

**Report from the Czech Republic**  
**under Article 9 of the SGEI Decision**  
**and paragraph 62 of the SGEI Framework**

**Office for the Protection of Competition**

**June 2022**

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## Introduction

**Commission Decision** 2012/21/EU of 20 December 2011 on the application of Article 106(2) of the Treaty on the Functioning of the European Union to State aid in the form of public service compensation granted to certain undertakings entrusted with the operation of services of general economic interest ('the SGEI Decision') is applied in the Czech Republic at all levels of public administration. It is used most often at regional or local level, which is associated with ensuring the compatibility of support for those organisations that are regional or local bodies founded or set up to provide services of public interest for citizens within their catchment area.

This year, the Czech Republic has created a data collection web application, in which providers filled in the requested information on the compensation provided in the relevant period. The web application has made much more efficient not only the data collection, but also the data analysis as such.

For the second time already, the report includes information on the implementation of the **Communication from the Commission - European Union framework** for State aid in the form of public service compensation ('the SGEI Framework'), following two decisions issued by the European Commission in 2018<sup>1</sup>. Given the number of these compensations, they were not included in the web application.

### ***Report structure***

The report is divided into five parts. Part one contains an overview of the aggregate expenditure granted in the Czech Republic under the SGEI Decision and the SGEI Framework in the individual years of the period under review. There is an increasing trend in the compensation granted under the SGEI Decision compared to the previous monitoring period; it is particularly strong in the area of 'Health and long term care', 'Care and social inclusion of vulnerable groups' and in 'Other sectors'. Conversely, compensation granted under the SGEI Framework has been decreasing.

The second part is the most extensive one and contains information on the implementation of the SGEI Decision in the individual sectors, with a section devoted to each. This part is therefore divided into a total of eleven sections describing the situation in the following sectors: hospitals (2.1); social services (2.2); airports and ports (2.3); and compensation not exceeding EUR 15 million: energy (2.4), compensation not exceeding EUR 15 million: Water supply (compensation not exceeding EUR 15 million) culture (2.6); other sectors (2.7).

The third part provides information on the application of the SGEI Framework in two sectors – postal services (3.1) and eDelivery (3.2).

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<sup>1</sup> See Commission Decisions in Joined Cases SA.45281 and SA.44859 and in Case SA.47293 – for details see the relevant section of the report.

The report does not contain sectors that were not supported at all on the basis of the SGEI Decision or the SGEI Framework in the period under review<sup>2</sup>.

Nor does the report contain data on compensation for air or maritime links to islands, in view of the Czech Republic's geographical location, which in itself excludes any potential application in this area.

The following two parts summarise the statements obtained from compensation grantors concerning complaints submitted to them (4) and various issues related to the application of the SGEI Decision and the SGEI Framework (5).

For all parts of the report an exchange rate of **CZK 26.00 to the euro** derived from the quarterly average foreign exchange market rate for the years 2020 and 2021 published by the Czech National Bank was applied for the purposes of establishing the amount of aid granted in EUR.<sup>3</sup>

The report respects the format set out in the Commission letter of 26 November 2021; at the end of the report the compulsory tables with the total amounts for each sections are given in the format requested.

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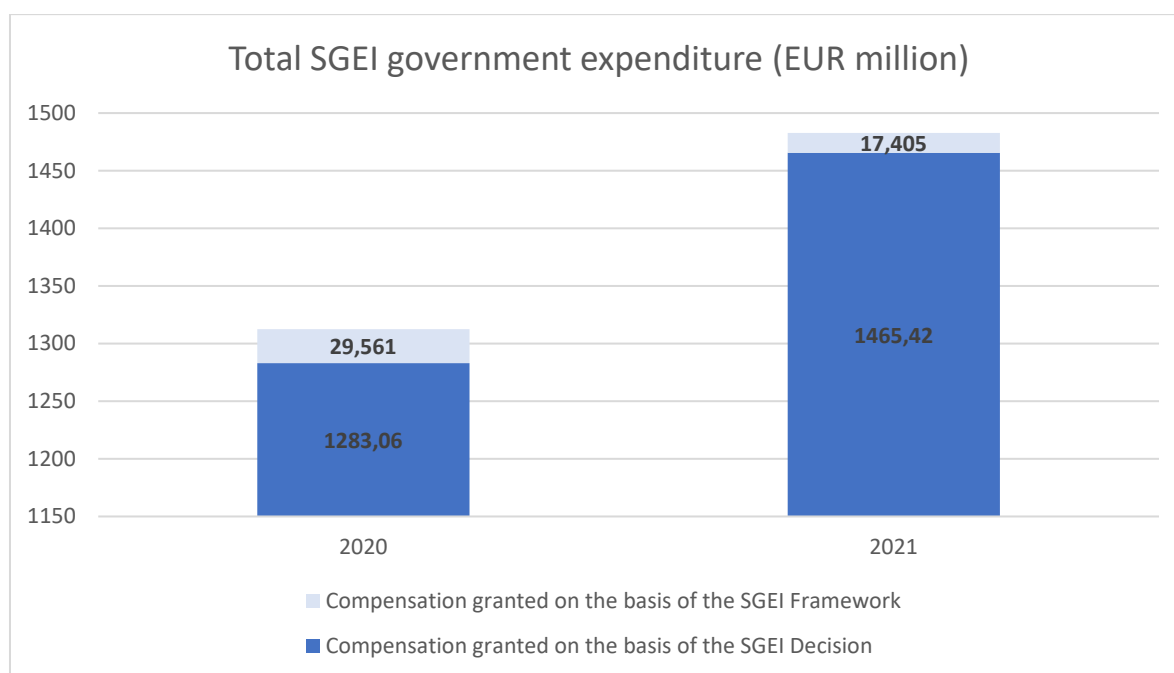
<sup>2</sup>The SGEI Decision concerns the following sectors: postal services, waste collection, financial services; in the case of the SGEI Framework, the following sectors are not included: energy, waste collection, water supply, airports and ports, culture, financial services.

<sup>3</sup> [https://www.cnb.cz/cs/financni-trhy/devizovy-trh/kurzy-devizoveho-trhu/kurzy-devizoveho-trhu/prumerne\\_mena.html?mena=EUR](https://www.cnb.cz/cs/financni-trhy/devizovy-trh/kurzy-devizoveho-trhu/kurzy-devizoveho-trhu/prumerne_mena.html?mena=EUR)

## 1. Expenditure overview

*Table 1: Total SGEI government expenditure by legal basis (in EUR)*

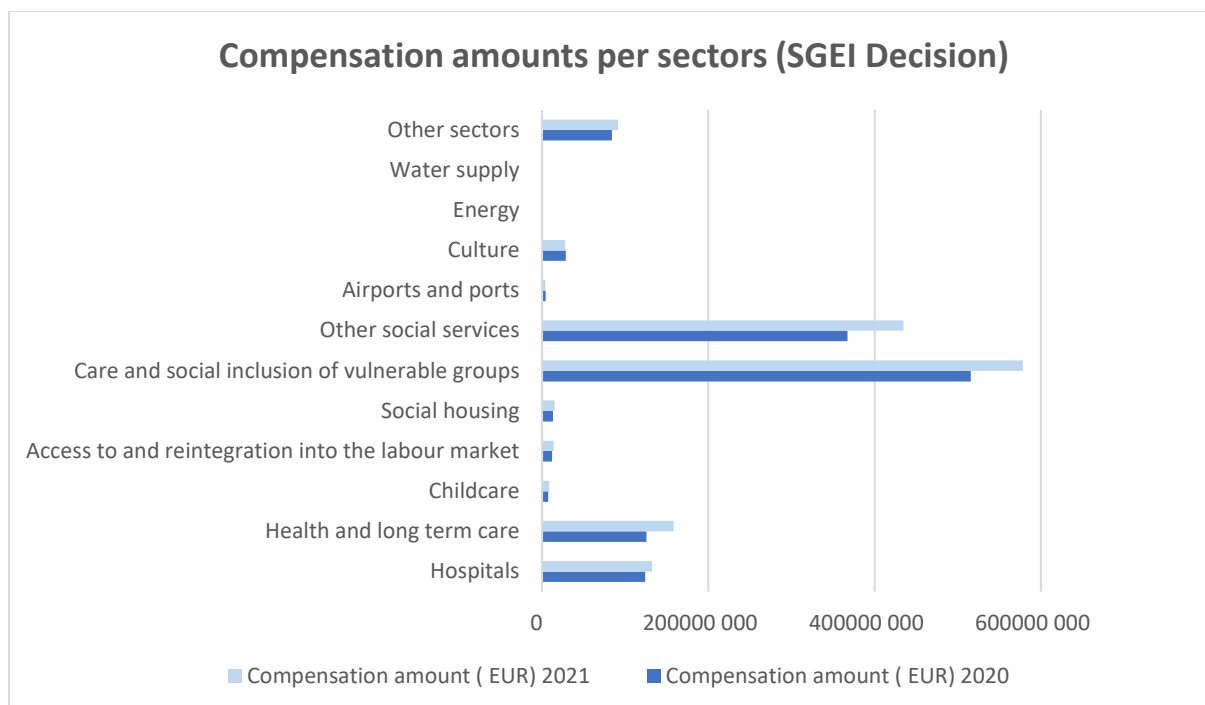
	2020	2021
<b>Compensation for Services of General Economic Interest (1+2)</b>	<b>1 312 624 846</b>	<b>1 482 827 605</b>
<b>1) Compensation granted on the basis of the SGEI Decision</b>	<b>1 283 063 512</b>	<b>1 465 421 711</b>
<b>2) Compensation granted on the basis of the SGEI Framework</b>	<b>29561334</b>	<b>17405894</b>



*Figure 1. Total SGEI government expenditure by legal basis (EUR million)*

*Table 2: Amounts of public aid granted under the SGEI Decision  
(in EUR) in individual sectors in 2020 and 2021*

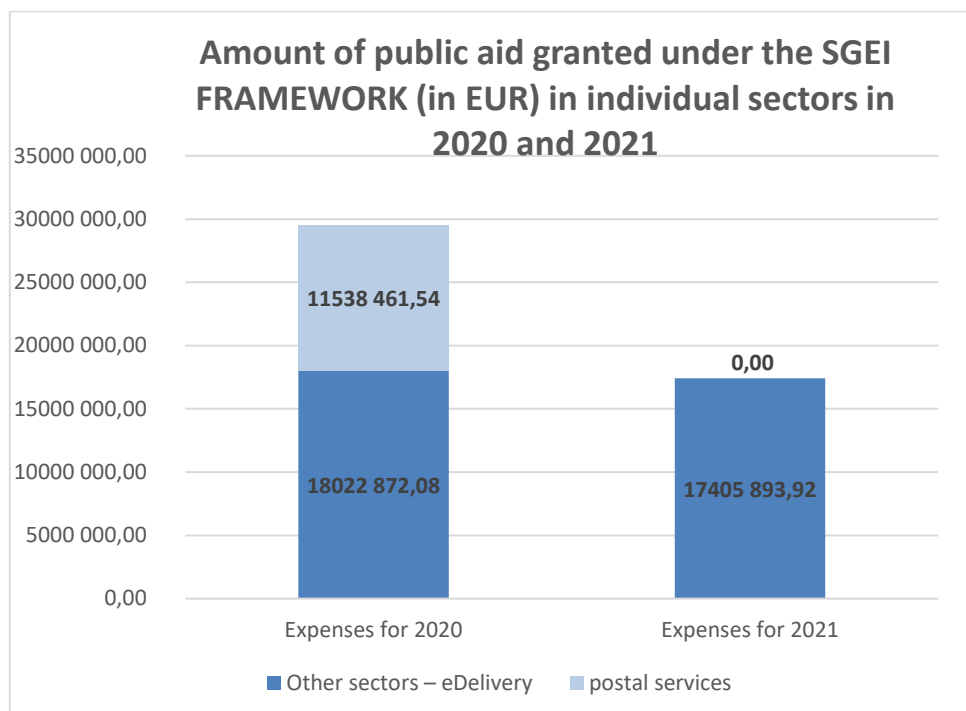
Sectors	Amount of aid (EUR)	
	2020	2021
Hospitals	124 014 824	132129293
Health and long term care	125 580 186	158428818
Childcare	7 225 784	8664610
Access to and reintegration into the labour market	11 902 394	13904704
Social housing	13 257 049	15118586
Care and social inclusion of vulnerable groups	515 830 077	578477139
Other social services	367 234 050	434942233
Airports and ports	4 469 866	3914369
Culture	28 623 853	27992896
Energy	199 115	188 462
Water supply	513 095	477 947
Other sectors	84 213 218	91 185 654



*Figure 2: Amounts of public aid granted under the SGEI Decision (in EUR) in individual sectors in 2020 and 2021*

*Table 3: Amount of public aid granted under the SGEI FRAMEWORK (in EUR) in individual sectors in 2020 and 2021*

Sectors	Amount of aid (in EUR)	
	2020	2021
Postal services	11 538 461.54	0
Other sectors – eDelivery	18 022 872.08	17405893.92



*Figure 3: Amount of public aid granted under the SGEI FRAMEWORK (in EUR) in individual sectors in 2020 and 2021*

*Table 4. Amount of aid granted under the SGEI DECISION  
(EUR million) per aid grantor*

Total amount of aid granted (EUR million), i.e. A+B+C	
2020	2021
1 283 063 512	1 465 421 711
A: Total amount of aid (EUR million) paid by national <i>central</i> authorities	
2020	2021
139755127	170631465
B: Total amount of aid (EUR million) paid by <i>regional</i> authorities	
2020	2021
1 020 927 389	1 153 132 668
C: Total amount of aid (EUR million) paid by <i>local</i> authorities	
2020	2021
122380996	141657577



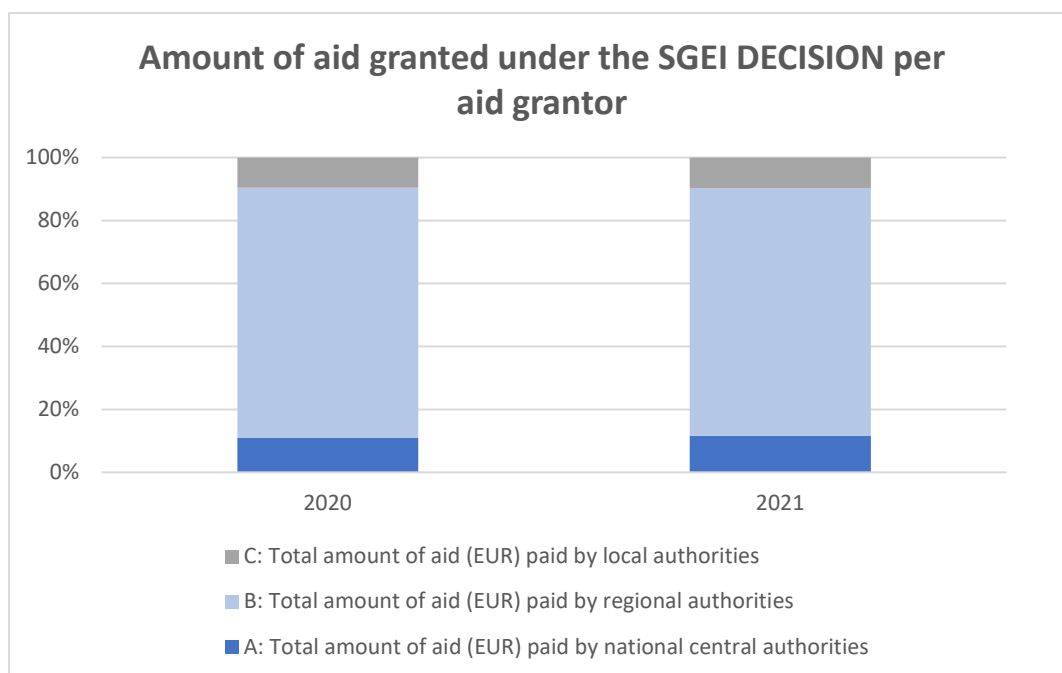


Figure 4: Amount of aid granted under the SGEI DECISION (EUR million) by aid grantor

