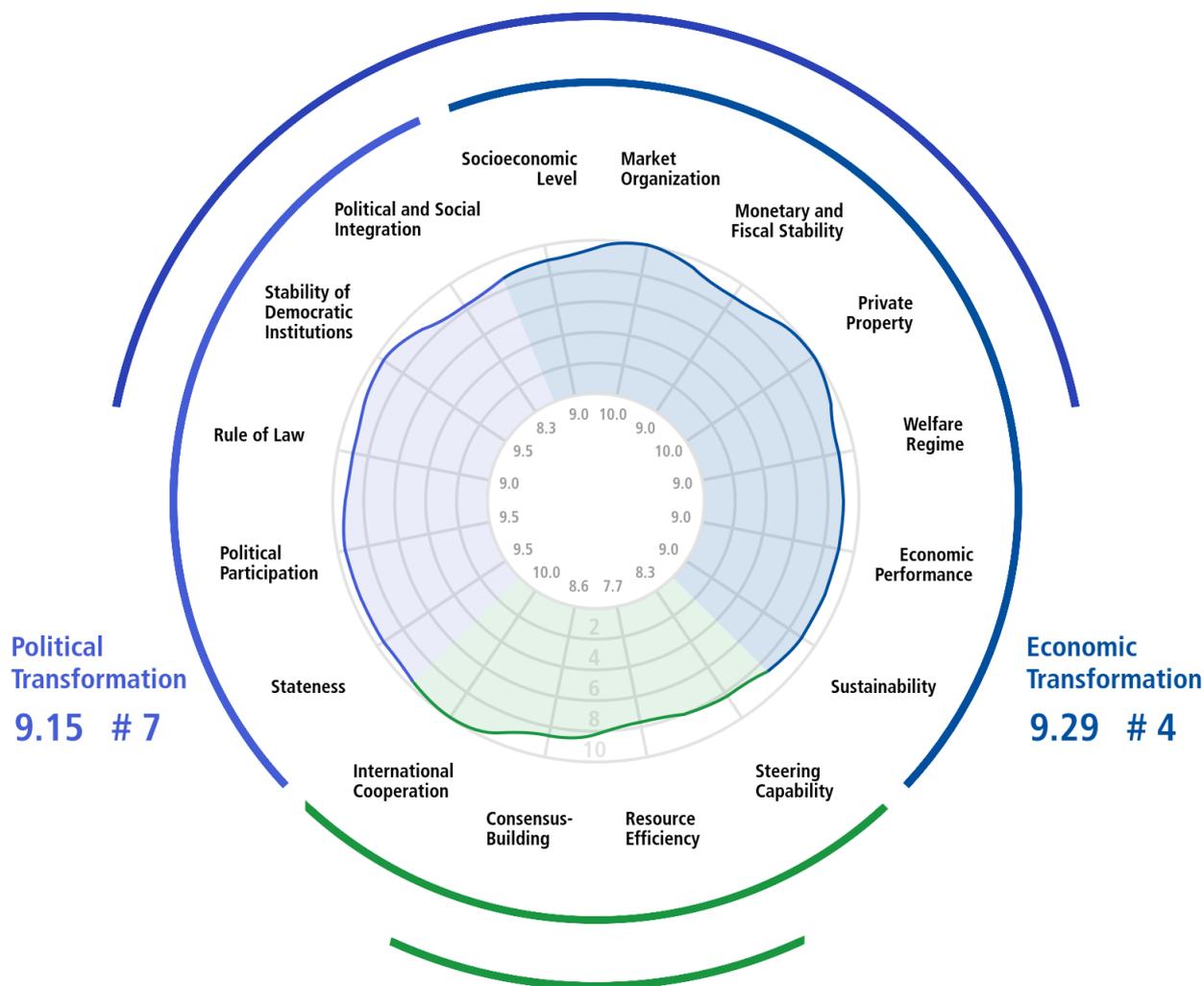


Czechia

Status Index

9.22 # 4

on 1-10 scale out of 137



Political Transformation
9.15 # 7

Economic Transformation
9.29 # 4

Governance Index

7.04 # 7

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2026 Country Report – Czechia. Gütersloh: Bertelsmann Stiftung, 2026.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Sebastian Plate

Phone +49 5241 81 81263
sebastian.plate@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	10.9	HDI	0.915	GDP p.c., PPP \$	56806
Pop. growth ¹	% p.a.	0.2	HDI rank of 193	29	Gini Index	25.7
Life expectancy	years	79.9	UN Education Index	0.899	Poverty ³	% 0.1
Urban population	%	74.7	Gender inequality ²	0.088	Aid per capita	\$ -

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Overlapping crises deepened economic inequality and social divisions in Czechia, fueling greater anti-establishment mobilization in presidential, European, Senate and regional elections during the period from 2023 to 2024. Additionally, protesters have become more radicalized, leading to the emergence of new nativist, euroskeptic and welfare-chauvinist populist parties, as well as the strengthening of the sovereigntist movement.

The 2023 election of Petr Pavel as president marked a significant political and symbolic turning point for Czechia. With the highest turnout rate since 2002 and a decisive 58% to 42% victory over populist former Prime Minister Andrej Babiš, Pavel's win was framed as a triumph of civility and pro-democratic values over disinformation and fear-mongering. His campaign evoked the legacy of Václav Havel and mobilized voters across generational and geographic divides. Pavel's presidency brought a return to predictable, pro-European and pro-NATO foreign policy. His early outreach to Slovakia, Ukraine, Poland and Brussels stood in stark contrast to the isolationism of his predecessors. Pavel's election momentarily unified centrist and liberal forces, leaving over 2.4 million Babiš voters politically unmoored. Pavel's attempts to bridge this divide through outreach to structurally disadvantaged regions underscored his anti-populist and inclusive stance.

In his failed 2023 presidential bid, Babiš exploited fears and welfare grievances tied to the war in Ukraine and perceptions of Ukrainian refugees, expanding his electoral coalition by incorporating the radical fringes from both left and right. His Action of Dissatisfied Citizens or ANO party remains the dominant opposition force, competing with the radical-right Freedom and Direct Democracy (SPD) party and extraparliamentary populist movements, while potentially needing their support for a post-2025 governing coalition.

Following their 2023 electoral defeat, the Communists shifted toward welfare chauvinism by aligning with nativist fringe groups under the new coalition Stačilo! (Enough!). Meanwhile, the Social Democrats struggled to regain relevance. Under the leadership of Jana Maláčová and

inspired by the French left's 2024 broad coalition, they attempted to negotiate an electoral alliance with the Communists. However, this move further fragmented the party, as many longtime Social Democrats viewed it as a betrayal of long-standing principles and left the party. The negotiations ultimately failed, leaving the Social Democrats without a coalition partner, a solid membership base or a clear program for the 2025 general elections. Similarly, after a series of electoral defeats that resulted in its departure from the government, the Pirate Party replaced its leadership and launched an attempt to reinvent itself. The reduction in the governing majority – from 108 to 104 votes – did not change the balance of power between the government and the opposition.

Unlike the Social Democrats, the Pirates retain an electoral base among liberal voters who are critical of the current government but remain committed to democracy. By selecting the pragmatic former Prague Mayor Zdeněk Hřib as its new leader, the party has a chance to appeal to liberal voters dissatisfied with the Fiala government.

The country's economic situation remains precarious, with GDP growth stalled at only 1% in 2024. Wages remain low. Combined with high energy prices in 2023, inflation and rising housing costs, these factors have led to a decline in living standards for the previously comparatively secure middle class. Efforts to reduce the budget deficit and lower the public debt – while simultaneously managing increased spending due to Russia's war in Ukraine – have resulted in cuts to education and to research and development as a share of GDP. These cuts, alongside the high levels of mandatory spending, undermine future economic growth. One area of success has been highway construction via a public-private partnership model, but further efforts are needed. Reducing regulatory burdens with regard to new construction and housing projects will be crucial in addressing transportation and housing shortages.

The process of integrating refugees into the labor market is ongoing and has been largely successful. However, most refugees are employed below their skill levels, leading to growing dissatisfaction among refugees and declining levels of public support among Czech citizens. Given the country's lack of significant mineral resources and high energy costs, its high-employment/low-wage economic model – which mostly benefits transnational corporations – should be reconsidered.

The war in Ukraine has pushed Czechia – previously a passive player in the European Union and NATO – to take a more proactive role. Its 2022 EU Council presidency marked a shift toward increased cooperation with EU partners – particularly the Netherlands – in securing liquefied petroleum gas (LPG) supplies to replace Russian imports. However, adoption of the euro as the country's currency remains uncertain, and euroskepticism remains strong. Within NATO, Czechia has also taken on a more active role, building international alliances and leading initiatives such as securing and purchasing ammunition for Ukrainian forces. The Czech defense industry has contributed significantly to Ukraine's military modernization, with a notable rise in drone production, partially funded through citizen donations.

History and Characteristics of Transformation

The transformation of Czechoslovakia was part of the broader political changes in East-Central Europe between 1988 and 1989. The end of the Cold War caught the economically stable but politically rigid communist regime off guard. Opposition representatives formed the Civic Forum (OF), which negotiated the transition after the Communist Party relinquished its monopoly on power on November 28, 1989. Members of OF were integrated into the Czechoslovak National and Federal Assemblies. The parliament elected dissident Václav Havel president, while Alexander Dubček, the symbol of the Prague Spring (1968), became speaker of the Federal Assembly.

The country's transformation involved political and economic changes, as well as a redefinition of statehood, culminating in the Velvet Divorce with Slovakia in 1992. Czechia joined NATO in 1999 and the European Union in 2004. Accession to the IMF and World Bank in 1993 provided credit guarantees essential for economic reforms, which proceeded in four phases: sharp economic decline (1990 – 1993), strong growth (1994 – 1996), recession (1997 – 1999) and recovery in 2000. The global economic crisis of 2008 had a delayed but substantial impact. Between 2016 and 2019, the economy rebounded, achieving the lowest level of unemployment in the European Union, a decrease in public debt and a budget surplus (2017 – 2019). This changed in 2020 when the government deficit reached CZK 368 billion (€14 billion) due to the impact of the COVID-19 pandemic. While public debt grew, the unemployment rate remained low. Since 2022, Prime Minister Petr Fiala's government has sought to address the budget deficit while facing challenges posed by the Russian war on Ukraine, including an influx of refugees, skyrocketing energy prices and inflation.

Two major figures shaped the country's democratization. Václav Havel, a former dissident and Charter 77 leader, served as president of Czechoslovakia (1990 – 1992) and Czechia (1993 – 2003). Václav Klaus, an economist and a key figure in OF, later led the Civic Democratic Party and served as prime minister, speaker of parliament and president (2003 – 2013). Representing contrasting visions – respectively representative (party-based) democracy versus participatory democracy – their rivalry shaped Czech politics, creating a polarized system marked by ideological and personal conflicts.

