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EUROPEAN SOCIAL CHARTER

Ad hoc report on the cost-of-living crisis

submitted by

THE GOVERNMENT OF THE CZECH REPUBLIC

Report registered by the Secretariat

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CYCLE 2024

2023

CZECH REPUBLIC

AD HOC REPORT ON THE COST OF LIVING CRISIS

1) Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.

The Czech Republic belongs to the group of countries where the minimum wage is regulated by law. A uniform minimum wage applies throughout the Czech Republic.

It is possible to agree on a minimum wage higher than that set by law in the private sector where wages are collectively bargained. A higher minimum wage thus agreed in a collective agreement becomes binding on the parties to the agreement.

The basic legal regulation of the minimum wage is to be found in Act No. 262/2006 Coll., Labour Code, as amended, which is the main legal regulation in the field of labour relations.

The amount and conditions for determining the minimum wage are set by the Government in Decree No. 567/2006 Coll., on Minimum Wage, on the lowest levels of the guaranteed wage, on the definition of a difficult working environment and on the amount of the wage supplement for work in a difficult working environment, as amended.

According to Labour Code, the Government is empowered to adjust the minimum wage annually in the form of an ordinance, usually with effect from the beginning of the calendar year, taking into account the development of wages and consumer prices. However, when preparing proposals to increase the minimum wage, consideration is given not only to the development of wages and consumer prices, but also, for example, to the performance of the economy, the situation on the labour market, the amount of the minimum subsistence wage, a comparison of our situation with the international situation, and the implementation of international conventions.

Minimum wage increases are not automatic based on an index; it is the government who decides the minimum wage for the following year. Before it does so, discussions and negotiations take place in tripartite meetings (meetings between representatives of the government, employees and employers).

The decision on the level of the minimum wage is usually a compromise based on proposals and arguments from representatives of all the parties involved in the tripartite negotiations.

Since 2015, the minimum wage in the Czech Republic has been regularly increased from 1 January. The increase of the minimum wage since 2015 is shown in the table below.

YEAR	MINIMUM WAGE (in CZK per month)	INCREASE OF MINIMUM WAGE (in CZK)	INCREASE OF MINIMUM WAGE (in %)
2015	9,200	700	8.2
2016	9,900	700	7.6

2017	11,000	1,100	11.1
2018	12,200	1,200	10.9
2019	13,350	1,150	9.4
2020	14,600	1,250	9.4
2021	15,200	600	4.1
2022	16,200	1,000	6.6
2023	17,300	1,100	6.8

2) Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021

Apart from the standard minimum wage increase, which, however, partly took into account the rising inflation rate, no special measures have been taken in the Czech Republic to maintain the purchasing power of the minimum wage since the end of 2021.

3) For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.

Non applicable for the Czech Republic as it has a statutory minimum wage (currently, basic rate is CZK 17,300 per month, or CZK 103.8 per hour; Decree No. 465/2022 Coll.).

4) Please provide information as whether the cost of living crisis has led to the extension of in-work benefits.

The Czech Republic does not have special in-work benefits to support people with low incomes.

We target on tax discount per taxpayer connected to the family support (tax deductions, tax credits for dependent children, etc.). These tax discounts have not been increased in the context of the cost of living crisis.

Unemployment benefits are provided when people lose their jobs.

5) Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.

Changes to the sickness insurance

- Paternity benefit (Fathers Post-Natal-Care Benefit)

As of 1 January 2022, the duration of benefit was extended from 1 to 2 weeks (14 calendar days).

Paternity benefit has been also granted to insured fathers in case of a stillbirth or death of a child within the first 6 weeks after birth since 1 December 2022.

- Attendance Allowance

As of the end of 2021, the range of beneficiaries has been significantly expanded: the requirement of a common household does not apply, for example, in the case of nursing or caring for every employee's direct relative (not only a child under 10 as before 2021) and siblings or nursing the employee's spouse or registered partner.

- Long-Term Attendance Allowance

Since 1 January 2022, the serious health condition requiring at least 7 days of hospitalization has been shortened to 4 days. In addition, the hospitalisation condition is no longer required (from 1 January 2022) in case of an incurable condition (terminal stage of a disease).

- Rescuers Contributions (employees)

In connection with the introduction of a lower retirement age for paramedics and company firefighters, the rate of pension contributions paid by employers is increasing. The rate will increase by 2 percentage points in 2023 and 1 percentage point each year from 2024 to 2026.

- Discount on social security contributions

From February 2023, the employer can apply a discount on the social security contributions for certain employees (including a specified range of part-time workers and employees under the age of 21) in the amount of 5 % of the total assessment base of the employees to which the discount is applied.