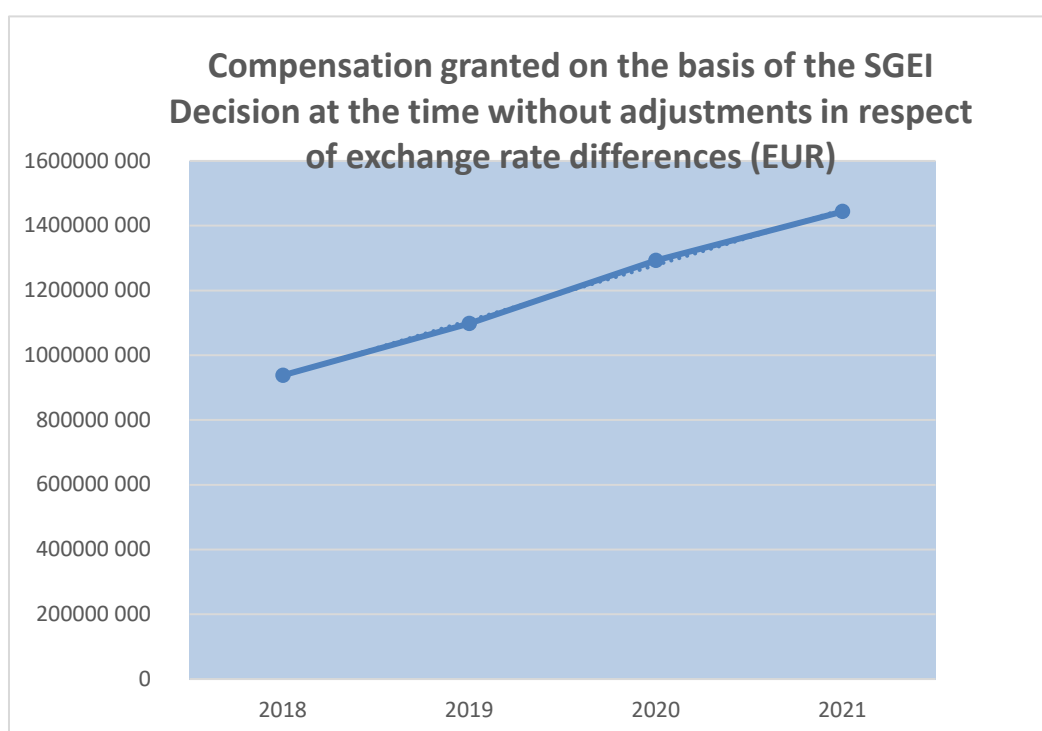
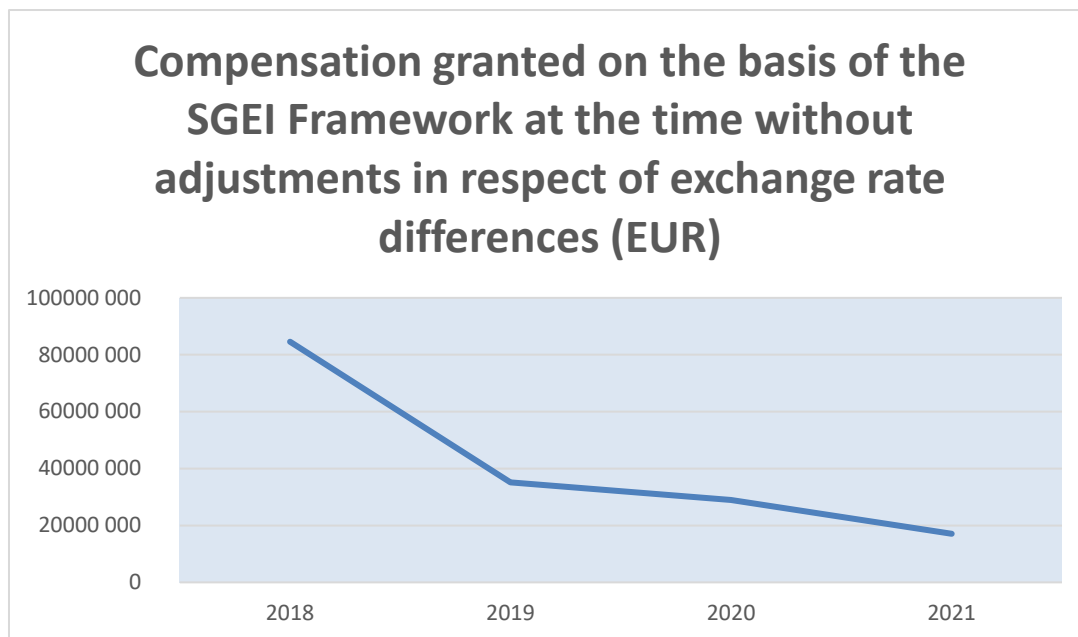


Figure 5: Compensation granted on the basis of the SGEI Decision at the time without adjustments in respect of exchange rate differences



*Figure 6: Compensation granted on the basis of the SGEI Framework at the time without adjustments in respect of exchange rate differences*

## **2. Description of the 2012 SGEI Decision application**

### **2.1. Hospitals**

### **2.2. Social services**

#### **2.2.1. Health and long term care**

#### **2.2.2. Social services – childcare**

#### **2.2.3. Social services – access and reintegration into the labour market**

#### **2.2.4. Social services – social housing**

#### **2.2.5. Social services - care and social inclusion of vulnerable groups**

#### **2.2.6. Social services – other**

### **2.3. Airports and ports**

### **2.4. Compensation payments not exceeding EUR 15 million - ENERGY**

### **2.5. Compensation payments not exceeding EUR 15 million - WATER SUPPLY**

### **2.6. Compensation payments not exceeding EUR 15 million - CULTURE**

### **2.7. Compensation not exceeding EUR 15 million - OTHER SECTORS**

## 2.1 Hospitals

<p style="text-align: center;"><b>(1) HOSPITALS</b></p> <p style="text-align: center;"><b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b></p>
<p><b>Contents of services entrusted as SGEL:</b></p>
<p>Out-patient care and in-patient care</p> <p><i>(Addictology, Allergology and clinical immunology, Anaesthetics and intensive-care medicine, Vascular surgery, Dermato-venereology, Paediatric surgery, Paediatric neurology, Endocrinology and diabetology, Gastroenterology, Geriatrics, Gynaecology and obstetrics, General haematology, Surgery, Communicable diseases, Cardiac surgery, Cardiology, Biological chemistry, Pharmacology, Medical oncology, Medical genetics, Microbiology-bacteriology, Long-term care medicine, Nephrology, Neurological surgery, Neurology, Nuclear medicine, Ophthalmology, Orthopaedics and musculoskeletal accidents, Otorhinolaryngology and head and neck surgery, Pathology, Paediatrics, Respiratory medicine, Psychiatry, Radiotherapy, Perinatology and maternal–foetal medicine, Burns medicine, Diagnostic radiology, Physiotherapy, Rheumatology, Forensic medicine, Emergency medicine, Urology, Algology, Angiology, Paediatric endocrinology and diabetology, Paediatric gastroenterology and hepatology, Paediatric cardiology, Paediatric nephrology, Paediatric oncology and haematology, Paediatric pneumology, Paediatric rheumatology, Phoniatrics, Paediatric and adolescent gynaecology, Thoracic surgery, Pharmacology, Clinical nutrition and metabolic care, Coloproctology, Neonatology, Palliative medicine, Sexuology, Accident surgery, Oral and maxillofacial surgery, Clinical stomatology (dentistry))</i></p> <p>Home care</p> <p>Dispensary care</p> <p>Adolescent medicine</p> <p>Provision of library and information services of a scientific information centre, specialised libraries</p> <p>Laboratory and diagnostic methods in the healthcare sector</p> <p>Spa treatment, therapeutic and rehabilitative</p> <p>Pharmaceutical care (provision of medicinal products and medical devices)</p> <p>Follow-up care (in hospices)</p> <p>Hospital pharmaceutical care</p> <p>Hospital medicine</p> <p>Onco-gynaecology</p> <p>Alerting service</p> <p>General medical practice for children and adolescents</p> <p>Preventive care</p> <p>Alcohol and drug addiction treatment centres</p> <p>Physiotherapy</p> <p>Healthcare maintenance and coordination activities</p> <p>Social services provided in hospital in-patient facilities</p> <p>Physical education medicine</p> <p>Emergency telephone line;</p> <p>Public health care</p> <p>General (internal) medicine</p> <p>Emergency medical treatment institutions</p>

<b>(Typical) forms of entrustment:</b>
Contract (including a legal act on joining/granting the entrustment of another entity) Founding Charter Decision
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
5.8 years 0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant (operating, direct) Payment/advance Contribution/ contribution for operation/ founder's contribution Compensation
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b><i>Compensation mechanism:</i></b> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b><i>Methodology used:</i></b> In most cases the cost allocation method was used. In five case the net avoided cost methodology was used.</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
There are regular and ongoing checks throughout the duration of the commitment. Beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.
<b>How the transparency requirements for aid above 15 million euro are being complied with:</b>

No such payment was granted in the sector under review.

*Table 5: Hospitals - amount of aid granted in 2020 and 2021*

<b>Hospitals</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	25.9	54.2
- regional authorities	96.7	74.2
- local authorities	1.4	3.7
<b>TOTAL AID</b>	<b>124.0</b>	<b>132.1</b>
<i>Average aid amount (EUR million)</i>	<i>1.0</i>	<i>0.9</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	29	30
- medium-sized enterprise	13	12
- large enterprise	89	109
<b>Number of beneficiaries - TOTAL</b>	<b>131</b>	<b>151</b>
<i>Share of expenditure per aid instrument (%)</i>		
Grant (operating, direct)	49	63
Payment/advance	22	17
Contribution/ contribution for operation/ founder's contribution	20	13
Compensation	9	7

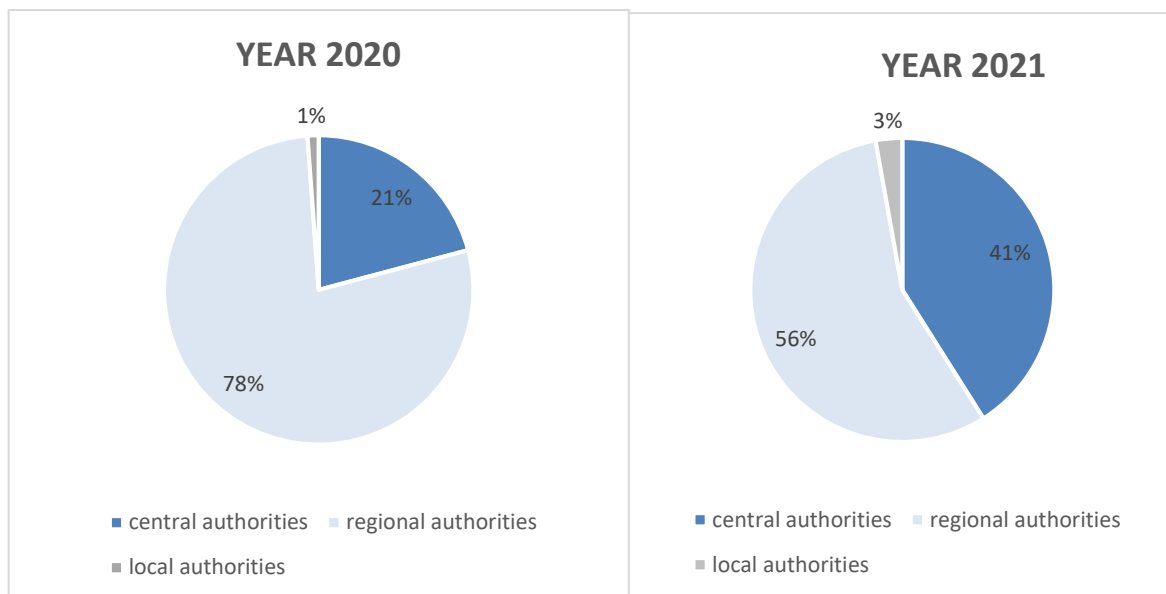


Figure 7: Hospitals - share of aid granted per aid grantor in 2020 and 2021 (%)

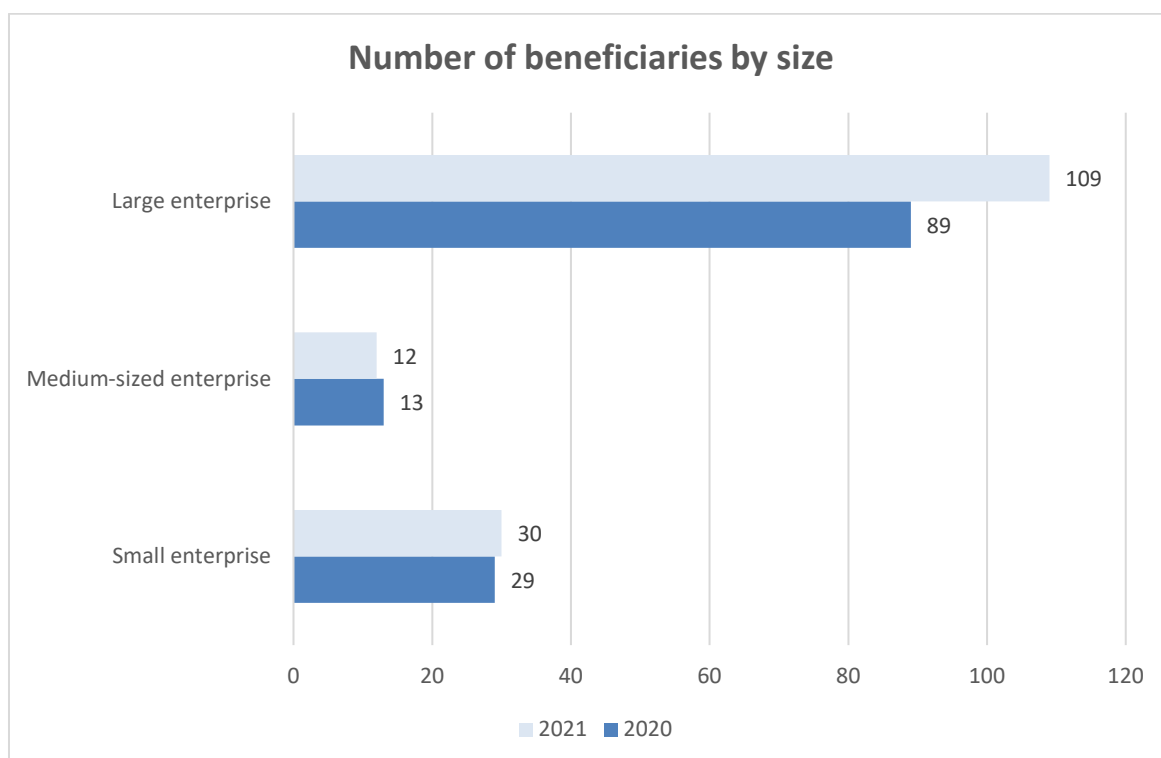


Figure 8: Hospitals - number of beneficiaries by size



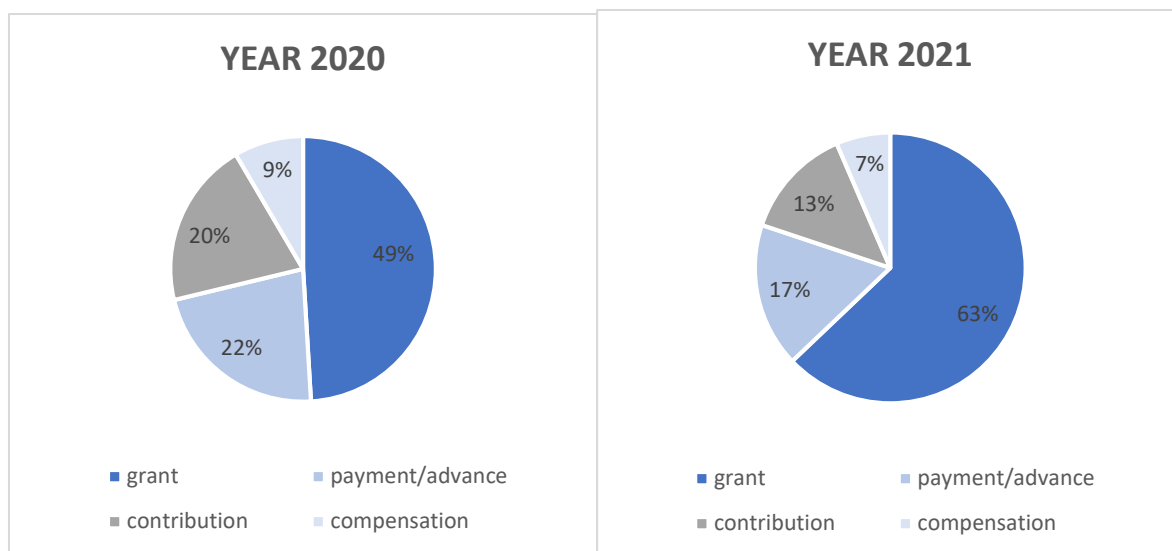


Figure 9: Hospitals - share of expenditure per aid instrument in 2020 and 2021 (%)