Two other figures dominated the political sphere between 2013 and 2023: Miloš Zeman and Andrej Babiš. Zeman (president from 2013 to 2023) was a longtime leader of the Czech Social Democratic Party (ČSSD), speaker of the lower house (1996 – 1998), and prime minister (1998 – 2002). In 2003, ČSSD infighting cost him the presidency, which was instead won by Klaus. Zeman later founded the Citizens' Rights Party – Zemanites and became a close ally of Babiš, a billionaire turned populist prime minister. Babiš founded the Action of Dissatisfied Citizens (ANO) party in 2011, winning an 18.7% share of the vote in 2013 on an anti-establishment, anti-corruption platform. He joined the Social Democrats in government as finance minister. His technocratic-populist appeal grew, and in 2017, ANO won over 30% and formed a minority center-left coalition with the Social Democrats (2018 – 2021) led by Babiš as prime minister.

The last decade in Czech politics has ushered in anti-establishment and populist parties. These include Babiš's ANO and Tomio Okamura's radical-right parties (Dawn of Direct Democracy, 2013 – 2017, later Freedom and Direct Democracy, 2017 – present). This trend continued in the 2024 European Parliament elections. Political competition that has long taken place along the right-left division has been overshadowed by populism and anti-populism – contributing in turn to increased political polarization.

Babiš remains one of Czechia's most divisive figures. A wealthy businessman with an ambiguous past, he campaigned to run the state like a firm and to govern ANO in the same way. His economic and political power, chameleonic post-ideological positioning, and promises of high pensions and robust national security to his primarily senior-citizen electorate have made his populism difficult to defeat.

Both Prime Minister Fiala and President Petr Pavel defeated Babiš and his populist politics in 2021 and 2023, respectively. Fiala built a broad coalition of conservative and liberal forces, while Pavel united voters around pro-Western liberal-democratic values.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Czechia has no significant problems related to state integrity. There are no separatist movements or territorial enclaves.

Czechia is ethnically and nationally quite homogeneous. In the 2021 census, 83.8% of people stating their own nationality asserted Czech nationality, while 5% claimed Moravian nationality. However, fewer than 70% of respondents overall declared their nationality.

Between 2019 and 2022, the number of foreign nationals legally residing in Czechia doubled from 0.6 million to 1.1 million, dropping somewhat in 2023 to 1 million. The majority of them (over 573,000) were Ukrainian war refugees with special temporary protection. The Czech public has traditionally been rather skeptical about the reception and integration of refugees. The inflow of refugees from Ukraine has divided the country. In April 2024, only 11% of citizens agreed that Ukrainian refugees should be allowed to settle permanently, while 60% preferred a grant of temporary residence along with an eventual return to the country of origin (April 2024, CVVM). About 55% support the government's actions regarding the integration of Ukrainians, while 38% do not (April 2024, CVVM).

The criteria for acquiring Czech citizenship are clear, and access to it is differentiated for EU and non-EU citizens with respect to the permanent residence requirement – at least five years for non-EU citizens and three years for EU citizens. All other criteria are equal for all.

Question
Score

Monopoly on the
use of force

10



State identity

10



Czechia is one of the most secular countries in Europe, and religious dogmas generally do not directly influence politics or the legal system. The government acknowledges the historical and societal role of churches and religious communities, but it maintains a secular framework. Recent political developments indicate that religious influence remains a matter of political and legal debate.

One such debate revolves around the Agreement with the Vatican, which has been a long-standing source of controversy. In December 2024, a group of senators called for a Constitutional Court review of the agreement, arguing that it privileges the Catholic Church over other religious communities and could lead to legal imbalances. Critics claim that the agreement could allow the expansion of confessional secrecy and provide the Catholic Church with special constitutional rights, unlike any other religious group in the country. Additionally, the agreement commits the state to recognizing church marriages, while canon law does not reciprocally acknowledge civil unions.

Another issue highlighting the ongoing influence of conservative Christian and religious actors in Czech politics is the rejection of the Istanbul Convention. In January 2024, the Czech Senate narrowly voted against ratifying it, making Czechia one of the few European countries that signed but did not ratify the convention. Conservative and religious groups, including several Christian churches, strongly opposed it, arguing that it undermines traditional gender roles and promotes “gender ideology.” The convention’s ratification faced significant resistance from a faction within the governing center-right coalition, reflecting the growing influence of Christian conservative politics and the willingness of more moderate politicians in the governing coalition to cede ground to the conservatives.

The gradual separation of church and state remains ongoing. The 2012 Law on the Compensation of Churches and Religious Communities established a 30-year restitution plan that will conclude in 2042, with €2.5 billion allocated as compensation for expropriated church properties. For now, religious institutions continue to receive state funding.

While religious dogmas do not formally shape Czech law, the increasing influence of conservative Christian politics in public administration – including efforts to block progressive policies and secure a privileged legal status for the Catholic Church – demonstrates that religion remains a point of contention in Czech political life.

The state has a multilayered administrative structure at the central, regional and local levels, providing basic public services such as education, health care and social welfare. While it is generally effective, recent financial and capacity challenges have tested its resilience. In 2023 and 2024, municipalities faced budgetary pressures associated with rising energy costs and inflation and struggled to maintain service quality – especially in the areas of health care and education, where staff shortages and infrastructure deficits became more apparent. The uneven distribution of resources between regions, particularly between Prague and poorer areas such as the former Sudetenland, further widened regional inequalities.

No interference of religious dogmas

9



1

Basic administration

9



1

The influx of Ukrainian refugees initially strained local services. Although the situation ultimately stabilized, long-term integration of refugees into education and labor markets remains a challenge. Some municipalities expressed concerns about unequal financial support from the state and the lack of administrative flexibility to reallocate funds to pressing local needs.

In April 2024, the government approved the Client-Oriented Public Administration 2030 strategy to increase efficiency, decentralize decision-making and improve public service delivery. However, municipalities still struggle with limits to their financial autonomy, especially in the area of housing, in which lengthy permitting processes remain an issue. A failed attempt to digitalize the permitting process led to the dismissal of the minister for regional development and deputy prime minister for digitalization in September 2024, followed by the Pirate Party's departure from the coalition.

Overall, Czechia's basic administrative structures remain functional and effective, but persistent regional disparities, fiscal constraints and capacity challenges continue to limit their adaptability to evolving societal needs.

2 | Political Participation

Elections in Czechia are free and fair, with universal suffrage for all adult citizens including prisoners. The electoral framework is stable, ensuring equal access to state media and oversight by the Office of the Oversight of Political Parties and Political Movements (UDHPSH). While voter registration is straightforward, postal voting remains controversial and Czech citizens abroad face logistical hurdles due to a limited number of polling places.

The first election during the review period was the second round of the presidential elections in January 2023. Strong voter mobilization resulted in a 70.25% turnout rate, the highest such figure in the country's history of presidential elections. The campaign was deeply polarized, with General Petr Pavel defeating populist billionaire Andrej Babiš with 58% of the vote. Babiš's campaign was marked by fear-mongering and disinformation, including fabricated claims about Czech troops being sent to Ukraine. Misinformation and Russian influence fueled public anxiety, particularly among vulnerable groups.

The state broadcasters provided equal airtime to the candidates, but private media coverage was less balanced. The publication of opinion polls is prohibited for three days before voting, a restriction that remains debated. The UDHPSH effectively monitored campaign financing, with only minor infringements reported by both candidates.

Free and fair elections

10



1

In the 2024 European Parliament (EP) elections, Czechia recorded a record-high turnout rate of 36%, driven by protest votes against the government and the European Union. Results showed declining party loyalty, with voters shifting their support. Populist rhetoric gained appeal, favoring leaders offering ostensibly swift solutions. A notable newcomer was the anti-Green Deal Motorists party led by influencer Filip Turek, which attracted mostly male, younger voters and those from districts near automotive plants.

The 2024 Senate and regional elections marked the consolidation of ANO's regional support, as it secured eight of 27 contested Senate seats and won in 10 of 13 regions. The governing parties struggled, with the Civic Democratic Party (ODS), Christian and Democratic Union - Czechoslovak People's Party (KDU-ČSL) and Tradition Responsibility Prosperity 09 (TOP 09) securing key victories only in select regions. These parties' regional leaders maintained support their strongholds while underplaying their party affiliation.

Following the elections, the Supreme Administrative Court (NSS) rejected all seven complaints challenging Senate results, confirming the results as final. The Constitutional Court sided with the Stačilo! (Enough!) party, which contested the Liberec regional elections over allegedly miscounted votes. Although a recount was ordered, it did not change the final results, reaffirming the distribution of mandates. The EP elections also saw irregularities in preferential vote counting. In July 2024, the Supreme Administrative Court ruled on a complaint by Michaela Šojdrová, finding errors in the tabulation process but concluding that the overall results were valid. This ruling sparked discussions on improving electoral procedures for future elections.

The democratically elected parliament and government hold effective power to govern and are not constrained by undemocratic veto players. The constitutional framework provides for a strong separation of powers, ensuring that elected representatives can implement policy without interference from non-democratic actors.

However, the populist opposition has played an increasingly obstructive role in the parliament. In 2023 and 2024, it frequently used procedural tactics in the Chamber of Deputies, including filibusters and prolonged debates, to delay or block government proposals. In response, the government limited parliamentary debate, raising concerns about the balance between majority rule and opposition rights. A Constitutional Court ruling on this issue in January 2024 found that opposition rights had not been infringed, because the opposition had dominated debates in terms of time allocation but had used its time to obstruct.

In this increasingly polarized country, the Constitutional Court is becoming a key battleground for political disputes. In March 2023, the court ruled in favor of the government's extraordinary pension valorization reform, rejecting opposition claims

Effective power to govern

10



that the law had been passed in violation of standard legislative procedures. Similarly, in December 2024, the court struck down a legislative provision to tighten conflict-of-interest laws, ruling that it had been improperly attached to an unrelated bill (a “rider”). While these rulings upheld constitutional principles, they also highlight how political disputes can limit the government’s ability to govern efficiently.

The freedoms of association and assembly remain fully guaranteed in Czechia. The country is home to about 138,000 registered NGOs, though most receive no state funding. The state budget allocation for NGOs has declined gradually, dropping from CZK 19.2 billion in 2023 to CZK 16.9 billion in 2024, amounting to less than 1% of the national budget. Adjusted for inflation, the real value of state support for NGOs has fallen significantly since 2019.

Against the backdrop of multiple crises, anti-government mobilization has strengthened, with two new anti-system parties – Motoristé sobě and Stačilo! – emerging as the main electoral winners of the protests from 2022 to 2023. Both parties performed well in the 2024 European Parliament elections, capitalizing on anti-establishment and anti-Ukrainian sentiment and positioning themselves as contenders for the 2025 general elections. Their rise reflects the electoral impact of sustained protest movements and the continued fragmentation of Czech opposition politics.

