



# **BUDGET**

## **FACTS AND TRENDS 2021**

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**The 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 in order to inform the general public and partner nations about the basic data in the State Budget Chapter 307 – Ministry of Defence (MoD budget chapter) for the year 2021, including trends, structure, main expenditure categories and their proportions.

### **Main documents used for 2020 MoD Budget Draft preparation:**

- *Act No. 600/2019 Coll., on the Czech Republic State Budget for the year 2021, dated 18<sup>th</sup> December 2020,*
- *Act N. 288/2020 Coll., which set the deadline on the Czech Republic State Budget Draft for the year 2021 to the Government and Chamber Deputies of the Parliament of the Czech Republic, dated 14<sup>th</sup> June 2020,*
- *The Government Resolution No. 533 dated 11<sup>th</sup> May 2020, which set the deadline on The Czech Republic State Budget Draft for the year 2021 to the Government and Chamber Deputies of the Parliament of the Czech Republic,*
- *The Government Resolution No. 943 dated 21<sup>st</sup> September 2020, on the Czech Republic State Budget Draft - expenditure for research, experimental development and innovation for 2021 with the Mid-term Outlook for 2022 and 2023 and the Long-term Outlook until 2027,*

- *The Government Resolution No. 1054 dated 19<sup>th</sup> October 2020 on the Czech Republic State Budget Draft for the year 2021 including the Mid-term State Budget Outlook for the years 2022-2023,*
- *The 2019 Draft State Final Account – Chapter 307 – Ministry of Defence.*

The Draft 2021 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) and in accordance with Ministry of Finance's Instruction for the preparation of the 2021 Czech Republic State Budget and the Mid-term Outlook for the years 2022 and 2023 – Budget Chapter 307 – Ministry of Defence.

Deadlines for the preparation of the Draft State Budget and Mid-term Outlook were prepared in accordance with *Act No 288/2020 Coll., which set the deadline on the Czech Republic State Budget Draft for the year 2021 to the Government and Chamber Deputies of the Parliament of the Czech Republic.*

The MoD budget was compiled in accordance with the most efficient performance of all tasks assigned to the MoD. Expenditures are secured as a matter of priority for personal mandatory expenditures, expenditures for the implementation of strategic projects, expenditures related to the fulfilment of obligations towards NATO, obligations arising from the Czech Republic's membership in international organizations, expenditures associated with deployment of military forces in foreign operations.

The Chamber Deputies of the Parliament of the Czech Republic decided significantly to reduce *the Czech Republic State Budget Draft for the year 2021 and decreased the draft of MoD expenditures by the total amount of CZK 10 billion.* These funds were transferred to the General Treasury Administration chapter. The reduction of the MoD budget had a major impact to the area of expenditures planned to

ensure the multi-area investment needs of the MoD, which are being prepared in the long term.

The Government of the Czech Republic promised to return funds the MoD budget after the budget breakdown in 2021. At the beginning of the year 2021, based on the government's budget pledge, MoD requested a strengthening of CZK 10 billion. These funds were transferred from the General Treasury Administration chapter to the MoD budget on the basis *The Government Resolution No. 77 dated 27<sup>th</sup> January 2021* and *The Government Resolution No. 336 dated 29<sup>th</sup> March 2021*

Adjusting the MoD budget to the original amount allows the continuation of performance tasks arising from approved conceptual and other documents as well as extraordinary tasks associated with the deployment of military personnel and the involvement of military medical facilities in solving the COVID pandemic.

Basic parameters of the 2021 Czech Republic State Budget Draft and the Mid-term Outlook for the years 2021 and 2023 – Budget Chapter 307 – Ministry of Defence were finally as follows:

<b>Year</b>	<b>Initial budgetary limits<sup>*)</sup></b>		<b>Government proposal<sup>**)</sup></b>		<b>Approved budget (strengthened budget) <sup>***)</sup></b>	
<b>CZK thousand</b>	<b>Total revenues</b>	<b>Total expenditures</b>	<b>Total revenues</b>	<b>Total expenditures</b>	<b>Total revenues</b>	<b>Total expenditures</b>
<b>2021</b>	<b>5 643 598</b>	<b>85 353 736</b>	<b>5 453 513</b>	<b>85 359 897</b>	<b>5 453 513</b>	<b>85 359 897</b>
<b>2022</b>	<b>5 898 195</b>	<b>95 160 000</b>	<b>5 624 197</b>	<b>95 159 989</b>	<b>5 624 197</b>	<b>95 159 989</b>
<b>2023</b>	<b>6 093 835</b>	<b>95 730 000</b>	<b>5 724 822</b>	<b>101 700 000</b>	<b>5 724 822</b>	<b>101 700 000</b>

*\*) The Government Resolution No. 533 dated 11<sup>th</sup> May 2020, which set the deadline on The Czech Republic State Budget Draft for the year 2021 to the Government and Chamber Deputies of the Parliament of the Czech Republic/*

*\*\*) The Government Resolution No. 1054 dated 19<sup>th</sup> October 2020 on the Czech Republic State Budget Draft for the year 2021 including the Mid-term State Budget Outlook for the years 2022-2023*

*\*\*\*) Act No. 600 /2019 Coll., on the Czech Republic State Budget for the year 2021, dated 18<sup>th</sup> December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27<sup>th</sup> January 2021 and The Government Resolution No. 336 dated 29<sup>th</sup> March 2021*

The MoD budget has been compiled in such a way as to enable it to carry out all task assigned to the MoD as efficiently as possible within the allocated resources.

