



BUDGET

FACTS & TRENDS 2025

Ministry of Defence of the Czech Republic

INTRODUCTION

The Ministry of Defence of the Czech Republic, in compliance with Act No. 106/1999 Coll., on Freedom of Information, issued this publication to inform the public and partner nations about the basic data in the State Budget Chapter 307 – Ministry of Defence (MoD budget chapter) for the year 2025, including trends, structure, main expenditure categories and their proportions.

Overview of the most important documents used in the preparation of the publication:

- *The Government Resolution No. 645 dated 25th September 2024 on the Czech Republic State Budget Draft for the year 2025 including the Mid-term State Budget Outlook for the years 2026–2027,*
- *Act No. 434/2024 Coll., on the state budget of the Czech Republic for 2025, dated 20th December 2024.*

The Draft 2025 State Budget – Ministry of Defence Chapter was prepared in accordance with Act No. 218/2000 Coll., Budgetary Rules and regulation No. 133/2013 Coll., which determines scope and structure of the data needed for preparation of the Draft State Budget and Mid-term Outlook and deadlines for their presentation (as subsequently amended).

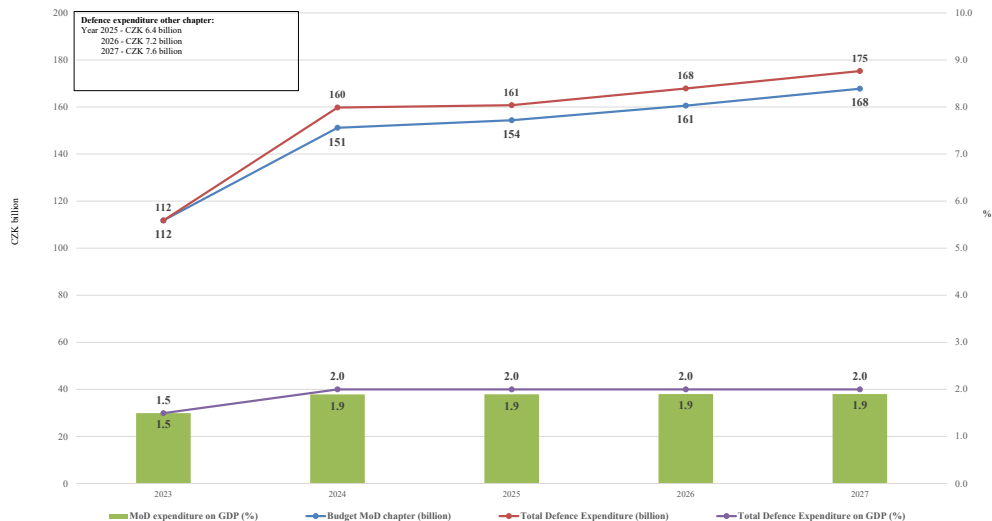
In accordance with Act No.177/2023 Coll., on defence financing and amending Act No.218/2000 Coll., on budgetary rules and on amending certain related acts (budgetary rules), as amended (the Defence Financing Act), **the Government, when preparing the draft State Budget Act for 2025 and the medium-term outlook for 2026 and 2027, allocated expenditure for the financing of the defence of the Czech Republic (state defence expenditure) in the amount of 2% of nominal gross domestic product (GDP)**

¹. When following the procedure under the applicable legislation, due to the lower GDP forecast in the April 2024 Public Sector Budget Strategy compared to the 2023 forecast, the Ministry of Finance and the Government of the Czech Republic made a verification of the overall defence expenditure limits, which was reflected in lower overall limits of the MoD chapter expenditure compared to the approved medium-term outlook from the previous budget cycle.

Act No. 434/2024 Coll., on the State Budget of the Czech Republic for 2025, **sets the cross-cutting indicator “State defence expenditure” at CZK 160,830,116 thousand** (i.e. 2 % of GDP). The decisive part of defence expenditure in the amount of **CZK 154,395,235 thousand is allocated in Chapter 307 – Ministry of Defence**. The remaining defence expenditure, amounting to **CZK 6,434,881 thousand is allocated in other chapters** – 301 – Office of the President of the Republic, 306 – Ministry of Foreign Affairs, 308 – National Security Office, 314 – Ministry of Interior, 327 – Ministry of Transport, 328 – Czech Telecommunication Office, 335 – Ministry of Health, 374 – State Administration of Material Reserves, 377 – Technology Agency of the Czech Republic, 378 – National Office for Cyber and Information Security and 398 – General Treasury Administration.