- Self-employed persons

A self-employed person may, upon meeting certain requirements, opt for the lump sum tax and pay taxes, social security and healthcare contributions as a lump sum. Since January 2023 there are three lump sum tax bands depending on the amount and character of the taxpayer's income.

Changes to the old age pension insurance

In 2021, the law on pension insurance was amended to introduce the so-called child-raising allowance. This benefit is defined as a fixed amount of CZK 500 per month for each child raised, by which the percentage amount of the old-age pension of the insured person who provided the greatest amount of education for a particular child will be increased.

The amount of the child-raising allowance attached to the newly granted pensions is increased annually by the same percentage as the pension percentage amount of the old-age pension.

It will only be possible to obtain the child-raising allowance of the same child to one parent at a time, namely the parent who has provided the greatest care for the child, and for this purpose the upbringing will have to be considered as a whole from the child's birth until the child reaches the age of majority. The amended law is effective since 2023.

As of January 2023, the retirement age of rescue workers and company firefighters who have worked at least 4 400 shifts in the above employment in the period after 31 December 1992 shall be determined by deducting from their general retirement age 30 calendar months for the first 4 400 shifts and 1 calendar month for each additional 74 shifts worked. The maximum retirement age may be reduced by 60 calendar months.

Since June 2023, pensions were to be indexed in the special date because of high inflation rate. Pensions were to rise by 11.5 %.

The reduction was made to stabilise public finances. The estimated cost of the extraordinary indexation in 2023 (approx. CZK 35 billion) was thus reduced (to approx. CZK 15 billion).

At the same time, the percentage increase was divided into a fixed amount increase and a percentage increase. This ensures that the lowest pension benefits will receive an increase in a total amount that fully compensates inflation. This links the savings effect with the protection of the most vulnerable group of pensioners.

As of September 2023, the maximum period for early retirement is reduced to 3 years before the statutory retirement age. This was the situation until 2017, when it was extended to five years.

In order to reduce the incentive to leave the labour market early, the reduction coefficients for early retirement are tightened and unified.

Another measure is that the required period of insurance to qualify for an early retirement pension will be extended from the current 35 years to at least 40 years of insurance.

Changes to the state social assistance

Pursuant to Government Decree No. 507/2021 Coll., which sets the amount of costs comparable to rent, the amounts to be counted for solid fuels and the amounts of the normative housing costs for the purposes of the housing allowance from the state social assistance for 2022, an annual increase in the housing allowance linked to the increase in the normative housing costs on which the housing allowance benefit is calculated was implemented with effect from 1 January 2022. The measure responded to the rise in housing costs and increased assistance to low and middle income earners with housing costs.

On the basis of Act No. 17/2022 Coll., amending Act No. 117/1995 Coll., on State Social Assistance, the extension of the legal titles for entitlement to housing allowance to include easements, subleases and ownership of a building for recreation was implemented with effect from 28 January 2022. At the same time, the normative housing costs have been exceptionally increased (over and above the annual increase in the normative housing costs). As a guarantee of state assistance in the event of a huge increase in energy, a new obligation has been inserted in the Act on State Social Assistance for the Ministry of Industry and Trade (in cooperation with the Energy Regulatory Authority), in concreto to submit to the Government, upon request, an estimate of the average increase in the level of energy costs between 2021 and 2022. If the estimate of the average increase in the level of costs changes significantly, the Government may, by regulation, increase the amounts of the increase in the monthly normative housing costs for the period until 31 December 2022. The measure meant that more people were eligible for state assistance with housing costs and the benefit was paid at a higher amount.

With the adoption of Act No.196/2022 Coll., on the one-off child allowance, effective from 1 July 2022, a new non-insurance social benefit, so called „one-off child allowance“, was introduced into the system of non-insurance social and family benefits. The amount of the allowance was CZK 5,000. The entitlement arose for a child who had not reached the age of 18 and lived in a family whose income did not exceed CZK 1 million. The aim was to support mainly children living in families with lower and middle incomes and single parents, who were a vulnerable group. The measure responded to the unfavourable situation of families with children, who were affected by the consequences of the sharp rise in inflation, such as the rising prices of energy, food and other basic needs caused by a number of reasons and the escalating Russian aggression on the territory of Ukraine.

Act No. 203/2022 Coll., amending Act No. 117/1995 Coll., on State Social Assistance and Act No. 111/2006 Coll., on Aid in Material Need, effective from 1 July 2022, increased

the maximum monthly amount of parental allowance from the current CZK 10,000 to CZK 13,000 for those parents for whom it is not possible to determine the daily assessment base for the purposes of sickness insurance. The measure was proposed in response to inflation, and also with the aim of speeding up the drawdown of parental allowance.

