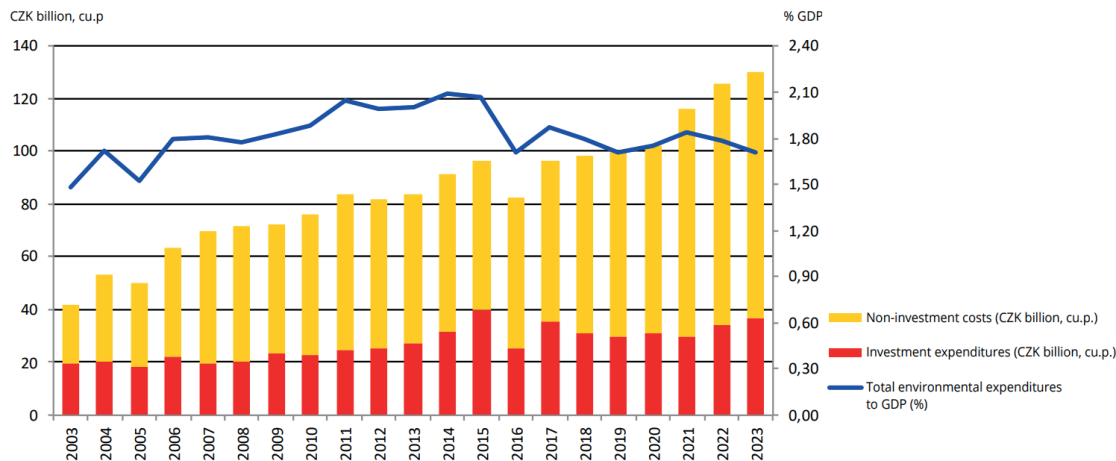
The SAO is involved in the international project *Linking Climate and Biodiversity*, led by the Supreme Audit Institution of Canada. The aim of the project is to create a concise and clear document – a handbook for Supreme Audit Institutions. The handbook will show the links between climate and biodiversity through examples of several ecosystems. It will also address the link to the Sustainable Development Goals and the factors that auditors need to take into account during audits.

The second international project in which the SAO is directly involved is led by the Supreme Audit Institutions of Thailand and Indonesia and is entitled *Sustainability Reporting in the Public Sector and the Role of Supreme Audit Institutions*. Sustainability reporting is also referred to as non-financial reporting or ESG reporting⁸. The aim of the project is, inter alia, to explore how Supreme Audit Institutions can efficiently produce sustainability reports and provide assurance on public sector sustainability.

Financial instruments for environmental protection

According to the Czech Statistical Office, approximately CZK 130 billion was spent on environmental protection in the Czech Republic in 2023⁹. Investments in environmental protection in the Czech Republic have reached an annual level of approximately CZK 35 billion in recent years. In 2023, the total was CZK 36.6 billion. Wastewater and air and climate protection were a priority. Non-investment costs reached a record level of CZK 93.6 billion, with waste management predominating.

Chart 2: Total expenditure on environmental protection in the Czech Republic in 2003-2023



Source: *Report on the Environment of the Czech Republic 2023* (data source: CSO).

Note: c. p. = current (nominal) prices; these are prices as they actually are at a given point in time. These are prices that incorporate the effects of inflation and that generally contrast with constant prices.

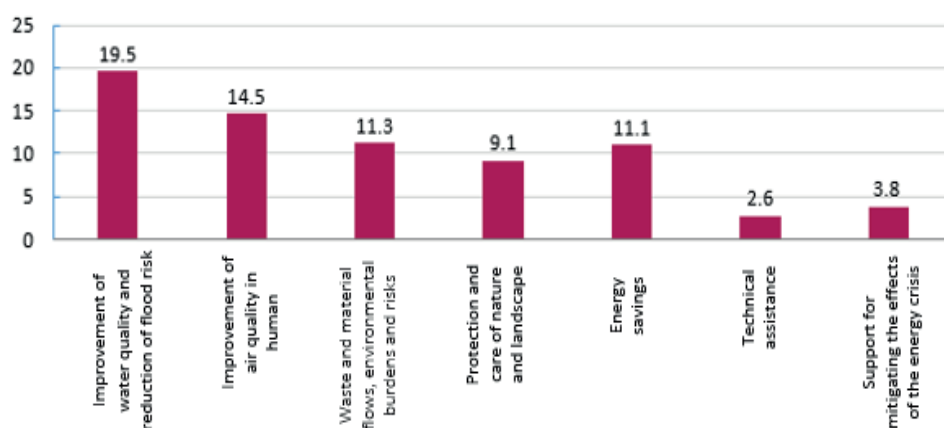
8 ESG reporting: environment (E), employee and society topics (S) and corporate governance (G).

9 Source: [Total environmental spending exceeded 130 billion last year | Products](#).

The most important instrument used to support environmental measures is the Operational Programme *Environment* (hereinafter referred to as the “OPEn”). It is now in its third programming period. In the period of 2014-2020, almost CZK 72 billion had been provided to final beneficiaries from this source (as of May 2024)¹⁰. Other important subsidy programmes supporting environmental improvement measures are the *Integrated Regional Operational Programme* (IROP) and the national *New Green Savings subsidy programme* (NGS).

The highest volume of funds from the OPEn, almost CZK 20 billion, spent directly on the environment was directed to measures to improve water quality and reduce the risk of floods, while the lowest volume of funds amounted to CZK 9.1 billion and was spent on the protection of nature and landscape (see Chart 3).

Chart 3: Overview of funds disbursed from the OPEn 2014-2020 as of 7 May 2024 (in CZK billion)



Source: <https://2014-2020.opzp.cz/dokumenty/detail/?id=802>.

BETWEEN 2018 AND 2024, THE SAO CARRIED OUT AUDITS IN THE FOLLOWING AREAS:

1. energy savings,
2. waste management,
3. water management,
4. nature and landscape conservation,
5. improving air quality.

The SAO repeatedly focuses its audits on the environment. This Report covers the SAO's audit activities, which focused mainly on the funds spent from the OPEn 2014-2020. The SAO audits carried out in 2018-2024 were aimed at determining whether the funds provided by the state had been spent in accordance with legal regulations, economically, efficiently and effectively.

II. SUMMARY OF THE SAO'S AUDIT ACTIVITIES

WHAT ARE THE MAIN FINDINGS OF THE SAO AUDITS?

The areas audited by the SAO, i.e., energy savings, waste and water management, nature and landscape conservation and air quality improvement, received a total of almost CZK 66 billion, i.e., 91% of the funds from the OPEn 2014-2020. A further CZK 3.8 billion was spent under the OPEn 2014-2020 to compensate vulnerable households for high energy prices to mitigate the effects of the energy crisis. However, this did not have a direct effect on environmental improvements. CZK 2.6 billion was spent on technical, operational and administrative support for the actual administration of the OPEn 2014-2020.

The SAO audits have repeatedly shown that the responsible institutions are not meeting their strategic objectives in a number of areas and are also failing to achieve the expected impacts. This is despite the fact that the funds were in most cases spent effectively at the individual project level. The SAO therefore considers it crucial that the supported projects actually deliver the expected results and contribute to the fulfilment of the set objectives.

The audits also showed that the following factors in particular reduced the effectiveness of support in the area of the environment:

- shortcomings in strategic management,
- slow project administration,
- insufficient targeting of support,
- poor quality monitoring of the impact of the support provided,
- lack of motivation and lack of interest of beneficiaries,
- legislative conditions and non-enforcement of the rules,
- inter-ministerial disputes and conflicts of agendas.