¹ As part of this procedure, pursuant to Section 1 of the Defence Financing Act, the forecast of nominal gross domestic product for the relevant financial year specified in the Public Institution Sector Budget Strategy under the Act on Budgetary Responsibility Rules shall be used. For this reason, the GDP forecast data, which were the basis for determining the level of defence spending, correspond to the „Macroeconomic Forecast of the Ministry of Finance April 2024“.

Czech Defence Budget 2023–2027



Defence expenditure other chapter 2025:

301 - OPR: CZK 60 mil	306 - MoFA: CZK 351 mil	308 - NSO: CZK 422 mil	314 - Mol: CZK 129 mil	327 - MoT: CZK 136 mil
328 - CTO: CZK 40 mil	335 - MoH: CZK 27 mil	374 - SAMR: CZK 4,072 mil	377 - TACR: CZK 100 mil	378 - NOCIS: CZK 679 mil
398 - GTA: CZK 418 mil				

Source: Nominal GDP - Macroeconomic Forecast April 2024

Total expenditure and revenue of the approved budget Chapter 307 – Ministry of Defence for the 2025 and the Mid-term Outlook for the years 2026 and 2027:

Basic parameter of revenue and expenditure	2025	2026	2027
	CZK thousand	CZK thousand	CZK thousand
Total revenue	8,155,426	7,249,785	7,498,348
Total expenditure	154,395,235	160,630,122	167,754,907

Expenditure for 2025 is planned to meet the objectives arising from the relevant legislation governing the competence of the Ministry of Defence and in accordance with the priorities set out in the approved planning documents, which are in particular the Security Strategy of the Czech Republic 2023, the Defence Strategy of the Czech Republic 2023, the Long-term Outlook for Defence 2035 and the Concept for the Construction of the Army of the Czech Republic 2035.

The approved budget for 2025 confirms the trend of strongly investment-oriented budgets of previous years, as the largest percentage is accounted for by programme financing expenditure, especially investments in the modernisation of the Army of the Czech Republic. From 2021, the ministry fulfils the commitment to allocate at least 20% of defence expenditure to the main types of equipment, while in the proposal for 2025 this share reaches 29.5%. The Defence Financing Act makes a significant contribution to this fact in terms of stabilising expenditure on planning long-term strategic projects of the Army of the Czech Republic and ensuring their ongoing financing.

The 2025 budget has already reflected the need for its partial restructuring in favour of operating expenditure, which is closely related to the need to ensure operation, training and the acquisition of adequate stocks for newly acquired technologically advanced equipment and to ensure its maintenance and repairs, including expenditure on the operation of the related immovable infrastructure. For this reason, there is an increase in current expenditure both in the 2025 budget and in the medium term. The budget also reflected the government-approved indexation of employee salaries and the increase in pensions in 2025, the planned recruitment of military and service personnel, and the strengthening of expenditure on foreign activities linked to the fulfilment of international obligations.

Total expenditure of the MoD chapter for 2025 in the amount of **CZK 154,395,235 thousand** is higher by CZK 3,214,232 thousand, i.e. by 2.1 %, compared to the approved expenditure budget for 2024.

The 2025 budget expenditure structure – main expenditure areas:

1. Total MoD expenditure (in CZK million) of which:	154,395
<i>Personal mandatory expenditure (incl. pensions, social benefits)</i>	45,578
<i>Programme financing – State Subsidy System of State/Property Management in State ownership (EDS/SMVS)</i>	66,101
<i>Other expenditure (current expenditure and capital expenditure outside EDS/SMVS)</i>	42,717
2. Total MoD expenditure index 2025/2024	1.02