Total Expenditure Limit of the MoD budget chapter for the year 2021 was set in amount

of CZK 85,360 million, i.e. 17,58 % higher compared to approved budget in 2020 (CZK 72,600 million). Further increase is planned for the Mid-term Outlook, growth of 11,48 % in 2022 compared to 2021 and growth of 19,14 % in 2023.

The Budget Draft and the Mid-term Outlook include a total expenditure growth of the Ministry of Defence by almost 10 CZK billion each year compared to the previous year, i.e. almost 16 CZK billion for the year 2023. These amounts allow the Ministry of Defence to substantially strengthen the area of investment, while the bulk of it is allocated in accordance with the Concept of Build-Up of the Army of the Czech Republic in order to meet the needs of the Army of the Czech Republic.

Expenditure Budget Draft and Mid-term Outlook of the MoD budget chapter for the years 2021-2023 present an increasing trend in nominal value and also in defence expenditures as a share of GDP. Defence expenditures as a share of predicted GDP in a time of State Budget Draft for the year 2021 submission for approval is supposed to be 1,45 %, for the year 2022 1,56 % and for the year 2023 1,60 %. It means that expenditure amounts of Budget Proposal and Mid-term Outlook comply with Government Policy Statement which declares pledge to achieve defence expenditures in amount of 1.4 % of GDP till the year 2021.

Nevertheless, it must be stated, that the growth rate of defence spending set in the Mid-term is not sufficient to meet the Czech Republic political commitment to NATO in 2014, achieving a share of defence spending in GDP of 2 % in 2024.

The total revenues of the MoD chapter in the amount of CZK 5,453.513 thousand for 2021 are higher by CZK 60.328 thousand compared to 2020, i.e. by 1,12%.

Non-tax revenues, capital revenues and received transfers in the total amount of CZK 365.716 thousand include non - tax revenues in the total amount of CZK 258.609 thousand (funds from own activities, from property rental, income from sale of short - term and small long - term assets and other

non - tax revenues), received transfers from EU sources in the total amount of CZK 43.907 thousand (non - investment transfers from the National Fund - pre - financed and investment transfers from the National Fund originating from the EU), capital revenues in the total amount of CZK 63.200 thousand (income from the sale of land, other real estate and other tangible fixed assets).

Tax revenues in the total amount of CZK 5,087.697 thousand include pension insurance in the amount of CZK 4,551.294 thousand and health insurance and a contribution to the state employment policy in the amount of CZK 536.403 thousand. Other tax revenues in the amount of CZK 100 thousand represent revenues from taxes and fees from selected activities and services (e.g. administrative fees connected with the Act No. 634/2004 Coll. for issued permissions and decisions at the district office of a military district).

The total expenditures of the MoD chapter in the amount of CZK 85,359.897 thousand for 2021 are higher by CZK 12,759.531 thousand, i.e. by 17,58 %. Structure of expenditures of the 2021 budget in the amount approved by the Act on the State Budget, as amended, broken down into basic areas of expenditures:

The 2021 Budget Draft expenditure structure – main expenditure areas:

	Approved budget	Strengthened budget 2021
<b>1. Total MoD expenditures(in CZK million)</b>	75 360	85 360
<i>Out of which: personal mandatory expenditures of the state organizational unit (incl. pensions, social benefits)</i>	28 383	36 348
<i>Programme financing – State Subsidy System of State/Property Management in State ownership (EDS/SMVS)</i>	25 069	25 069
<i>Other expenditures(current expenditures and capital expenditures outside EDS/SMVS)</i>	21 908	23 943
<b>2. Total MoD expenditures index 2021/2020</b>	1,04	1,18



The MoD budget for 2021 is allocated to seven expenditure blocks – specific indicators. Expenditure blocks are the highest level of aggregation of goals of the Ministry of Defence, the organization structure is a tool for their fulfilment.

Selected expenditure areas in the approved 2021 MoD budget:

**Salaries, other payments related to performed work, compulsory insurance and contribution to the Cultural and Social Needs Fund (CSNF) paid by the employer, the number of personnel used for the MoD budget preparation.** The funds committed for this area amount CZK 24,958.509 thousand, i.e. by 29,24 % of total MoD expenditure.

**Programme financing.** Total expenditure limit of CZK 25,068.650 thousand was set in this area (including CZK 30.011 thousand of EU funds).

**Expenditures for missions abroad.** In accordance with the Government Resolution No. 550 dated 4<sup>th</sup> April 2020, concerning the Plan of MoD Forces and Assets Deployment in Foreign Operations in 2021-2022 with the Outlook for 2023, the amount of CZK 2,014.704 thousand was earmarked for ACR participation in missions abroad in 2021 (i.e. 2,36% of total MoD expenditure).