Act No. 203/2022 Coll. changed the obligations of recipients of the housing allowance too. With effect from 1 July 2022, the obligation to submit a new application for housing allowance each year, to itemize the costs of services and to submit an accounting of prepaid housing costs was abolished. Effective from October 1, 2022, the frequency of proving the relevant facts was extended, the ability to file electronically and submit documents as plain copies was expanded, and certain administrative procedures were changed. As a result, the administrative burden on housing allowance recipients and employees of the Labour Office was reduced and the process of making decisions on the benefit was accelerated.

Act No. 456/2022 Coll., amending Act No. 117/1995 Coll., on State Social Assistance, and Act No. 110/2006 Coll., on Minimum Subsistence Level, and Act No. 111/2006 Coll., on Aid in Material Need, aimed to increase financial support for families with children. With effect from 1 January 2023, the amounts of the child benefit were increased by CZK 200 for all age groups, both in the basic and in the increased rates.

Act No. 456/2022 Coll. also introduced changes to the legal regulation of the housing allowance due to the enormous increase in energy prices and the related housing costs. With effect from 1 January 2023, the amendment unified the statutory conditions for entitlement to housing allowance for residents of the capital city of Prague and residents of other municipalities, where the maximum limit of the so-called socially acceptable housing costs in all municipalities is 30% of the decisive income of a person or family. At the same time, the fiction of a minimum family income of the minimum subsistence level was abolished for the purposes of the housing benefit, so that the increase in the minimum subsistence level would not lead to a reduction in the benefit for low-income families. The amendment redefined the amounts of costs comparable to rent, the amounts of amounts for solid fuels and the amounts of standard housing costs, which also changed the distribution of both the amounts according to the number of persons in the family and the municipalities according to the number of inhabitants. Also, an amendment was adopted extending for 2023 the extraordinary increase in the amounts of the monthly standard housing costs from 2022. In order to reduce the administrative burden on housing allowance recipients, the method of proving the relevant facts was modified. The amendment has thus led to a significant expansion of the number of households eligible for state aid for housing costs, the amount of the housing allowance has increased significantly, and the non-take-up can be considered as a positive effect.

In 2023, the Ministry of Labour and Social Affairs submitted a bill amending Act No. 588/2020 Coll., on Substitute Maintenance for Dependent Children. The proposal increases the number of maximum payments of substitute maintenance from 24 to 48. The extension of the period of support provided by the State to children whose maintenance and upbringing is not contributed by the obliged parent is intended to help affected families with children to meet the increased cost of living. The bill is currently being debated in the Parliament of the Czech Republic and is expected to take effect immediately after publication in the Collection of Laws.

In addition, the Ministry of Labour and Social Affairs has prepared a legislative amendment to Act No. 117/1995 Coll., on State Social Assistance and some other acts in 2023. The so-called „technical“ amendment of the state social assistance is to lead to a change in the organisation of the work of the Labour Office of the Czech Republic, to simplify the administrative procedure, to enable the electronic transfer of data, to enable the coherence of the income of benefit recipients from employers and the exchange of decisive data through the information

system, to partially transfer the competences of the Labour Office of the Czech Republic to the holder of the postal licence - the Czech Post, to regulate the breaking of bank secrecy. The procedural changes are aimed at simplifying and speeding up the administration of state social support and aid in material distress benefits; the digitisation of processes will facilitate clients' access to benefits. The amendment also includes substantive changes, namely a proposal to increase the total amount of parental allowance by CZK 50,000 to CZK 350,000 and to reduce the maximum period of receipt from 4 to 3 years. The housing allowance is linked to the prolongation of the amount of the normative housing costs and the amounts to be counted for solid fuels and costs comparable to rent applicable for 2023 and 2024, and the abolition of the extraordinary increase in the normative housing costs. The draft legislation is currently being debated in the Parliament and is expected to take effect on 1 January 2024.

Changes to aid in material need

Act No. 203/2022 Coll., amending Act No. 117/1995 Coll., on State Social Assistance, and Act No. 111/2006 Coll., on Aid in Material Need, brought the following changes to aid in material need, effective 1 July 2022. The existing regulation of extraordinary immediate assistance due to a serious emergency has been extended. Another specific type of event has been defined, the so-called 'other event', which could not have been foreseen or prevented in view of its scale, as a result of which a person is threatened, due to a lack of financial resources, in particular by the loss of housing (e.g. as a result of excessively increased energy bills when the energy supplier's services are cut off) or by the failure to provide the basic necessities of life (e.g. as a result of restrictions on gainful activity during a pandemic). The new regulation has expanded the scope of persons in material need whose overall social and financial circumstances do not allow them to overcome the unfavourable situation on their own.