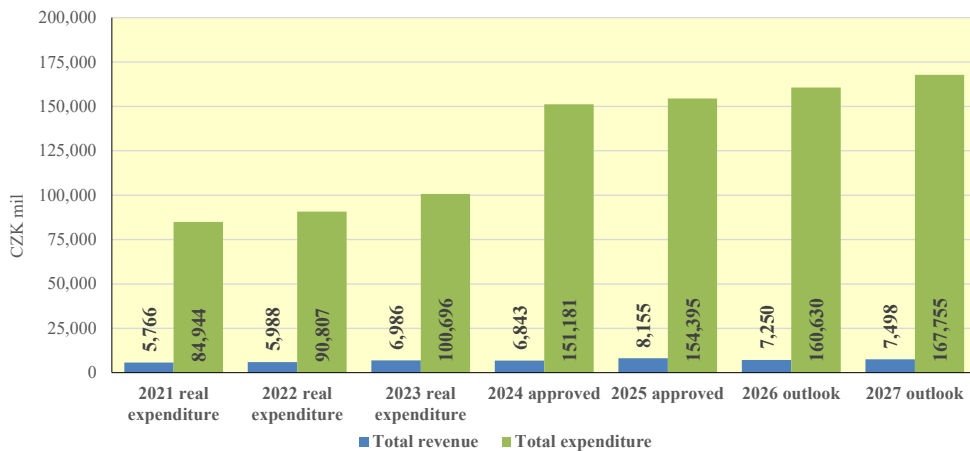
Total revenue of the MoD chapter for 2025 in the amount of **CZK 8,155,426 thousand** is higher by CZK 1,312,962 thousand, i.e. by 19.2 %, compared to the approved revenue budget for 2024.

The 2025 budget revenue structure – main revenue areas:

Total MoD revenue (in CZK million) of which:	8,155
Total non-tax income, capital income and transfers received	1,575
<i>Non-tax income</i>	<i>1,401</i>
<i>Accepted transfers</i>	<i>123</i>
<i>Capital gains</i>	<i>51</i>
Tax revenue – income from compulsory insurance premiums	6,580
<i>Pension insurance</i>	<i>5,776</i>
<i>Premiums for sickness insurance and contribution to the state employment policy</i>	<i>804</i>
Other tax revenue	0.1

A summary of the basic parameters of the MoD chapter budget for 2025 and basic data on the trends of the MoD chapter budget development are presented in the following tables and graphs.

Total revenue and expenditure of the MoD chapter for the period 2021–2023, the approved budget for 2024 and 2025 and the medium-term outlook for 2026 and 2027 – Chart



Comparison of basic macroeconomic indicators for 2024 and 2025 – Table

Indicator	2024	2025
Gross domestic product (in CZK billion)*)	7,657	8,032
State budget expenditure (in CZK billion)**)	2,222	2,327
Total MoD expenditure (in CZK billion)**)	151	154
Total Defence Expenditure (billion)	160	161
Index total MoD expenditure (2024/2023)	1.4	1.0
MoD expenditure on GDP (%)	1.9	1.9
MoD expenditure on State budget expenditure (%)	6.9	6.6
Total Defence Expenditure on GDP (%)	2.0	2.0

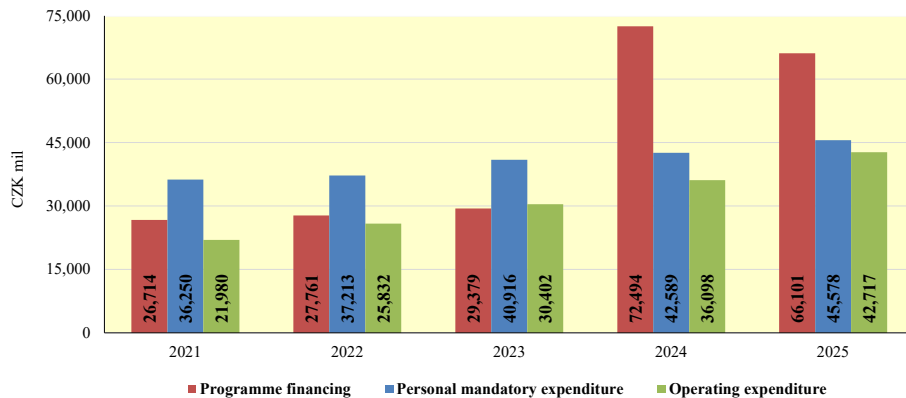
*) Source: Nominal GDP – Macroeconomic Forecast April 2024