## 2.2 Social services

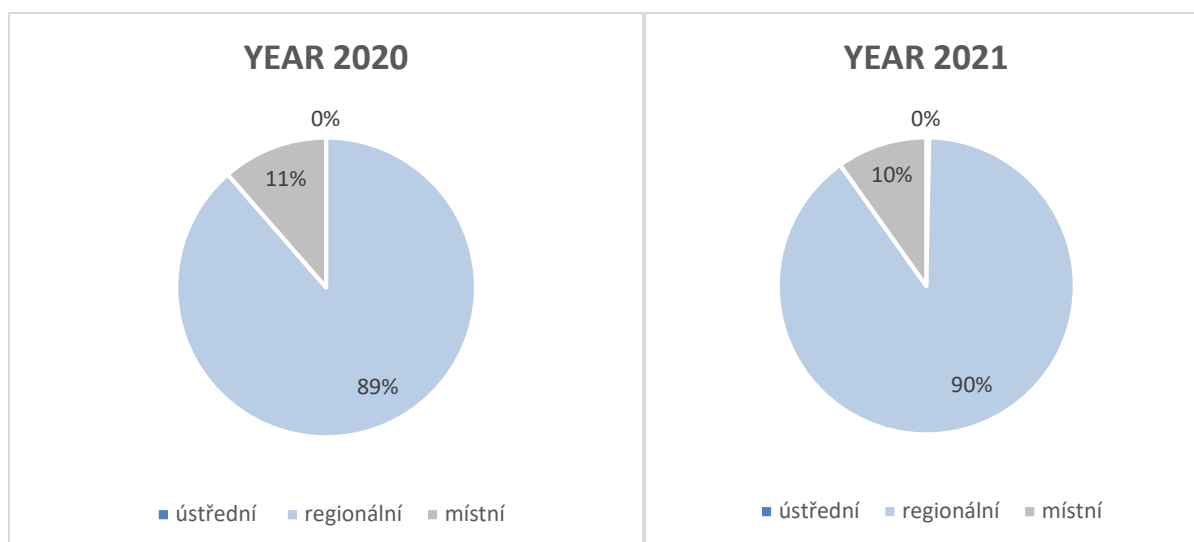
### 2.2.1 Social services – health and long term care

<b>2(a) SOCIAL SERVICES – HEALTH AND LONG TERM CARE</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEL:</b>
<p>Shelters  Day centres  Day-care centres  Homes for people with disabilities  Retirement homes  Homes with a special regime  Accompanying of foster families  Sheltered housing  Intervention centres;  Contact centres;  Low-threshold day centres;  Low-threshold facilities for children and young people;  Hostels;  Professional social counselling  Respite care  Personal assistance  Day care  Support for independent living  Guide and reader services  Early care  After-care services;  Social activation services for families with children  Social-activation services for elderly people and people with disabilities;  Social-therapy workshops;  Social rehabilitation  Social services provided in hospital in-patient facilities  Emergency telephone line;  Therapeutic communities;  Outreach programmes;  Interpreting services;  Week-day centres  Basic social counselling</p>
<b>(Typical) forms of entrustment:</b>
<p>Decision  Stand-alone document issued by a ministry.  Stand-alone document issued based on a resolution adopted by a regional assembly.  Stand-alone document issued based on a resolution adopted by a regional council.</p>

Contract/agreement (including a legal act agreeing on entrustment/joining entrustment of another entity/granting entrustment to another entity) Resolution adopted by a regional council.
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
2.2 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant Grant/preferential rental rate Invoicing Contribution/ contribution for operation Compensation
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b>Compensation mechanism:</b> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b>Methodology used:</b> In most cases the cost allocation method was used. In twenty cases the avoided revenue method was used.</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.
<b>How the transparency requirements for aid above 15 million euro are being complied with:</b>
No such payment was granted in the sector under review.

*Table 6: Social services – health and long term care: amount of aid granted in 2020 and 2021*

<b>Social services – health and long term care</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0	0.5
- regional authorities	111.3	142.3
- local authorities	14.3	15.6
<b>TOTAL AID</b>	<b>125.6</b>	<b>158.4</b>
<i>Average aid amount (EUR million)</i>	<i>0.25</i>	<i>0.29</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	242	248
- medium-sized enterprise	231	251
- large enterprise	29	40
<b>Number of beneficiaries - total</b>	<b>502</b>	<b>539</b>
<i>Share of expenditure per aid instrument (%)</i>		
Grant	87	88
Grant/preferential rental rate	0	0
Invoicing	0	0
Contribution/ contribution for operation	13	12
Compensation	0	0



Legend: ústřední=central, regionální=regional, místní=local

Figure 10: Social services – health and long term care – amount of aid granted per aid grantor in 2020 and 2021 (%)

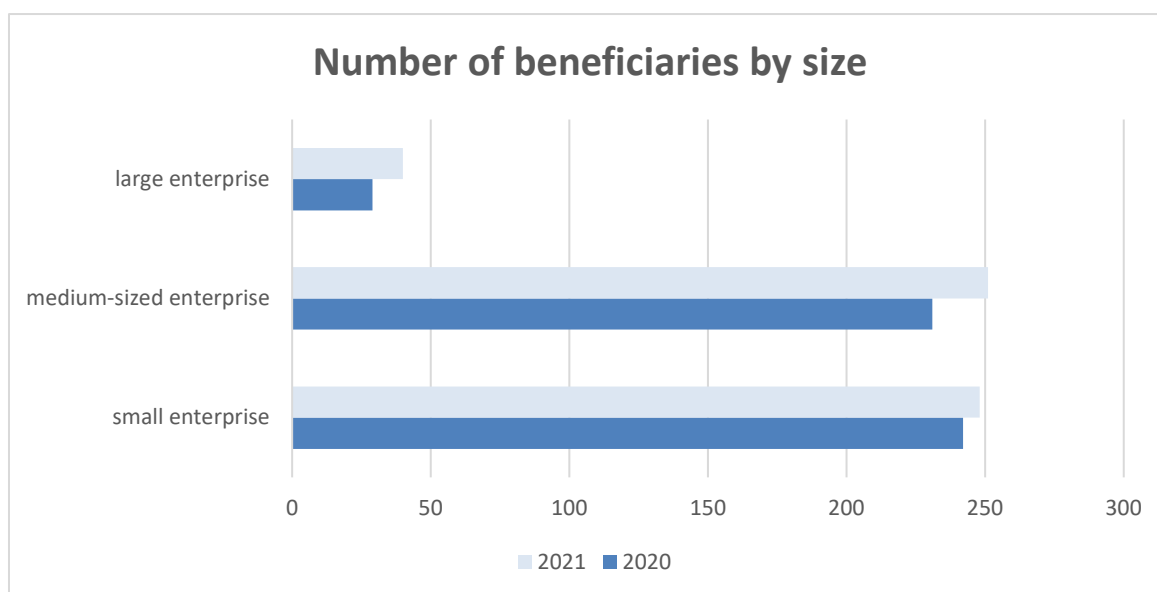
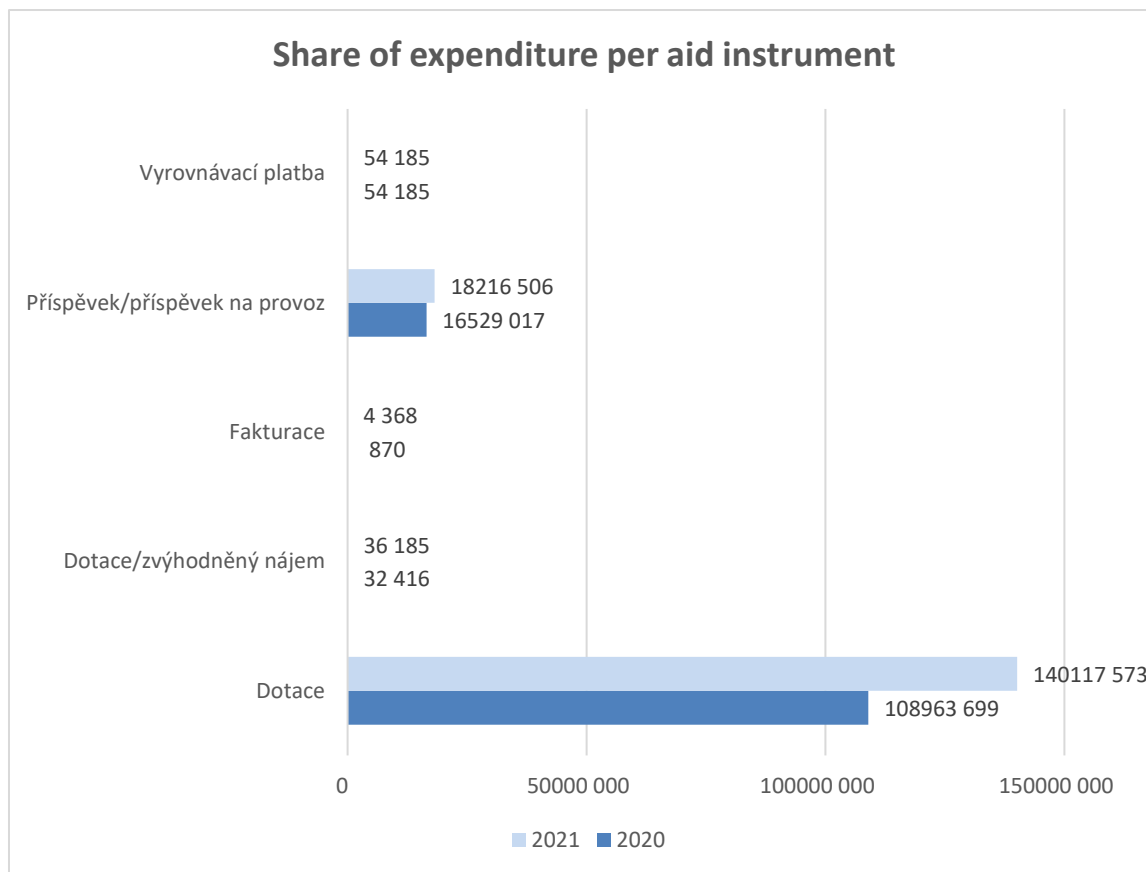


Figure 11: Social services – health and long term care: number of beneficiaries by size



*Legend: vyrovnávací platba=compensation, příspěvek/příspěvek na provoz=contribution/contribution for operation, fakturace=invoicing, dotace/zvýhodněný nájem=grant/preferential rental rate, dotace=grant.*

*Figure 12: Social services – health and long term care: Share of expenditure per aid instrument (%)*



### 2.2.2 Social services – childcare

<b>2(b) SOCIAL SERVICES – CHILDCARE</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEI:</b>
<p>Shelters  Day centres  Day-care centres  Half-way houses;  Intervention centres;  Contact centres;  Emergency assistance  Emergency assistance  Low-threshold day centres;  Low-threshold facilities for children and young people;  Professional social counselling  Respite care  Personal assistance  Day care  Day care  Support for independent living  Guide and reader services  Early care  Social activation services for families with children  Social-activation services for elderly people and people with disabilities;  Social rehabilitation  Emergency telephone line;  Outreach programmes;  Emergency care  Week-day centres  Basic social counselling</p>
<b>(Typical) forms of entrustment:</b>
<p>Decision  Stand-alone document issued by a ministry.  Stand-alone document issued based on a resolution adopted by a regional council/assembly.  Contract (including the entrustment, the legal act on joining/granting the entrustment of another entity)</p>
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>

2 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant Grant/preferential rental rate Financial support Subsidy Direct aid Founder's contribution for operation
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b>Compensation mechanism:</b>  In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b>Methodology used:</b>  Cost allocation method  The net avoided costs method was used in 11 cases.</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.
<b>How the transparency requirements for aid above 15 million euro are being complied with:</b>
No such payment was granted in the sector under review.

*Table 7: Social services – childcare, amount of aid granted*

<b>Social services – childcare</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0	0
- regional authorities	5.8	7.3
- local authorities	1.4	1.3
<b>TOTAL AID</b>	<b>7.2</b>	<b>8.6</b>
<i>Average aid amount (EUR million)</i>	<i>0.04</i>	<i>0.04</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	145	155
- medium-sized enterprise	34	39
- large enterprise	6	9
<b>Number of beneficiaries - total</b>	<b>185</b>	<b>203</b>
<i>Share of expenditure per aid instrument (%)</i>		
Grant	97	98
Grant/preferential rental rate	0	0
Financial support	1	1
Subsidy	0	0
Direct aid	0	0
Founder's contribution	2	1

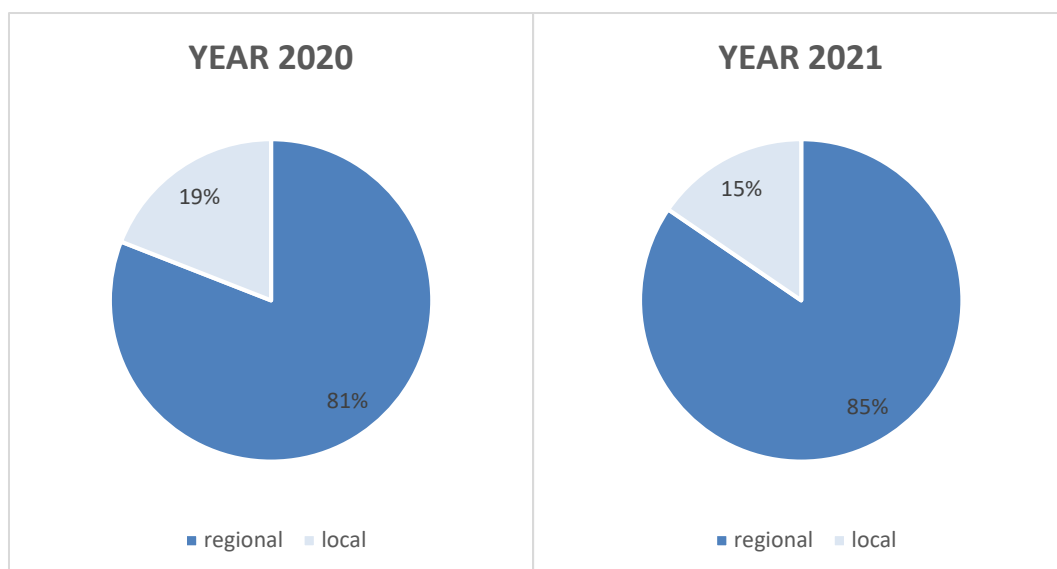


Figure 13: Social services – childcare: share of aid granted per aid grantor in 2020 and 2021 ( %)