Act No. 203/2022 also regulated the crediting of certain income for the purposes of determining entitlement to and the amount of material need benefits. In order to increase the aid to beneficiaries of pension insurance benefits, the percentage threshold for counting pension income was set at only 70 % of the income in question. The Labour Office of the Czech Republic was allowed to use its administrative discretion in including certain income in the relevant income or in drawing up the circle of jointly assessed persons for the purpose of reimbursement of a necessary one-off expense and to take into account the financial circumstances and income situation of the person in the amount of this benefit. The modification of the reference period for determining income, social and financial circumstances in the case of an application for emergency aid has provided a more objective picture of the applicant's living situation over a longer period of time and promoted the targeting of the benefit. In order to prevent administrative burden on the beneficiaries and the employees of the Labour Office of the Czech Republic, the local jurisdiction for recurrent benefits of material hardship assistance was established according to the place where the person and the persons assessed together with him/her live or where the person actually resides. The client was allowed to make a submission or other action in electronic form via an electronic form. The documents submitted may take the form of plain copies.

Decree No.277/2022 Coll., amending Decree No.389/2011 Coll., on the Implementation of Certain Provisions of the Act on Aid in Material Need, with effect from 1 October 2022, increased the amounts by which the amount of subsistence is increased due to the need for dietary meals. The subsistence amounts of a person whose health condition requires increased costs for dietary meals have been increased by approximately 10 %. After the increase, they range from CZK 1,150 to CZK 3,066 per month.

Act No. 456/2022 Coll. amending Act No. 117/1995 Coll., on State Social Assistance, and Act No. 110/2006 Coll., on Living and Subsistence Minimum, and Act No. 111/2006 Coll., on Aid in Material Need, introduced another change in the determination of the decisive income for entitlement to aid in material need. With effect from 1 January 2023, a dependent child's income from self-employment for the months of July and August and income from employment for the whole year are not counted.

Changes to disability benefits and care allowance:

Act No. 252/2021 Coll., amending Act No. 329/2011 Coll., on Provision of Benefits to Persons with Disabilities and on Amendments to Related Acts, with effect from 1 January 2022, expanded the range of medical conditions entitling to a special assistance allowance. Persons with autism spectrum disorder have been newly included among those whom the state assists with the acquisition of a vehicle. Persons with severe dementia will also receive a contribution towards the purchase of a stair platform or ceiling lifting system, for example. A new provision has changed the procedure for deciding whether to stop or resume payment of the mobility allowance in situations where the beneficiary has received health care during a hospitalisation for a whole calendar month. In addition, the possibilities in representing the beneficiary in administrative proceedings were expanded and changes were made to the obligations of the beneficiary or other recipient of the benefit and some legislative and technical changes were adopted. The implemented changes have extended assistance to persons with disabilities and prevented administrative delays.

Decree No. 442/2021 Coll., amending Decree No. 388/2011 Coll., on Implementation of Certain Provisions of the Act on Provision of Benefits to Persons with Disabilities, with effect from 1 January 2022, brought changes in the area of individual items - special aid tools and gadgets.

Act No.358/2022 Coll., amending Act No.329/2011 Coll., on Provision of Benefits to Persons with Disabilities and Related Acts, increased the amount of the mobility allowance provided to persons with severe mobility or orientation problems by CZK 350 to CZK 900 per month, effective 1 December 2022. In addition, a mobility allowance of CZK 2,900 has been introduced for persons who use a medical device for long-term home oxygen therapy or a medical device for home pulmonary artificial ventilation for a whole calendar month. The amount of the special aid allowance for the purchase of vertical lifting and inclined lifting platforms has been increased by CZK 100,000 from CZK 400,000 to CZK 500,000. In order to speed up the procedure and reduce the administrative burden on benefit recipients and employees of the Labour Office of the Czech Republic, it was made possible to submit a simple copy of documents in the procedure for the mobility allowance, the special aid allowance and the disabled person's card, the participant can make a submission in electronic form and photographs as a basis for the production of the disabled person's card can also be submitted in electronic form.

Act No.328/2021 Coll., amending Act No.108/2006 Coll., on Social Services, with effect from 1 January 2022 abolished the differentiation of the amounts of the care allowance for persons in dependence levels III and IV (heavy dependence and total dependence) according to whether or not they use "residential social services". Regardless of the method of care provision, the amount of the care allowance for persons in dependence level III is CZK 13,900 for children and CZK 12,800 for persons aged 18+, and for persons in dependence level IV is CZK 19,200 for both children and persons aged 18+.

6) Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.

Old age pensions are increased in line with inflation and real wage growth. After 2025, they should grow more slowly than in the last 4 years to ensure the financial sustainability of the system. Inflation would continue to be included in the indexation without change (100 %), but the indexation rule for including real wage growth in force before 2018 would return, i.e. the proportion of 1/2 real wage growth would be reduced to 1/3 real wage growth.

The system of non-insurance social benefits does not explicitly include rules for increasing benefits when certain conditions are met (indexation/valorisation). Periodically, on 1 January of each year, the normative housing costs are adjusted for the purposes of the housing allowance, depending on the evolution of the level of energy costs and other components of housing costs according to the relevant consumer price indices.

Those benefits whose amount depends on the amounts of the living or subsistence minimum are increased in line with the increase in the living or subsistence minimum:

- During 2022 (from 1 April and 1 July) and from 1 January 2023, the amounts of the living and subsistence minima were increased, which not only had a direct impact on the increase in material need benefits. The repeated increase in the living minimum also expanded the range of recipients of income-tested state social assistance benefits (child benefit, childbirth benefit). The increase in the living minimum level also meant that more families with children received a CZK 2,000 increase in the care allowance.

Other non-insured social benefits are increased on an ad hoc basis, in response to the situation and on the basis of political decisions:

- In order to help families with children, the maximum monthly parental allowance for uninsured parents was increased from CZK 10,000 to CZK 13,000 as of 1 July 2022.
- As of January 2023, the amount of child benefit increased by CZK 200 for all age groups (both basic and enhanced) eligible for child benefit.

7) Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.

Summary of measures taken in the energy sector:

1. Energy costs allowance (September – December 2022)
2. Waiver of the renewable energy levy (4th quarter of 2022 + whole of 2023)
3. Electricity and gas price caps (whole of 2023)
4. Vulnerable customer (effective from 1 January 2024)

Due to the energy crisis, the Czech government has taken the following measures in the energy sector to mitigate the impact of rising energy prices on citizens and businesses.

The first measure was the energy costs allowance valid from September 2022 till December 2022.

With the amendment of the Act No. 458/2000 Coll., Energy Act, and the implementing Decree No. 262/2022 Coll., on Energy Costs Allowance, the Government decided to provide a one-off

allowance for electricity in the amount of CZK 3,500 or CZK 2,000 depending on the relevant distribution rate applicable to the given consumption point. This was a blanket measure for all households whose consumption point was registered with the market operator by 23 August 2022. There was no need to apply for the allowance; it was paid automatically by the trader with whom the household had a contract for electricity supply.

A further measure was the waiver of the renewable energy levy for the fourth quarter of 2022 and for the whole of 2023.

It was a blanket measure intended for all electricity consumers, i.e. not only households, but also businesses and organizations, in the amount of CZK 495/MWh excluding VAT.

However, the third measure - the cap on the price of electricity and gas for the whole of 2023 - has been an essential help.

The amendment of the Act No. 58/2000 Coll., Energy Act, introduced a new institute of “market emergency”, which empowers the Government to set electricity or gas prices and to impose an obligation to produce or supply electricity or gas or to limit trading in electricity or gas.

In a situation of the market emergency, it is possible to recover a demonstrable loss and a reasonable profit in cases where the price set in a such situation will not cover the cost to suppliers of securing supply. The relevant calculation mechanisms and other details are subject of subsequent government regulations.

Electricity and gas prices were set as follows:

- price for electricity supply in the amount of CZK 5,000/MWh excl. VAT
- price for gas supply in the amount of CZK 2,500/MWh excl. VAT

The monthly fixed payment for electricity/gas supply (excl. VAT):

- the monthly fixed payment for electricity supply in the amount of CZK 130 per the supply point per month
- the monthly fixed payment for gas supply in the amount of CZK 130 per the supply point per month

The electricity and gas prices set by the Government do not include value added tax, electricity or gas tax and the price of the related electricity or gas service, i.e. in particular the price of the distribution system service.

All households therefore have all their electricity and gas consumption protected by the price cap from 1 January 2023 to 31 December 2023.

Another amendment to the Act No. 458/2000 Coll., Energy Act, approved by the Government on 21 June 2023, introduces an institute of the vulnerable customer into the Czech legal system.

These disadvantaged customers require special protection as regards their rights under the Energy Act or the obligations of distribution system operators towards them. It has been proposed to put the vulnerable customer at the center of the law, particularly those who are vulnerable for health reasons. The adjustment will therefore apply in particular to disabled citizens who rely on medical equipment requiring electricity to operate.