**) approved budget

Basic data on the state budget of the MoD chapter for 2024 and 2025

Expenditure (in CZK mil)	Approved budget		Index 2025/2024
	2024	2025	
I. Total capital expenditure	69,928	58,207	0.8
II. Total operating expenditure	81,253	96,188	1.2
II.1. Employee's salaries and other payments for contract work	21,492	23,519	1.1
II.2. Mandatory employer-paid insurance and allocation to well-being fund	7,970	8,706	1.1
II.3. Retirement pensions and other social benefits	9,493	9,580	1.0
II.4. Non-investment subsidies to on-vote MoD organizations	3,619	3,830	1.1
II.5. Non-investment subsidies to enterprises	310	410	1.3
II.6. Other material non-investment expenditure	38,369	50,144	1.3
III. Total MoD expenditure (I. + II.)	151,181	154,395	1.0
Revenues (in CZK million)			
IV.1. Insurance revenues and other tax revenues	6,362	6,580	1.0
IV.2. Non-tax revenues, capital revenues and transfers received	480	1,575	3.3
IV. Total MoD revenues (IV.1. + 2.)	6,842	8,155	1.2
RESULTING BUDGET BALANCE	144,339	146,240	1.0

Structure of the MoD Budget Expenditure for the period 2021 to 2023 and the approved budget for 2024 and 2025 – Chart

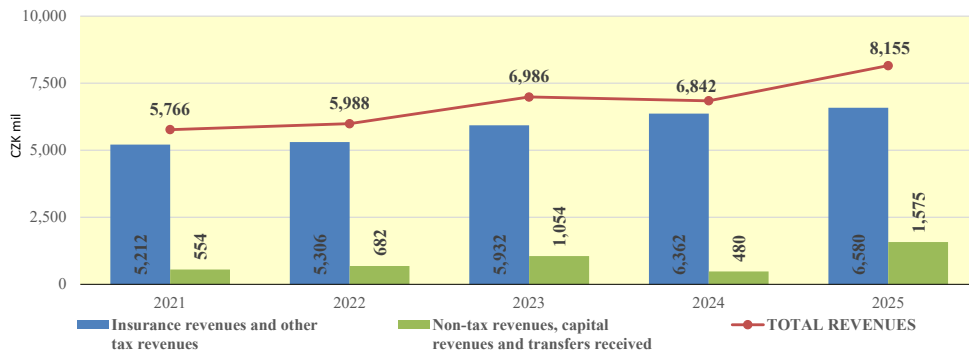


Structure of the MoD Budget Expenditure for the period 2021 to 2023 and the approved budget for 2024 and 2025 – Table

Expenditure category (CZK mil.)	Real expenditure*)			Approved budget	
	2021	2022	2023	2024	2025
Programme financing	26,714	27,761	29,379	72,494	66,101
Personal mandatory expenditure	36,250	37,213	40,916	42,589	45,578
Operating expenditure	21,980	25,832	30,402	36,098	42,717

*) including extrabudgetary resources and carry forwards

Development of the MoD Budgetary Revenue for the period 2021–2023, the approved budget for 2024 and 2025 – Chart



Development of the MoD Budgetary Revenue for the period 2021–2023, the approved budget for 2024 and 2025 – Chart

Revenue category (CZK mil.)	Real revenues			Approved budget	
	2021	2022	2023	2024	2025
Insurance revenues and other tax revenues	5,212	5,306	5,932	6,362	6,580
Non-tax revenues, capital revenues and transfers received	554	682	1,054	480	1,575
TOTAL REVENUES	5,766	5,988	6,986	6,842	8,155