Czechia has traditionally enjoyed high levels of media freedom, supported by independent public media and a pluralistic private media sector. However, recent years have seen increased media ownership concentration, the exit of foreign media owners, and the dominance of integrated media conglomerates across print, online, radio and television. Despite the decline in print media, 31% of the population still reads newspapers, and 53% read magazines.

A major point of contention in the period under study was the financial and political control of Czech public media. In January 2025, after two years of preparation, the government sought to pass a bill to ensure the financial independence of Czech Television and Czech Radio. However, obstruction by the ANO and SPD parties delayed the process. As of the time of writing, the proposed increase in public media fees was scheduled for a final vote in March 2025, making its implementation uncertain before the fall general elections. ANO and SPD have argued for cutting public media funding entirely, merging Czech Television and Radio, and placing them under direct state control – a move critics, including the current government and independent experts, see as an attempt to curb media independence.

In fall 2024, efforts to regulate digital media and influencers sparked controversy. The broadcasting authority proposed requiring YouTubers and podcasters to register, a proposal that drew public backlash. The minister of culture, unaware of the authority’s actions, pledged to revoke the requirement, arguing that platforms – not the state – should regulate content creators. This debate highlights growing tensions over online content governance, amid rising concerns over disinformation, hidden advertising and child protection.

Association /
assembly rights

10



1

Freedom of
expression

8



1

3 | Rule of Law

There is a clear separation of powers with mutual checks and balances. Since 2021, the governing coalition has controlled both the Czech Senate and the Chamber of Deputies with comfortable majorities. The departure of the Pirate Party from the coalition in September 2024 reduced the government's parliamentary majority from 108 to 104 seats out of 200, and the Senate elections reduced its majority to 60 seats out of 81 in that house. Unlike in the past, there have been no issues between the prime minister and the president over ministerial appointments or removals.

President Petr Pavel has significantly shaped the Czech judiciary – particularly through his appointments to the Constitutional Court.

The judiciary is independent and free from unconstitutional interference by other institutions and largely free of corruption. When corruption does emerge, it is rigorously prosecuted. The Constitutional Court serves as a vital check on the executive.

The members of the Constitutional Court, the Supreme Court and the Supreme Administrative Court are appointed by the Senate following proposals from the president. The judicial appointment process is transparent and adequately covered by public media. The involvement of both the president and the Senate helps ensure balance in judges' political views.

Appointments to the Constitutional Court periodically pose a challenge, as a single president appoints nearly all judges every decade. If the president and the Senate are politically opposed, the Court may be paralyzed by the Senate's refusal to confirm nominees. That has not been the case for President Pavel, who successfully appointed 11 justices; only one of his nominations was rejected and one nominee withdrew. In the first half of his term, Pavel has reshaped the Court, aiming for a balance of legal perspectives and gender diversity (five of 15 judges, including both vice presidents, are women). Beyond the Constitutional Court, Pavel has overseen a major wave of judicial appointments across all levels of the judiciary. In December 2024, he appointed 60 new judges, following the nomination of 52 in November 2023 and another round in February 2024. Notably, women make up the majority of the latest appointments – 40 out of 60.

Pavel's appointments reinforce judicial independence, as the president prioritizes a judiciary insulated from political pressure through a selection process that includes public and expert consultation to broaden the candidate pool and ensure merit. This stands in stark contrast to the more interventionist approach pursued by former President Miloš Zeman, who sought to influence key judicial nominations.

Separation of powers

10



1

Independent judiciary

10



1

Court proceedings are fair, but aid and assistance for victims of domestic and sexual violence remain limited, drawing criticism from NGOs. The Czech Judicial Academy, which was established in 2022, serves as the central institution for training trainee judges, judges, state prosecutors and other legal professionals. The training primarily focuses on domestic law, EU law, legal skills and social sciences. Specialized NGOs have also begun offering targeted training on issues such as domestic and sexual violence.

Public officeholders in Czechia who abuse their positions face prosecution, but the effectiveness and consistency of this accountability remain uneven. Judicial independence allows corruption cases to be pursued without overt political interference, but proceedings are often protracted, inconclusive or marred by procedural flaws. While corruption and clientelism persist at various levels of government, prosecutions tend to be slow, with significant cases dragging on for years. Leaks to the media are common in high-profile cases, undermining the presumption of innocence, and convictions remain rare. In some instances, the state has paid high levels of compensation for unfair prosecutions, while the prosecutors themselves have escaped scrutiny.

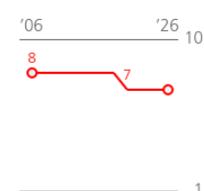
The case of former Prime Minister Andrej Babiš underscores the limits of enforcement. His conflicts of interest involving his Agrofert holding company and his media holdings have drawn scrutiny domestically and from the European Union. Though a district court dismissed the Stork's Nest charges involving EU subsidies in January 2023, citing flawed prosecution, French authorities continue to investigate him for money-laundering. In December 2024, the Constitutional Court overturned key parts of the so-called Lex Babiš II, which had restricted public officials' ability to own media outlets and their access to subsidies. The decision, backed by a narrow majority of judges, reopens the path for Babiš to reclaim control of the Mafra media group and related assets.

Beyond national figures, recent regional and municipal cases reveal deeper structural weaknesses. The 2024 Dozimetr scandal uncovered a bribery network within Prague's public transport company, leading to indictments of nine individuals. In Liberec, Gov. Martin Půta was found to have abused his position after a decadelong legal battle, though most charges were dropped. Despite this, he retained political support and faced no broader fallout. In Olomouc, criminal charges related to rigged transport contracts implicated 13 regional actors, exposing persistent vulnerabilities in public procurement oversight.

Even parties that campaign on anti-corruption platforms struggle with internal accountability. In September 2024, ANO leader Babiš expelled Chomutov Mayor Marek Hrabáč following corruption charges, calling it an exception within the party. However, that had a different outcome than multiple prior cases involving ANO members, such as that involving Moravian-Silesian Gov. Jan Krkoška, who was re-elected despite being under investigation.

Prosecution of
office abuse

7



While corruption continues to be investigated and prosecuted, convictions remain elusive and political consequences are limited. High-profile actors often escape accountability, while systemic weaknesses persist at all levels – within politics, oversight institutions and the judiciary. Public exposure is not a substitute for a functioning, impartial legal system.

Czechia’s government and administration respect and protect citizens’ basic civil rights. Complaints to the European Court of Human Rights and to the Office of the Public Defender of Rights (Ombudsman) indicate that the main problem in this regard remains the length of legal proceedings. Additionally, victims of crime – especially children – often face secondary victimization during investigations and prosecutions. Standards of psychiatric care continue to lag behind broader EU norms.

In 2024, significant progress was made in strengthening legal protections against sexual violence. A new definition of rape is based on the principle of “no means no” rather than requiring proof of physical force. The reform also classifies all sexual acts involving children under 12 as rape and introduces stricter penalties for offenders who exploit victims’ vulnerability due to illness, intoxication or disability. These changes were strongly advocated by civil society groups, which have long highlighted gaps in victim protection and law enforcement failures in prosecuting sexual violence.

However, that legislative progress was overshadowed by the failure to ratify the Istanbul Convention. Although Czechia signed the convention in 2016, the Senate rejected ratification in January 2024, leaving Czechia among a minority of European countries that have not adopted the treaty. The vote was decided by a narrow margin, with conservative and far-right senators opposing the convention on ideological grounds, arguing that its gender-based-violence provisions could undermine traditional social structures.

LGBTQ+ rights remain highly contested, gaining increasing public support but often facing political resistance. In February 2024, after weeks of contentious debates, the Czech parliament rejected a marriage equality bill. The main contentious issues were the word “marriage” as well as the issues of adoption of children and surrogacy. While both marriage and adoption remain banned to same-sex couples, a new amendment to the registered partnership law allows members of same-sex couples to co-foster a partner’s biological child. Anti-LGBTQ+ advocacy has been significant on the same-sex marriage and Istanbul Convention issues, and has involved domestic and international groups.

Civil rights

9



1

4 | Stability of Democratic Institutions

The institutional setup of democracy in Czechia is generally effective and efficient. Political decisions are generally prepared, adopted, implemented and reviewed through legitimate procedures by the appropriate authorities. The arrival of over 600,000 refugees in recent years in the context of Russia's war in Ukraine – alongside interlinked energy and economic crises – has tested the system's resilience. While some strains are visible, the country has notably defied many migration theories by successfully absorbing such a large number of refugees.

The Fiala government held a 108-seat majority in the 200-member parliament until September 2024, when it was reduced to 104 seats after the Pirate Party left the governing coalition. The opposition frequently attempts to obstruct the adoption of key legislation by holding all-night interpellations. The situation has been exacerbated by competition within the populist opposition, between the ANO and SPD parties. The combativeness between government and opposition and within the populist opposition has hampered legislative work and significantly constrained the family lives of parliamentarians. Consequently, several young female lawmakers have announced that they will not run for office again, preferring to care for their children rather than serve in a “paralyzed parliament.”

During the review period, ANO triggered two failed votes of no confidence. The party also pursued litigation at the Constitutional Court with mixed results – its challenge to pension reform failed, but it succeeded in overturning the Lex Babiš II.

Democratic institutions are in place and perform their functions at the regional and local levels. Significant differences exist between structurally disadvantaged border regions (Sudeten) and more economically advanced regions, especially Prague and Central Bohemia, where municipalities are increasingly introducing participatory innovations such as participatory budgeting.

Most relevant actors accept all democratic institutions as legitimate. Most citizens support democratic institutions, and no influential groups seek to change the Czech political system despite occasional attacks by the sovereigntist movement.

Performance of democratic institutions

9



1

Commitment to democratic institutions

10



1

5 | Political and Social Integration

The Czech party system began destabilizing in 2010 and culminated in 2021, when ČSSD – the Social Democrats – and KSČM – the Communists – narrowly failed to cross the electoral threshold; both had been mainstays of the party system. The Social Democrats have since faced an identity crisis, while the Communists have radicalized, joining anti-government protests. Today, only the populist ANO and the radical-right SPD claim to represent the underprivileged.

The Communists capitalized on these protests with their new project, Stačilo! (Enough!) – forming alliances with smaller radical-right groups. They secured two seats in the 2024 European Parliament elections and were projected to make gains in the 2025 general election. Meanwhile, the Social Democrats' failed coalition talks with Stačilo! in 2024 further fractured the party, whose identity had long been defined by opposition to the Communists.