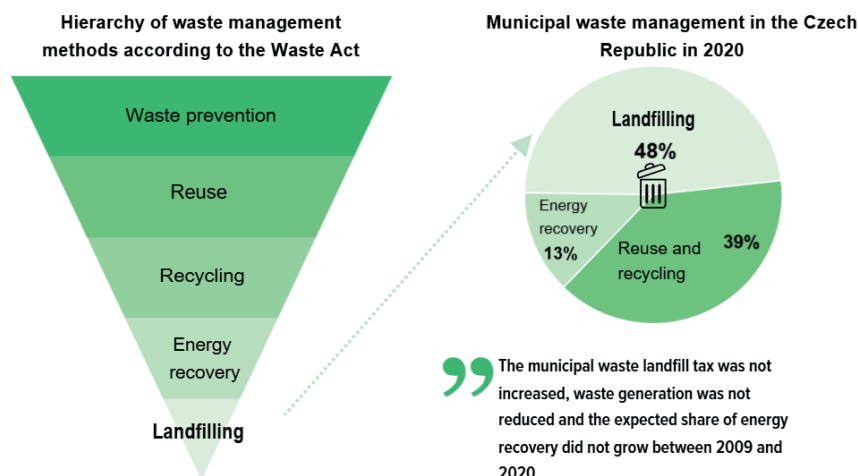
In the area of financial support for energy savings audited for the years 2015 to 2021, the SAO found insufficient use of funds from the OPEn and the NGS for measures leading to a reduction in energy consumption in public buildings. The state was not able to fully use the funds from the OPEn and the NGS intended to support energy savings in public buildings, as it only used **CZK 3.5 billion** instead of the allocated **CZK 20 billion**. This reduced the final energy consumption of these buildings only slightly and did little to meet the 2020 targets. Only one-fifth of the reported savings targets were met. By 2020, only 17% of projects had been completed. The lack of interest from applicants and the set conditions of support led to 76% of government buildings not meeting the energy performance requirements at the end of the audit. In the area of financial support for reducing the energy consumption of residential buildings under the IROP and NGS programmes, only one-third of the allocated funds were used and the planned energy savings were not achieved.

The funds spent from the OPEn and the NGS Programme to reduce final energy consumption in public buildings contributed to meeting the targets only to a small extent. Energy savings in residential buildings are low, with only a third of the allocated funds having been used.

In the area of waste management audited for the years 2018 to 2020, the SAO pointed out that although the MoE had set up financial support from the OPEn for waste management in accordance with the legislation, key objectives had not been achieved. In 2020, 48% of municipal waste was landfilled and landfill capacity even increased by 17% between 2016 and 2020. The funds did not contribute to increasing recycling capacity or developing waste-to-energy facilities. By the end of 2020, the MoE had provided almost **CZK 9 billion** from the OPEn for the implementation of measures in the field of waste management and CZK 600 million from the *National Programme Environment* (hereinafter referred to as the "NPE"). Despite this considerable amount of money spent, there was no positive change in the

structure of municipal waste management. The SAO revealed major problems in waste management in the Czech Republic. In contravention of the hierarchy of waste management methods set out in the Waste Act, landfilling of municipal waste remained the most used method.

Figure 1



Source: SAO Annual Report for 2022.

The SAO concluded that the responsible authorities had favoured landfilling of municipal waste over other waste treatment options preferred in the approved hierarchy.

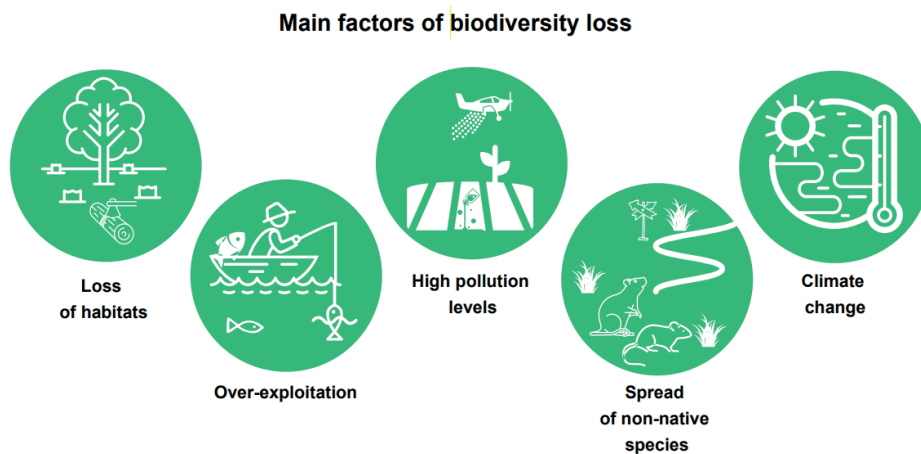
In the field of water management audited between 2013 and 2022, the SAO pointed to insufficient cooperation between the MoA and the MoE. This has caused a delay of several years in the adoption of key anti-erosion measures and led to contradictory actions in the fight against drought. For the period of 2016-2018, the MoA and the MoE reported financial support related to drought issues in the amount of **almost CZK 28 billion**. The disagreements between the MoE and the MoA translated into a low level of enforcement of nature-based flood control measures and water quality improvement, where, moreover, no specific and measurable targets had been set. The MoE and MoA set out in the government-approved plans that they would implement 135 flood control measures between 2015 and 2021, but in reality more than 50 % of them had not even been started by 2021. The average annual need for financial resources was estimated at **CZK 4.2 billion**. In reality, the MoE and the MoA spent on average only **CZK 1.4 billion** per year in 2016-2018. The lack of efficient drought mitigation measures and the low drawing of EU funds contributed to increasing drought damage, while major issues such as water retention in the landscape and pesticide regulation remained unaddressed.

The SAO finds the main reasons why the preconditions for flood prevention are not created in a delayed implementation of flood control measures, the enforcement of nature-based measures only to a small extent, and development in active zones of flood areas.

In the area of nature and landscape conservation audited between 2012 and 2021, the SAO pointed out that some key objectives, such as halting the loss of biodiversity or restoring the ecological stability of the landscape, had not been fully met by the end of the programming period of 2014-2020. For example, the expected number of measures to reduce non-native species of plants and animals was not met, and measures to support species and habitats or to prevent, minimise and remedy damage caused by specially protected species were not fulfilled. EU funds were used for the amount of **CZK 5.15 billion** and, from the main national subsidy titles, funds in the amount of **CZK 0.93 billion were provided in the audited period**. In the case of financial support for the construction of visitor centres, no demonstrable conservation benefit was demonstrated. In the area of auditing old environmental burdens (hereinafter referred to as “OEB”) caused by the activities of former state-owned enterprises in the period before their privatisation, the SAO concluded that there had been no acceleration of their removal between 2018 and 2022. Unresolved old environmental burdens represent serious damage to the environment and are a risk to both nature and the health of the population.

In the European Union, there has been no significant improvement in the state of sites and species of European importance. Despite partial successes, the decline of protected species and habitats cannot be halted. The European Commission estimates that the failure to meet the headline target of the EU Biodiversity Strategy to 2020 was costing the EU economy EUR 50 billion a year. The Czech Republic is also experiencing a decline in biodiversity and a related deterioration in the functioning of ecosystems, increasing sensitivity to climate change and the risk of introducing non-native species.

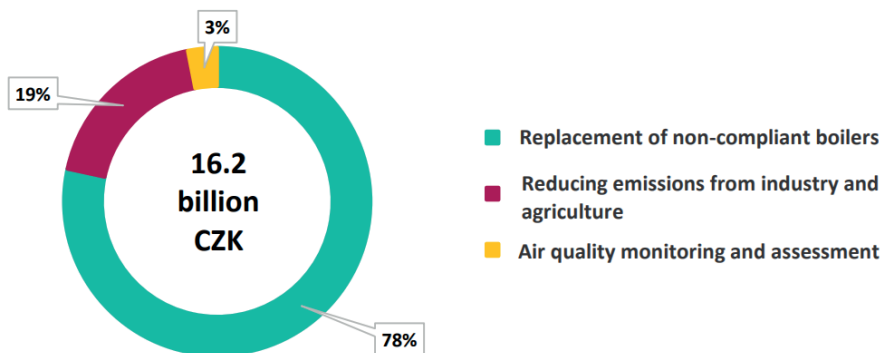
Figure 2



Source: Prepared by the SAO based on data from www.faktaoklimatu.cz, as of 1 February 2024.