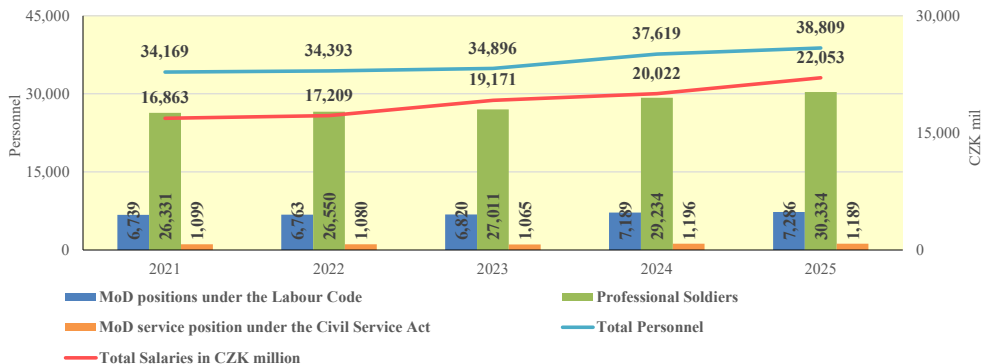
PERSONAL MANDATORY EXPENDITURE (PENSIONS AND SOCIAL BENEFITS INCLUDED)

Personal mandatory expenditure was approved for the year 2025 in a total volume of **CZK 45,577,813 thousand which represents 29.5 % of the total expenditure of the MoD chapter**. The volume of this expenditure considers the government-approved indexation of employee salaries from 1 January 2025 and the increase in pensions in 2025 and the planned recruitment of military and servicing personnel in accordance with the Concept for the Construction of the Army of the Czech Republic 2035.

The decisive part of these expenditure is allocated to a mandatory in relation to the employees, especially on:

- employee salaries of the organizational unit of the MoD in the amount of **CZK 22,052,629 thousand** for 38 809 persons, related insurance in the amount of **CZK 8,485,461 thousand** and well-being fund of **CZK 220,526 thousand**;
- other payments for work performed in the amount of **CZK 1,466,188 thousand**, including for example surcharge for service in foreign operations or UN peacekeeping missions in the amount of **CZK 781,381 thousand**; disciplinary awards to professional and reserve soldiers in service in the amount of **CZK 266,000 thousand**, allowances for persons participating in military exercises in the amount of **CZK 173,650 thousand**, remuneration and incentive pay in the amount of **CZK 136,250 thousand**;
- stabilisation allowance and housing allowance for soldiers in the total amount of **CZK 3,754,562 thousand**;
- pension benefits in the amount of **CZK 5,948,387 thousand** and other social benefits (retirement benefits, sickness benefits provided to soldiers) in the amount of **CZK 3,631,436 thousand**.

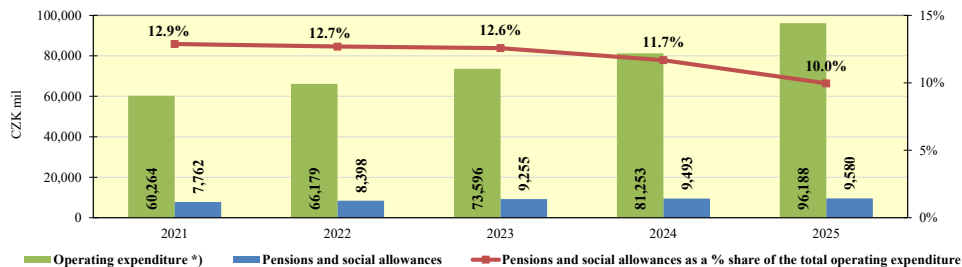
Development of the number of individual categories of persons and expenditure on salaries of the MoD chapter for the period 2021–2023, the approved budget for 2024 and 2025 – Chart



Development of the number of individual categories of persons and expenditure on salaries of the MoD chapter for the period 2021–2023, the approved budget for 2024 and 2025 – Table

Category	Real			Plan	
	2021	2022	2023	2024	2025
MoD positions under the Labour Code	6,739	6,763	6,820	7,189	7,286
Professional Soldiers	26,331	26,550	27,011	29,234	30,334
MoD service position under the Civil Service Act	1,099	1,080	1,065	1,196	1,189
Total Personnel	34,169	34,393	34,896	37,619	38,809
Total Salaries in CZK million	16,863	17,209	19,171	20,022	22,053

Share of expenditure on pensions and other social allowances in the total current expenditure of the MoD chapter for the period 2021 to 2025 – Chart