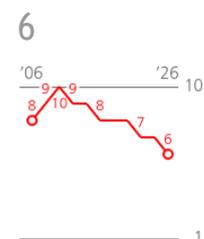
The 2024 European Parliament elections also saw the rise of Motoristé sobě (Motorists to Themselves), a right-wing, euroskeptic party opposing the Green Deal. Led by controversial YouTuber and race car driver Filip Turek – a close ally of former President Václav Klaus – the party has no members, highlighting its elite, leader-centric nature.

The 2023 presidential election campaign highlighted growing polarization in Czech society. Andrej Babiš attempted to mobilize both radical-right and radical-left voters, gaining half of SPD's electorate but losing an estimated 250,000 centrist ANO voters. Most Social Democrats, along with centrist and center-right voters, backed Petr Pavel.

Political parties in Czechia remain weakly rooted in society, with shrinking membership bases. Some major parties formed in the last 15 years, including ANO, SPD, Stačilo! and Motorists, intentionally limit membership in order to maintain centralized control by their leaders.

In the populist zeitgeist, both populism and anti-populism have contributed to further polarization, as alongside populists, anti-populists – despite positioning themselves as rational and civil – employ emotional and negative appeals that mirror the stylistic intensity of the populist rhetoric they seek to oppose.

Party system



Interest groups in Czechia include social movements, community organizations, unions and professional organizations. These groups advocate for a range of interests such as transparency, anti-corruption, city planning and postmodern values. Overall, no specific interest group holds a dominant position among them.

However, in the period under study, conservative groups such as Aliance pro rodinu (Alliance for Family) were particularly successful in preventing passage of progressive legislation including a marriage equality bill and the ratification of the Istanbul Convention. They succeeded in establishing close ties with conservative politicians and embedding themselves in institutions. While progressive issues and interest groups had more support at the mass level, they struggled to make inroads at the elite level.

A persistent gap remains between broad public support for democracy and low levels of trust in democratic institutions in Czechia. While a clear majority continues to view democracy as the best form of government, levels of confidence in key institutions – particularly parliament – remains low. According to the Eurobarometer (Autumn 2024), only 25% of Czechs say they trust their national parliament (compared to an EU average of 37%), and just 24% trust the government (EU average: 33%). In contrast, regional and local public authorities enjoy significantly higher levels of trust (62%), surpassing even the EU average (59%).

Yet perceptions of democracy overall are improving. A recent survey by the Center for Public Opinion Research (CVVM, March – June 2024) shows that more than 55% of Czechs are satisfied with how democracy functions in the country, and 54% firmly believe democracy is superior to any other form of government. Support for democratic governance remains solid: Fully 80% reject the proposition of replacing parliament with a strong leader, and 95% oppose military dictatorship. Still, 27% of respondents say they can imagine an authoritarian government and 17% are indifferent as to whether the country is governed democratically or not.

Attitudes toward the past remain complex. According to the same CVVM survey, 43% of Czechs believe conditions today are better than before 1989, 16% say they were better under communism and 37% see no substantial change. Although political freedoms, access to information and freedom to travel are widely valued, concerns persist about social security and public safety, both of which are often seen as having deteriorated.

Public attitudes toward justice and equality are mixed. While 59% of respondents believe that people are treated equally and fairly in society, 39% disagree. Notably, 75% of respondents believe that human rights are respected in Czechia, suggesting continued support for democratic norms despite ambivalence about political performance.

Interest groups

10



1

Approval of democracy

8



1

Levels of trust in the president, government and Senate have fluctuated, but have shown an overall downward trend. In contrast, local authorities and mayors remain the most trusted political actors. The 2023 presidential election saw strong youth engagement especially among first-time voters. Danuše Nerudová's campaign, which secured 13% of the vote, successfully mobilized young voters through social media platforms such as Instagram and TikTok. This shift has increased pressure on political parties to address generational concerns and to promote intergenerational solidarity more actively.

Social cohesion, empathy and solidarity among social groups and generations have evolved in parallel with democratization, marketization and individualization.

A survey by the Center for Public Opinion Research in the summer of 2022 showed a very high degree of interpersonal trust within the context of the close family (96% reported they completely or rather trust family members) as well as toward others or ordinary people (78%). These figures have been stable over recent years.

Solidarity and social cohesion gained momentum before and during the pandemic, with this trend continuing into 2022, when civil society stepped in to support Ukrainian refugees amid the weaknesses of local authorities. However, support for Ukraine and refugees has since polarized society, with supporters of the governing coalition generally in favor of such support, and supporters of populist parties opposed. Stačilo! has gained traction by attacking the government on the issues of welfare services and support for Ukraine.

The January 2024 Constitutional Court ruling on pension valorization highlighted the need for intergenerational solidarity to ensure fairness and sustainability. While recognizing retirees' vulnerability, the Court stressed that the burden of inflation should not fall disproportionately on younger generations, who fund the system through their contributions. Solidarity must be reciprocal, it said – balancing support for current pensioners with maintaining a viable system for future retirees. This decision sparked public debate, challenging the view that intergenerational solidarity is unidirectional and emphasizing a balanced approach to social security for both present and future generations.

During the review period, a large number of volunteers and donations rushed to areas affected by the 2024 floods. Many foreign-owned and domestic companies have embraced corporate giving, funding civil society activities and encouraging employees to engage, for instance by offering free days, matching grants, etc. This includes communications companies such as T-Mobile and O2, as well as domestic companies like Andrej Babiš's Agrofert Foundation, which focuses on single mothers, children and sports.

Social capital

9



1

During the review period, civil society enhanced its capacity and played a crucial role in supporting the government's response to refugee reception, aid to Ukraine, hospice care and other areas. Since 2022, municipalities have been more open to cooperating with civil society on refugee issues. However, cooperation on contentious topics such as environmental policy remains dependent on the political will of municipal leadership.

II. Economic Transformation

6 | Level of Socioeconomic Development

In 2022, Czechia had a high Human Development Index (HDI) score of 0.895, slightly higher than the previous two years (0.891) and nearing its pre-COVID-19 level. It was ranked 32nd globally. It also had a low Gender Inequality Index score of 0.113 (0.119 in 2021), indicating decreasing inequality. The country's Gini index score was 26.2 in 2021, indicating low levels of inequality compared to most post-communist countries.

According to the Czech Statistical Office, the income poverty rate decreased slightly from 10.2% in 2022 to 9.8% in 2023 – a change attributed to various benefits provided to low-income groups. However, the situation varies by population group. The risk of poverty among single-parent families with children increased year over year, and women are slightly more vulnerable to poverty than men. Housing prices continued to rise even as inflation moderated.

The unemployment rate remained among the lowest in the European Union. However, some employees are at risk of in-work poverty, mainly because of precarious work. Additionally, some regions are characterized by high unemployment rates and a high concentration of social deprivation. Moreover, women have experienced an increased risk of unemployment. The lowest unemployment rates are found in the capital city and surrounding municipalities.

Question
Score

Socioeconomic
barriers

9



1

Economic indicators		2021	2022	2023	2024
GDP	\$ M	290972.7	301831.2	343206.6	345036.7
GDP growth	%	4.0	2.8	-0.1	1.1
Inflation (CPI)	%	3.8	15.1	10.7	2.4
Unemployment	%	2.8	2.2	2.6	2.5
Foreign direct investment	% of GDP	4.4	3.0	3.5	3.8
Export growth	%	8.2	5.1	2.7	1.8
Import growth	%	13.7	5.9	-0.9	0.9
Current account balance	\$ M	-5954.0	-13644.2	-432.7	6046.9
Public debt	% of GDP	40.7	42.5	42.2	43.3
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-5.8	-4.0	-	-
Tax revenue	% of GDP	12.9	12.6	-	-
Government consumption	% of GDP	20.8	19.4	19.7	-
Public education spending	% of GDP	4.7	4.3	-	-
Public health spending	% of GDP	8.2	7.5	-	-
R&D expenditure	% of GDP	2.0	2.0	-	-
Military expenditure	% of GDP	1.4	1.4	1.5	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Market competition rules are defined, prices are liberalized and the Czech koruna is fully convertible. Czechia fully complies with international rules for the equal treatment of companies. It is one of the most open economies globally and an attractive destination for foreign investors who contribute significantly to the development of Czech companies.

There was no prohibition on foreign investment; however, one of the essential features of an attractive investment environment is the existence of effective tools to defend against risky investors who may threaten security or public order and thus disrupt the healthy functioning of the economy. Therefore, like other European countries, Czechia introduced its national screening mechanism under the Foreign Investment Screening Act in 2021. The law is aimed at foreign investors whose ultimate owner is from a non-EU country and investments representing more than 10% of the Czech target company in a sector vital to the security, public or internal order of the country. If the company produces military equipment or selected dual-use goods, or if it belongs to critical infrastructure or critical information infrastructure, the investor must apply for approval for the capital injection before it occurs.

The shadow economy accounts for nearly 14% of Czech GDP. That figure is below the European average and has not changed in the last three years. However, inflation increases the amount of finance flowing through the gray economy. Examples of contributors to the informal economy include the construction, manufacturing and service sectors. The informal economy consists of activities that are not illegal but are not officially reported. According to ILO data (2024), informal employment accounted for 1.6% of total employment in Czechia in 2022.

Competition policies and institutions meet EU standards. The Office for the Protection of Competition (ÚOHS) oversees competition, public procurement and state aid. The chair, who is appointed by the Czech president for six years, leads ÚOHS, which is in turn part of the International Competition Network. In November 2024, the government amended the Competition Protection Act in line with a European directive aiming to enhance ÚOHS's ability to address long-term competition issues and regulate cartels and mergers.

During the pandemic, there was increased pressure for self-sufficiency in strategic commodities and products. One example was an unsuccessful attempt to mandate large supermarkets to stock a minimum percentage of domestically produced food. During the high-inflation years of 2022 and 2023, there was debate over who was responsible for the sharp increase in food prices. An investigation by ÚHOS into five basic foodstuffs found that, despite the market being dominated by a few foreign food chains, competition was still functioning.

Market
organization

10



1

Competition policy

10



1

Liberalization of foreign trade has been essential to Czechia's economic success as a small, open economy. It joined the OECD and the WTO in 1995. As a member of the European Union, the country cannot negotiate trade agreements or act independently of EU legislation. More than 80% of Czech trade occurs within the European Union, but the country is also working to expand business relations globally.

Recently, new non-tariff barriers have emerged. Because of the war in Ukraine, the European Union has imposed additional sanctions against Russia, and Czechia has joined these sanctions. The sanctions specifically constrain exports and imports. In December 2024, the 15th sanctions package targeted Russia's economy and military capabilities, and for the first time, also included measures against Chinese companies supporting Russian aggression. The Financial Analytical Office monitors possible bypassing of sanctions through third countries.

The financial sector remains stable and resilient to possible adverse shocks. The capital-to-assets ratio for banks was 6.7 in 2022, down from 6.9 in 2021. The share of non-performing loans at banks fell slightly to 1.5% in 2022 from 1.7% in 2021 and 1.9% in 2020. The downward trend continued in 2023.