In the area of air quality improvement audited between 2020 and 2022, the Czech Republic is still experiencing deteriorating air quality and has not been complying with the set air pollution limits in the long term. The MoE spent CZK 12.7 billion from Priority Axis 2 of the OPEn and the NGS (i.e., 78 % of the funds) for replacing non-compliant boilers in households. The MoE supported 111 thousand replacements that have contributed to improving air quality. However, according to information from the MoE, more than 150 thousand non-compliant boilers of emission classes I and II remained in service in the Czech Republic as of April 2024.

Chart 4 Structure of the MoE expenditure on air protection from the OPEn and the NGS between 2014 and 2022



Source: Audit Report No 23/07.

The MoE spent funds of up to CZK 103.5 million from Priority Axis 2 of the OPEn ineffectively, namely on the purchase of equipment the main purpose of which was not dust reduction. These were mainly wheel loaders. The SAO also found out that a beneficiary had spent CZK 5.6 million on a piece of that equipment in an ineffective manner.

III. DETAILS OF THE SAO AUDITS

ENERGY SAVINGS

In Audit No **20/05**, the SAO examined how the funds earmarked to support energy savings in public buildings had been spent between 2017 and 2019 and whether they had contributed to meeting the targets set by European and national regulations by 2020¹¹.

Under the OPEn 2014-2020 and the NGS, more than CZK 20 billion was available to public institutions for investment projects aimed at energy savings. By mid-2020, CZK 3.5 billion had been spent on these projects. The reported reduction in final energy consumption in public buildings amounted to 305,580 GJ/year, which was about one-fifth of the energy savings to be achieved through the OPEn by 2023. Through the NGS, no expenditures in the amount corresponding to the legally designated part of the revenues from the auctioning of emission allowances were implemented.

Revenues from the auctioning of emission allowances constitute state budget revenues and their use is tied to specific purposes, including for measures aimed at increasing energy efficiency and reducing the energy intensity of buildings. By law, revenues from the auctioning of emission allowances were earmarked up to a maximum of CZK 12 billion (from 1 January 2021 up to the amount of CZK 8 billion) annually, and expenditures corresponding to the earmarked revenues from the auctioning of emission allowances are to be spent by law at 50 % through the MoIT budget chapter and at 50% through the SEF.

The average price of emission allowances between the audited years 2017 and 2019 increased by 322%, i.e., from CZK 144/t CO₂ to CZK 607.45/t CO₂. For 2022, the average market price of a greenhouse gas emission allowance reached CZK 1,986.21/t CO₂.

There is a seven-month time limit for the approval process of applications for financial support under the OPEn 2014-2020; the process is arranged by the SEF. The application approval process occurred within the set time limit for only 60% of the supported projects.

The audit showed that the funds spent from the OPEn and the NGS Programme had contributed to the reduction of final energy consumption in public buildings only to a small extent. The reported reduction in final energy consumption represented only about one-fifth of the planned savings under the OPEn. CZK 20 billion was available for both programmes, but only a total of CZK 3.5 billion had been drawn from them by mid-2020. Moreover, the administration of the projects often exceeded the deadline.

In Audit No **20/19**, the SAO focused on the spending of funds from the IROP and NGS Programmes, which, among other things, support measures aimed at reducing the energy consumption of existing residential buildings. The audited period was from 2015 to 2021, and the preceding period(s) where materially relevant.

The IROP and NGS Programmes used the available funds earmarked for the respective calls only partially, i.e., to less than 32% for the IROP and 33% for the NGS. Although both the programmes led to energy savings, these were too low to achieve even the planned programme commitments as at 31 December 2020. The projected energy savings in relation to the Czech Republic's national target according to Directive 2012/27/EU were not fulfilled in either the IROP or the NGS Programme as of 31 December 2020.

In Audit No 20/19, the SAO assessed the provision of funds by the Ministry of Regional Development and the MoE from the IROP and the NGS Programme as ineffective in terms of not meeting the energy savings targets set by the Government of the Czech Republic for the IROP and the NGS Programme.

¹¹ Under the principle that "the state is to lead by example" stipulated in Article 5 of Directive 2012/27/EU, Member States are imposed an obligation to renovate each year 3% of the total floor area of heated or cooled buildings owned and used by central institutions with an energy reference area of more than 250 m².

The non-fulfilment of the commitment for the IROP was due to the late start of the provision of financial support and the reduction of available IROP resources for this measure due to the initial low demand for support from this area. A key reason for the non-fulfilment of the commitment for the NGS Programme was the late launch of the Residential Buildings Sub-Programme and the lack of interest on the part of applicants due to the low support amounts set for the first announced call for that sub-programme.

The MoE, as the administrator of the NGS Programme, did not set up any inspections on the selection of contractors to verify the use of state funds by the beneficiaries, although the MoE itself had obliged the beneficiaries to comply with the legal principles of procurement. The SEF, in its role as administrator of the NGS Programme, did not carry out any reviews of the selection of contractors at the beneficiaries – either during administrative reviews or during on-site public audits.

The audit revealed that one subsidy beneficiary had used funds in an inefficient and ineffective manner, and the SAO assessed the findings as a breach of the budgetary discipline and notified the competent tax authority.

For the IROP, the planned energy savings were supposed to reach 3.1 PJ, but in reality they reached only 1.3 PJ, i.e., 41%. For the NGS Programme, the amount of savings was even smaller, only 13.5%. Of the planned 2.8 PJ, only 0.4 PJ was actually saved. The SAO stated that due to the non-fulfilment of the predicted savings in the IROP and NGS Programmes, the total amount of support of almost CZK 4 billion could not be assessed as having been spent completely effectively.

The audit showed that only about one-third of the allocations of funds for the respective calls under the IROP and NGS Programmes had been used. Both programmes also showed low energy savings in residential buildings and did not reach the planned programme commitments of the Czech Republic.

WASTE MANAGEMENT

Audit No **21/06** focused on the performance of the tasks of the MoE and the SEF in the administration of the OPEn and the NPE, and on the verification of the fulfilment and evaluation of the objectives in the field of waste management resulting from the EU and Czech legislation and from the Waste Management Plan of the Czech Republic (hereinafter referred to as the “WM Plan”). Furthermore, for selected beneficiaries under the OPEn, the audit focused on compliance with the conditions for granting the subsidy, the demonstrability and justification of eligible expenditure, verification of economy, the use of subsidy funds for the stated purpose, the fulfilment of project objectives and the sustainability of projects.

The MoE set the conditions of support in the OPEn in accordance with the hierarchy of waste management methods set out in the Waste Act and the binding part of the WM Plan.

The funds provided from the OPEn did not contribute to increasing the capacity for waste recycling or to building new facility capacities for the energy recovery of other waste or to modernising these facilities. There has been no reduction in the overall production of waste in the Czech Republic, including hazardous waste, and the production of municipal waste has been increasing since 2012. There was even an increase in landfill capacity for the disposal of other waste, including municipal waste, between 2016 and 2020.

The landfill ban, which was set by law for 2024, was not supported by the MoE with economic instruments and measures to achieve it by the set deadline. In the new Waste Act, the deadline for the landfill ban has been postponed until 2030.