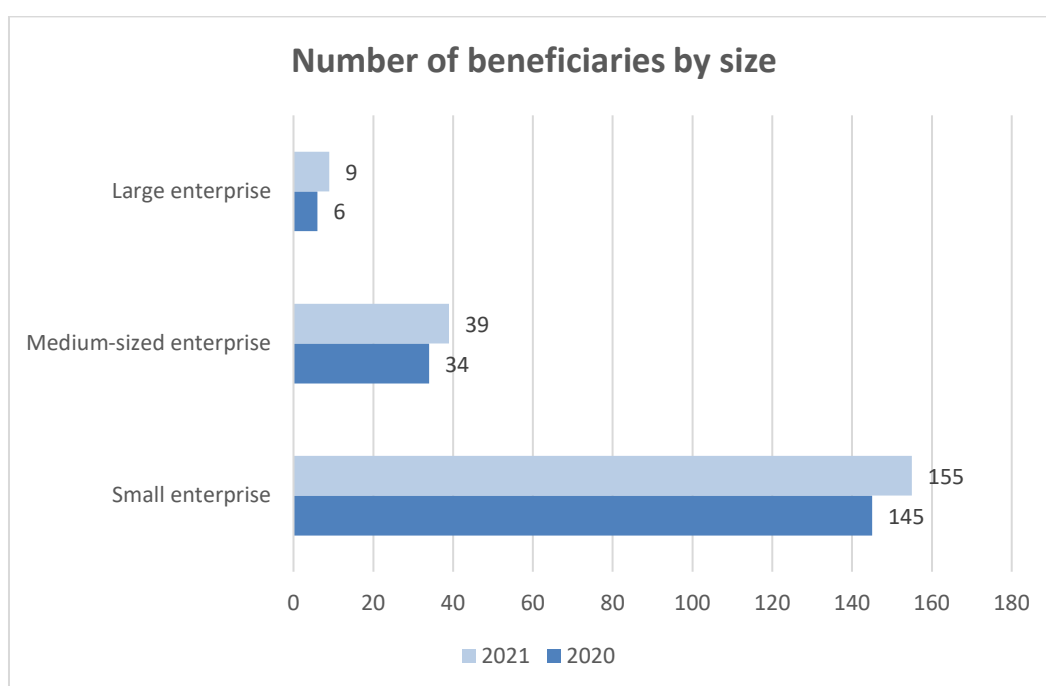
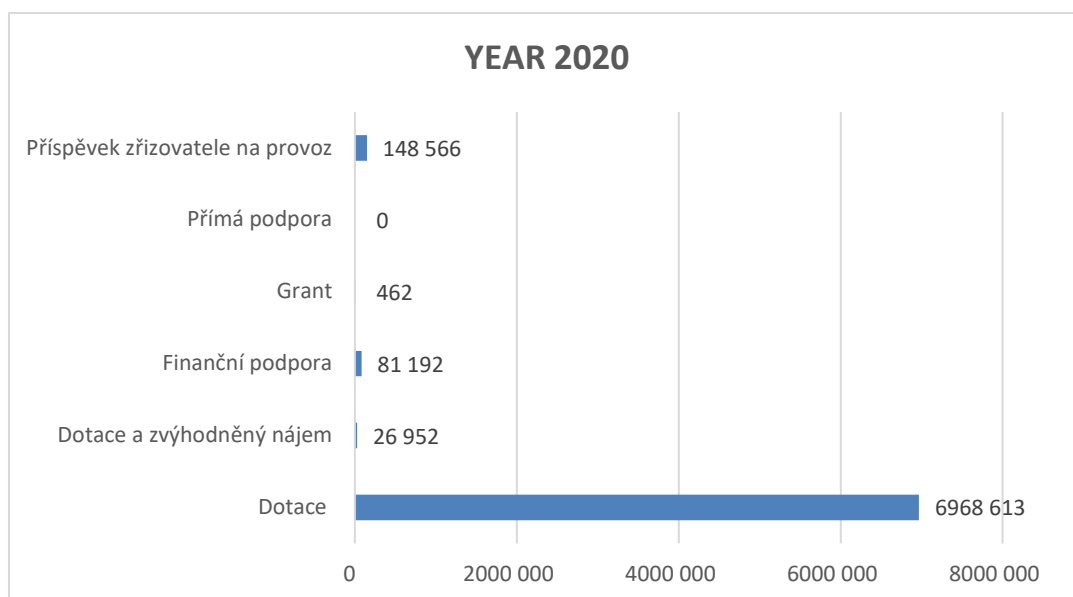
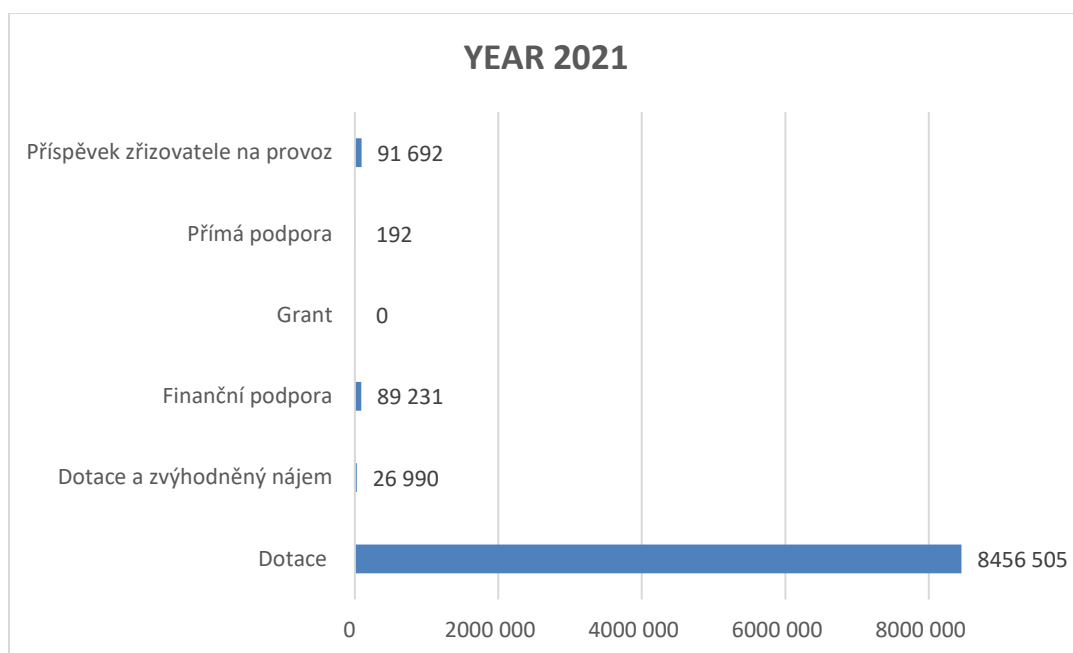


Figure 14: Social services – childcare: number of beneficiaries by size



*Legend: příspěvek zřizovatele na provoz=founder's contribution for operation, přímá podpora=direct aid, grant=subsidy, finanční podpora=financial support, dotace a zvýhodněný nájem=grant and preferential rental rate, dotace=grant.*

*Figure 15: Social services – childcare: Amount of expenditure (EUR) per aid instrument in 2020*



*Legend: příspěvek zřizovatele na provoz=founder's contribution for operation, přímá podpora=direct aid, grant=subsidy, finanční podpora=financial support, dotace a zvýhodněný nájem=grant and preferential rental rate, dotace=grant.*

*Figure 16: Social services – childcare: Amount of expenditure (EUR) per aid instrument in 2021*

### 2.2.3 Social services – access and reintegration into the labour market

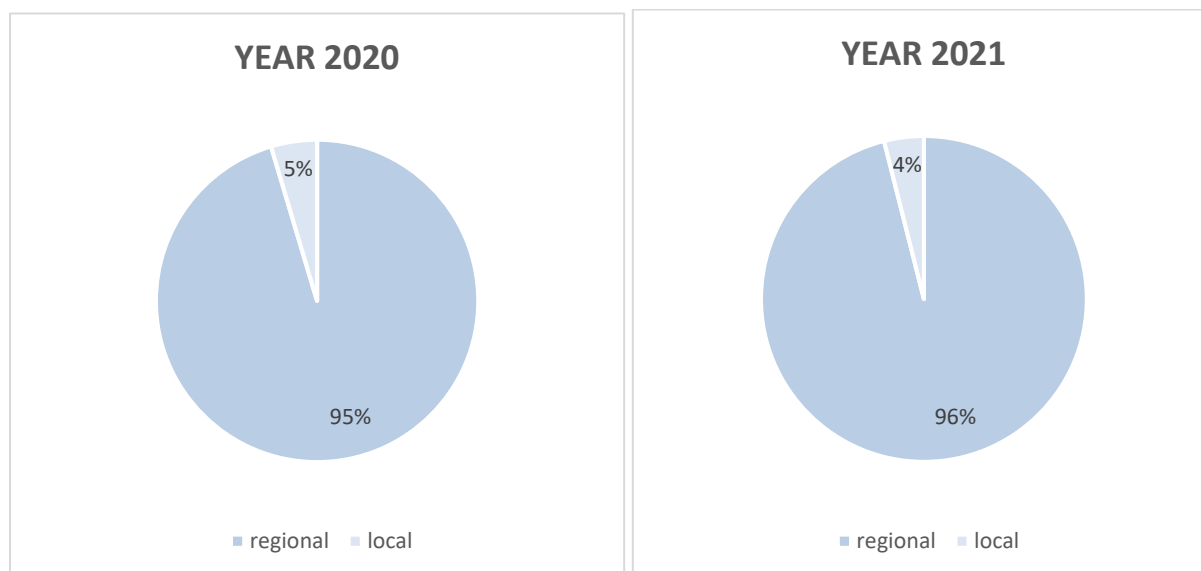
<b>2c) SOCIAL SERVICES – ACCESS AND REINTEGRATION INTO THE LABOUR MARKET</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEI:</b>
Shelters Half-way houses; Sheltered housing Intervention centres; Emergency assistance Low-threshold facilities for children and young people; Professional social counselling Support for independent living Early care After-care services; Social rehabilitation Social activation services for families with children Social-therapy workshops; Social rehabilitation Outreach programmes Emergency care Interpreting services; Basic social counselling
<b>(Typical) forms of entrustment:</b>
Contract (including a legal act on joining/granting the entrustment of another entity) Stand-alone document issued by a ministry. Stand-alone document issued based on a resolution adopted by a regional assembly. Stand-alone document issued by a municipality.
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
2.6 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant Founder's contribution



<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b><i>Compensation mechanism:</i></b></p> <p>In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b><i>Methodology used:</i></b></p> <p>Cost allocation method</p> <p>The net avoided costs method was used in one case.</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
<p>For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity within set deadlines. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.</p>
<b>How the transparency requirements for aid above 15 million euro are being complied with:</b>
<p>No such payment was granted in the sector under review.</p>

*Table 8: Social services – access to the labour market, amount of aid granted*

<b>Social services – access to the labour market</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0	0
- regional authorities	11.4	13.4
- local authorities	0.5	0.5
<b>TOTAL AID</b>	<b>11.9</b>	<b>13.9</b>
<i>Average aid amount (EUR million)</i>	<i>0.10</i>	<i>0.12</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	84	83
- medium-sized enterprise	26	27
- large enterprise	2	2
<b>Number of beneficiaries - total</b>	<b>112</b>	<b>112</b>
<i>Share of expenditure per aid instrument (%)</i>		
subsidy	100	100
founder's contribution	0	0



*Figure 17: Social services – access to the labour market, share of aid granted per aid grantor (%).*

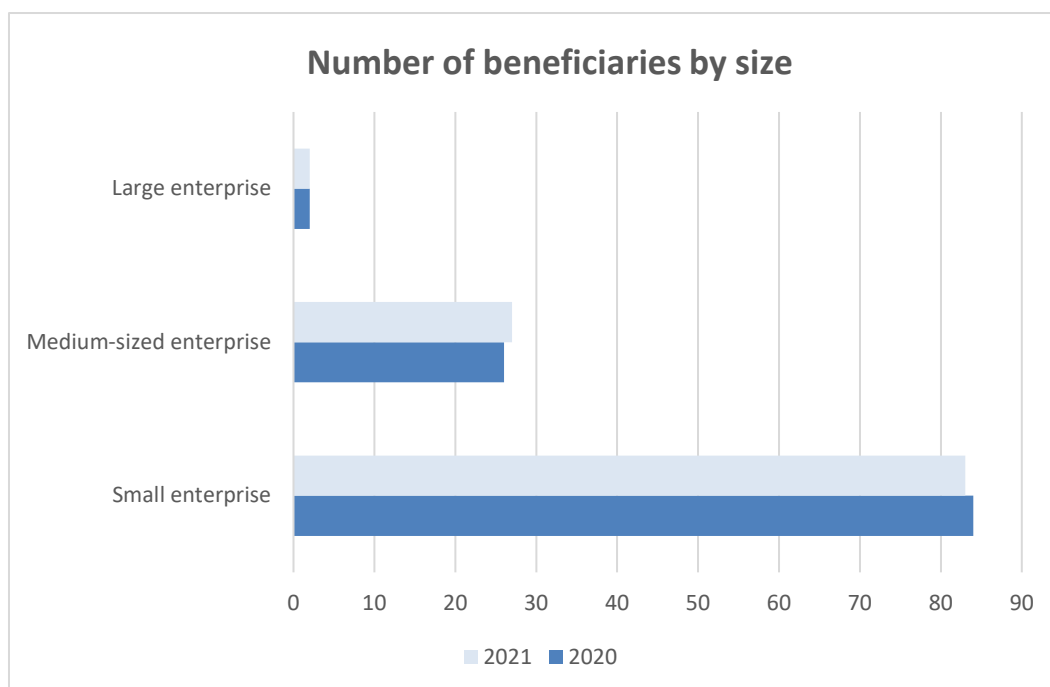


Figure 18: Social services – access to the labour market, number of beneficiaries by size

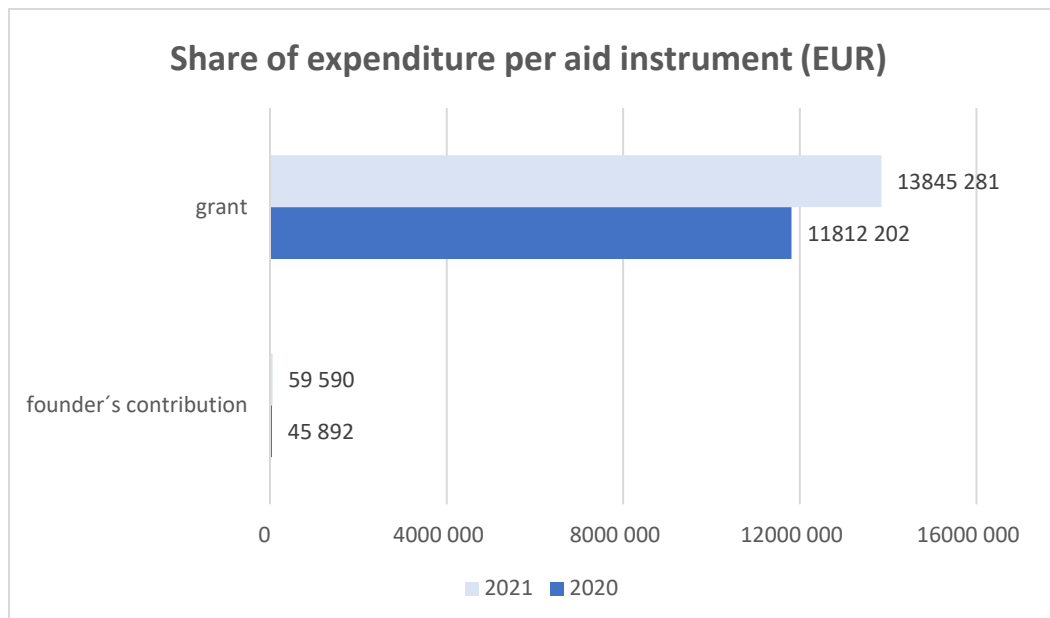


Figure 19: Social services – access to the labour market, share of expenditure per aid instrument (EUR).