**Research and development expenditures.** CZK 413.143 thousand was earmarked for defence research and development support 3 ongoing programme. CZK 94.903 thousand was earmarked for the institutional support within the programme 907930 MoD research institutes development, of which CZK 83.269 thousand is earmarked for the institutional support of research organizations and CZK 3.100 thousand for other research, development and innovation activities support. Institutional support for international cooperation amounting CZK 8.534 thousand is included (operating expenditures for international projects and programmes insert the auspices of EDA). Within a specific support, the amount of CZK 318.240 thousand is earmarked for two armed forces development programmes.

**Expenditure on projects co-financed by the EU budget.** CZK 51.449 thousand was allocated for the projects within the individual EU operational programmes, of which CZK 7.542 thousand is covered by the MoD budget and CZK 43.907 thousand by EU funds.

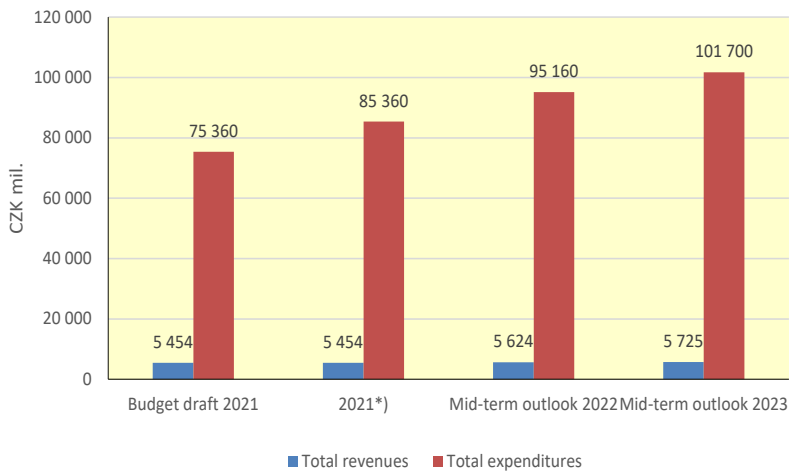
**CZK 6.681 thousand is allocated for social prevention and crime prevention programme and CZK 760 thousand for drug policy programme in 2021.**

**Ensuring preparation for crisis situations according to Act. No 240/2000 Coll.** in the total amount CZK 967 thousand.

**On-vote organizations established by MoD.** The Ministry is the founder of 9 on-vote organizations. Total contribution of CZK 2,829.945 thousand for 2021 was earmarked, of which CZK 2,457.507 thousand is the operating part and CZK 372.438 thousand is the investment part.

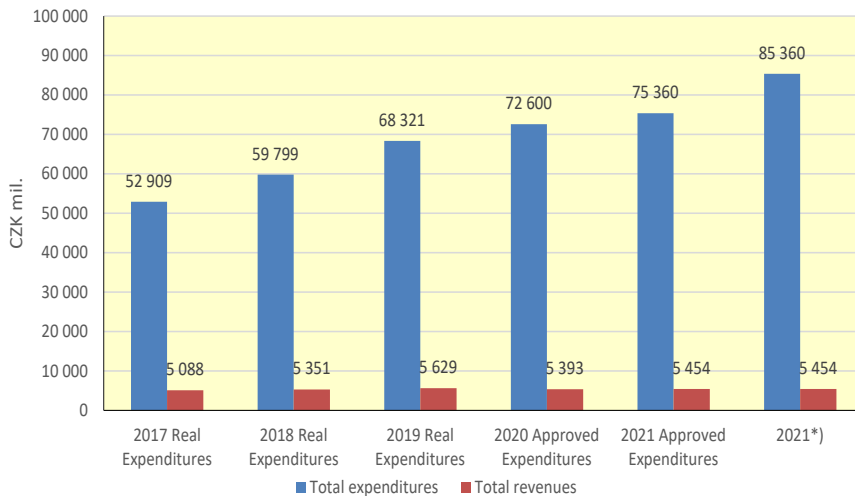
Summary for the basic of the 2021 MoD draft budget parameters and development trends are presented in the following tables and graphs.

## 2021 MoD budget drafts on previous 2022-2023 Mid-term Outlooks



\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021

## Development of the MoD Budgetary Revenues in 2017-2021



\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021

## Comparison of Basic Macroeconomic Indicators

	2020	2021	2021**)	Index 2021**)/2020
Gross domestic product(in CZK billion*)	5 530,00	5 874,00	5 874,00	1,06
Expenditures of the State Budget (in CZK billion)	1 688,32	1 808,34	1 808,34	1,07
Total MoD expenditures (in CZK billion)	72,60	75,36	85,36	1,18
Inflation rate (in %)*)	3,2	1,9	1,9	0,59
MoD expenditures as a % share on GDP	1,31	1,28	1,45	1,11
MoD expenditures as a % share on the State Budget Expenditures	4,30	4,17	4,72	1,10

\*) source: Macroeconomic prediction of the Czech Republic issued by the MoF ( January 2021)