Although landfilling is the least appropriate way to manage waste, 48% of municipal waste was landfilled, 39% of waste was used for material recovery and only 13% for energy recovery in 2020. By the end of 2020, neither the expected increase in waste recycling capacity (meeting the target at only 7.4%) nor the expected increase in the capacity of newly built or upgraded facilities for the energy recovery of other waste (meeting the target at only 1.2%) had been achieved through the OPEn 2014-2020. The SAO found that the responsible authorities had favoured landfilling over more environmentally friendly waste treatment options, thus failing to meet their own and European waste management priorities.

WATER MANAGEMENT AND WATER QUALITY

In the area of the impact of drought and water scarcity, in 2019 the SAO completed Audit No **18/27** focused on the implementation of measures to mitigate the negative impact of drought and water scarcity in the landscape at the Ministry of Agriculture and the Ministry of the Environment. The audit examined the interrelationships between the national subsidy programmes of the MoA and the MoE and the European subsidies provided under the *Rural Development Programme 2014-2020*, the *Operational Programme Fisheries 2014-2020* and the OPEn 2014-2020 and verified the achievement of the objectives of these programmes. The audit also examined strategic management, the implementation of the tasks set for the MoA and the MoE by the Government in 2015 and the cooperation between the two ministries.

Measures to mitigate the effects of drought and water scarcity in the landscape are financed by the MoA and the MoE through a number of subsidy programmes. Between 2016 and 2018, both ministries reported a total of 37 subsidy programmes for this issue, distributing almost CZK 28 billion. In the vast majority of cases, however, these were programmes the main objective of which was not to address drought.

New programmes to target drought and water scarcity had not been implemented by June 2019, with the exception of the *Rain Water* subsidy programme.

The results of the audit also showed that the damage caused by the drought was still increasing. According to the estimates of the MoA, in 2015 the damage amounted to approximately CZK 3 billion and in 2018 to CZK 24 billion. In 2016-2018, the MoA paid almost CZK 2.4 billion in compensation for damage and spent CZK 2.9 billion on preventive measures to combat drought. However, increasing damage claims show that the preventive measures are not sufficiently effective.

In the *Concept of Drought Protection for the Czech Republic*, the Government of the Czech Republic envisaged a change in the approach to the cultivation of agricultural crops for energy purposes. However, this important measure for water retention in the landscape has not been met. The share of rapeseed in Czech fields increased by 45 thousand hectares between 2015 and 2018.

The SAO pointed out that there had been no fundamental measures to mitigate the negative effects of drought and water scarcity, and no legal provisions setting out the rights and obligations of individual entities in this area. Also missing was the so-called anti-erosion decree, which is supposed to specify the rules for farming on land threatened by erosion. The fight against drought was also made more difficult by the contradictions and conflicting positions of the MoA and the MoE.

Audit No **19/04** was also focused on the area of water management and examined the system of financial support for flood control measures, including the provision of funds to the MoA and the MoE from the state budget and from EU sources, specifically from the OPEn 2014-2020.

The SAO strongly pointed out the serious problem of new development in the active zones of flood areas, even though the Water Act prohibited such development.

The MoE and MoA set out in the government-approved plans that they would implement 135 flood control measures between 2015 and 2021, but more than 50% of them had not even been started by 2021. The

average annual need for financial resources was estimated at CZK 4.2 billion. In reality, the MoE and the MoA spent on average only CZK 1.4 billion per year in 2016-2018.

Between 2016 and 2018, the audited state river basin enterprises spent CZK 2.1 billion on flood control measures of a constructional nature (83% from the MoA's budget, 14% of own funds, 3% of co-financing by third parties, mainly municipalities).

The SAO pointed to systemic shortcomings in the form of delays in the implementation of flood control measures, the small scale of implementation of nature-based measures including revitalisation and renaturation, and a systemic shortcoming in the form of development in active flood areas.

Audit No **20/04** examined the set-up and functioning of the management system in the area of sustainable water quality, with a particular focus on water quality monitoring. At the Czech Hydrometeorological Institute (hereinafter referred to as the "CHMI"), the audit evaluated data on changes in the quantity of nitrogen and pesticide substances in groundwater and surface water. For the Ministry of Health (hereinafter referred to as the "MoH"), the development of pesticides and nitrates in drinking water was evaluated as part of an audit of the setup and implementation of drinking water quality monitoring.

The responsible ministries had not set specific and measurable indicators of the improvement to be achieved in water quality. Therefore, the evaluation of the implementation of Strategic Objective I and the sub-objectives of the *National Action Plan 2013-2017* (hereinafter referred to as the "NAP") in the field of water protection for the entire five-year period was carried out by the ministries only in the form of general statements without any link to the specific indicators of meeting the sub-objectives.

The measures of national action plans that had been fulfilled were mainly formal and supportive in nature. Measures that, according to the SAO, had the potential to contribute to the improvement of the state of water had not been implemented by the MoA and the MoE by 2020.

The MoA has long failed to enforce the application of the principles of integrated plant protection – these principles are supposed to, among other things, limit the use of pesticides to a level that minimises risks to human health and the environment.

In some locations and sites, water quality has even deteriorated, and the increasing presence of metabolites of substances that were banned years ago is no exception. In surface waters in particular, banned or unused substances are detected at more than 80% of sites each year. The total number of sites where limits for prohibited or unused substances were exceeded was increasing.

Water supply operators are often prompted by the above-the-threshold presence of pesticides in drinking water to refurbish and modernise their water treatment technologies, e.g., by introducing an additional treatment step using granular activated carbon. In the period of 2007-2020, the MoE supported projects from the OPEn for a total amount exceeding CZK 16 billion, which aimed to ensure the supply of quality drinking water to the population. For example, a total of CZK 2.6 billion was invested in the modernisation of the water treatment plant in Pilsen and the Želivka water treatment plant to reduce pesticide pollution. At the same time, the MoA supported similarly focused, but significantly smaller projects in the period of 2013-2020 under national subsidy sub-programmes for a total amount of CZK 14.5 million.

The responsible ministries (MoH, MoA and MoE) had not taken effective measures to improve the quality of surface water and groundwater over seven years. Due to the increasing number of exemptions from the sanitary limits for pesticides in drinking water, it was necessary to modernise water treatment technologies at a cost of billions of Czech crowns.

In Audit No **22/24**, the SAO audited the state budget and EU funds spent from the MoA programme *Support for the construction and technical improvement of water supply and sewerage infrastructure*, from the OPEn and from the NPE for the construction of sewers. Between 2014 and 2022, a total of CZK 24.1 billion was spent on the construction and technical improvement of sewerage infrastructure from the above programmes.

The SAO found that the MoA, the MoE and the SEF, by setting the rules, had created, at the level of the financial support provision system, the preconditions for efficient, economical and effective spending of the state budget and EU funds for the construction of sewers.

The SAO verified that the subsidies paid out had contributed to the expansion of the sewerage network in the Czech Republic to a total of 87.4 % of connected population in 2021, which corresponded to the planned value specified in the *Ministry of Agriculture's Strategy with a view to 2030* and the MoE's *State Environmental Policy of the Czech Republic for 2030 with a view to 2050*.

The SAO stated that the sewerage network of the Czech Republic had been expanded according to the strategic plan of the MoA and the MoE. At the same time, these ministries, including the SEF, set the rules for drawing subsidies for the construction of sewers in such a way that they created the preconditions for their efficient, economical and effective spending. For two of the beneficiaries, the SAO found only minor shortcomings in the failure to meet the deadlines for publishing an amendment or the actual price paid under contracts for work.