In 2024, the Non-Performing Loans Market Act was adopted to implement European Directive 2021/2167, which aims to create a single European market for portfolios of bank loans classified as non-performing. It also regulates the cross-border management of non-performing loans within the single European market and the rules for dealing with debtors.

The Czech National Bank (CNB) is the main bank and financial market supervisor in Czechia. Its responsibilities include licensing, approval proceedings, information duties, on-site and off-site supervision, and international cooperation.

As of the end of 2022, 44 banks were operating in Czechia, 23 of which were subsidiaries of foreign banks. Only 11 banks had significant Czech ownership participation, including two with state participation – the National Development Bank and the Czech Export Bank. In addition to banks, five credit unions operated in the country in December 2024. On January 13, 2025, CNB revoked the credit union license of Business Credit Union due to persistent, serious shortcomings in its activities.

The capital market includes banks, mutual and pension funds, insurance companies, and securities trading entities.

Liberalization of foreign trade

10



1

Banking system

10



1

8 | Monetary and fiscal stability

The Czech National Bank (CNB) monitors and influences monetary and fiscal stability. Established by the constitution, it operates according to the Act on the Czech National Bank. The CNB enjoys a high degree of legally enshrined independence from political structures in performing its statutory functions. The CNB publishes a financial stability report twice a year, and a monetary policy report containing new forecasts four times a year. These reports include outlooks for domestic and foreign economies as well as the CNB board's decisions after considering risks and uncertainties.

After a spike in 2022 to 15.1%, the average inflation rate declined to 10.7% in 2023 and then to 2.4% in 2024, nearing the CNB's 2% target. In response, the CNB lowered the base interest rate to 4% at the end of 2024. However, the real effective exchange rate index rose from 115.3 in 2022 to 125.9 in 2023, and the koruna depreciated slightly. The CZK/EUR exchange rate ranged between 23.3 and 24.5 in 2023 and between 24.5 and 25.5 in 2024.

Despite committing to adopt the euro upon joining the European Union, Czechia has made little progress in meeting the Maastricht Convergence Criteria. Initially a political issue, euro adoption has now become primarily economic. While the governing coalition and the president support adoption, the political parties are divided. According to the European Commission's 2024 Convergence Report, Czechia still needs to achieve price stability, sound public finances and exchange rate stability.

The country's economic performance in 2023 and 2024 was further affected by the recently ended pandemic and the ongoing war in Ukraine. According to the Czech Ministry of Finance, real GDP in 2023 declined by 0.1%, down from a positive growth rate of 2.8% in 2022. The growth rate rose slightly to 1.1% in 2024.

After several turbulent years, the Czech economy returned in 2023 to the slight current account surplus that had characterized it before the COVID-19 pandemic. General government final consumption expenditure, which had declined in 2022 compared with previous years, started to rise again. Efforts to reduce the national debt have not been successful. Public debt totaled 42.4% of GDP in 2023 and rose to 43.4% in 2024. The government raised the planned deficit in the fall because of unexpected spending after the September floods. The deficit, which exceeded 5% of GDP during the pandemic years, fell to 2.2% of GDP in 2024 – with respect to deficits, the fifth-worst budget performance in the history of the independent Czechia.

Monetary stability

9



1

Fiscal stability

9



1

9 | Private Property

Property rights are respected in Czechia, and government authorities regulate the acquisition, use and sale of property. The rights of legal and natural persons to own and use property may be compulsorily restricted in order to protect life, health, property, the public interest or the environment, or in a crisis situation. Adequate compensation is provided in such cases.

In September 2020, the so-called Liner Act was adopted, allowing the state to acquire land through expropriation only for specific purposes such as transport infrastructure and state security. In 2024, it was renamed the Strategically Important Infrastructure Acceleration Act, expanding its scope to include energy security structures, water transport infrastructure, rail and road terminals, and mining infrastructure. Expropriation is also authorized under laws related to nature protection, water law, geological works, monument conservation and other related legislation.

Private companies are institutionally viewed as the primary engines of economic production and are provided with functioning legal safeguards. Privatization of state-owned companies has followed market principles, but large state companies still exist. The state manages two groups of enterprises – strategic and support – both of which it plans to retain permanently. Strategic enterprises operate outside the standard competitive environment and are considered essential for state security; the list includes those that manage critical infrastructure or fulfill economic policy objectives. Czech Post is considered important infrastructure and will not be privatized but will be transformed, with several hundred post offices to be closed and some services privatized.

Privatization of non-strategic enterprises and other state assets, mainly buildings and land, continued in 2023 and 2024. To consolidate public finances and to help fund necessary but costly infrastructure – for example, an additional reactor for a nuclear power plant – some members of the center-right government coalition have been calling for the faster sale of state assets that are not necessary in the performance of the state’s core functions. The Ministry of Finance’s annual reports evaluate the effectiveness of the State Property Policy Strategy and its impact on property rights and state property performance.

Property rights

10



1

Private enterprise

10



1

10 | Welfare Regime

The state guarantees a comprehensive social safety net, with the Act on State Social Support outlining eligibility criteria for benefits. Czechia's social security system includes sickness, pension and health insurance, a state unemployment policy, and social support benefits. Most components are funded by the state budget, except health insurance, which is primarily managed by health insurance companies despite being subject to state regulation.

The COVID-19 pandemic exposed issues with the social protection system's ability to address new challenges and safeguard vulnerable groups. Analyses revealed shortcomings in the current system and legislation. They additionally highlighted the need to reconsider a division of responsibilities between the state and local governments, which can often respond more swiftly. After the outbreak of war in Ukraine in February 2022, the government approved a program to assist Ukrainian war refugees.

Aid is available to people facing material emergencies who cannot maintain acceptable living standards because of social or financial circumstances. Various allowances – including subsistence, housing supplements and emergency assistance – are provided. However, Czechia's benefits system is complex and difficult to access, and often does not function well. Failure to claim benefits to which recipients are entitled is a pressing issue.

Due to worsening economic conditions, including high inflation rates and declining real incomes, several benefits including the child benefit, the parental allowance, the housing benefit and the care allowance were increased in 2023 and 2024. Seeking to simplify the system and reward work, the Ministry of Labor and Social Affairs planned an overhaul, replacing four recurrent means-tested benefits with a single benefit. The benefits process is gradually being digitalized.

The Czech pension system includes a mandatory basic pillar (pay-as-you-go) and a voluntary supplementary pillar. The first pillar provides old-age, disability and survivors' pensions. To qualify for retirement pensions, individuals must have paid social security contributions for at least 35 years. The official retirement age has gradually increased since 1996 and is different for men and women, with women's retirement age also depending on the number of children raised. The 2024 pension reform gradually increased the retirement age from 65 to 67 and tightened rules for early retirement and pension indexation. The reform introduced incentives to encourage more savings for old age and longer employment among older people.

The average monthly pension was €812 in 2022 and, after gradual indexation, rose to €872 in January 2025. On average, men have higher pensions than women. Since 2023, former primary caregivers of children have been entitled to a monthly pension supplement of €20 to help reduce the gap between the average old-age pensions received by women and men.

Social safety nets

10



1

Eligible Czech and EU nationals can receive three kinds of unemployment benefits: assistance finding work, unemployment benefits and retraining. The duration of support depends on age – up to 11 months for those over 55. In 2025, unemployment benefits are calculated as a percentage of net average earnings from the most recent job: 65% for the first two months, 50% for the next two months and 45% until the end of the support period.

Life expectancy increased after the COVID-19 pandemic subsided, from 77.2 years in 2021 to 79 years in 2022. The universal health care system operates on a compulsory insurance model. Health insurance is compulsory for permanent residents, including foreigners, unless they are subject to another country's legislation (such as the European Union or Switzerland). Citizens of third countries are subject to special regulations. Public health insurance is provided through seven companies, with the largest covering more than half the population. The state pays for health insurance for people who cannot afford it, such as children, the unemployed and pensioners.

In 2022, health care spending in Czechia amounted to 8.5% of GDP, down from 9.2% in 2021. Health insurance companies covered 71.4% of total health care spending, out-of-pocket payments accounted for 14.3% and government programs covered 13.5%. Patients' direct financial contributions were minimal, going mainly to fund medicines, dental care and medical equipment.

The Czech legal system guarantees equal access to work, education and social services, with no official discrimination based on gender, race, religion or social origin. Literacy is near-universal, and women and men have equal educational opportunities. Education in state-owned schools is free at all levels. However, support for marginalized groups to overcome early-life disadvantages remains inadequate. According to the Supreme Audit Office (SAO), funds for projects targeting socially excluded localities had only a short-term, limited impact.

Social exclusion is linked to housing, education, employment and indebtedness. Spatial segregation limits access to public services and employment opportunities. The Social Exclusion Index by the Ministry for Regional Development shows that social exclusion has worsened year over year, as more municipalities reported social exclusion in 2023 than in 2022. Social and income inequality exists between Prague and structurally disadvantaged regions in the north and west.

The Ministry of Labor and Social Affairs (MPSV) manages programs to help individuals improve their prospects in the labor market. These initiatives provide vocational training, retraining, counseling and various services to the long-term unemployed, individuals with disabilities, those over 50, young people without work experience and parents of small children.

Equal opportunity

8



1

There is no general labor market exclusion based on ethnicity or religion. However, studies point to some indirect discrimination – often affecting non-EU nationals hired through recruitment agencies. They are often among the first to be laid off. The Labor Code was amended to address this issue, and as of January 1, 2024, positive changes have been made. The conditions under which an employment agency permit can be issued have been tightened, and legal protections for agency workers have been improved.

While the government’s stance toward minorities, especially the Roma, has steadily improved over time, primarily due to external pressure from the European Union and the Council of Europe, half of the country’s Roma population lives in social exclusion. Societal perceptions of the Roma remain strongly negative. Furthermore, upon the initial arrival of Ukrainian refugees, tensions mounted between the Roma community and the refugees, leading to some altercations. Some members of the Roma community highlighted the contrast between the state and citizens’ attitudes toward Ukrainians and Roma.

The gender pay gap in Czechia has historically been one of the European Union’s largest, reaching 16.4% in 2023, and has slightly worsened. In the Global Gender Gap Report 2024, Czechia was ranked 104th out of 146 countries, down from 78th in 2021. The gap varies by age, leading to lower pensions and an increased risk of poverty for women. The gender pay gap persists even in science and research sectors at the same qualification levels. There, despite narrowing over the years, women’s pay remains 7.6% to 11.6% lower than men’s. In 2022, the government approved the Gender Equal Pay Action Plan (2023 – 2026), the first binding document dedicated to this issue.