\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021

## Basic Data on the State Budget - MoD Budget Chapter

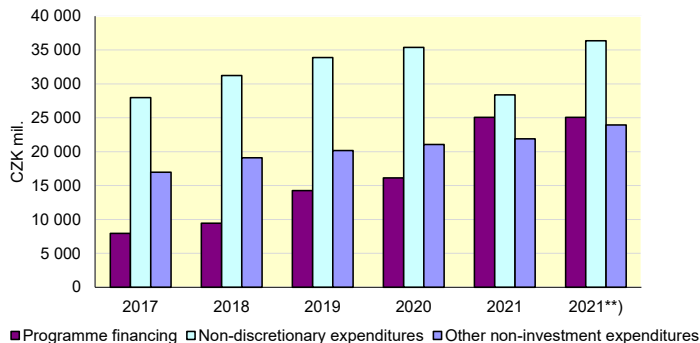
CZK million

Expenditures	Approved Budget*)			Index 2021**)/2020
	2020*)	2021*)	2021**)	
<b>I. Total capital expenditures</b>	<b>14 616,0</b>	<b>22 536,0</b>	<b>22 536,0</b>	<b>1,54</b>
<b>II. Total operating expenditures</b>	<b>57 984,0</b>	<b>52 824,0</b>	<b>62 824,0</b>	<b>1,08</b>
II.1. Employee's salaries and other payments for contract work	17 917,0	17 239,1	18 196,0	1,02
II.2. Retirement pensions and other social benefits	6 593,0	1 998,0	6 762,0	1,03
II.3. Non-discretionary employer-paid insurance and allocation to CSNF	7 789,0	8 149,0	8 149,0	1,05
II.4. Non-investment subsidies to on-vote MoD organizations	2 341,0	2 464,0	2 464,0	1,05
II.5. Non-investment subsidies to enterprises	371,0	323,0	323,0	0,87
II.6. Other material non-investment expenditures	22 973,0	22 650,9	26 930,0	1,17
<b>III. Total MoD expenditures ( I. + II.)</b>	<b>72 600,0</b>	<b>75 360,0</b>	<b>85 360,0</b>	<b>1,18</b>
<i>MoD expenditures (based on constant prices of the year 2011)</i>	<i>67 025,2</i>	<i>68 276,0</i>	<i>77 336,0</i>	<i>1,15</i>
<b>Revenues (in CZK million)</b>				
IV.1. Insurance revenues and other tax revenues	5 019,4	5 088,0	5 088,0	1,01
IV.2. Non-tax revenues, capital revenues and transfers received	373,8	366,0	366,0	0,98
<b>IV. Total MoD revenues (IV.1. + 2.)</b>	<b>5 393,2</b>	<b>5 454,0</b>	<b>5 454,0</b>	<b>1,01</b>
<b>RESULTING BUDGET BALANCE</b>	<b>67 206,8</b>	<b>69 906,0</b>	<b>79 906,0</b>	<b>1,19</b>

\*) Act No. 355/2019 Coll., dated 4th December, on the 2020 Czech Republic State Budget, Act No. 600/2020 Coll., dated 18th December, on the 2021 Czech Republic State Budget

\*\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021

## Structure of the MoD Budgetary Expenditures 2017 až 2021

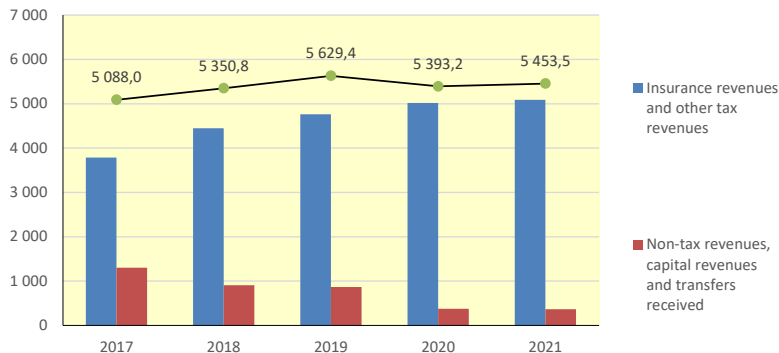


Expenditure category (CZK mil.)	Real expenditures *)			Approved Expenditures		
	2017	2018	2019	2020	2021	2021**)
Programme financing	7 953,5	9 443,8	14 252,9	16 141,6	25 068,7	25 068,7
Non-discretionary expenditures	27 983,5	31 241,5	33 888,9	35 392,7	28 383,5	36 347,9
Other non-investment expenditures	16 971,7	19 114,1	20 179,2	21 066,1	21 907,7	23 943,3

\*) including extrabudgetary resources and carry forwards

\*\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021

## Development of the MoD Budgetary Revenues in 2017-2021

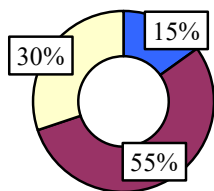


	Real expenditures			Approved expenditures	
	2017	2018	2019	2020	2021
Insurance revenues and other tax revenues	3 787,9	4 445,6	4 760,5	5 019,4	5 087,8
Non-tax revenues, capital revenues and transfers received	1 300,1	905,2	868,9	373,8	365,7
<b>TOTAL REVENUES</b>	<b>5 088,0</b>	<b>5 350,8</b>	<b>5 629,4</b>	<b>5 393,2</b>	<b>5 453,5</b>