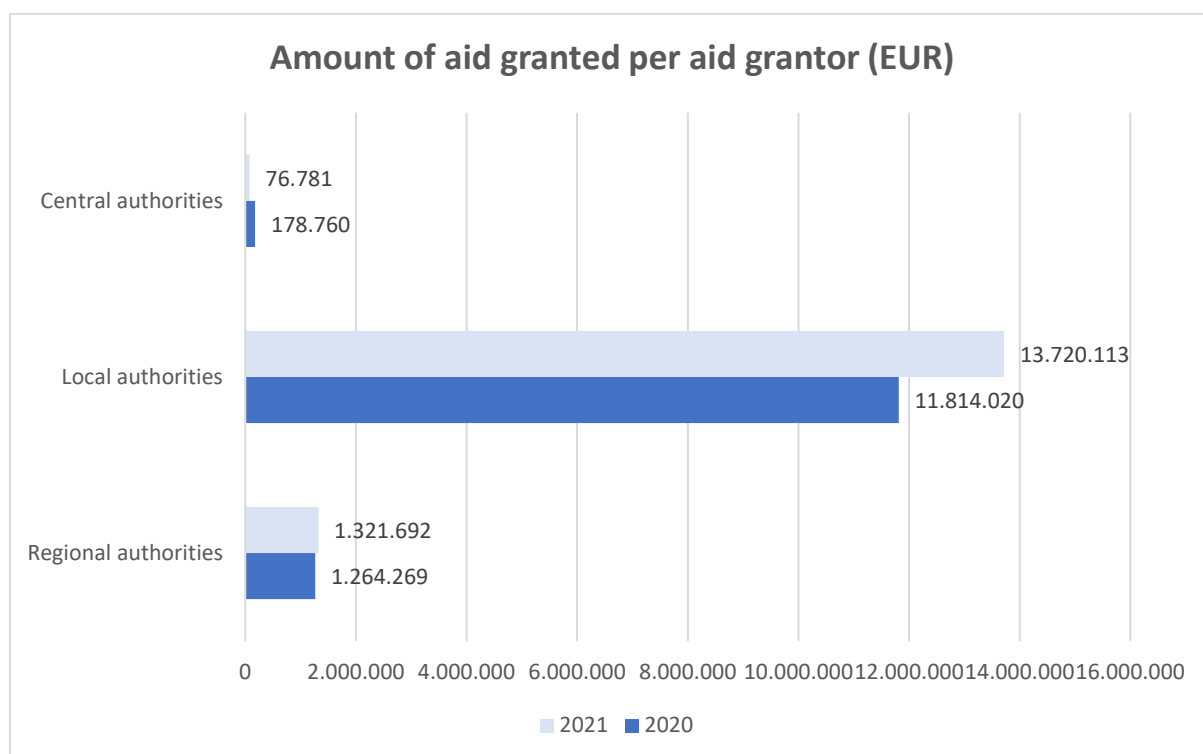
#### 2.2.4 Social services – social housing

<b>2(d) SOCIAL SERVICES – SOCIAL HOUSING</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEI:</b>
Shelters Day-care centres for people with disabilities/elderly people Homes for mothers with children in need Homes for people with disabilities Elderly people's homes Homes with a special regime Half-way houses Sheltered housing Intervention centres Emergency assistance Low-threshold day centres Low-threshold facilities for children and young people Hostels Respite care Personal assistance Professional social counselling Day care Stays for people at risk of social exclusion Support for independent living Renovation of an apartment block including construction of social housing Social rehabilitation Social activation services for families with children Outreach programmes; Therapeutic communities;
<b>(Typical) forms of entrustment:</b>
Entrustment or joining a contract with another aid grantor. Stand-alone document issued based on a resolution adopted by a regional assembly, or a stand-alone document. Decision issued by the aid grantor Contract
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
2.5 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>

Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant/financial support Contribution for operation
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b><i>Compensation mechanism:</i></b> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b><i>Methodology used:</i></b> Cost allocation method</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.
<b>How the transparency requirements for aid above 15 million euro are being complied with:</b>
No such payment was granted in the sector under review.

*Table 9: Social housing – access to the labour market, amount of aid granted*

<b>Social services – social housing</b>		
<i>Reporting period</i>	<b>2020</b>	<b>2021</b>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0.17	0.08
- regional authorities	1.26	1.32
- local authorities	11.8	13.7
<b>TOTAL AID</b>	<b>13.23</b>	<b>15.1</b>
<i>Average aid amount (EUR million)</i>	<b>0.14</b>	<b>0.13</b>
<i>Number of beneficiaries by size</i>		
- small enterprise	59	70
- medium-sized enterprise	26	31
- large enterprise	7	14
<b>Number of beneficiaries - total</b>	<b>92</b>	<b>115</b>
<i>Share of expenditure per aid instrument (%)</i>		
Grant/financial support	97	98
Contribution for operation	3	2



*Figure 20: Social services – social housing, amount of aid granted per aid grantor in 2020 and 2021*

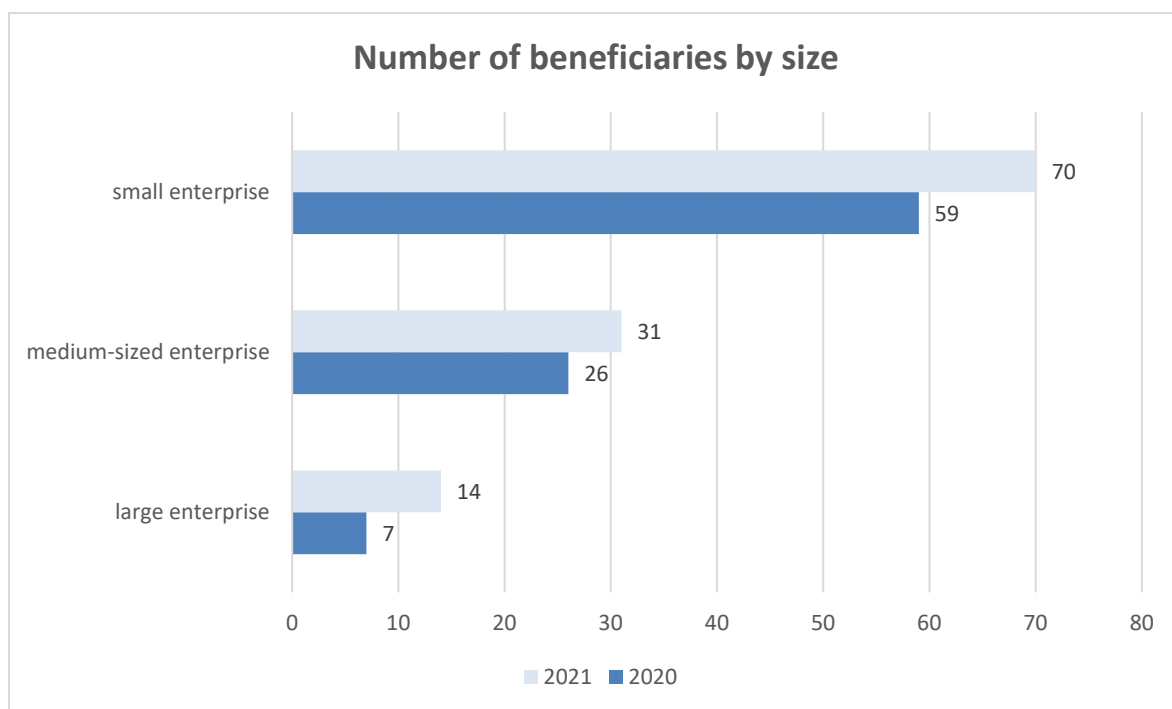


Figure 21: Social services – social housing, number of beneficiaries in 2020 and 2021

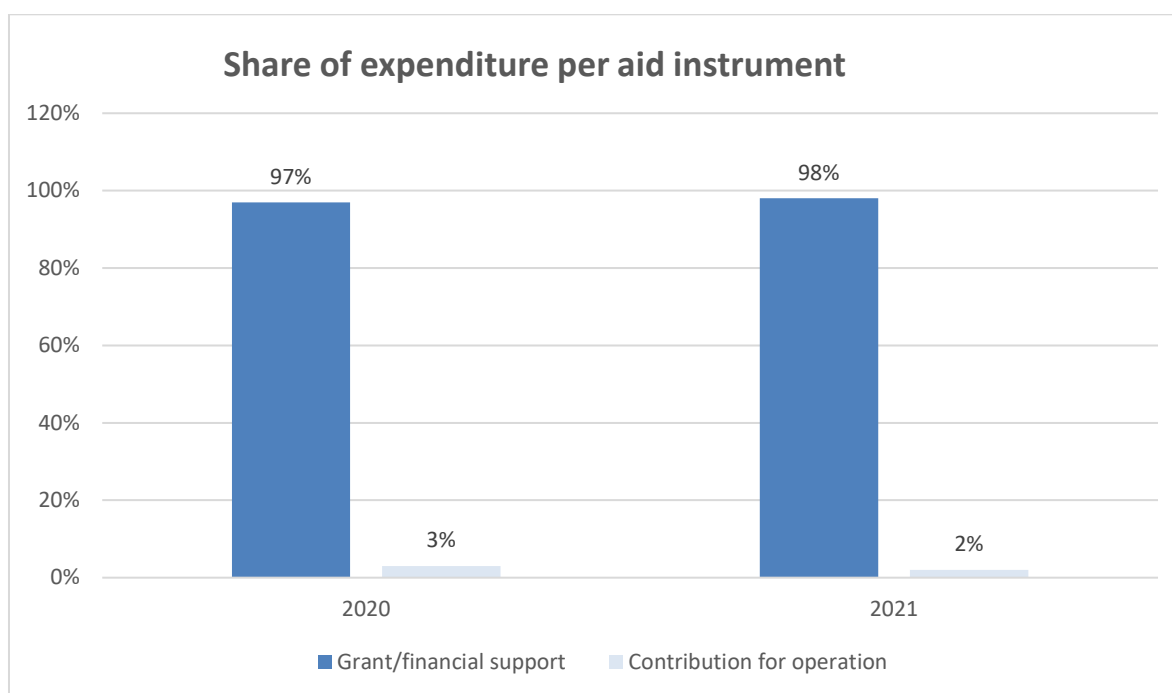


Figure 22: Social services – social housing, share of expenditure per aid instrument in 2020 and 2021 (%)



### 2.2.5 Social services - care and social inclusion of vulnerable groups

<b>2e) SOCIAL SERVICES - CARE AND SOCIAL INCLUSION OF VULNERABLE GROUPS</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEI:</b>
<p>Shelters  Day centres  Day-care centres  Homes for people with disabilities  Retirement homes  Homes with a special regime  Half-way houses  Sheltered housing  Intervention centres  Contact centres;  Emergency assistance  Low-threshold day centres;  Low-threshold facilities for children and young people  Hostels  Professional social counselling  Respite care  Personal assistance  Day care  Support for independent living  Guide and reader services  Early care  After-care services  Social-activation services for elderly people and people with disabilities  Social activation services for families with children  Social-therapy workshops  Social rehabilitation  Social services provided in hospital in-patient facilities  Emergency telephone line  Therapeutic communities  Therapy workshops  Outreach programmes - social integration programmes  Emergency care  Interpreting services  Week-day centres  Basic social counselling</p>
<b>(Typical) forms of entrustment:</b>
<p>Decision  Stand-alone document issued based on a resolution adopted by a regional/municipal assembly.</p>

Stand-alone document issued by a ministry. Contract/agreement (including a legal act agreeing on the entrustment(joining the entrustment of another entity)
Founding Charter
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
2.3 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant Grant and founder's contribution Grant/preferential rental rate Financial gift Contribution/ contribution for operation Preferential rental rate Movable property lending Immovable property lending
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b>Compensation mechanism:</b> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b>Methodology used:</b> In most cases the cost allocation method was used. In 47 cases the net avoided cost methodology was used.</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity at

predetermined intervals. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.

**How the transparency requirements for aid above 15 million euro are being complied with:**

No such payment was granted in the sector under review.

*Table 10: Social services - care and social inclusion of vulnerable groups, amount of aid granted*

<b>Social services - care and social inclusion of vulnerable groups</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	92.7	92.9
- regional authorities	407.2	468.8
- local authorities	15.9	16.7
<b>TOTAL AID</b>	<b>515.8</b>	<b>578.4</b>
<i>Average aid amount (EUR million)</i>	<i>0.1</i>	<i>0.2</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	2603	2292
- medium-sized enterprise	660	615
- large enterprise	501	380
<b>Number of beneficiaries - total</b>	<b>3764</b>	<b>3287</b>
<i>Share of expenditure per aid instrument (%)</i>		
donation/financial gift/subsidy	0	0
grant/grant and preferential rental rate/grant and founder's contribution	87	87
contribution/ contribution for operation	13	13
movable property lending/immovable property lending	0	0
preferential rental rate	0	0

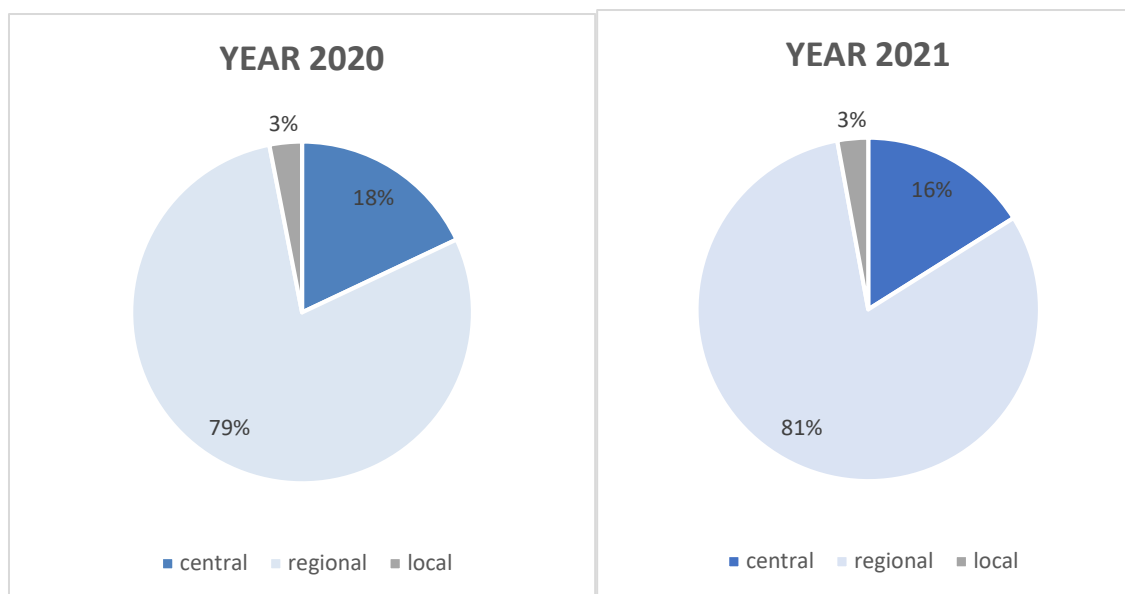


Figure 23: Social services - care and social inclusion of vulnerable groups, share of aid granted per aid grantor (%)