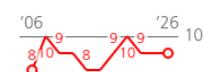
In 2023, the share made up by women in the labor market declined compared with previous years. Key issues included difficulties reentering the workforce after parental leave, limited access to early childcare and wage inequality. In terms of political representation, the share of female parliamentarians increased slightly after the 2021 elections, but still stands at only 25%.

11 | Economic Performance

The economy recovered slowly after the COVID-19 pandemic, and was heavily affected by the war in Ukraine and the energy crisis. This led to rising inflation and particularly significant increases in energy prices. The overall inflation rate rose from 3.8% in 2021 to 15.1% and 10.7% in 2022 and 2023, respectively, but fell again to 2.4% in 2024. It was predicted to settle between 2% and 2.5% in 2025. GDP per capita declined by 1.9% in 2023 and improved only slightly, by 1%, in 2024, supported by higher household and government consumption. Growth of 2% was expected in 2025.

Output strength

9



Despite some stabilization, 2024 was marked by economic uncertainty. High energy prices, a shortage of skilled labor and unfavorable global conditions, including slow growth in the euro area and ongoing geopolitical conflicts, posed the most significant challenges. The Czech economy is strongly linked to the German economy's performance. The automotive industry is also strongly influencing Czechia's overall economic performance in the context of the green transformation of industry. The industrial sector, long a key driver of the Czech economy, faced weak demand and low investment activity. Ireland, France and Switzerland were the most active investors in the Czech economy in 2023. In addition to commercial real estate, there was interest in the computer manufacturing, electronics and optics sectors. The expansion of chip production by U.S. company Onsemi at its factory in Rožnov pod Radhoštěm was one of the most significant investments in 2024. CzechInvest, the country's business and investment development agency, is developing programs to stimulate foreign investors' interest and to increase the appeal of small and medium-sized enterprises to them. However, foreign investment in Czechia is declining, while the flow of investment from Czechia to other countries is increasing thanks to the expansion of strong corporate groups controlled by local billionaires.

The registered unemployment rate rose slightly at the end of 2024, and the beginning of 2025 was marked by heavy layoffs in some companies. The primary reason was the downturn in the automotive industry and the continued digitalization of some services. Still, even despite relatively subdued economic growth, the unemployment rate remains among the lowest in the EU-27. This rate was 4.1% at the end of 2024, a 0.4 percentage point increase from the previous year. The previously widening gap between men and women has narrowed. Regional disparities persist, as unemployment rates are lowest in the capital and in municipalities within commuting distance of the capital.

Despite the anemic economic development, wages rose during the review period. The minimum wage increased to €650 in 2023 and to €750 in 2024. In January 2025, the government increased the minimum wage to €825. The average wage reached €1,720 in 2023 – a year-on-year increase of 7.5% – though this still lagged behind inflation. In the third quarter of 2024, the average nominal wage rose 7% to €1,800, an increase of 4.6% in real terms.

12 | Sustainability

Czech environmental policy is shaped by the country's obligations to implement European Union legislation. This takes place primarily through the updated National Energy and Climate Plan (NECP), which outlines key targets and policies in all five dimensions of the Energy Union Strategy for the period from 2021 to 2030, with a long-term outlook toward 2050. The second driver of change has been the Russian invasion of Ukraine, which heightened energy security concerns.

During the review period, Czechia updated climate and energy targets to align with the European Union's Fit for 55 package, increasing the country's stated ambitions with regard to emissions reductions, renewable energy expansion and energy efficiency. The country now aims to reduce greenhouse gas emissions by 62% by 2030 compared to 1990 levels and to fully phase out coal for electricity and heat generation by 2033, with a significant decrease already forecast between 2025 to 2030. The overall share of renewable energy is set to reach 30% by 2030 (up from 17.7% in 2021), with the transport sector achieving a 14.5% emissions reduction through increased renewables.

The government has expanded its financial support mechanisms for the green transition. The modernization fund for energy and climate change – initially approved in 2021 with a budget of €5.8 billion – continues to be a key instrument for phasing out coal and supporting renewables. The fund, which is financed through the sale of carbon allowances until 2030, now aligns with updated EU targets. Renewables remain the primary focus (40% of the budget), followed by heating (26%) and industrial energy efficiency (35%). Czechia also benefits from the European Union's Social Climate Fund; it is slated to receive €16 billion by 2030 to assist households in transitioning to cleaner energy sources.

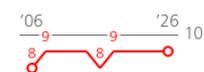
The country's energy security policy has evolved in response to Russia's invasion of Ukraine, aligning with the European Union's REPowerEU Plan to phase out imports of Russian fossil fuels by 2027. The country has shifted toward the use of renewable electricity and green hydrogen, increased cross-border energy interconnections, and the import of liquefied petroleum gas (LPG) through an LPG terminal in the Netherlands.

The country's energy transition strategy also includes an expansion of nuclear power so as to reduce reliance on fossil fuels and imported energy. The Dukovany nuclear power plant expansion remains a key priority. The government's strategy prioritizes small and medium-sized modular reactors (SMRs) alongside large-scale nuclear expansion, and the first SMR is expected to be operational by the mid-2030s.

For many environmental projects, the lengthy approval process remains a major obstacle, often delaying crucial revitalization efforts. However, in Brdy, nature itself provided a solution – beavers naturally revitalized the Klabava River, saving the state

Environmental
policy

9



1

€1.2 million in restoration costs that had been stymied by bureaucracy since 2018. By building dams and creating wetlands, eight beavers transformed the landscape, improving water retention and biodiversity in a former military area.

Public expenditure on education in Czechia increased to match the EU average of 4.8% of GDP in 2021 (World Bank). However, the share fell to 4.2% of GDP in 2023, even though absolute spending grew. The largest portion, or 42.8%, was allocated to basic school education, one-fifth to secondary and higher professional schools, and 11.8% to preschool education.

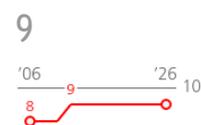
Educational outcomes in Czechia are generally positive, with school and university graduates typically employable. The country's U.N. Education Index score remains high, changing slightly from 0.877 in 2021 to 0.883 in 2022. The share of international students in total tertiary education enrollment increased from 14% in 2019 to 18% in 2022. A third of these students are Slovaks, with Ukrainians and Russians taking the second and third places.

Higher education at state universities in Czechia remains free. However, a 2024 study by the Center for the Study of Higher Education found that nearly 40% of students transfer between universities without ever graduating from any of them. The relative employment advantage for those with tertiary education is among the smallest in OECD countries.

Czechia received €7 billion under the Recovery and Resilience Facility (RRF), 18% of which was earmarked for education and skills-related investment, including the construction of childcare facilities, the provision of digital equipment for schools, improvement of teachers' digital skills, revision of the IT curriculum, catch-up classes for students, modernization of higher education and the expansion of lifelong learning focusing on digital technologies.

R&D expenditure amounted to 2.0% of GDP in 2020, below the EU average of 2.31%. In 2023, it further dropped to 1.83% of GDP. Of the total expenditure of CZK 139.7 billion, CZK 88 billion was from business sources (60%), CZK 41.8 billion was from domestic government sources and CZK 8.3 billion was from foreign sources, mainly EU subsidies. Weaknesses in the country's R&D sector include a lack of efficiency, the inability to attract and retain young and qualified researchers, and a low employment rate for women in the sector.

Education policy /
R&D



1

Governance

I. Level of Difficulty

The structural constraints on governance are low. Socioeconomic conditions are very good by regional standards, and there are no severe infrastructure deficiencies. Poverty and unemployment rates are low, but homelessness remains an issue. The labor force is highly educated, but some shortages exist in low-income, low-qualified segments that have been increasingly filled by migrant workers (especially from Ukraine, Poland and Slovakia).

In recent years, structural constraints on governance have increased. The war in Ukraine substantially raised the number of refugees, especially women and children, and put a strain on regional and local governments in housing, education and health care.

The incorporation of about 300,000 Ukrainian refugees into the labor market was largely successful, with the majority now in employment or education. However, most have taken positions below their qualifications, and dissatisfaction is growing. At the same time, the refugees helped meet the demands of the Czech labor market.

Czech civic traditions date to the 19th century. However, the communist dictatorship severely distorted moral values and effectively eradicated civil society. Under communism, civic organizations were subordinated to the state and became inactive. Following the Velvet Revolution, NGO numbers and membership surged. However, that initial enthusiasm waned, and activism declined in the late 1990s. Over the past decade, prominent NGOs have grown in numbers and membership, while many smaller ones have disappeared.

The departure of foreign donors in the late 2000s was a particular concern, as the donor culture within the country was not well established. This situation is gradually improving, particularly due to organizations such as the Via Foundation, which promotes philanthropy among affluent individuals and companies, and the Jan Hus Foundation, which focuses on education. These foundations benefit from substantial endowments left by foreign donors, but the role of domestic donors has also increased in recent years.

Following the outbreak of war in Ukraine, donations skyrocketed, going both directly to Ukraine and to key NGOs. Large NGOs such as People in Need and Caritas sought to balance aid to Ukraine with local assistance for those affected by rising energy

Structural
constraints

2

'06 '26 10



Civil society
traditions

1

'06 '26 10



prices and inflation. The number of food, clothing and furniture banks increased significantly, as did reliance on them. Volunteering also surged, particularly in support of Ukraine-related causes both within that country and with regard to humanitarian aid deliveries to crisis regions.

There are no major ethnic or religious conflicts in Czechia. However, overlapping issues, including the influx of war refugees from Ukraine, the energy crisis and inflation, have exacerbated social conflicts. During the review period, several large anti-government protests blamed the government for prioritizing aid to Ukraine and Ukrainian refugees over Czechs. Welfare chauvinism has increased because of the absence of a mainstream left in parliament, the Communists' shift toward welfare chauvinism and competition among radical-right formations.

Polarization intensified significantly during the review period, as opposition parties – the populist ANO and the radical-right SPD – exploited crises to deepen societal divisions. During the 2023 presidential campaign, ANO's Andrej Babiš played on fears of war and economic downturn and frequently crossed ethical lines. For example, one of the party's billboard advertisements suggested that retired General Petr Pavel – the government-supported candidate who was later elected president – would drag the country into war.

Affective polarization driven by strong negative emotions, particularly anger at the political situation, was a key predictor of support for Babiš. Populist voters exhibited higher levels of political anger, which translated into mobilization. In contrast, pro-Ukrainian sentiments were critical in determining support for Pavel. His campaign positioned him as a unifying candidate, as he sought to emphasize democratic values and counter Babiš's divisive rhetoric.

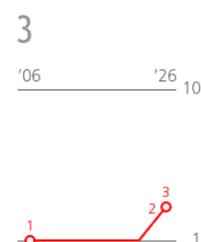
II. Governance Performance

14 | Steering Capability

The government's steering capability was tested during the review period. External events – particularly the war in Ukraine, which triggered an influx of refugees, an energy crisis and inflation – affected prioritization. Consequently, Prime Minister Fiala's government program and the coalition agreement, which focused on balancing the state budget, became unattainable.