In particular, the vulnerable customer acquires the right to conclude an electricity supply contract, as this is often a problem in practice. In anticipation of payment problems, traders refuse to sign energy supply contracts with people with health or social problems. The second fundamental right is a special way of disconnecting medically vulnerable customers, with

a switch to a special last resort supply scheme to reassure them that they will not be left without electricity.

One of the tools that the Czech social security system has used to respond to inflation and to help households struggling to meet the high prices of basic necessities of life are the measures implemented in the non-insurance benefit systems.

Vulnerable persons who are unable to meet their own energy bills and overall housing costs are mainly supported under the housing benefit scheme through two recurrent benefits: the housing allowance and the housing supplement, or through the one-off benefit of exceptional immediate assistance.

Allowance for living from the state social support system is the main support for households with housing costs, including rising energy costs. This benefit can support the owner or tenant or subtenant of a dwelling if their housing costs exceed 30 % of their income. Entitlement to the housing allowance and its amount are based on the normative housing costs, which have been repeatedly adjusted (from January and October in 2022, and from January in 2023) in the light of the enormous increase in energy prices. This has widened the range of persons who can apply for the allowance, and the administrative procedures have been simplified to a large extent.

As the last resort net, the recurrent supplement for housing helps with housing costs, including energy costs. The benefit is intended for people who do not qualify for housing benefit, who use non-standard forms of housing, or for recipients of allowance for living with very low incomes for whom this support is insufficient. The amount of the supplement for housing is set in such a way that after paying the housing costs (i.e. rent, housing-related services and utility costs), the person or family is left with a subsistence amount. Unlike the allowance for living, it is not based on the standard housing costs but on actual costs, up to a maximum of what is usual in the locality.

A one-off optional benefit of aid in material need, extraordinary immediate assistance, may be provided to a person whose social and financial circumstances do not allow him or her to overcome the unfavourable situation on his or her own. The law specifies specific situations in which a person may be considered to be in material distress because he or she does not have sufficient resources to ensure his or her basic living conditions or to cover necessary one-off expenses. The examples follow:

- The person cannot overcome a serious emergency, called another event, on his or her own. These are unforeseeable situations that are completely unavoidable and put the person at risk of losing their home or not being able to meet the basic needs of life.
- The person is unable to meet a necessary one-off expense on their own. This includes cases where the person does not have sufficient disposable income to pay for another necessary expense after paying high utility bills.
- The person cannot cover the cost of purchasing or repairing essential durable goods (e.g. purchase of energy saving light bulbs) on his/her own.
- The person is at risk of social exclusion.

In addition to the „housing benefits“, other special measures implemented in the non-insurance benefit system have also responded to the rising cost of living and contributed significantly to addressing the impact of high inflation on vulnerable groups (see question 5 for more details):

- A one-off child allowance of CZK 5,000 was introduced in August 2022.
- From January 2023, the child benefit for all age groups was increased by CZK 200, both in the basic and in the enhanced rate.

- Special attention was paid to persons with disabilities. The mobility allowance was increased to CZK 900 at the end of 2022 and a new amount (CZK 2,900) was introduced from 2023 if these persons use a medical device for long-term home oxygen therapy or a medical device for home pulmonary artificial ventilation.
- From October 2022, there has been a 10 % increase in the amounts by which the subsistence amount is increased for people with an expensive diet.

Further, the project called "*Prevention of Energy Poverty through Social Innovation*" is implemented by the Ministry of Labour and Social Affairs under the operational programme *Employment Plus* of the European Social Fund. It is a social innovation project which focuses on the prevention of energy poverty through a unique concept of renting new energy-saving household appliances to households at risk of energy poverty. It is inspired by the similar project which has been realized at Belgium.

In the pilot phase, 50 households will be provided with energy-saving appliances for rent, while receiving tailored advice on energy saving, consumer behaviour and financial literacy.

The project aims to improve quality of life, change consumer behaviour, save money and reduce social exclusion of the households concerned.

The project has a strong focus on strengthening cross-sectoral partnerships. Among the project partners are the companies *BOSCH*, *Beko* or *E.ON*, the non-profit organizations *Repair the Czech Republic*, *Federation of Furniture Banks and Reuse Centres*, *Meziproudý*, *Diakonie Praha*, *Social Activation Services for Families with Children Štětí*, the Municipality of Prague 10 or the City of České Budějovice. Negotiations with other potential partners are ongoing.

8) Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.