*) including related operating expenditure of programme financing and defence research, development and innovations expenditure

Share of expenditure on pensions and other social allowances in the total current expenditure of the MoD chapter for the period 2021 to 2025 – Table

Expenditure category (in CZK mil)	Real expenditure			Approved budget	
	2021	2022	2023	2024	2025
Operating expenditure *)	60,264	66,179	73,596	81,253	96,188
Pensions and social allowances	7,762	8,398	9,255	9,493	9,580
Pensions and social allowances as a % share of the total operating expenditure	12.9 %	12.7 %	12.6 %	11.7 %	10.0 %

*) including related operating expenditure of programme financing and defence research, development and innovations expenditure

PROGRAMME FINANCING EXPENDITURE

The expenditure, recorded in the EDS/SMVS programme financing information system, is approved for a total amount of **CZK 66,100,749 thousand for 2025, which represents 42.8 % of the total expenditure of the MoD chapter**. However, compared to the assumption in the medium-term outlook from the previous budget cycle, the total amount of expenditure earmarked for investment development was adversely affected by both the overall decrease in national defence expenditure due to lower economic growth and the need to address the coverage of the priorities set for this period (e.g. payment of the contribution to the European Peace Facility, salary indexation) in other areas of expenditure of the chapter.

The decisive part of the investments is planned for the benefit of projects of the Army of the Czech Republic (91.3%). The implementation of the planned investment projects will ensure the maintenance and development of the capabilities of the Czech Air Force, the Ground Forces, the Communication Troops, the informatization of the Ministry of Defence, the compatibility of mobile communication means of command and control of the Czech Armed Forces and the capabilities of medical and logistical support, including investments to infrastructure. The property reproduction programmes also include a programme ensuring the maintenance and development of the capabilities of the civil-administrative part of the MoD and state contributory organisations (investment subsidies in the amount of CZK 362,684 thousand are planned for contributory organisations).

In accordance with the provisions of Section 5 of the Defence Financing Act, funds in the amount of CZK 20,495,550 thousand are planned in this area to ensure the ongoing financing of strategic projects of the Czech Armed Forces, which were approved by the government in its Resolution No. 380/2024, the

list of strategic projects of the Army of the Czech Republic. The projects to which the most significant expenditure volumes are allocated in the draft budget for 2025 include the acquisition of F-35 Lightning II multi-role supersonic aircraft, as well as the purchase of tracked infantry combat vehicles, SHORAD anti-aircraft systems, NATO guns, MILSATCOM stationary bases, the acquisition of CCI assets and expenditure on the continuation of the lease of JAS 39 C/D Gripen supersonic aircraft.

The total expenditure for acquisitions, recorded in the programme financing system, is broken down by basic budget structure as follows:

- capital expenditure in the amount of **CZK 57,816,807 thousand**, i.e. 87.5 % of the total programme financing expenditure,
- current expenditure in the amount of **CZK 8,283,942 thousand**, i.e. 12.5 % of the total programme financing expenditure.

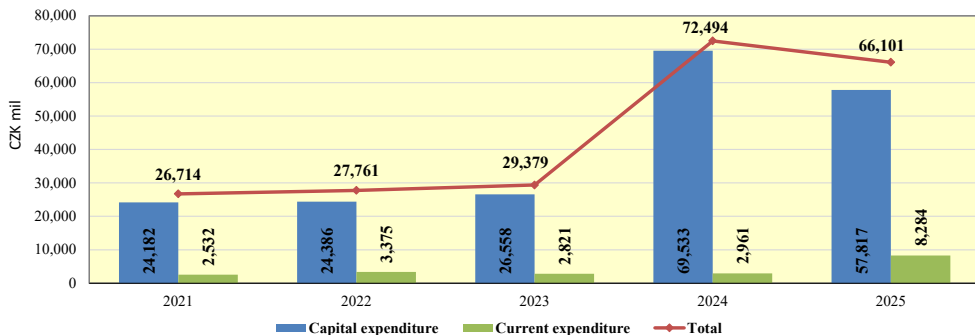
Ongoing investment actions initiated in previous years represent 72.2 % (CZK 47,744,818 thousand) of the total limit of programme financing expenditure. The remaining part of expenditure, amounting to 27.8 % (CZK 18,355,931 thousand), consists of newly launched investment actions.