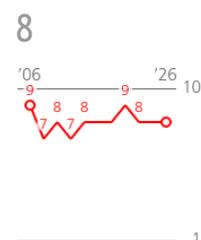
During these multiple crises, the Fiala government acknowledged that its access to evidence and data was limited, and in early 2023 it embarked on an evidence-based policy reform with aid from the European Union and OECD. This reform includes legislative changes, closer interaction between ministries and experts, and a pilot

Conflict intensity



Question
Score

Prioritization



program on the topics of regulatory impact assessment and strategic planning. While some progress was made in the area of regulatory impact assessment, the government's strategic planning, evidence-based policy formulation and interaction with experts remain cumbersome. Moreover, political will appears to be limited.

While rising energy costs and inflation strained public budgets, the incorporation of Ukrainian refugees into the labor market more than compensated for welfare costs. With regard to the country's aid to Ukraine, the Czech ammunition initiative secured significant financial support from NATO and Western allies, ensuring that limited domestic resources did not prevent aid.

The Fiala government faced unprecedented crises because of the war in Ukraine. Initially it had a comfortable majority in both chambers of parliament and enjoyed strong coalition unity. However, opposition obstruction significantly delayed legislative processes. Despite this, coalition cohesion remained strong, even after the Pirate Party's departure.

Despite numerous challenges, the government achieved partial success in meeting its objectives. Key successes included ensuring energy security through international cooperation, expanding highways via public-private partnerships, and integrating Ukrainian refugees into the labor market as a means of addressing labor shortages. However, pension reform and digitalization initiatives stalled. While the retirement age was increased, the single-payer pillar was not strengthened. The digitalization reform faced technical and political delays, leading to Deputy Prime Minister Ivan Bartoš's dismissal by Prime Minister Fiala in fall 2024. Although this eased some political tensions, the ambitious reform remains delayed. Limited public administration capacity and lack of digitalization remain major obstacles.

While the multipronged crisis strained the budget, the government managed to cover some costs by securing support from the European Union for refugee assistance, energy costs and post-pandemic recovery, as well as from NATO allies for the ammunition initiative. It also continued to meet its EU obligations, including increased spending on NATO commitments.

By fall 2024, the government had made progress on most of its priorities. However, many priorities remained, and some were contradictory – for example, balancing the budget while increasing spending on education and security, fighting inflation, and implementing long-overdue reforms has proved to be difficult. Furthermore, an election year in an anti-incumbent atmosphere, as 2025 is likely to remain, is not conducive to major reforms.

Implementation

9



1

The organization of government and public administration remains relatively rigid. Governance practices are tied to coalition governments and are reinforced by official inertia and a lack of progress. Following EU accession, programs were initiated to improve administrative practices and adopt modern management methods.

EU oversight has served as a significant incentive for policy learning, with emulation and knowledge exchange at the EU level contributing to progress in R&D and environmental policy. In research, development and innovation (RDI), the engagement of academic experts and practitioners has enhanced policy learning through systematic evaluation of foreign experiences.

During the overlapping crises triggered by the Russian war on Ukraine, there were no significant political divisions within the governing coalition. The response to the 2024 floods showed significant improvement in crisis preparedness. However, the opposition's activities have presented significant challenges to the communication skills of the prime minister and ministers in the relevant portfolios – especially interior, energy and finance. Although the government is united and the opposition divided, the opposition is largely winning on social media. Government ministers have struggled to make their anti-populist rhetoric appealing, and to adapt to social media platforms such as Instagram and TikTok.

Evidence-based policymaking has not been fully embraced. Although learning has been rapid during the overlapping crises, incorporating evidence into policy preparation is not yet a matter of routine. However, significant progress has been made with regard to regulatory impact assessment (RIA), and the government is receptive to expertise.

15 | Resource Efficiency

Balancing the state budget remains the key priority, given the significant rise in state debt since 2019. While the budget planning and implementation processes are transparent, there were substantial deviations from the budget because of the war in Ukraine and the subsequent refugee influx, energy crisis, rise in inflation and additional defense costs. The Fiala government attempted to address these deviations by securing additional EU resources and implementing cost-cutting measures. However, the main obstacle to achieving a balanced state budget is the volume of mandatory expenditures, which necessitates pension reform.

The Supreme Audit Office (SAO), which is responsible for reviewing the state's management of public revenue and expenditure, serves as a crucial independent watchdog. Conducting an average of 30 audits per year and reviewing expenditures of as much as CZK 230 billion, the SAO provides decision-makers and the public with impartial information about effectiveness, efficiency and regulatory compliance in the use of national resources. For example, in the context of an investigation into

Policy learning

8



1

Efficient use of assets

8



1

air quality improvement, the SAO announced in October 2024 that the so-called boiler subsidies, aimed at replacing noncompliant household boilers, contributed to reducing air pollution between 2014 and 2022. In contrast, the agency noted, subsidies intended to reduce industrial emissions had made only a minimal impact on lowering harmful pollutants such as sulfur dioxide and nitrogen oxides.

Personnel recruitment remains competitive and no politically motivated dismissals have been reported at the national level. However, court litigation is ongoing concerning the dismissal of municipal officials, particularly in Prague. Media scrutiny helps mitigate tendencies toward clientelism. A plan to reduce state administrative personnel through digitalization has not yet materialized because the reform is stalling.

The Fiala government's coalition agreement includes fixed principles for coalition cooperation and coordination. The most important body for policy coordination is the coalition council, consisting of the coalition parties' chairpersons and a maximum of three other representatives from each coalition party. Coordination mechanisms at the level of parliamentary and senatorial clubs are also important. Additionally, coalition parties have their own expert commissions. The expert commissions of the individual coalition parties primarily communicate among themselves in preparing legislative proposals.

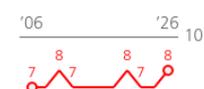
The government's legislative plan divides tasks among ministries and other central bodies of the state administration, setting deadlines for submitting bills to the cabinet. The allocation of tasks is transparent. Some horizontal coordination among line ministry civil servants occurs. Senior ministry officials play a crucial role in collecting and discussing comments on proposed legislation. However, barriers persist among the ministries – for example, cross-cutting project groups are rarely established, particularly between line ministries controlled by different political parties. During the review period, the government aimed to balance trade-offs between policy goals, but the overlapping refugee wave, energy crisis and financial crisis made this task very difficult.

The failure to implement digitalization reform – due to its complexity and political tension between key ministers – led to the dismissal of Deputy Prime Minister Ivan Bartoš in the fall of 2024. However, the government crisis was short-lived. The governing coalition, afterward reduced to four parties, retained a majority of 104 of 200 seats in the Chamber of Deputies.

The summer 2024 floods highlighted clear improvements in the state's response. While local and regional capacities varied, the Fiala government managed the crisis effectively, with the interior minister coordinating the effort, unlike the pandemic response under Prime Minister Babiš, which was hindered by political competition between the senior coalition partner ANO and the junior coalition partner, the Social Democrats, which were in charge of the interior ministry at that time.

Policy
coordination

8

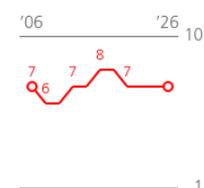


1

The Czech government has the legal capacity to enforce regulations in an unbiased way, and is relatively effective at doing so. This includes regulations governing party finances and campaigns. As a result, no major irregularities were reported during the period under review. However, the fight against corruption has been made more difficult because former Czech Prime Minister Babiš (2018 – 2021) has continued to face accusations both at home and abroad, including in France and Germany, of misusing EU funds and conflicts of interest.

Anti-corruption policy

7



In December 2024, the Constitutional Court struck down the so-called Lex Babiš II on procedural grounds, ruling that it had not been passed correctly. The decision did not challenge the substance of the law, which sought to tighten conflict-of-interest rules, particularly regarding politicians' ownership of media properties; rather, it addressed only the method of its adoption. Speaker of the Chamber of Deputies Markéta Pekarová Adamová (TOP 09) said she intends to reintroduce and pass the law during the current parliamentary term, despite adamant obstruction by the opposition that has significantly delayed legislative progress. The opposition, particularly ANO, maintains that other priorities should take precedence. The ruling also reignited debates on the excessive use of parliamentary obstruction, which the Constitutional Court has criticized as undermining legislative efficiency.

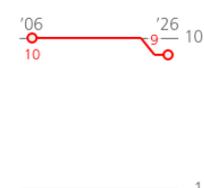
Public procurement remains the major source of corruption. Anti-corruption policy is undermined by slow prosecution and low political costs. For example, the length of judicial proceedings, combined with high rates of polarization that increase partisanship, lowers public pressure on politicians under investigation to resign.

16 | Consensus-Building

The consensus among the major political actors and the public on the merits of democracy and the market economy has weakened as polarization has increased significantly. The confrontation between populist and anti-populist forces culminated in the 2023 presidential election, which turned into a referendum on the country's future orientation. Petr Pavel, a pro-Western, pro-liberal-democracy candidate, narrowly won, but the 2024 European Parliament elections saw populist forces – represented by the ANO, SPD, Stačilo! and Motorists parties – win 12 of the 21 seats. Subsequent Senate and regional elections saw ANO dominate as it further embraced nativism and welfare chauvinism.

Consensus on goals

9



All major political actors agree on maintaining a market economy as a strategic, long-term goal. Economic, housing and food insecurities have increased, as have regional disparities, and the Green Deal has emerged as an additional contentious issue in a country strongly dependent on the automotive industry.

Since the pandemic, the extreme sovereigntist movement has strengthened, developing into two distinct branches – both rejecting the legitimacy of the Czech state but differing in their historical reference points. One faction, led by Jiří Macháček, employs “paper terrorism,” inundating state institutions with legal claims based on the belief that Czechia is an illegitimate corporate entity. The second faction – emerging during the COVID-19 pandemic – embraces far-right conspiracies and challenges the state’s legitimacy on the grounds that the dissolution of Czechoslovakia did not involve a referendum. Prominent figures like Jana Peterková and Pavel Zítka promote their cause online and at protests, often spreading disinformation on the topics of Ukraine, COVID-19 and global politics. While marginal, the Czech sovereigntist movement poses a challenge to democratic stability through its attempts to infiltrate radical political discourse and delegitimize state institutions.

The primary divisions in both intra- and inter-party competition arise from disagreements over: 1) support for Ukraine and Ukrainian refugees; 2) major reforms, particularly those concerning pensions and real estate tax; 3) attitudes toward deeper European integration, especially the adoption of the euro and the Green Deal; and 4) identity politics – specifically, the expansion of LGBTQ+ rights, including same-sex marriage, adoption and surrogacy.