Information on the income poverty rate (AROP/ At-risk-of poverty rate) in the Czech Republic since 2018 in the required structure is presented in the following table:

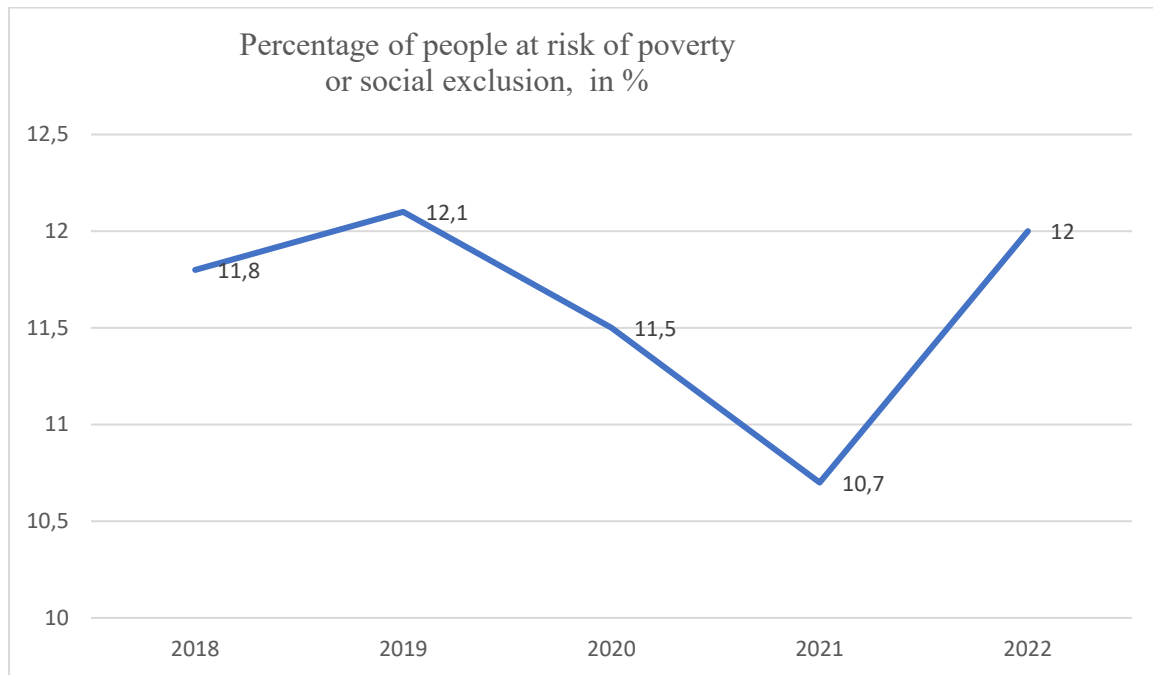
POPULATION	INCOME POVERTY LINE 60 % OF MEDIAN EQUIVALIZED DISPOSABLE INCOME				
	2018	2019	2020	2021	2022
POPULATION AS A WHOLE	9.6	10.1	9.5	8.6	10.2
CHILDREN < 18	11.0	11.2	11.1	11.4	11.8
HOUSEHOLDS WITH DEPENDENT CHILDREN	9.5	9.5	9.3	9.2	10.0
FAMILIES	7.0	7.3	7.0	6.6	7.4
PERSONS WITH DISABILITIES	19.1	20.2	18.9	12.7	17.5
PERSONS 65+	14.2	16.6	17.7	10.5	16.0

Source: Czech Statistical Office

Approximately 12 % of the total population in the Czech Republic was at risk of poverty or social exclusion in 2022, representing more than 1.2 million people.

In a longer-term comparison, an increase in the rate of exposure to poverty or social exclusion can be observed from 2021 onwards, which represents a departure from the downward trend observed from 2019 (see Chart 1).