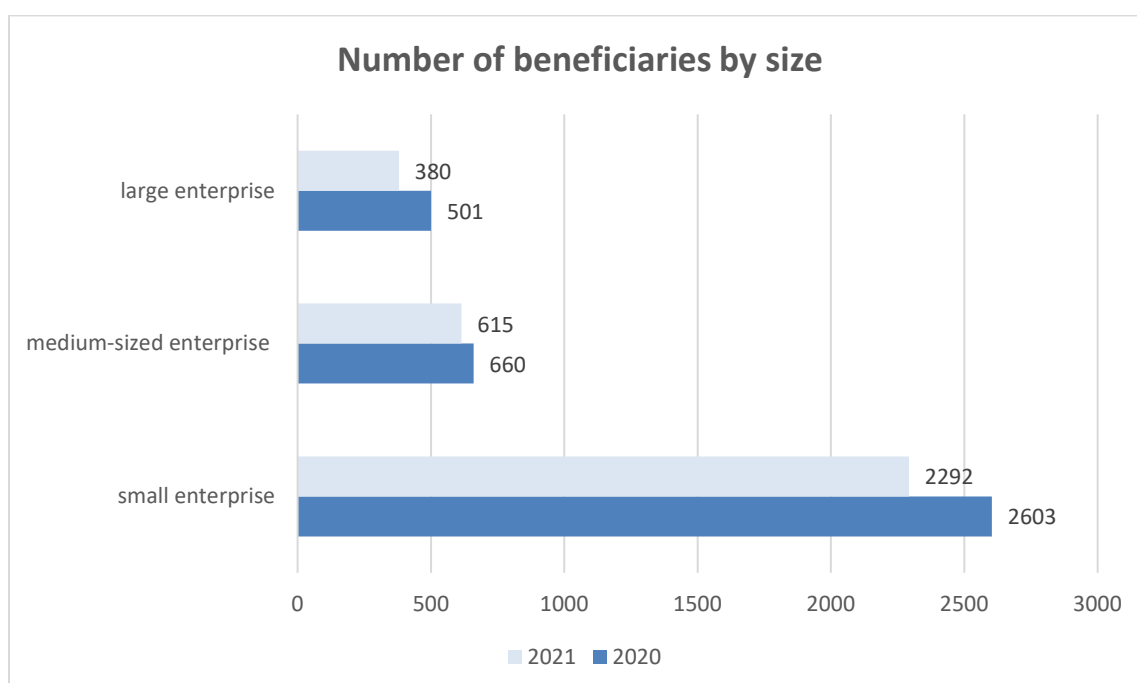
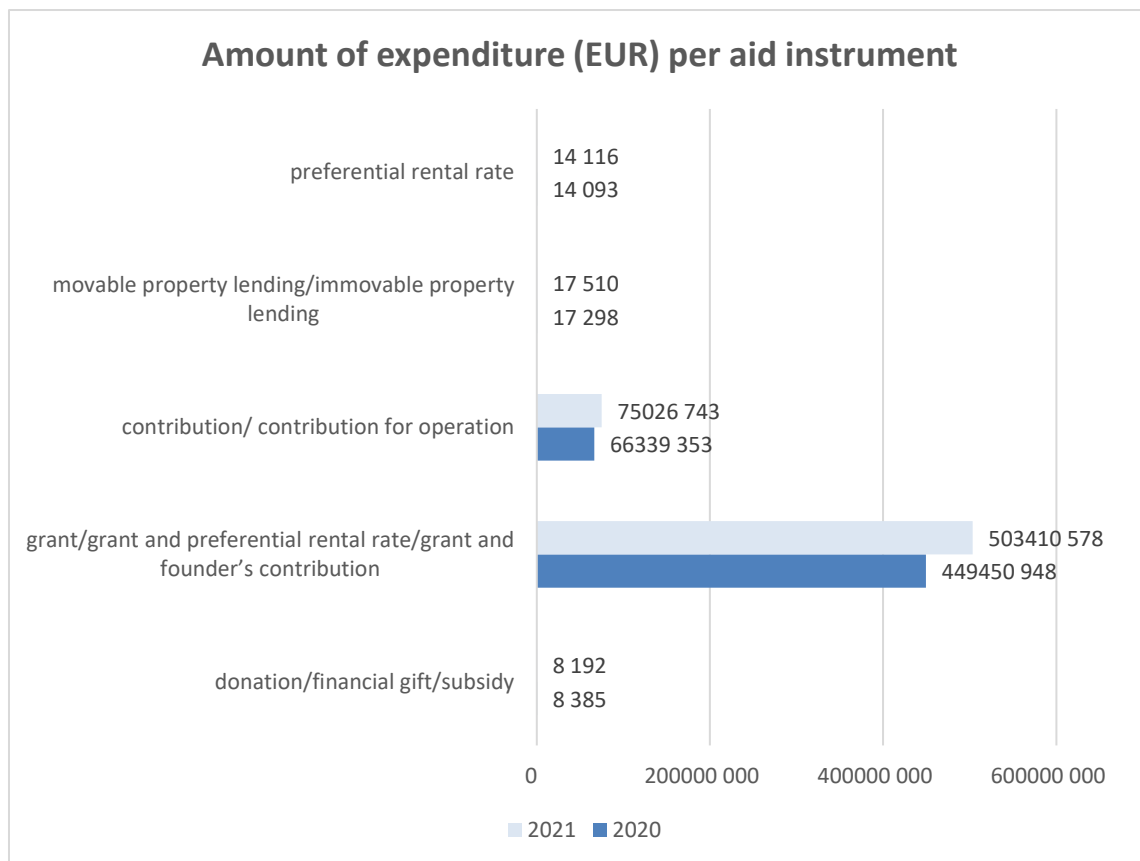


Figure 24: Social services - care and social inclusion of vulnerable groups, number of beneficiaries by size



*Figure 25: Social services - care and social inclusion of vulnerable groups, amount of expenditure (EUR) per aid instrument*

## 2.2.6 Social services – other

<b>2(f) SOCIAL SERVICES – OTHER</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEI:</b>
<p>Shelters  Day centres  Day-care centres  Homes for people with disabilities  Retirement homes  Homes with a special regime  Half-way houses  Sheltered housing  Intervention centres  Contact centres;  Emergency assistance  Low-threshold day centres;  Low-threshold facilities for children and young people  Hostels  Professional social counselling  Respite care  Personal assistance  Day care  Guide and reader services  Early care  After-care services  Social activation services for families with children  Social-activation services for elderly people and people with disabilities  Social-therapy workshops  Social counselling  Social rehabilitation  Social services provided in hospital in-patient facilities  Emergency telephone line  Therapeutic communities  Outreach programmes  Emergency care  Interpreting services  Week-day centres  Basic social counselling</p>
<b>(Typical) forms of entrustment:</b>
<p>Decision  Stand-alone document issued based on a resolution adopted by a regional council/assembly.</p>



Contract/entrustment (including a legal act on joining entrustment of another entity /granting entrustment to another entity) Founding Charter
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
1.91 years 0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant Subsidy Aid Payment Contribution/founder's contribution/contribution for operation Reduced rent
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b>Compensation mechanism:</b> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b>Methodology used:</b> Cost allocation method The net avoided cost methodology was used for eight measures.</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity within set deadlines. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.
<b>How the transparency requirements for aid above 15 million euro are being complied with:</b>
No such payment was granted in the sector under review.

*Table 11: Social housing – other, amount of aid granted*

<b>Social services – other</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	2.4	5.8
- regional authorities	330.1	392.3
- local authorities	34.7	36.8
<b>TOTAL AID</b>	<b>367.2</b>	<b>434.9</b>
<i>Average aid amount (EUR million)</i>	<i>0.1</i>	<i>0.2</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	1034	1052
- medium-sized enterprise	767	767
- large enterprise	656	660
<b>Number of beneficiaries - total</b>	<b>2457</b>	<b>2479</b>
<i>Share of expenditure per aid instrument (%)</i>		
grant	78	79
subsidy	0	0
aid	0	0
contribution/founder's contribution/contribution for operation	21	20
reduced rent	0	0
payment	1	1

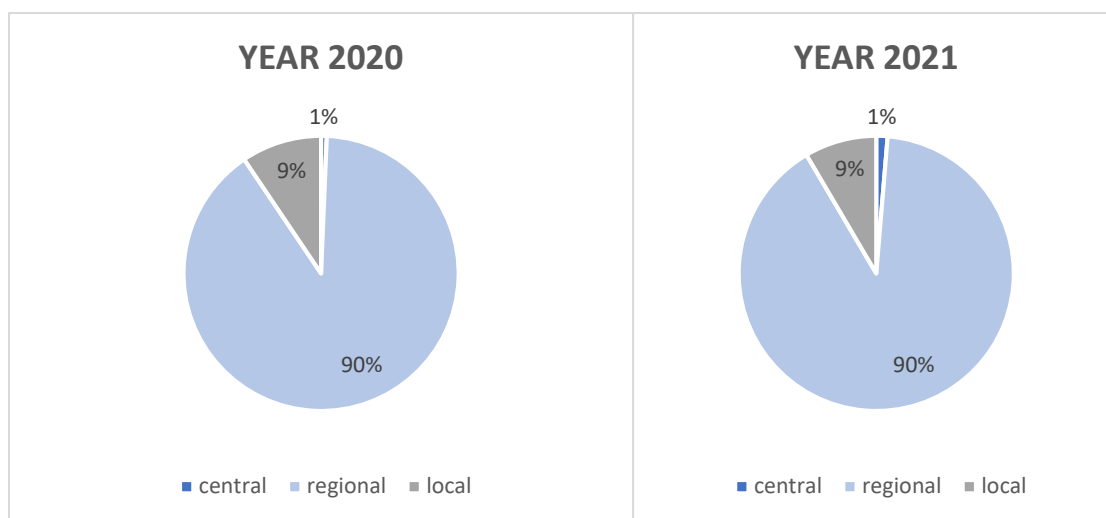


Figure 26: Social services – other, share of aid granted per aid grantor in 2020 and 2021 (%)

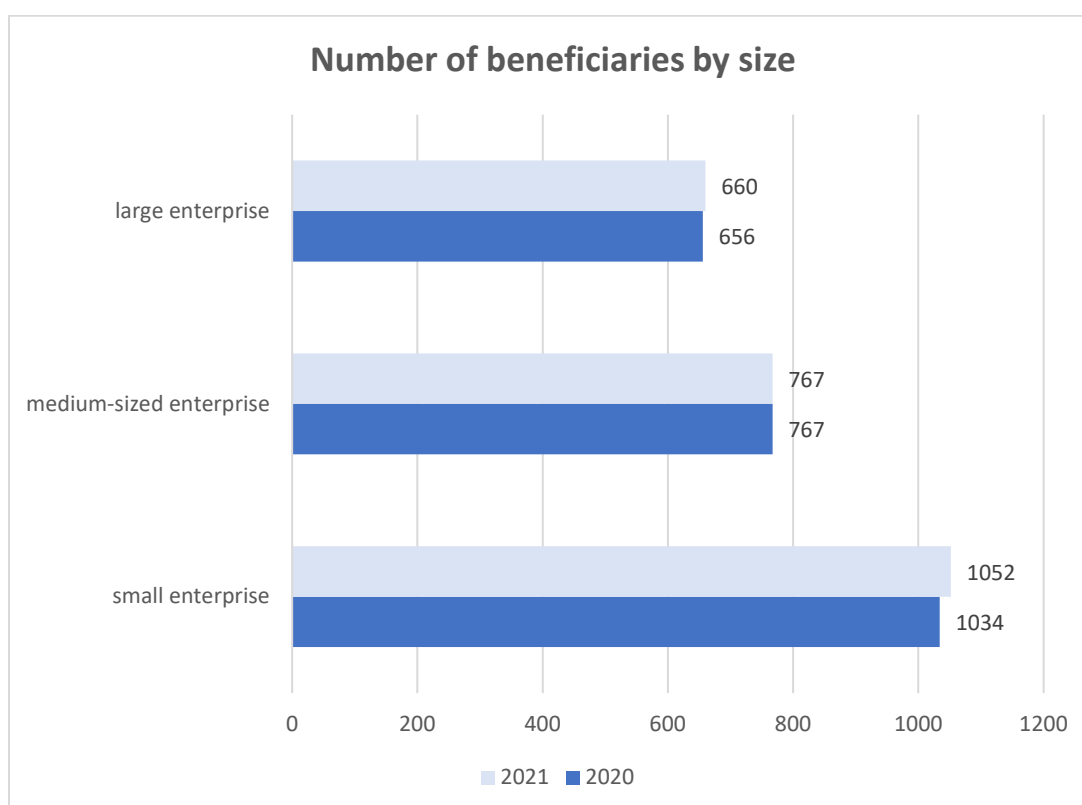


Figure 27: Social services – other, number of beneficiaries by size

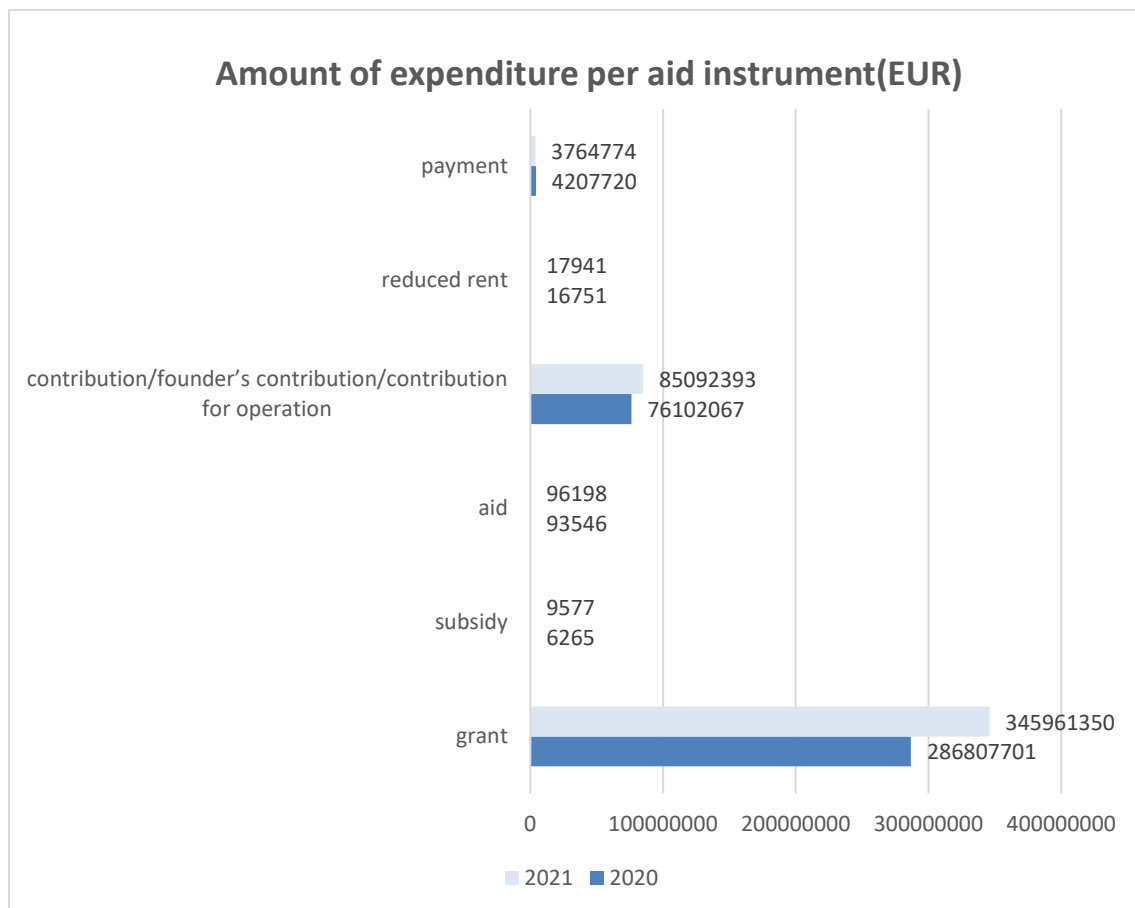


Figure 28: Social services – other, amount of expenditure per aid instrument (EUR).