NATURE AND LANDSCAPE CONSERVATION

In 2022 under Audit No **21/09**, the SAO audited financial support for visitor infrastructure projects related to nature conservation for the period from 2012 to 2021 in the amount of CZK 1.3 billion, financed from the two OPEn programmes for the periods of 2007-2013 and 2014-2020. The audit focused, in particular, on projects related to cave entrances and visitor centres, which had been intended to reduce the negative environmental impact of visitors.

The SAO found that although the visitor centres fulfilled their intended educational and awareness-raising function, their contribution to nature conservation was not demonstrable. The assumptions of the MoE that there would be positive changes in visitor behaviour were not confirmed, either. At some sites, the number of offences in protected areas even increased.

The MoE also set the limit of indicative investment costs too high, which allowed the construction of excessively expensive projects that are also loss-making and dependent on the provision of public support. There is thus a serious risk of non-compliance with the sustainability conditions of these projects. The MoE set the criteria for project selection only in general terms, did not take into account the attractiveness and size of the specially protected areas and the rate of visits there, nor did it take into account the distance of the future centres from similar facilities. In addition, the MoE significantly overestimated the financial limit for assessing the economy of projects and increased the investment cost limit for the years 2014-2020 compared to the programming period of 2007-2013, so that it exceeded inflation and official data on price increases in the construction industry. Furthermore, the SAO found a risk of uneconomical spending, as similarly equipped and expensive visitor centres are being built in close proximity to one another.

The visitor centre projects are loss-making and, according to the SAO, there is a risk that they will not be sustainable because they depend on state subsidies.

Audit No **22/09** focused on the fulfilment of the role of the MoE and the intermediary bodies NCA and SEF in the provision of state and EU funds intended for the implementation of measures in the field of protection and care for nature and landscape. For the NCA and other selected beneficiaries, the audit verified whether the funds had been used for the intended purpose and in accordance with the applicable legal regulations.

The target values of three of the seven output and one of the four result indicators of Priority Axis 4 – *Protection and care for nature and landscape* were less than 10% fulfilled as of 31 December 2021. The

target values for six of the eight indicators under the *Support for the Restoration of Natural Landscape Functions* Programme and 14 of the 24 parameters set by the programme were below 50% as of 31 December 2021. The values achieved were below the lower limits of the mandatory ranges.

The funds spent by the MoE through programme funding in 2019-2021 were not used for investment activities, but to finance current expenditure in the field of protection and care for nature and landscape.

Until the time of completion of the audit, the MoE had not proceeded in accordance with the provisions of Section 61(1) of the Nature and Landscape Protection Act by not submitting any application for registration of the pre-emptive right in the Land Registry or otherwise resolving the situation satisfactorily, although it had information that a number of land plots were being transferred without an offer of land purchase to the state. The failure of the MoE to exercise the pre-emptive right in time resulted in non-purchase of land with a total area of 1.87 ha located in a National Nature Reserve. The SAO drew attention to this fact already in the Audit Report of Audit No 18/23 – *State funds and property under the management of National Park administrations*.

Achievement of some targets at the end of the term of the *Biodiversity Strategy of the Czech Republic 2016-2025* and *State Programme of Nature Conservation and Landscape Protection of the Czech Republic for the period of 2020-2025* is uncertain, as the MoE did not meet some measures and follow-up corrective measures from previous years by the set deadline.

The MoE did not have an overview of whether and how the problems identified in the mid-term evaluation of the *Biodiversity Strategy of the Czech Republic 2016-2025* were being addressed.

The MoE does not have an overview of land outside the built-up areas of municipalities in National Parks, National Nature Reserves and National Nature Monuments and land related to caves, which is subject to the state's statutory pre-emptive right. As a result, land valuable in terms of nature is being transferred without the application of the state's preferential offer.

The SAO audited the state funds spent on the removal of old environmental burdens created before privatisation in the framework of Audit No **23/01**. The aim of the audit was to verify whether the removal of old environmental burdens created before privatisation had been accelerated and whether the state funds earmarked for the removal of these burdens had been spent economically and in accordance with the legal regulations.

The process of removing the OEB was started in 1991. In 2006, the MoF projected the elimination of OEB by 2015. Subsequently, in a strategy document approved by the government in 2017, the MoF revised its estimate to 2028, assuming an acceleration of the OEB removal process. The MoF had taken measures that, however, did not lead to the intended acceleration. After 32 years of removing OEB, 37% of environmental contracts remain non-completed. Of the 504 sites registered under existing environmental contracts, the MoF has not initiated remediation at 25% of them. If the MoF does not take effective measures to accelerate the removal of OEB, their removal will take at least another 20 years, i.e., until at least 2042.

The slow pace of OEB removal increases the time needed to remove the remaining environmental burdens. There is a risk of spreading contamination in sites that have not yet been remediated, resulting in the need for more extensive and costly intervention. In the audited period, the MoF paid for protective remediation pumping at nine sites that lasted for more than 10 years, in one case 25 years. Protective remediation pumping had been initiated at a further 10 sites. This is only a temporary measure that does not address the removal of the OEB. From January 2018 to April 2023, the MoF spent a total of CZK 130.7 million on protective remediation pumping.

As of April 2023, for 15 environmental contracts at 16 sites, the amount of the guarantee was insufficient to cover the expenditure needed to remove the OEB. In 15 cases, the remediation work was stopped

due to the lack of a guarantee; in only one case was the continuation of the site remediation paid for by the purchaser itself. Although the purchaser of the privatised property is responsible for the removal of the OEB, according to the legislation in force, in the case of environmental contracts terminated for lack of a guarantee, the state cannot enforce the completion of the remediation against the purchaser. In the case of halted remediation, there is a risk of recontamination of already remediated areas and thus uneconomical spending of funds by the state on remediation.

During the audited period, the funds available in the special privatisation accounts were sufficient for the removal of OEB and for the intended acceleration of the process. On average, the MoF spent only 35% of the intended expenditure that was supposed to lead to acceleration. However, the SAO points to the risk of a lack of available funds in the special privatisation accounts in the future due to unstable and fluctuating sources of revenue and the annual transfer of funds from these accounts to the state budget.

A total of CZK 66.2 billion has been spent on the removal of OEB since 1991. The amount of the state guarantees, which the MoF regularly informs the Government about, does not reflect the real need for funds to remove OEB. At the beginning of 2023, the MoF estimated that another CZK 25-30 billion would be needed to remove the remaining OEB, but did not include VAT in the estimate. The MoF relied on estimates more than 10 years old, with construction prices increasing by 40.7% at the end of 2022 compared to 2015, and 43.7% in mid-2023. There are still sites where remediation has not even begun. According to the latest MoF estimates, the removal of old environmental burdens will continue at least until 2042.

The SAO draws attention to the risk of non-completion of the remediation due to the exhaustion of the guarantee provided by the state, resulting in uneconomical spending of the state's funds. The MoF has used only 35 % of the available funds on the special privatisation accounts and there is a risk of a shortage in the future. The state guarantees resulting from the environmental contracts do not reflect the real amount of funds needed to remove the remaining OEB, and the MoF does not have an up-to-date estimate.

IMPROVING AIR QUALITY

In 2024, the SAO completed Audit No **23/07**, which focused on the spending of funds for air quality improvement under the OPEn 2014-2020, the OPEn 2021-2027, the NGS and the NPE. Furthermore, the fulfilment of the commitments in the area of permissible levels of air pollution for 2020 and in the following years, the evaluation of the fulfilment of the measures set out in the *National Emission Reduction Programme of the Czech Republic* and in the Air Quality Improvement Programmes were subject to the audit.

The MoE supported 111 thousand replacements of non-compliant boilers in households with CZK 12.7 billion. However, at the time the SAO audit was completed, more than 150 thousand non-compliant boilers of emission class I and II were still in operation. There is a ban on the operation of these boilers in force as of 1 September 2024.