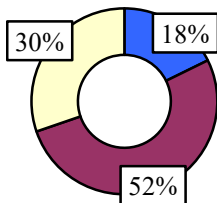


## Development of Proportions among Main MoD Expenditures in 2018-2021

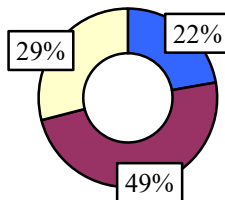
Approved expenditures 2018



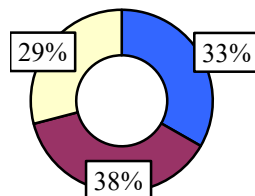
Approved expenditures 2019



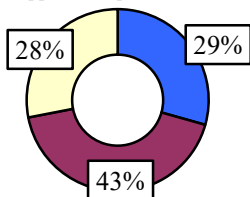
Approved expenditures 2020



Approved expenditures 2021



Approved expenditures 2021\*\*)

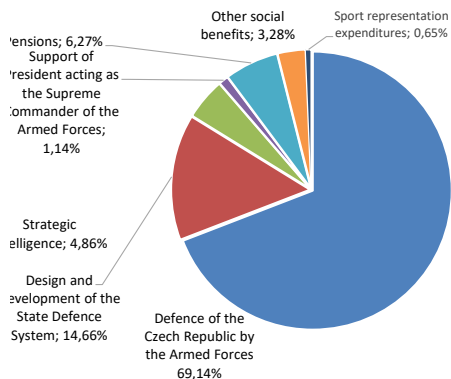


	Real expenditures *)		Approved expenditures		
	2018	2019	2020	2021	2021 **)
Property reproduction programmes	8 540,3	11 490,8	16 141,6	25 068,7	25 068,7
Salaries, insurance, allocation to CSNF and social benefits	31 019,6	33 697,0	35 392,7	28 383,5	36 347,9
Other expenditures	17 063,0	19 606,5	21 066,1	21 907,7	23 943,3

\*) excluding extrabudgetary and carry forwards

\*\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021

## MoD 2021 approved budget structured in accordance with objective based budget structure Breakdown by 1st level objectives („expenditure blocks“)



1st level objectives	Approved amount	Approved amount*)	Share on total amount
Defence of the Czech Republic by the Armed Forces	50 001 556 287	59 021 661 481	69,14%
Design and Development of the State Defence System	11 532 575 105	12 512 469 911	14,66%
Strategic Intelligence	4 148 260 000	4 148 260 000	4,86%
Support of President acting as the Supreme Commander of the Armed Forces	975 494 858	975 494 858	1,14%
Pensions	5 350 000 000	5 350 000 000	6,27%
Other social benefits	2 799 000 000	2 799 000 000	3,28%
Sport representation expenditures	553 010 607	553 010 607	0,65%
<b>Total</b>	<b>75 359 896 857</b>	<b>85 359 896 857</b>	

\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021

## Structure of 2020 MoD Operating Expenditures

CZK million

	2021	2021**)
Budget	75 360	85 360
Capital expenditures	22 536	22 536
<b>Operating expenditures *)</b>	<b>52 824</b>	<b>62 824</b>
<b>I. Non-discretionary expenditures</b>	<b>28 383</b>	<b>36 347</b>
<b>1.Salaries, other payments related to performed work and directly related expenditures</b>	<b>19 237</b>	<b>24 958</b>
a) Salaries	16 593	16 593
b) Other payments related to performed work	646	1 603
c) Insurance	1 666	6 430
d) CSNF	332	332
<b>2.Other non-discretionary expenditures</b>	<b>9 146</b>	<b>11 389</b>
a) Social benefits	8 149	8 149
b) Housing allowance, stabilization allowance	959	3 202
c) Other (scholarship etc.)	38	38
<b>II. Other operating expenditures</b>	<b>24 441</b>	<b>26 477</b>
1. Current life support	18 411	18 463
2. Transfers and Subsidies	3 161	3 161
3. Other operating expenditures	2 869	4 853

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

\*\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021



## MANDATORY PERSONAL EXPENDITURES

(pensions and social benefits included)