69 significant and financially demanding actions will be financed in the year 2025, which are expected to be funded in the form of individually assessed expenses of the state's organizational component. These are actions within the framework of individual asset reproduction programmes for which state budget resources have been allocated in the total amount of **CZK 43,839,018 thousand**, which represents 66.3 % of the volume of state budget expenditure on financing the programmes in 2025.

The planned expenditure on subsidies and expenditure titles for 2025, in addition to the state budget funds in the amount of **CZK 66,100,749 thousand**, will be reinforced by additional financial resources in the amount of **CZK 556,737 thousand**. The breakdown by source will show:

- the reserve fund in the amount of **CZK 467,317 thousand** (of which CZK 50,414 thousand from NATO funds);
- the programme participant's own resources in the amount of **CZK 89,420 thousand**.

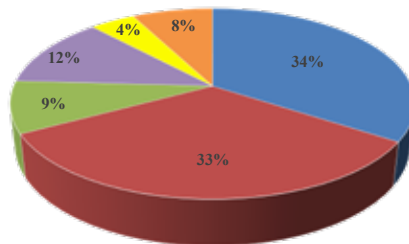
Comparison of Programme Financing Expenditure for the period 2021–2023 and the approved budget for 2024 and 2025 – Chart



Comparison of Programme Financing Expenditure for the period 2021–2023 and the approved budget for 2024 and 2025 – Table

Expenditure category (in CZK mil)	Real expenditure			Approved budget	
	2021	2022	2023	2024	2025
Capital expenditure	24,182	24,386	26,558	69,533	57,817
Current expenditure	2,532	3,375	2,821	2,961	8,284
Total	26,714	27,761	29,379	72,494	66,101

Distribution of expenditure in property reproduction programmes in 2025 – Chart



- Land Forces
- Air Forces
- Logistic support
- Communication and information support
- Civil-administrative part of the MoD and contributory organizations
- Other organizational units of the MoD

Distribution of expenditure in property reproduction programmes in 2025 – Table

	Approved budget	
	Expenditure	Share
	CZK mil	%
Land Forces	22,603	34.2
Air Forces	21,753	32.9
Logistic support	5,802	8.8
Communication and information support	8,000	12.1
Civil-administrative part of the MoD and contributory organizations	2,845	4.3
Other organizational units of the MoD	5,098	7.7
Total MoD chapter	66,101	100.0

OPERATING EXPENDITURE

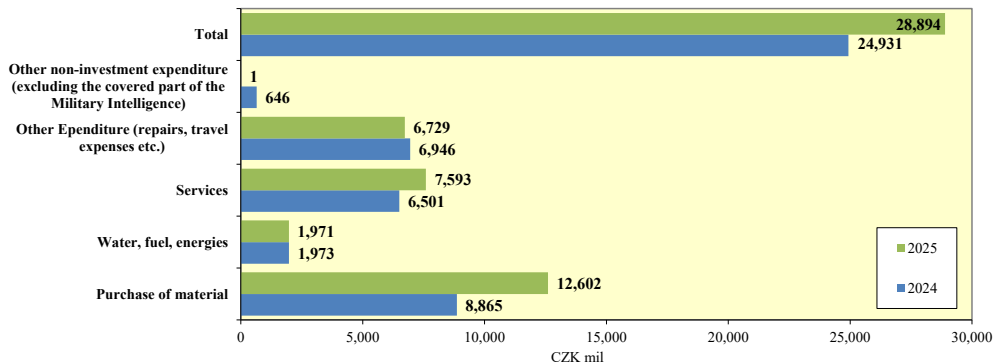
Operating expenditure of the MoD chapter (i.e. expenditure excluding personal mandated expenditure, current and capital expenditure recorded in EDS/SMVS) is allocated in the approved budget for 2025 in the amount of **CZK 42,716,673 thousand. This represents 27.7 % of the total expenditure of the MoD chapter.** This area continuous reinforcement of expenditure, this increase amounts to more than CZK 6.6 billion compared to the approved budget for 2024, which is mainly related to the need to ensure the operation, training, stocks, maintenance and repairs of newly acquired equipment and related infrastructure.