The Czech Republic had not met the air pollution limits set by the legislation of the Czech Republic and the EU by the end of 2020. In 2020 and in the following years, some air pollution limits continued to be exceeded, especially in central and northeastern Moravia, which has a negative impact on the health of the population.

Based on the data of the CHMI and the MoE, the SAO found that the share of boiler subsidies in the total change in reported annual emissions from household heating between 2014 and 2022 had been approximately 18% in the case of dust particles PM₁₀ and PM_{2.5}.

The MoE spent funds of up to CZK 103.5 million from Priority Axis 2 of the OPEn ineffectively, namely on the purchase of equipment (usually wheel loaders, skid-steer loaders, tractors or telescopic handlers) the main purpose of which was not dust reduction. The SAO also found out that a beneficiary had spent CZK 5.6 million on a piece of that equipment in an ineffective manner. The Czech Republic

has not been meeting air pollution limits in the long term, and in some regions, they are significantly exceeded. OPEn projects accounted for approx. 18% of the overall change in reported annual emissions from household heating between 2014 and 2022, in the case of dust particles.

IV. MEASURES DECLARED BY THE RESPONSIBLE AUTHORITIES FOLLOWING THE SAO AUDITS

On the basis of the SAO's audit reports, the ministries prepare opinions proposing measures to correct the identified shortcomings. These opinions are subsequently submitted to the Government, which adopts resolutions in response – in more than 85% of cases requiring the relevant ministers to implement specific corrective measures.

The SAO monitors these measures and evaluates their actual benefits. In practice, however, it turns out that their form varies considerably. Some of the measures have a real potential to improve the situation, while others are merely formal steps that do not bring about any substantial change. Often, these are merely parametric adjustments or administrative measures that meet formal requirements but do not address the substance of the problem at hand.

It is therefore important for the SAO to monitor this process – not only to get feedback on the impact of the audits, but also to identify new risks and systemic weaknesses. What really matters is the subsequent verification of whether the measures taken work in practice. This can only be verified by a follow-up audit, which will show whether there has been a real improvement or whether the problems are recurring. Therefore, this section provides an overview of the measures declared by the audited entities following the SAO audits, which are yet to be assessed by us.

ENERGY SAVINGS

Audit Report No 20/05 – *Promoting energy savings in public buildings*

Assessment of developments since the publication of the Audit Report: No measures were taken by the audited entities based on the results of the SAO audit.

The audited funds in the audit sample amounted to CZK 66 million (of which CZK 61.1 million was provided from the EU funds and CZK 4.9 million from the state budget).

The volume audited at the system level was CZK 15.9 billion.

Audit Report No 20/19 – *Measures to improve the energy performance of residential buildings supported by the Integrated Regional Operational Programme and the New Green Savings Programme*

Assessment of developments since the publication of the Audit Report:

- The Ministry of Regional Development corrected the identified shortcomings in the setting of conditions and implementation of the IROP financial instrument according to the requirements of EU regulations by supplementing the Financing Agreement.
- The MoE modified the documentation of the NGS Programme, the Binding Guidelines for Applicants and the Conditions for Acceptance of Subsidies, e.g., it deleted the requirement to proceed with the selection of contractors according to the Public Procurement Act, as the relevant entities are obliged to comply with these conditions under the Public Procurement Act. In addition, the MoE included in the audits of delegated activities the evaluation of the overall economy, efficiency and effectiveness of the spent funds broken down by individual sub-programmes; at the same time, the MoE transferred the competence as regards the audit of delegated activities from the SEF, which is responsible for the administration of the NGS Programme, to the Internal Audit and Financial Control Department of the MoE.

- The SEF, which is the administrator of the NGS Programme, provided training to all project managers involved and hired new staff to the Methodology and Strategy Department.
- An identified shortcoming, which consisted in the absence of displaying the type of public support, was corrected in the information system.

The audited volume of funds at the level of the support delivery system¹² of the IROP amounted to CZK 6,541.3 million¹³ and for the NGS Programme to CZK 3,213.4 million.

The audited funds in the audit sample amounted to CZK 46.4 million (of which CZK 20.9 million was provided from the IROP and CZK 25.5 million from the NGS Programme).

WASTE MANAGEMENT

Audit Report No 21/06 – State and EU funds earmarked for the implementation of measures related to waste management

Assessment of developments since the publication of the Audit Report:

- Descriptions and calculations of the individual target values of the indicators, which were set in Specific Objective 1.5, were prepared in the framework of the OPEn 2014-2020 programming document.
- In the new programming period of 2021-2027, significant subsidy support for the whole area of waste management and circular economy is prepared under Specific Objective 1.5. The priority is to support measures aimed at waste prevention, collection, sorting, re-sorting, treatment and recovery of waste with a total allocation of approximately CZK 7.1 billion.
- The MoE is also preparing support within the framework of component 2.7 of the *National Recovery Plan* for biodegradable waste, i.e., support for projects leading to the development of a circular economy in the field of biodegradable waste management.
- At the end of 2020, the Czech Republic adopted new legislation on waste management, effective from 1 January 2021, which includes the Waste Act, the End-of-Life Products Act, the amending Act to these Acts and an amendment to the Packaging Act, which supports the transition to a circular economy and reflects binding targets resulting from the adopted European legislation to increase the recycling of municipal waste and substantially reduce landfilling. There is also the Act on limiting the environmental impact of selected plastic products effective from 1 October 2022 and the updated *Waste Management Plan of the Czech Republic for the period of 2015-2024 with a view to 2035*, which was approved by the Government of the Czech Republic on 11 May 2022. Through that legislation, all new European waste regulations have been fully transposed into the Czech legal system.
- In the framework of the evaluation of the fulfilment of some of the objectives of the WM Plan, the MoE adopted as a measure the obligation to provide a more detailed description of the facts under evaluation.

The audited volume of funds at the system level amounted to CZK 10.47 billion, of which CZK 9.88 billion was from the OPEn and CZK 0.59 billion from the NPE. The audited volume at the project level amounted to CZK 99.70 million, of which CZK 96.33 million was from the OPEn and CZK 3.37 million from the NPE.

¹² The volume of funds at the level of the financial support delivery system refers to all funds allocated in the IROP calls and in the *Residential Buildings Sub-Programme* of the *New Green Savings Programme*.

¹³ Of these, CZK 6,391,316,144 was earmarked for financing projects from the audited subsidy calls and the endowment of the IROP financial instrument amounted to CZK 150,000,000.

WATER MANAGEMENT AND WATER QUALITY

Audit Report No 18/27 – Measures implemented by the Ministry of Agriculture and the Ministry of the Environment to mitigate the effects of drought and water scarcity

Assessment of developments since the publication of the Audit Report:

- An amendment to the Water Act was adopted and Decree No 240/2021 Coll., on the protection of agricultural land against erosion, was approved in June 2021.
- At the beginning of 2021, the State Land Office issued the *Land Improvement Concept for the period of 2021-2025*, which aims to promote biodiversity, implement water management, anti-erosion and ecological measures and focus on activities helping to reduce the impact of floods and droughts in the landscape with long-term effects.
- There has been a positive shift in the *Summary of Measures in Protected Areas for Surface Water Accumulation* (a document setting out a set of sites that are morphologically, geologically and hydrologically suitable for surface water accumulation), which has been extended by 21 sites (from the original 65 to 86 protected areas).
- The MoA launched four national subsidy programmes for water reservoirs, water supply systems and measures on small watercourses and small water reservoirs.
- The MoE continues to support landscape measures to contribute to natural water retention.
- The MoA started to provide support with a preventive effect in the fight against drought. It plans to continue to pay financial compensation if necessary. However, due to the higher rainfall totals, it was not necessary to make compensation payments in 2020 and 2021.
- Conflicting measures are still being implemented; conflicting attitudes of the MoA and the MoE towards subsidy programmes aimed at the improvement of small watercourses and in other areas still persist.