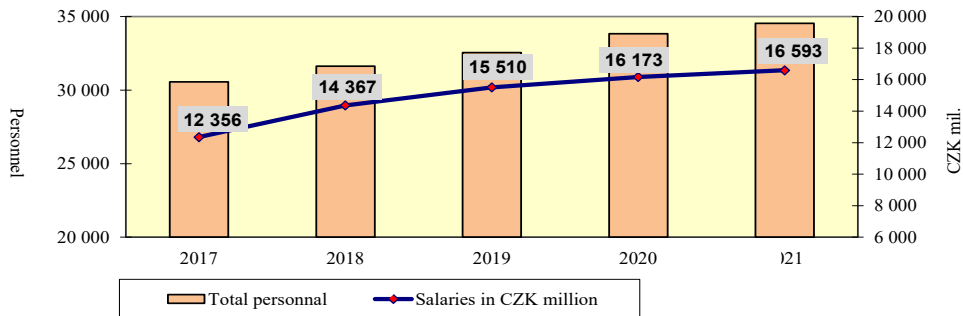
Mandatory personal expenditures represent 42,58 % (CZK 36,347.929 thousand) of the total 2021 MoD expenditures of which 22,42 % (CZK 8,149.000 thousand) are pensions and social benefits. Compared to previous year, there is a relatively significant reduction in this share, which is due to the fact that due to the worsened economic situation in 2020 due to the spread of COVID - 19 pandemic is reducing the planned recruitment of professional soldiers. Major part is allocated for mandatory expenditure in relation to staff (salaries, other payments related to performed work, compulsory insurance and contribution to the Cultural and Social Needs Fund (CSNF) paid by the employer, stabilization allowance and housing allowance, etc.). The number of personnel used for the MoD budget preparation is 35 582, 5 of which 34 537, 5 for the state organizational unit and 1 045 for on-vote organizations.

The number of employees is influenced by the gradual increase of the number of personnel in line with the Concept of Build-Up of the Army of the Czech Republic.

The funds committed for this area amount CZK 18,196.433 thousand, is allocated for salaries (CZK 16,592.889 thousand), salary of On-Vote organizations established by the MoD under the MoF regulation in the amount of CZK 417.767 thousand. The number of personnel used for the MoD budget preparations 35 582, 5 of which 34 537, 5 for the state organizational unit and 1 045 for on-vote organizations.

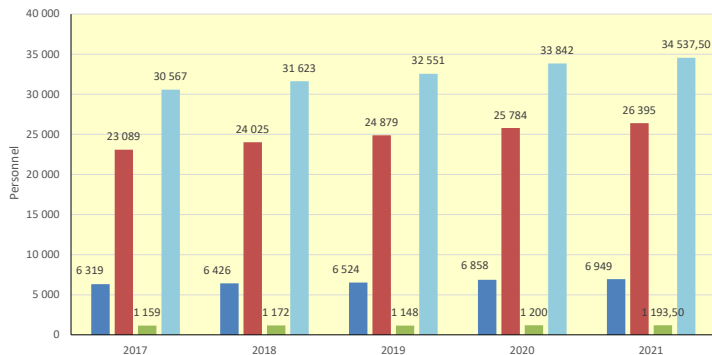
## Personnel and Salaries at the MoD in 2017-2021

(excluding On-Vote organizations)



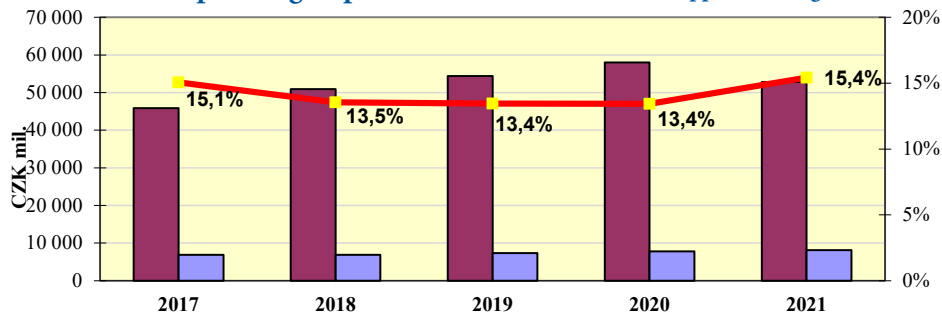
Personnel Category	Reality			Plan	
	2017	2018	2019	2020	2021
MoD positions under the Labour Code	6 319	6 426	6 524	6 858	6 949
Professional soldiers	23 089	24 025	24 879	25 784	26 395
MoD service positions under the Civil Service Act	1 159	1 172	1 148	1 200	1 193,50
<b>Total personnel</b>	<b>30 567</b>	<b>31 623</b>	<b>32 551</b>	<b>33 842</b>	<b>34 537,50</b>
<b>Salaries in CZK million</b>	<b>12 356</b>	<b>14 367</b>	<b>15 510</b>	<b>16 173</b>	<b>16 593</b>

## Development of MoD Personnel Number in 2017-2021



		Reality			Planned numbers	
		2017	2018	2019	2020	2021
	MoD position under the Labour Code	6 319	6 426	6 524	6 858	6 949
	Professional soldiers	23 089	24 025	24 879	25 784	26 395
	MoD services positions under the Civil Service Act	1 159	1 172	1 148	1 200	1 193,50
	<b>Total personnel</b>	<b>30 567</b>	<b>31 623</b>	<b>32 551</b>	<b>33 842</b>	<b>34 537,50</b>

## Expenditures for Pensions and Other Social Benefits as a % share of the Total MoD Operating Expenditures in 2017 - 2021 (approved budgets)



Operating expenditures \*)  
 Pensions and social benefits  
 Pensions and social benefits as a % share of the total operating expenditures