## 2.3 Airports and ports with average annual traffic below the limit set in Article 2(1)(e)

<p align="center"><b>(4) AIRPORTS AND PORTS WITH AVERAGE ANNUAL TRAFFIC NOT EXCEEDING THE LIMIT SET IN ARTICLE 2(1)(E)</b></p> <p align="center"><b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b></p>
<b>Contents of services entrusted as SGEI:</b>
<p>Airport service activities</p> <p>Operation of a domestic public airport</p> <p>Operation of an international non-public airport with an external Schengen border</p>
<b>(Typical) forms of entrustment:</b>
Contract
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
9.6 years
33.33% (in one case out of three)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b>Compensation mechanism:</b></p> <p>Compensation mechanism based on evidence of the costs incurred for a particular service, deducting any revenue associated with that service. When an overpayment is detected during the clearance of accounts, any overpaid amounts are returned.</p> <p><b>Methodology used:</b></p> <p>Cost allocation method</p> <p>In one case the net cost method was used.</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>

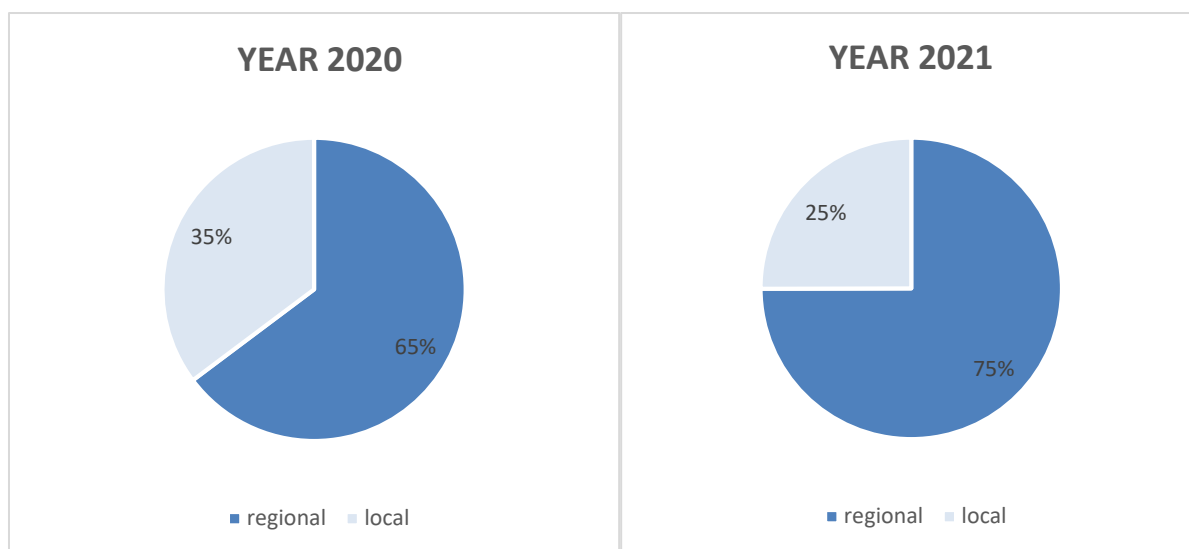
The beneficiaries submit their accounts every year. They must return any amount exceeding net costs to the contracting authority. They keep separate accounts.

**How the transparency requirements for aid above 15 million euro are being complied with:**

No such payment was granted in the sector under review.

*Table 12: Airports and ports - amount of aid granted*

<b>Airports and ports</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0	0
- regional authorities	2.9	2.9
- local authorities	1.6	1.0
<b>TOTAL AID</b>	<b>4.5</b>	<b>3.9</b>
<i>Average aid amount (EUR million)</i>	<i>1.5</i>	<i>1.3</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	2	2
- medium-sized enterprise	1	1
- large enterprise	0	0
<b>Number of beneficiaries - total</b>	<b>3</b>	<b>3</b>
<i>Share of expenditure per aid instrument (%)</i>		
grant	100	100



*Figure 29: Airports and ports (compensation not exceeding EUR 15 million) - share of aid granted per aid grantor in 2020 and 2021 (%)*



## 2.4 Compensation payments not exceeding EUR 15 million - ENERGY

5(b) ENERGY Clear and comprehensive description of how the respective services are organised in the Czech Republic
<b>Contents of services entrusted as SGEI:</b>
Consultancy and energy advice
<b>(Typical) forms of entrustment:</b>
Contract
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
5 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b>Compensation mechanism:</b> Compensation mechanism based on evidence of the costs incurred for a particular service, including deduction of any revenue associated with that service. Advance settlement of compensation payments takes place, including refunds of overpayments.</p> <p><b>Methodology used:</b> Cost allocation method</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
The beneficiaries submit their accounts by 28 February of each calendar year, together with a report on the discharge of the public service obligation. Checks on compensation are included in the on-the-spot check plans - they are carried out by the aid grantor.

**How the transparency requirements for aid above 15 million euro are being complied with:**

No such payment was granted in the sector under review.

*Table 13: Total amount of aid granted in the energy sector  
(compensation not exceeding EUR 15 million)*

<b>Energy (compensation not exceeding EUR 15 million)</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0	0
- regional authorities	0.199	0.188
- local authorities	0	0
<b>TOTAL AID</b>	<b>0.199</b>	<b>0.188</b>
<i>Average aid amount (EUR million)</i>	<i>0,199</i>	<i>0.188</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	1	1
- medium-sized enterprise	0	0
- large enterprise	0	0
<b>Number of beneficiaries - total</b>	<b>1</b>	<b>1</b>
<i>Share of expenditure per aid instrument (%)</i>		
grant	100	100

## 2.5 Compensation payments not exceeding EUR 15 million - WATER SUPPLY

<b>5(c) WATER SUPPLY</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEI:</b>
Water resources, water supply networks, sewage networks, waste water treatment plants and related facilities and equipment, administrative operations linked to water-management property, other activities of the property operator
<b>(Typical) forms of entrustment:</b>
Contract
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
10 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b><i>Compensation mechanism:</i></b>  A simplified financial model - the compensation is the difference between the amount collected by the operator for water and sewage and the amount paid to the owner in the form of rent. The compensation is for the operator to ensure the operation of the water-management infrastructure and to generate reasonable profit.</p> <p><b><i>Methodology used:</i></b>  Cost allocation method</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
The entrusted organisation records separately the costs of quantification of its operating costs and profit; it is obliged to submit an annual report on the state of the property managed, always before 30 April of the year following the year covered by the annual report. The report contains quantified indicators used for determining the compensation

amount and other data linked to the concession contract. The indicators used for determining the compensation are: the price of water and sewage (adjusted usually on 1 January), the rent for the use of the property (adjusted annually by a decision of the property owner), the operating costs of maintenance, planned and emergency repairs, other operating costs (in line with the up-to-date repairs and renewal plan and the concession contract), the profit (established based on the concession contract).

**How the transparency requirements for aid above 15 million euro are being complied with:**

No such payment was granted in the sector under review.

*Table 14: Total amount of aid granted in the water supply sector  
(compensation not exceeding EUR 15 million)*

<b>Water supply (compensation not exceeding EUR 15 million)</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0	0
- regional authorities	0.513	0.478
- local authorities	0	0
<b>TOTAL AID</b>	<b>0.513</b>	<b>0.478</b>
<i>Average aid amount (EUR million)</i>	<i>0,513</i>	<i>0.478</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	1	1
- medium-sized enterprise	0	0
- large enterprise	0	0
<b>Number of beneficiaries - total</b>	<b>1</b>	<b>1</b>
<i>Share of expenditure per aid instrument (%)</i>		
grant	100	100

## 2.6 Compensation payments not exceeding EUR 15 million - CULTURE

<b>5(e) CULTURE</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEI:</b>
<p>Satisfying the cultural and cultural artistic needs of the general public with a view to contributing towards the development and improvement of the general public's thinking and their moral and aesthetic qualities.</p> <p>Theatre performance and performing arts development;  Music and concert art  Book, library, information, education, lecturing and cultural services  Organisation of exhibitions for the general public, organisation of film and audio-visual performances, organisation of cultural showcasing and of dance performances  Running cultural and sport facilities  Running a zoological garden, a municipal environmental education centre, a centre for animals in need (a shelter for stray and abandoned animals, a rescue station for handicapped animals of the Czech Republic's fauna, and an environmental education centre)  Running a botanical garden  Administration of a museum-style collection; research and development cultural and educational activities  Publication of printed matter promoting the work of cultural institutions  Preservation and development of live music and concert performance  Organisation of cultural and social events</p>
<b>(Typical) forms of entrustment:</b>
<p>Entrustment act  Stand-alone document issued based on a resolution adopted by a municipal council.  Contract  Municipality's official act</p>
<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
<p>6.3 years</p>
<p>0% (entrustment not given for a period longer than 10 years)</p>
<b>Exclusive or special rights:</b>
<p>Exclusive or special rights not given for the sector in question.</p>
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>



Grant Contribution Payment
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b>Compensation mechanism:</b> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments.</p> <p><b>Methodology used:</b> Cost allocation method</p> <p><b>Arrangements for avoiding and recovering any overcompensation:</b></p> <p>For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.</p> <p><b>How the transparency requirements for aid above 15 million euro are being complied with:</b></p> <p>No such payment was granted in the sector under review.</p>

*Table 15: Amount of aid granted in 2020 and 2021 in the culture sector*

Culture (payments not exceeding EUR 15 million)		
Reporting period	2020	2021
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	0	0
- regional authorities	5.9	5.7
- local authorities	22.7	22.3
<b>TOTAL AID</b>	<b>28.6</b>	<b>28.0</b>
<i>Average aid amount (EUR million)</i>	<i>0.8</i>	<i>0.8</i>
<i>Number of beneficiaries by size</i>		
- small enterprise	24	24
- medium-sized enterprise	8	8

- large enterprise	4	4
<b>Number of beneficiaries - total</b>	<b>36</b>	<b>36</b>
<b>Share of expenditure per aid instrument (%)</b>		
grant	69	69
contribution	28	28
payment	3	3

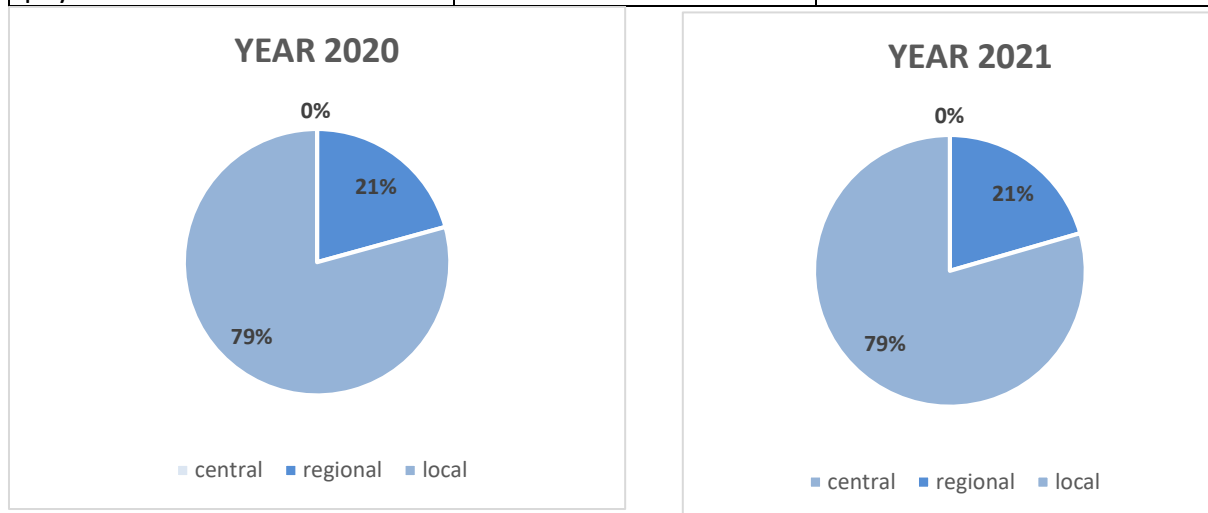


Figure 30: Culture (compensation not exceeding EUR 15 million) - share of aid granted per aid grantor in 2020 and 2021 (%)

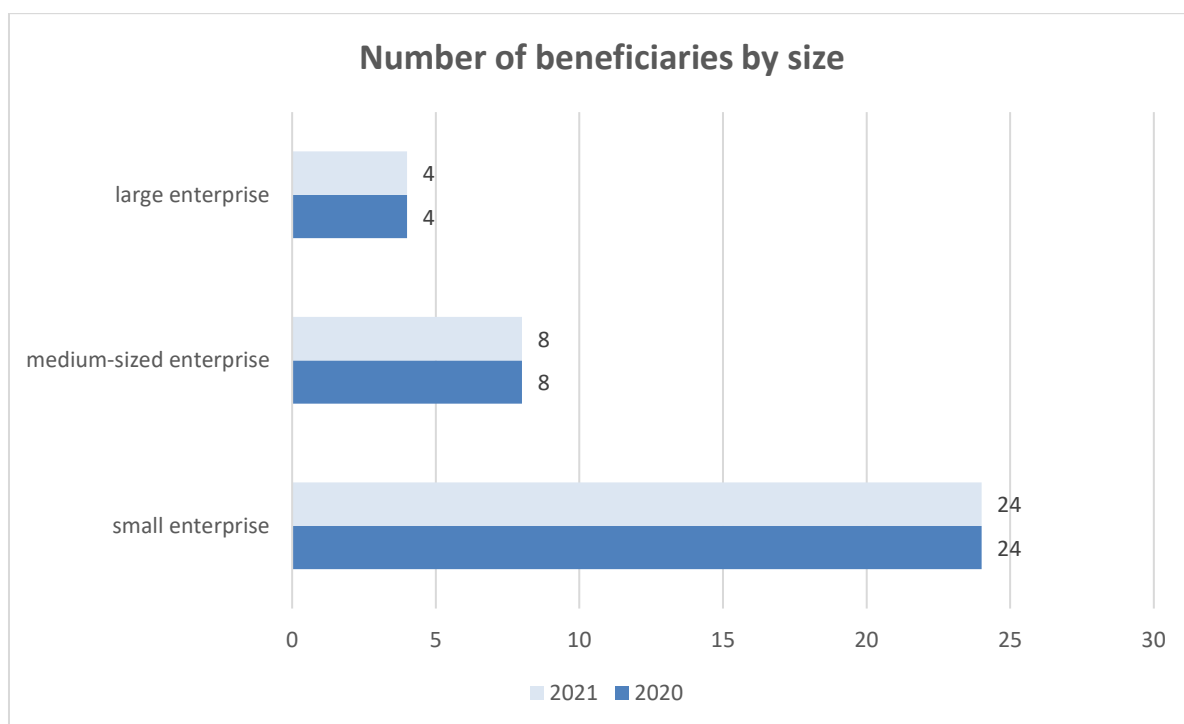


Figure 31: Culture (payments not exceeding EUR 15 million) - number of beneficiaries by size

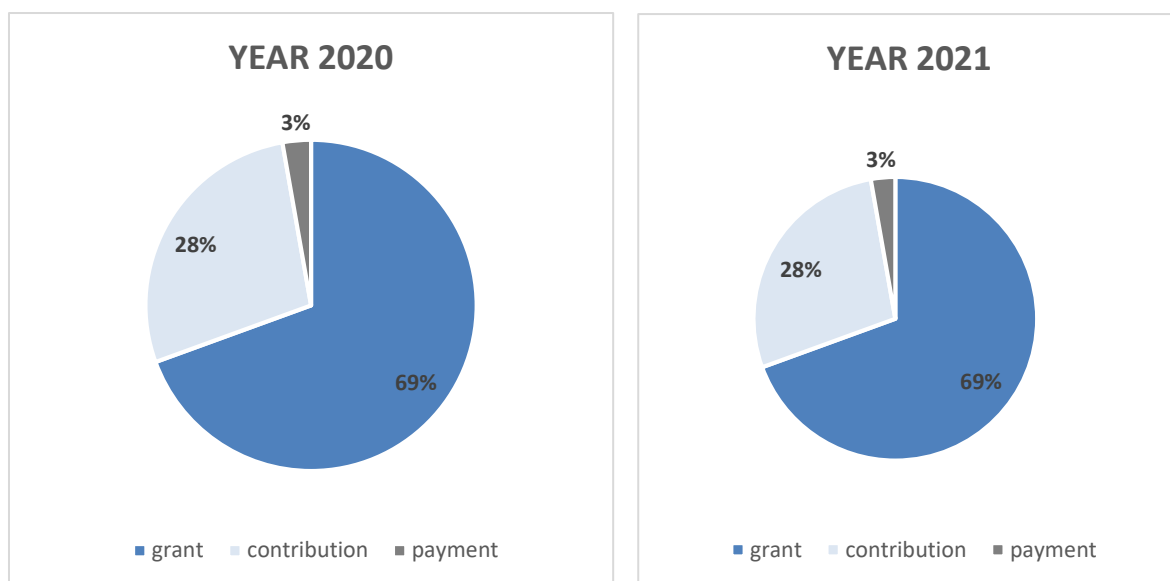


Figure 32: Culture (payments not exceeding EUR 15 million) - share of expenditure per aid instrument (%).