The total auditable volume of funds at the system level was almost CZK 28 billion, of which CZK 25.97 billion was at the MoA and CZK 1.81 billion at the MoE.

A sample of projects was also audited at the MoA and the MoE. The audited volume of funds at the project level was CZK 85,604,655 at the MoA. In addition, specific constituents of damage compensation amounting to CZK 87,315,911 were examined. The audited volume of funds at the project level was CZK 305,529,940 at the MoE.

Audit Report No 19/04 – Support for flood control measures

Assessment of developments since the publication of the Audit Report:

- In the Flood Risk Management Plans for the period of 2021-2027, the specification of the individual measures proposed has been newly expanded to include three attributes, namely: 1) the preparation phase at the beginning of the planning period (2021), 2) the target state at the end of the planning period (2027), 3) the assumption of putting the measures taken into practice. This should allow, in accordance with the intention of the adopted measure, a more detailed monitoring of the implementation of the tasks in the 2nd planning cycle according to the Flood Directive¹⁴ and create the conditions for a more realistic determination of the financial resources required.

- A measure has been taken concerning the setting of conditions for financing nature-based flood control measures from the OPEn 2021-2027; specific conditions for drawing subsidies are incorporated into the *Rules for applicants and beneficiaries of support from the OPEn 2021-2027*;
- A meeting was convened with representatives of the individual state river basin enterprises to which the MoA had entrusted the registration of areas for flood control. The meeting took place on 16 December 2019. At the meeting, a procedure was agreed for updating the list of sites used for flood control.

At the level of providers of financial support for flood control measures, the audit examined funds totalling CZK 859.11 million, of which CZK 648.59 million for the SEF and CZK 210.52 million for the MoA.

Audit Report No 20/04 – Interventions to ensure sustainable water quality

Assessment of developments since the publication of the Audit Report:

- In the new *National Action Plan for the period of 2023-2027*, the MoA together with the MoE and MoH identified responsible organisations for individual measures, and set measurable indicators and their target values.
- In relation to the measure concerning management in the protection zones of water sources, the MoA undertook to prepare rules for more environmentally friendly management in the protection zones of selected water supply reservoirs. The purpose is to limit the application of plant protection products on agricultural land.
- In the proposed measure, the MoA aims to introduce the obligation of electronic registration of plant protection products (or, pesticides) by amending Act No 326/2004 Coll., on phytosanitary care. Act No 273/2022 Coll., amending Act No 326/2004 Coll., entered into force on 1 July 2023. The amendment introduced an obligation for entities with an area of more than 200 ha of agricultural land to keep electronic records of data on the use of plant protection products and auxiliary products.

The audited volume of funds at the system level totalled CZK 2,755,310,250 and included: funds spent on the implementation of the objectives and measures of the NAP 2013-2017 and NAP 2018-2022 in the amount of CZK 65,032,068; funds spent on groundwater quality monitoring in the amount of CZK 113,554,438¹⁵; total expenditure on the implementation of selected projects aimed at modernising water treatment plant technologies in the amount of CZK 2,562,265,744 at the MoE and CZK 14,458,000 at the MoA.

Audit Report No 22/24 – State budget and EU funds earmarked for the construction of sewers

Assessment of developments since the publication of the Audit Report:

- Update of the *Strategy of the Ministry of Agriculture with a view to 2030*, taking into account the new conditions of the Strategic Plan. The update includes an evaluation of the implementation of the Strategy, revision of strategic objectives and sub-objectives, measures and indicators.

The audited volume of funds at the level of the system of providing support from national subsidy titles amounted to CZK 12,864,439,059, of which CZK 7,022,474,337 from the MoA programmes and CZK 5,841,964,722 from the NPE. The audited volume of funds at the level of the OPEn support system amounted to CZK 11,247,549,762. The amount of funds audited for beneficiaries, spent on 10 selected projects, totalled CZK 208,984,518, of which CZK 48,230,000 was provided by the MoA, CZK 52,764,403 was drawn from the OPEn and CZK 107,990,115 from the NPE.

NATURE AND LANDSCAPE CONSERVATION

Audit Report No 21/09 – Funds spent on conservation-related visitor infrastructure projects

Assessment of developments since the publication of the Audit Report:

- In the OPEn 2021-2027 within the measure *Visitor infrastructure serving to direct visitors in protected areas and increase awareness of nature conservation issues*, evaluation criteria are no longer used, i.e., projects are not scored, but evaluated only according to the eligibility criteria. The MoE also considers a significant reduction of the allocation for this supported measure as a corrective measure.
- Corrective measures to address the identified shortcomings are being implemented by the MoE through new objectives and measures of the OPEn 2021-2027.

The SAO audited the effectiveness and economy of the funds in the amount of CZK 1,327,252,661 (of which CZK 1,200,205,598 from EU funds and CZK 127,047,063 from the state budget) spent on the implementation of visitor infrastructure projects from the OPEn 2007-2013 and 2014-2020.

Audit Report No 22/09 – State and EU funds earmarked to support measures to conserve, protect and care for nature and landscape

Assessment of developments since the publication of the Audit Report:

- For the programming period of 2021-2027, the MoE emphasises a more realistic setting of indicator values, in most cases based on the unit costs of projects in 2014-2020.
- In the preparation of the follow-up national programme *Support for the Restoration of Natural Landscape Functions 2024-2028*, the MoE places greater emphasis on a broader analysis of project implementation plans when setting the values of output indicators.
- The MoE will not include the sub-programme *Management of inalienable property in specially protected areas* in the new programme *Development and renewal of the material and technical base of the management system of the Ministry of the Environment*, which should be financed from 2024 onwards, i.e., non-investment expenditures in this area will no longer be financed through the programme in the system of management of state-owned property.
- The MoE will contribute to the streamlining of the existing system of evaluation, planning and implementation of care from the *Landscape Care Programme* by reconstructing the recording system *Nature Conservation Information System* (hereinafter referred to as the "ISOP") into ISOP 2, which will record – in terms of area, volume and finance – all activities supported by the *Landscape Care Programme* (and other landscape programmes).
- The MoE will react to the findings concerning the shortcomings in the implementation of strategic documents during the preparation of the update of the *Biodiversity Strategy of the Czech Republic*, which will take place in 2023-2025, so that the identified shortcomings (insufficient staffing for the monitoring of objectives and measures or inadequately set up responsibilities) are completely eliminated.

The audited volume of funds allocated at the system level amounted to CZK 10.62 billion, of which CZK 9.55 billion was from the OPEn, CZK 0.93 billion from the state budget and CZK 0.14 billion from the SEF (NPE).

The audited volume of funds at the project level amounted to CZK 196.58 million, of which CZK 168.80 million was from the OPEn, CZK 9.36 million from the state budget and CZK 18.42 million from the SEF.

Audit Report No 23/01 – *State funds earmarked for the removal of old environmental burdens created before privatisation*

Assessment of developments since the publication of the Audit Report:

- The MoF is committed to ensuring smooth public procurement leading to the fulfilment of the state's environmental commitments.
- The MoE will initiate a meeting with the MoF in order to start a discussion on the efficiency of the public procurement system and realistic possibilities to optimise the whole process.
- The MoF will carry out a legal analysis of the environmental contracts concluded with insufficient guarantees and assess whether and, if necessary, what instruments these contracts provide to enforce the financing of the removal of OEB from the purchasers.
- The MoF is committed to monitor the risk of lack of available funds in the special privatisation accounts for monitoring and include it in the catalogue of cross-cutting risks.
- The MoF has committed to update the amount needed to complete the removal of OEB created prior to privatisation.