	2017	2018	2019	2020	2021	2021**)
Operating expenditures *)	45 838,1	50 907,5	54 393,0	57 984,0	52 824,0	52 824,0
Pensions and social benefits	6 908,0	6 892,0	7 315,0	7 789,0	8 149,0	8 149,0
<b>Pensions and social benefits as a % share of the total operating expenditures</b>	<b>15,1%</b>	<b>13,5%</b>	<b>13,4%</b>	<b>13,4%</b>	<b>15,4%</b>	<b>15,4%</b>

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

\*\*) Act No. 600 /2020 Coll., on the Czech Republic State Budget for the year 2021, dated 18th December 2020 strengthened by CZK 10 billion in 2021 by The Government Resolution No. 77 dated 27th January 2021 and The Government Resolution No. 336 dated 29th March 2021



## PROGRAMME FINANCING EXPENDITURES

Based on Act No. 600/2020 Coll., on the Czech Republic State Budget for 2021, programme financing budgetary expenditure is approved in the amount of CZK 25,068.650 thousand (EU funds CZK 30.011 thousand included).

Expenditure registered in the programme financing information system EDS/SMVS for 2021 is calculated within 18 property reproduction programmes. The amount of CZK 12.000 thousand is allocated for subsidy titles and CZK 25,056.650 thousand for expenditure titles. In line with the Budget Structure the expenditure registered in the programme financing IS are divided as follows:

- Capital expenditures CZK 22,343.143 thousand, i.e. 89,13 % of total expenditures,
- Operating expenditures CZK 2,725.507 thousand, i.e. 10,87 % of total expenditures (of which 60 % is for supersonic aircraft JAS-39 C/D Gripen lease).

New investment activities represent 39,46 % (CZK 9,891.952 thousand) and ongoing activities represent 60,54 % (CZK 15,176.698 thousand) of total programme financing limit.

27 main investment activities are planned in 2021 with the assumed total expenditures exceeding CZK 200 million for the life cycle. These main activities are supposed to be financed in the form of individually assessed expenditures of the organizational unit of the state.

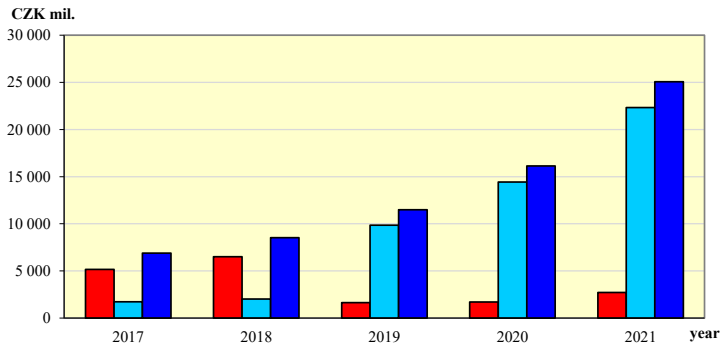
The amount of CZK 16,017.448 thousand was allocated for these main activities (representing 63,89 % of programme financing activities in 2021) within the following programmes:



- Land Force Strategic Programme
- Land Force Command and Control Mobile Communication Device Compatibility
- Air Force Sustainability and Development Strategic Programme
- Air Force Sustainability and Development
- Communication and Information Support Sustainability and Development
- Supersonic Aircraft Sustainability and Development
- Logistics Capabilities Sustainability and Development
- Management of the MoD Civilian-Administrative Part and State On-Vote Organizations.

The total amount for the property reproduction programmes for the year 2021 is CZK 25,879.162 thousand. This amount is covered by: the MoD budgetary resources amounting CZK 25,038.639 thousand, EU structural funds amounting CZK 30.011 thousand, reserve fund CZ 375.802 thousand (of which CZK 109.662 thousand are NATO funds), programme participant own resources (CZK 119.492 thousand) and other domestic funds (expenditures budgeted in the New Green Savings Programme) amounting CZK 15.218 thousand.

## Comparison of Programme Financing Expenditures in 2017-2021

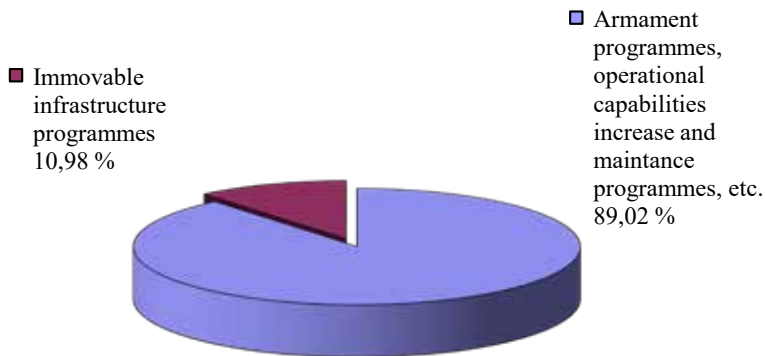


CZK million

		Real expenditures*)			Approved expenditures	
		2017	2018	2019	2020	2021
<span style="display:inline-block; width:15px; height:15px; background-color:red;"></span>	Capital expenditures	5 163,6	6 518,1	1 628,9	1 706,5	2 725,6
<span style="display:inline-block; width:15px; height:15px; background-color:cyan;"></span>	Operating expenditures	1 720,9	2 022,2	9 861,9	14 435,1	22 343,1
<span style="display:inline-block; width:15px; height:15px; background-color:blue;"></span>	<b>Total</b>	<b>6 884,5</b>	<b>8 540,3</b>	<b>11 490,8</b>	<b>16 141,6</b>	<b>25 068,7</b>