Identity politics – particularly as they related to same-sex marriage and ratification of the Istanbul Convention – are among the few issues that divide the current governing coalition. During his 2023 campaign, President Petr Pavel explicitly supported the Istanbul Convention, same-sex marriage, regulated euthanasia and the legalization of marijuana. These issues resonated with younger voters, who turned out in unprecedented numbers. However, the government failed to deliver on all of them: the ratification of the Istanbul Convention and the legalization of same-sex marriage were unsuccessful, while no draft laws have been prepared to introduce regulated euthanasia or legalize marijuana. These divides highlight the limits of a broad coalition in a populist era: While conservative and liberal forces can find common ground on democracy, economic policy and the country’s geopolitical orientation, they struggle to agree on social issues. The populist radical right, along with politically well-connected conservative interest groups, exploits and further radicalizes these divisions.

Although there are no significant ethnic or religious divisions in Czech society, welfare chauvinism toward Ukrainian refugees is rising.

Anti-democratic actors



1

Cleavage / conflict management



1

One of the most crucial factors influencing political and economic development in Czechia is its membership in the European Union (EU). Compared with previous periods, the country used European funds more effectively and carried out regular impact assessments of those investments. Czechia responded flexibly to two new pieces of EU legislation allowing rapid funding for recovery measures following natural disasters occurring after January 1, 2024 – for example, to increase compensation to farmers for fruit crops damaged by spring frosts and to increase funding to help deal with the major floods in September 2024.

Unlike other EU member states in Central and Eastern Europe, Czechia lacks a dedicated ministry for EU issues and funds. Consequently, management of EU funds is scattered across ministries, leading to poor coordination. During the review period, use of EU funds improved, but interministerial coordination remains complicated, especially across party lines.

The government actively supports reconciliation regarding past injustices that occurred before, during and after World War II. On the other hand, most of Czech society prefers to ignore the “ghosts of the past” – including the genocide of the Roma, the deportation of the German population and the crimes connected to the postwar sterilization of Roma women under the communist regime. A new regulation addresses pension disparities among members of the resistance.

The 2023 presidential elections witnessed two former members of the pre-1989 Communist Party vying for the presidency: Petr Pavel, a soldier who joined the party during his military career, and Andrej Babiš, who also joined the Communist Party during his deployment abroad as a foreign trade representative. The candidates approached their past differently. Babiš tried unsuccessfully to use Pavel’s past to demobilize voters. Important dissident figures rallied behind Pavel’s narrative, which received widespread support from most voters. Notably, a small yet significant group of Catholic voters also embraced the redemption narrative.

The Russian war on Ukraine revived deep divisions over memory politics. At the elite level, the dominant discourse of democracy against totalitarianism – including both Nazism and communism – is strictly black-and-white, preventing a more nuanced discussion of the past and reconciliation that addresses both victimhood and perpetratorship. The mnemonic wars over late communism are fought in the political arena and the public sphere. The present-day combination of populism and war, creating conditions which challenge liberal democracy, is not conducive to a more nuanced reconciliation with the past.

In July 2024, the government established the Council for Memory Politics to align historical remembrance efforts with the constitution, human rights and legal standards. Comprising officials, academics and civil society actors, the council promotes awareness of resistance movements, advises on funding for memory and resilience projects, and highlights the challenges faced by senior resistance veterans. While aiming to foster patriotism and positive values, it operates with limited pluralism and reflects elements of stealth democracy.

Public consultation

8



1

Reconciliation

9



1

17 | International Cooperation

One of the most crucial factors influencing political and economic development in Czechia is its membership in the European Union (EU). Compared with previous periods, the country used European funds more effectively and carried out regular impact assessments of those investments. Czechia responded flexibly to two new pieces of EU legislation allowing rapid funding for recovery measures following natural disasters occurring after Jan. 1, 2024 – for example, to increase compensation to farmers for fruit crops damaged by spring frosts and to increase funding to help deal with the major floods in September 2024.

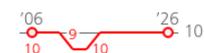
Unlike other EU member states in Central and Eastern Europe, Czechia lacks a dedicated ministry for EU issues and funds. Consequently, management of EU funds is scattered across ministries, leading to poor coordination. During the review period, use of EU funds improved, but interministerial coordination remains complicated, especially across party lines.

The Czech government has long acted as a trustworthy and reliable partner within the international community. Czechia generally adheres to international agreements such as the Sustainable Development Goals (SDGs), climate change agreements, core ILO labor standards, human rights conventions, trade and debt agreements, development agreements, and arms control agreements. Human rights, development cooperation and humanitarian aid are essential components of the human dimension of Czech foreign policy.

Czechia collaborates with international organizations and supervisory authorities from countries outside the European Union to ensure effective law enforcement and the exchange of best practices. Czechia's involvement in the activities of international organizations takes diverse forms: In many cases it involves direct participation by Czech experts in development projects implemented by the organization, and not infrequently it supports precisely defined activities by the organization in a particular developing country. However, the basic form of participation is providing a financial contribution to a given organization's budget. The government regularly reviews reports on its fulfillment of international conventions. During the review period, a contentious political debate hindered the ratification of the Istanbul Convention. In the end, Czechia refused to ratify the Istanbul Convention in a close vote by the Czech Senate, the upper chamber, on January 24, 2024. In 2024, 20 years after joining NATO, Czechia fulfilled its commitment to spend at least 2% of its GDP on defense.

Effective use of support

10



1

Credibility

10



1

Bilateral foreign development cooperation primarily focuses on specific priority partner countries. During the period under review, these were Bosnia and Herzegovina, Ethiopia, Georgia, Cambodia, Moldova, and Zambia. Certain countries, including Afghanistan, Syria and Ukraine, had funds for humanitarian, stabilization and development cooperation approved by special government resolutions. In addition to geographic priorities, Czechia also sets thematic priorities for its foreign development cooperation.

In addition to its membership in the European Union and NATO, Czechia is part of the Visegrad 4 (V4) group along with Hungary, Poland and Slovakia. The V4 has established closer cooperation with neighboring countries such as Austria and Slovenia. The European Commission views regional groups like the V4 as essential for responding effectively to EU policies. The V4 is a key building-block of Central European policymaking, and has served as a successful platform for enhancing European cooperation. In July 2023, Czechia assumed its presidency amid Russia's ongoing aggression against Ukraine. The Czech presidency emphasized that V4 countries must uphold Visegrad cooperation principles and firmly support Ukraine's independence and territorial integrity. The 2024 V4 meeting highlighted significant differences between Czech-Polish and Hungarian-Slovak positions on the Ukraine conflict. Despite these differences, the group's prime ministers agreed there were areas where cooperation would be beneficial.

Czechia maintains good relations with its neighbors, supported by cooperation programs like the Cross-border and Transnational Cooperation Program (2021 – 2027), which includes five cross-border initiatives with Slovakia, Saxony, Poland, Bavaria and Austria. Czechia and Poland are among the EU members most supportive of Ukraine, together providing material aid, military equipment and shelter for more than 450,000 war refugees. Czechia also joined sanctions against Russia early on and has minimized its dependence on Russian energy.

In January 2023, Czechia celebrated 30 years of independence after 74 years as part of Czechoslovakia. Despite ongoing mutual support, relations with Slovakia deteriorated in 2024. Czechia postponed joint cabinet meetings because of significant differences in foreign policy between the two countries, particularly over Slovakia's diplomatic stance on Russia.

Regional
cooperation

10



1

Strategic Outlook

While Czech voters rejected populism in the 2021 general election and the 2023 presidential election, the 2024 European Parliament elections signaled a rising anti-incumbent populist tide, confirmed by the ANO party's gains in the Senate and regional elections. Although anti-populist forces still hold a majority in the Chamber of Deputies (104 out of 200 seats), the Senate (60 out of 81 seats) and the presidency, which remains nonpartisan, the country remains deeply polarized. Ensuring the long-term resilience of democratic institutions is crucial. Given the obstructionist tactics of populists in parliament, a better balance between minority protection and majority rule is needed. Currently, the parliamentary minority obstructs the majority to such an extent that institutional trust is being eroded. Changes to parliamentary rules of procedure should be considered.

The Constitutional Court, which serves as an essential check on power, is entirely renewed nearly every decade by a single president. While the current president implemented a nomination process involving broad legal participation and a merit-based selection board, that process remains informal. If a populist wins the 2033 presidential election, the Constitutional Court could cease to function as a bulwark of the liberal constitutional order within 18 to 24 months.

Czechia has a high rate of personal bankruptcy, and many leaders and supporters of the fragmented anti-system movement have personal experiences of financial failure. Some have been drawn to the sovereigntist movement, which denies the legitimacy of the state and allows them to reject their debts – often tied to health and social insurance payments – as illegitimate. The government must expand programs to help individuals recover from debt. Failure to act risks further radicalization and increased poverty among the fragile middle class.

The government must also improve its communication with citizens and more effectively counter disinformation. Economic insecurity and the increasing number of refugees have fueled welfare chauvinism. The government must better explain its policies for supporting refugees and highlight the benefits of integrating Ukrainians into the labor market.

Czech hospitals, which are still recovering from the pandemic, face a shortage of doctors and nurses. Nevertheless medical graduates with degrees from non-EU countries are often restricted to unskilled roles. Professional associations act as gatekeepers for recognizing qualifications. The government should work with those associations to create clearer pathways for non-EU health care professionals, particularly in underserved areas. Universities could support this by offering specialized language courses and training.

Alarmingly, the populist radical-right SPD has escalated its rhetoric. During the 2024 European Parliament elections, the party vilified foreign-born doctors, portraying them as potential murderers. The police must investigate cases where political campaigning crosses the line into hate speech or criminal incitement.

Key reforms to address rising public debt include pension reform and redistribution of tax revenues between the central government, regions and municipalities. Socioeconomic and regional disparities in health care and public services must also be reduced, including by creating better transport links between small municipalities and regional centers. The housing crisis remains critical, limiting young people's ability to start families.

The country needs a clear vision for its economic development and security. It must continue its transition to renewable energy and expand energy-saving measures for private homes in order to lower costs. Safe nuclear energy should remain part of the energy mix. The education system must adapt to future challenges and address socioeconomic and regional disparities in student opportunities. Research and development spending should be increased with a stronger focus on knowledge transfer and startup support.

Policymaking, especially in the areas of agenda-setting, policy formulation and decision-making, must become more inclusive. Evidence-based policymaking, transparency and accountability should be prioritized. Reforming the regulatory impact assessment (RIA) process and enabling data integration across sources, which is currently prohibited by law, would be significant improvements. Communication and policy cooperation among line ministries are essential and must be improved. More resources should be allocated to applied research. Civil society's role in policy implementation and monitoring should be strengthened, for example through institutionalized best practices and expanded citizen participation, including citizen assemblies.