The volume audited at the system level amounted to CZK 4,577 million. This amount was determined as the aggregate of expenditures made from the special privatisation accounts for the removal of old environmental burdens created prior to privatisation in the period from January 2018 to April 2023.

The monetary volume of the audited sample of two OEB sites amounted to CZK 990 million; it was determined as the sum of the expenditures incurred from January 2018 to April 2023 from the special privatisation accounts for the implementation of corrective measures at both sites, expenditures for supervision of the work carried out, expenditures for protective remediation pumping at the Jan Šverma Coking Plant site and expenditures incurred for pre-project preparation for remediation of the non-saturated zone at the Ostramo Lagoon site.

IMPROVING AIR QUALITY

Audit Report No 23/07 – *State and EU funds earmarked to improve air quality*

The Audit Report on the audit was published on 29 October 2024 and had not been discussed by the Government of the Czech Republic as of the editorial deadline of this Report (i.e., 31 December 2024).

The audited volume of funds at the system level amounted to CZK 57.99 billion, of which CZK 39.82 billion was from the EU, CZK 17.86 billion from the state budget and CZK 0.31 billion from the SEF. The audited volume of funds at the project level amounted to CZK 350.07 million, of which CZK 263.63 million was from the OPEn and CZK 86.44 million from the SEF.

V. CONCLUSION

Although the state of the environment in the Czech Republic has improved since 1990, the country still faces major challenges in the area of sustainable development and nature conservation. The impacts of climate change will continue to intensify, with more frequent extreme weather events, changes in the distribution of precipitation and rising temperatures. These threats cannot be completely prevented, so it is essential to focus on preventive, mitigation and adaptation measures to mitigate their consequences.

The Czech Republic invests above-average resources in environmental protection. In 2023 alone, this expenditure exceeded CZK 130 billion.¹⁶ However, the results so far do not correspond to the efforts made. High emissions, poor recycling and air pollution remain major problems.

HOW IS THE CZECH REPUBLIC DOING IN INTERNATIONAL COMPARISON?

The state of the environment in the Czech Republic in 2024 corresponded to the 6th worst position among the EU-27 countries¹⁷. The Czech Republic had ranked similarly in the two previous years, despite the fact that it invests one of the highest shares of GDP in the EU in the environment.

International comparison shows us not only how the Czech Republic stands in environmental protection, but also where it has the greatest room for improvement. This can be seen in specific areas:

Municipal waste recycling

The Czech Republic recycles only 38.3% of municipal waste, despite a target of 60% by 2030. Today, almost half of our waste still ends up in landfills, while only 12% is used for energy recovery. Failure to improve sorting and increase the capacity of recycling lines means that recycling targets will not be met and the necessary two million tonnes of waste will not be diverted from landfills by 2030.

Internationally, the Czech Republic ranks 12th in the EU in recycling – the best performers are Germany (69.1%) and Slovenia (62.6%). Nevertheless, this is an improvement in the long term, as only 5% of material was recycled in the CR in 2010. At the same time, however, it should be noted that growth in this area has slowed considerably over the last four years.

Emissions and air quality

After years of decline, greenhouse gas emissions in the Czech Republic have stalled at 10.16 tonnes of CO₂e (carbon dioxide equivalent) per capita, ranking us 6th in the EU. Household heating is still a significant source of pollution – older buildings often lack sufficient insulation, as confirmed by CSO data.

High emissions also translate into health impacts. Air pollution contributes to the 8th highest death rate in the EU due to PM_{2.5} – 81 people per 100 thousand inhabitants died from pollution in 2021. Although this figure has fallen by 60% since 2005, we still lag far behind countries such as Sweden (six deaths per 100 thousand inhabitants) and Finland (three deaths).

Investing in environmental protection

The Czech Republic invests above-average resources in environmental protection compared to EU countries. In 2021, investment exceeded 0.6% of GDP, while some Western European countries (Greece, Ireland) did not even spend 0.2% of GDP. The reason for higher investments is mainly the need to meet stricter European environmental standards and the possibility of drawing on EU funds. The Czech Republic will have the opportunity to use up to CZK 1 trillion of these funds for climate measures by 2032¹⁸.

¹⁶ Source: [Total environmental spending exceeded 130 billion last year | Products.](#)

¹⁷ Source: <https://www.indexprosperity.cz/2024/stav-zivotniho-prostredi-3/>.

¹⁸ Source: <https://faktaoklimatu.cz/infografiky/fondy-eu>.

WHAT DOES THE FUTURE HOLD FOR THE CZECH REPUBLIC?

Efforts by stakeholders are directed towards taking measures to adapt to climate change and reduce greenhouse gas emissions. Although the Czech Republic is gradually improving the state of the environment compared to 1990¹⁹, we will face a number of challenges in achieving sustainable development and nature conservation.

One of them is the so-called green transition, which is based on the *European Green Deal*. It aims to make Europe climate neutral by 2050, boost the economy through green technologies, create sustainable industry and transport and reduce pollution. The green transition will include investment in renewable energy, modernisation of industry and transport, support for the circular economy and adaptation to climate change.

The question remains whether the green transition will ultimately be not only a challenge but also an opportunity for the Czech Republic to modernise its economy, improve its environment and strengthen its competitiveness. Overall success will depend on the ability of the government, businesses and citizens to work together and take responsible decisions. At the same time, the transition must be socially acceptable and fair, which requires active communication with the public.

The sums spent on environmental protection are not only an expenditure, but also an investment in the future. A healthy environment should be the basis for a prosperous economy. Clean water, good air and healthy soil are essential for many industries. Without funding from EU funds and the state budget, it would not be possible to support measures to improve the state of the environment.

Sources

SAO Audit Reports used in this Report as a source of information:

- 18/27 – *Measures implemented by the Ministry of Agriculture and the Ministry of the Environment to mitigate the effects of drought and water scarcity*
- 19/04 – *Support for flood control measures*
- 20/04 – *Interventions to ensure sustainable water quality*
- 20/05 – *Promoting energy savings in public buildings*
- 20/19 – *Measures to improve the energy performance of residential buildings supported by the Integrated Regional Operational Programme and the New Green Savings Programme*
- 21/06 – *State and EU funds earmarked for the implementation of measures related to waste management*
- 21/09 – *Funds spent on conservation-related visitor infrastructure projects*
- 22/09 – *State and EU funds earmarked to support measures to conserve, protect and care for nature and landscape*
- 22/24 – *State budget and EU funds earmarked for the construction of sewers*
- 23/01 – *State funds earmarked for the removal of old environmental burdens created before privatisation*
- 23/07 – *State and EU funds earmarked to improve air quality*

List of terms and abbreviations

NCA	Nature Conservation Agency of the Czech Republic
c. p.	current prices
CHMI	Czech Hydrometeorological Institute
CR	Czech Republic
CSO	Czech Statistical Office
VAT	value added tax
EU	European Union
EUROSAI	European Organisation of Supreme Audit Institutions
GDP	gross domestic product
INTOSAI	International Organisation of Supreme Audit Institutions
ISOP	<i>Nature Conservation Information System</i> (Czech abbreviation)
IROP	<i>Integrated Regional Operational Programme</i>
MoF	Ministry of Finance
MoIT	Ministry of Industry and Trade
MoH	Ministry of Health of the Czech Republic
MoA	Ministry of Agriculture
MoE	Ministry of the Environment
NAP	<i>National Action Plan 2013-2017</i>
SAO	Supreme Audit Office
NRP	<i>National Recovery Plan</i>
NPE	National Programme Environment
NGS	<i>New Green Savings</i>
OPEn	Operational Programme <i>Environment</i>
WM Plan	Waste Management Plan of the Czech Republic
OEB	old environmental burdens
SEF	State Environmental Fund of the Czech Republic



2025