\*)excluding extrabudgetary and carry forwards

## Breakdown of Programme Financing Expenditures in 2021



CZK million		
Armament programmes, operational capabilities increase and maintenance programmes, etc.	22 317,1	89,02%
Immovable infrastructure programmes	2 751,6	10,98%
<b>Total</b>	<b>25 068,7</b>	<b>100,00%</b>

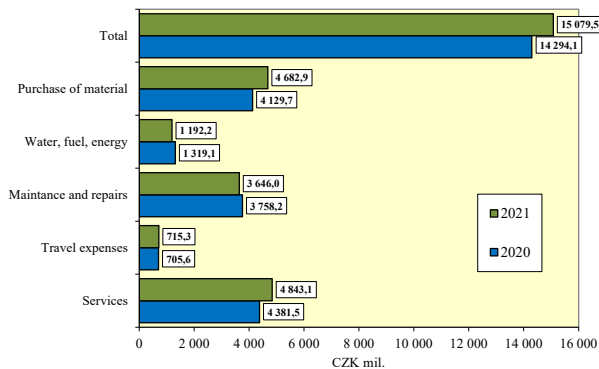


## OPERATING EXPENDITURE

The MoD operating expenditures for the year 2021 (including related operating expenditures of programme financing and defence research, development and innovation expenditures) were approved in the amount of CZK 23,943.670 thousand, which represents 29,07% of the total MoD budget expenditures.

These expenditures will be used to ensure the operability of equipment, purchase of material and services to provide training, provision of facilities (serviceable real estate), purchase of water, fuels and energy, etc. Furthermore, these funds will be used for foreign activities arising from international obligations, including missions abroad, for the participation of staff units in military exercises in the country and abroad, to ensure the activities of foreign workplaces, to ensure the activities of Military Intelligence and for subsidies, transfers and contributions (especially transfers and contributions to NATO, EU budgets, etc.). Another part of these funds will also be used to ensure the activities of on-vote organizations established by the Ministry of Defence to perform specific tasks for the benefit of the Ministry.

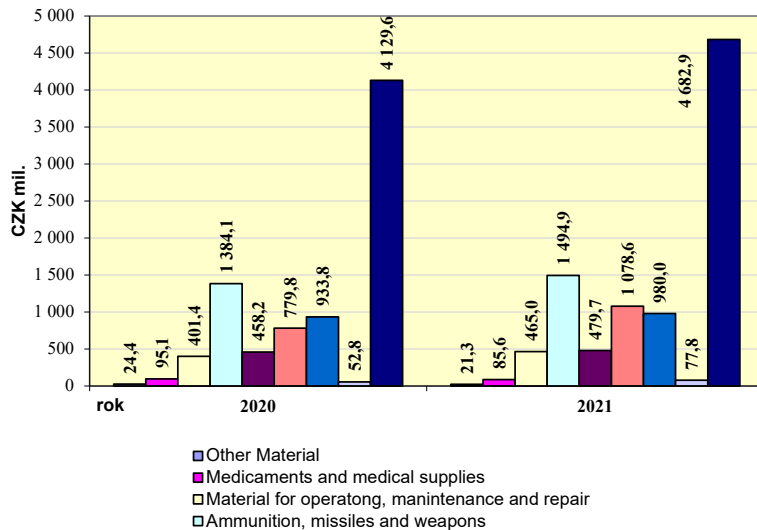
## Comparison of Main Categories of Non-investment (Operating) Expenditures in 2020-2021 (approved budgets, excl. operating expenditures of programme financing)



CZK mil.

Druh výdaje	2020	2021
Services	4 381,5	4 843,1
Travel expenses	705,6	715,3
Maintenance and repairs	3 758,2	3 646,0
Water, fuel, energy	1 319,1	1 192,2
Purchase of material	4 129,7	4 682,9
<b>Total</b>	<b>14 294,1</b>	<b>15 079,5</b>

## Comparison of expenditures allocated for Purchase of Material in 2019-2020 (approved budgets excluding Programme Financing expenditures)



\*) oprotective equipment, schoolbooks, books and school supplies provided for free



## USED ABBREVIATIONS

ACR	Armed Forces of the Czech Republic
CSNF	Cultural and Social Needs Fund
GDP	Gross domestic product
EDS/SMVS	Registration system of subsidies/Management of state-owned property
MoD	Ministry of Defence of the Czech Republic
NATO	North Atlantic Treaty Organisation
EU	European Union
UN	United Nations
MoF	Ministry of Finance



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## Budget – Facts and Trends 2021

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