Chart 1: Risk of poverty or social exclusion

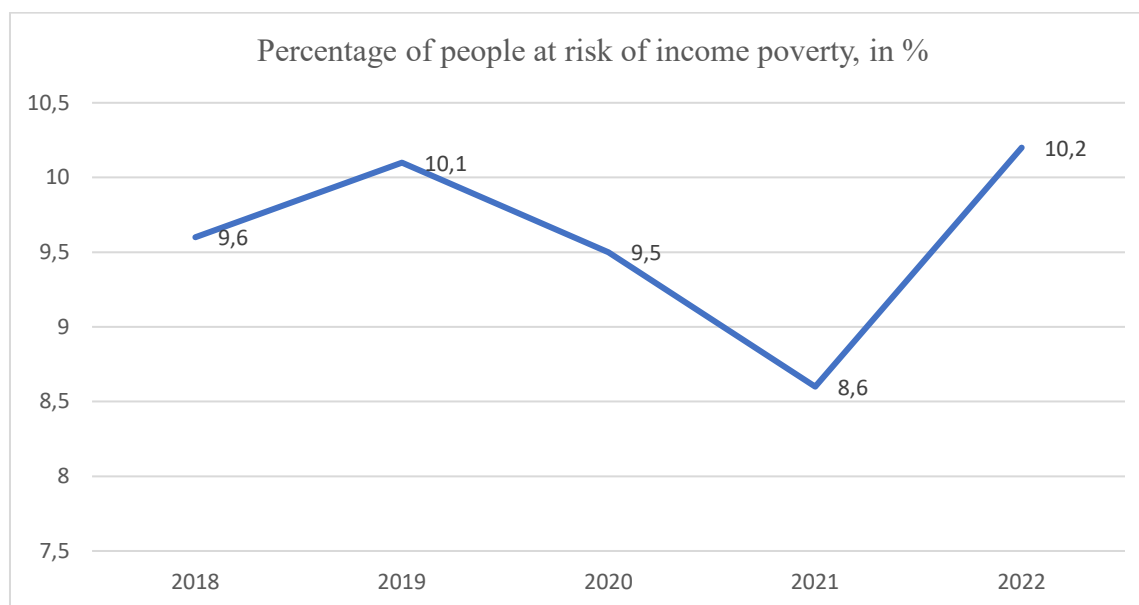


Source: Czech Statistical Office

Those most at risk of long-term poverty and social exclusion are as follows unemployed persons, single parents, persons aged 65+ living alone, and persons with disabilities.

In terms of income poverty, which is closely linked to material and social deprivation and the level of work intensity, a slight decline in the proportion of people at risk of income poverty has been observed in the Czech Republic since 2019. However, between 2021 and 2022 there was an increase of 1.6 percentage points (see Chart 2).

Chart 2: People at risk of income poverty



Source: Czech Statistical Office

Income poverty, material and social deprivation, and very low work intensity have largely overlapped - 69 % of the materially and socially deprived were in income poverty in 2022, 63 % of those with very low work intensity were in income poverty, and 48 % of the materially and socially deprived had very low work intensity.

9) Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.

The Ministry of Labour and Social Affairs strives for a comprehensive approach to tackling poverty and preventing social exclusion, coordinating not only with other ministries and representatives of the state administration, but also with representatives of the non-state sector.

One of the bodies established for this purpose is the *Commission for Social Inclusion*. This is an advisory body to the Minister of Labour and Social Affairs, established in 2003. The main purpose of the Commission is to cooperate in ensuring the implementation of international commitments in the field of social inclusion by preparing strategic documents.

The Commission is composed of representatives of all ministries, representatives of the Office of the Government, local governments, non-profit organisations and academics. The main strategic document produced in cooperation with the Commission is the *Social Inclusion Strategy*. This document is followed by the *Action Plan*, which is drawn up for a period of four years.

The calls under the European Social Fund are important too. There are calls announced to support the so-called coordinated approach to social exclusion in the Operational Programme Employment Plus, under Priority 2 „Social Inclusion“. Such activities are implemented by territorial self-governing bodies in cooperation with the Agency for Social Inclusion (contributory entity within the Ministry of Regional Development).

These are regionally targeted calls, offering a complex of interlinked activities with regard to the needs in the territory. The interventions are focused specifically on socially excluded localities (mainly with a high proportion of Roma population) and people living in them.

In August 2022, the Ministry of Labour and Social Affairs announced the first call to support for social inclusion in excluded localities. The call has aimed at supporting municipalities with a higher concentration of social inclusion (identification of municipalities according to the Social Exclusion Index) and municipalities that cooperate with the abovesaid Agency for Social Inclusion using the „coordinated approach to social exclusion“ method. The activities of the call have focused on the following areas:

- 1) Support for community work
- 2) Support for social services
- 3) Support for families with children at risk
- 4) Support for debt resolution
- 5) Supporting the employability of people
- 6) Promoting participatory methods of working with the target group
- 7) Support for programmes aimed at combating discrimination

There are currently 153 projects under implementation for approximately CZK 1.3 billion. Its implementers are mainly non-governmental non-profit organisations, as well as municipalities and organisations established by them.

A second call with a similar focus for other municipalities is planned to be announced in May 2024.

10) Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.

The Ministry of Labour and Social Affairs involves these most affected persons in the process of designing measures through representatives of organisations working with these people in the Commission for Social Inclusion, which is a permanent advisory body to the Minister of Labour and Social Affairs in the field of combating poverty and social exclusion.

These are members of the Commission from non-profit organisations such as *Caritas Czech Republic*, *Salvation Army* or *People in Need*, who work with those people directly in streets and actively identify and mediate their interests.

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