This expenditure is intended mainly for:

- operating expenditure to ensure the operation and maintenance of equipment, purchase of materials and services to ensure training, to provide facilities in the form of operational immovable property, non-investment expenditure, etc. in the total amount of **CZK 28,894,039 thousand;**
- to ensure the activities of 9 contributory organizations established by the MoD to perform specific tasks for the benefit of the department. The operating contribution for 2025 is set at **CZK 3,816,620 thousand.** Within the operating contribution, the wage costs of the contributory organizations subject to the regulation of the Ministry of Finance (MoF) are planned to amount to CZK 494,728 thousand. This includes CZK 474,269 thousand for staff salaries for 1 072 persons and CZK 20,459 thousand for other personnel costs;

- expenditure in the amount of **CZK 559,957 thousand** is allocated for participation in foreign operations for 2025 in accordance with the mandates approved by the Government of the Czech Republic, the Senate and the Chamber of Deputies of the Parliament of the Czech Republic. This, together with the personal mandated expenditure in the amount of CZK 781,381 thousand, represents the amount of **CZK 1,635,043 thousand**, i.e. 1.06 % of the total expenditure budget of the MoD chapter. The mandates are defined by Government Resolutions No. 674 and No. 675 of 2 October 2024;
- for the payment of the Czech Republic's membership contributions to international organizations, their programs and elements of the military structure, funds in the amount of **CZK 3,279,134 thousand** are planned;
- defence research and development expenditure in the amount of **CZK 454,323 thousand**. This amount is made up of expenditure from the EU budget of CZK 11,055 thousand and state budget funds CZK 443,268 thousand. State budget resources are divided up to the R & D classification: CZK 110,028 thousand for institutional support for the development of research workplaces of the Department of Defence and CZK 333,240 thousand for targeted support of areas in which the armed forces achieve significant results within NATO and the EU. Beyond RDI expenditure, CZK 86 million is earmarked for the NATO Innovation Fund. Its aim is to provide financial support to start-ups in the development of technologies relevant to the fulfilment of NATO's core tasks.

Operating expenditure – approved budget for 2024 and 2025 – Chart



Operating expenditure – approved budget for 2024 and 2025 – Table

Expenditure Category (in CZK mil)	Approved budget	
	2024	2025
Purchase of material	8,865	12,602
Water, fuel, energies	1,973	1,971
Services	6,501	7,593
Other Ependiture (repairs, travel expenses etc.)	6,946	6,729
Other non-investment expenditure (excluding the covered part of the Military Intelligence)	646	1
Total	24,931	28,894

USED ABBREVIATIONS

CTO	Czech Telecommunication Office
EDS/SMVS	Registration system of subsidies/Management of state-owned property
EU	European Union
GDP	Gross Domestic Product
GTA	General Treasury Administration
IISSP-RISPR	Integrated information system of the state treasury – Budget
MoF	Ministry of Finance
MoD	Ministry of Defense
MoT	Ministry of Transport
MoH	Ministry of Health
MoFA	Ministry of Foreign Affairs
MoI	Ministry of Interior
NATO	North Atlantic Treaty Organization

NSO	National Security Office
NOCIS	National Office for Cyber and Information Security
OPR	Office of the President of the Republic
RDI	Research, Development and Innovation
SAMR	State Administration of Material Reserves
UN	United Nations

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MINISTERSTVO OBRANY
ČESKÉ REPUBLIKY



VOJENSKÝ HISTORICKÝ ÚSTAV
PRAHA • KBELY • LEŠANY



Published by the Ministry of Defence of the Czech Republic – MHI Prague
Address: Military history Institute in Prague, U Památníku 2, 135 00 Praha 3
www.army.cz, www.vhu.cz

Prepared by the MHI Prague, the Presentation and production Department
Address: Rooseveltova 23, 161 05 Praha 6
Design and Layout: Andrea Bělohávková

Published from January 2025

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The ministry of Defence of the Czech republic – MHI Prague, 2025