## 2.7 Compensation payments not exceeding EUR 15 million - OTHER SECTORS

<b>5(g) OTHER SECTORS</b> <b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b>
<b>Contents of services entrusted as SGEL:</b>
<p>Activities of peer support centres [CKP in Czech]; compiling examples of peer support best practices; creation of working material for framework curricula in basic schools.</p> <p>Activities in the education sector</p> <p>Activities linked to the running of a municipal sport facility</p> <p>Further education programmes for teaching staff; career guidance.</p> <p>Dynamic inclusion in peer support centres; organising awareness-raising events.</p> <p>Charity taxi service (community service for the elderly helping them to travel to a medical visit, to a pharmacy, to appointments with the authorities, to do shopping at discounted rates)</p> <p>Sheltered employment</p> <p>Medical rehabilitation</p> <p>Low-threshold day centres;</p> <p>Hostels</p> <p>Other operating activities entrusted under the compensation - Catering centre</p> <p>Awareness-raising activities aimed at supporting inclusive education; supporting students entering the labour market; developing methodologies, worksheets and other study aids.</p> <p>Promotion of educators' digital competences.</p> <p>Support for foreign-language teachers - training of staff teaching technical elements of foreign languages.</p> <p>Support for the development of digital education resources</p> <p>Support for basic pedagogical and didactic research, including meta-analyses of existing research</p> <p>Support for students with special educational needs entering the labour market; creation for a parents' meeting platform in all regions of the Czech Republic. Activities of parents' fora and peer support centres; traineeships in the Czech Republic and abroad, intended for staff working with students with special educational needs.</p> <p>Movement and regeneration activities in water and saunas</p> <p>Enhancing competences of the education staff in schools and school facilities in the following areas: prevention and stabilisation of problem behaviour of children and pupils, classroom</p>

management, development of psychosocial competences, self-regulation and handling emotions, development of competences for early identification of children at risk and cross-disciplinary cooperation in promoting mental health in children and self-management of mental health

Provision and organisation of follow-up institutional and out-patient preventive medical care for persons with health disorders with a prolonged course and requiring special expert care in the treatment of tuberculosis and other respiratory diseases, rehabilitation and treatment of persons with a long-term illness, pursuant to the law in force, as well as ensuring other services linked to the provision of health care

Provision of in-patient and out-patient care for treatment and prevention according to healthcare specialisations in accordance with the legislation in force. Subject-matter of activities: Health care facility - Specialised medical institution Type of health care: Allergology and clinical immunology, tuberculosis and respiratory diseases. Scope: preventive, diagnostic, therapeutic, rehabilitative and dispensary care, and training, assessment and review activities - both out-patient and in-patient care.

Provision of sport and physical education services, operation of physical education and sport facilities and organisation of sport activities

School-failure prevention and support for early childhood education in line with selected project activities

Operation of a cemetery, a children's traffic park, a bathing site and a swimming pool

Preparation and implementation of development projects, support for innovation activities

Operation of a natural bathing site

Operation of a botanical garden, as an expert institution aiming at maintaining scientifically documented and managed plant collections for the purposes of specialist scientific work with plant genepools, nature and biodiversity conservation, as well as for the purposes of making them accessible to the public.

Operation of a park-and-ride facility

Consulting, lecturing, awareness-raising and educational activities in the area of extra-curricular education and promotion of entrepreneurship and enterprise, and in the area of increasing the popularity of science, new technologies and sectoral topics with an impact on the general public. Ensuring publicity and media coverage of business and entrepreneurship support activities, both own and other activities. Ensuring sustainability of projects that have been already implemented and active preparation of new projects under the current EU programming period"

Running a zoological garden pursuant to Act No 162/2003 on zoological gardens, as well as operating other activities and providing services to the benefit of the public and the environment

Preparation and implementation, support for acceleration and incubation services

Implementation of educational and outreach events and programmes in the field of environmental education, rural development and agriculture (for schools and the public); management of premises; organisation of exhibitions and cultural events; publication and dissemination of own

publications, educational materials and aids; management of natural areas; provision of information and advice and consultation services

Development of a business environment; grants for supported activities

Development of agriculture; grants for supported activities

Transport of elderly people and people with disabilities

Services of general economic interest - consumer protection. Provision of advice and information services. Implementation of advice and information services Learning activities for children, young and elderly people. Publication of printed matter on consumer issues

Services connected with sport, recreational and fitness activities

Cooperation with universities training future teaching staff, including development of didactics for all educational fields covered by 'Arts and Culture'; adapting the teaching content of the curricula in conservatories and basic schools of art in the context of inclusion of learners with special educational needs.

Cooperation of three level of arts education; activities in schools and school facilities integrating children and pupils with special educational needs; creation of methodological material; cooperation with universities training future teaching staff for the educational fields covered by 'Arts and Culture'; enhancing competences of conservatory graduates to teach pupils with special educational needs; proposal to adapt the teaching content of the curricula in all fields taught in basic schools of art in the context of inclusion of pupils with special educational needs.

Management, maintenance and repair of roads, their parts and accessories within the roads network

Surveys and methodological guidance in schools; Introduction of innovative approaches in teaching; support for leisure activities of pupils.

Gymnastics Clubs (*Tělovýchovná jednota* in Czech).

Account-keeping and management of municipal housing and property

Road maintenance

Maintenance of public lighting and traffic lights. Cleaning of public spaces

Department of Municipal Waste Collection and Disposal; Transport Department; Sanitation Department; Local Communications Department; , Department of Urban Green Areas; Department of Management of Sport Facilities; Department of Public Lighting; Department of Housing Fund Administration; Forest Management Department; Department of Other Activities (operation and management of cemeteries, public toilets, parking facilities,...)

Publication of the Municipal Newsletter, local television broadcasting activities, organisation of cultural and educational programmes, a university of the third age, services provided by the tourist information centre, operation of municipal galleries.

Educational activities

Creating suitable conditions for meeting the citizens' needs for sports activities in the sport facilities located in the municipality

Setting-up of peer support centres; Innovative approaches in the context of inclusion of children, pupils and students with special educational needs in learning in heterogeneous groups; participation of teaching staff in traineeships abroad; implementation of outreach educational programmes.

Creation of a reference framework for Czech sign language; teaching of Czech as a second language to foreign students; monitoring, planning, evaluation of joint (inclusive) education;

Creating, piloting and implementing a comprehensive modular support system contributing to improving the quality of professional development of head teachers in the area of pedagogic management, and of teachers in the area of sectoral didactics through peer networks, as well as of further training of teaching staff and other forms of professional support; implementing a network of methodological cabinets, designing and piloting modules for supporting novice teachers and head teachers; piloting and implementing systems for the quality management of further training of teaching staff.

Using model templates for complex tasks/educational projects/examples of best practice in a sample of school curricula in all categories of secondary vocational training; extending the existing UNIV 3 information system; modernisation of the bases of vocational training in school curricula; modernisation of general educational components and integration of key competences in school curricula;

Educational activities

Educational programmes for teaching staff, school managers, founding body representatives and civil servants; establishment of a specialist platform for monitoring progress in the implementation of the Inclusive Education Action Plan for 2016-2018; creating Support Centres for teaching staff for providing advice when introducing joint education.

Creating suitable conditions for meeting the citizens' needs for sports activities in the sport facilities located in the municipality

Ensuring educational and awareness-raising activities for citizens in the region, creating conditions and facilities for practical instruction of secondary school students in the areas of agriculture, horticulture and forestry, as well as exercising agricultural activities necessary for the educational purposes.

Conservation of endangered species, conservation of biodiversity in animals

Ensuring the business entities' vouchers scheme

Ensuring sport and leisure activities, as well as services in the area of culture

Provision of catering for children, pupils and staff of municipal schools

Ensuring winter maintenance of roads



<p>Ensuring the activities of the Permanent Secretary of the European Cultural Route of Saints Cyril and Methodius</p> <p>Provision of an information service; presentation and promotion of regional tourism</p>
<p><b>(Typical) forms of entrustment:</b></p>
<p>Decision Stand-alone document issued by a municipality/region. Contract/entrustment (including a legal act on joining entrustment of another entity /granting entrustment to another entity) Founding Charter</p>
<p><b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b></p>
<p>3.9 years</p> <p>2%</p> <p>There is one entrustment granted for 15 years. The service in the form of operating a park-and-ride facility demanded a large investment whose redemption will take more than 10 years.</p> <p>As well as three granted for 16 years for medical services - out-patient care and in-patient care, including follow-up and long-term care, provision of medical services and support in a children's home for children up to the age of three who cannot grow up in a family; provision of social and legal protection, including the establishment of facilities for children in need of immediate assistance; emergency medical services.</p>
<p><b>Exclusive or special rights:</b></p>
<p>Exclusive or special rights not given for the sector in question.</p>
<p><b>Aid instruments used (direct subsidies, guarantees, etc.):</b></p>
<p>Grant/subsidy Contribution for operation/founder's contribution Advance payment/compensation</p>
<p><b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b></p>
<p><b>Compensation mechanism:</b> In most cases the compensation mechanism was established on the basis of evidence provided of the costs actually incurred for a particular service, deducting any revenue associated with the service. In some cases there was advance settlement of compensation payments, including refunds of overpayments. Clearance of accounts takes place usually on a quarterly or yearly</p>

basis and takes account of the public funds drawn by the beneficiary in connection with the performance of the given service of general economic interest from other aid grantors (this results in a reduced compensation payment).

***Methodology used:***

Cost allocation method

In two cases the net avoided cost methodology was used.

**Arrangements for avoiding and recovering any overcompensation:**

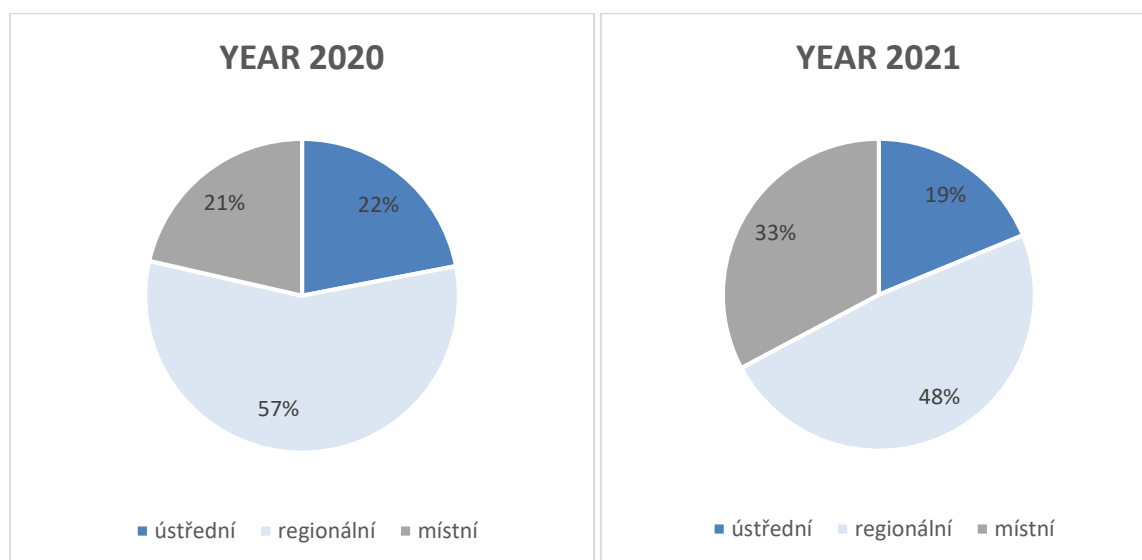
For the majority of contracting authorities, there is an emphasis on regular and continuous checks carried out for the entire duration of the commitment. It also stems from national legislation linked with financial and administrative checks. Beneficiaries are usually obliged to provide information about their use of public funds from another entity. Furthermore, beneficiaries must keep separate accounts and return the amount exceeding net costs to the contracting authority.

**How the transparency requirements for aid above 15 million euro are being complied with:**

No such payment was granted in the sector under review.

*Table 16: Other sectors (compensation not exceeding EUR 15 million) - total amount of aid granted in 2020 and 2021*

<b>Other sectors (compensation not exceeding EUR 15 million)</b>		
<i>Reporting period</i>	<b>2020</b>	<b>2021</b>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
- central authorities	18.5	17.1
- regional authorities	47.7	44.2
- local authorities	18.0	29.9
<b>TOTAL AID</b>	<b>84.2</b>	<b>91.2</b>
<i>Average aid amount (EUR million)</i>	<b>0.5</b>	<b>0.5</b>
<i>Number of beneficiaries by size</i>		
- small enterprise	81	85
- medium-sized enterprise	45	44
- large enterprise	55	55
<b>Number of beneficiaries - total</b>	<b>181</b>	<b>184</b>
<i>Share of expenditure per aid instrument (%)</i>		
grant/subsidy	80	81
contribution for operation/founder's contribution	4	5
advance payment/compensation	16	14



Legend: ústřední=central, regionální=regional, místní=local

*Figure 33: Other sectors (compensation not exceeding EUR 15 million) - share of aid granted per aid grantor in 2020 and 2021 (%)*

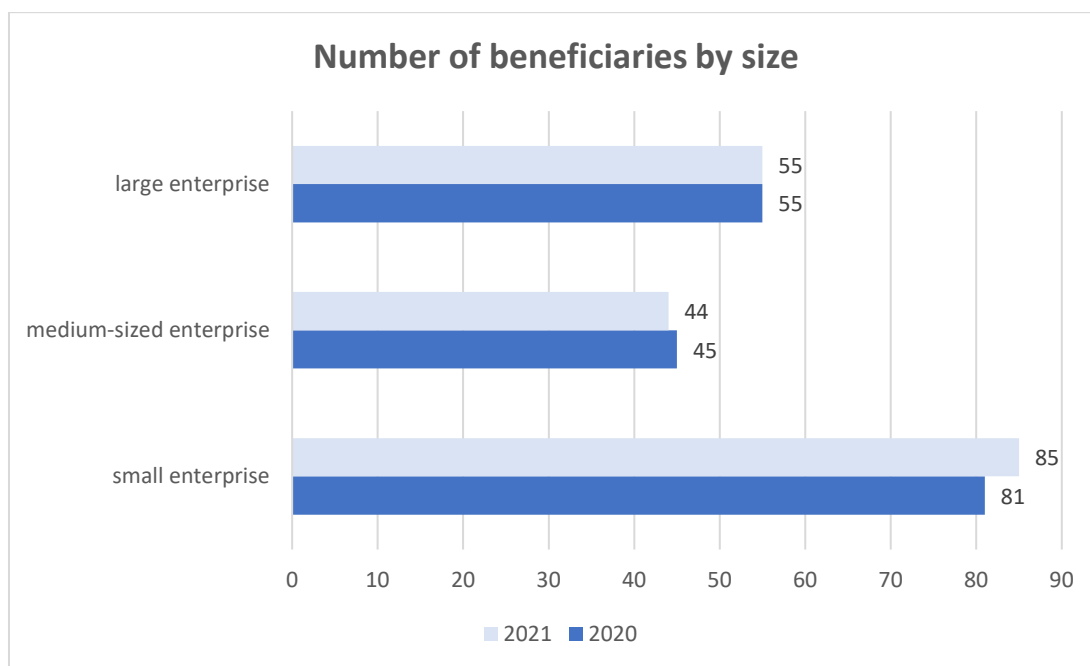
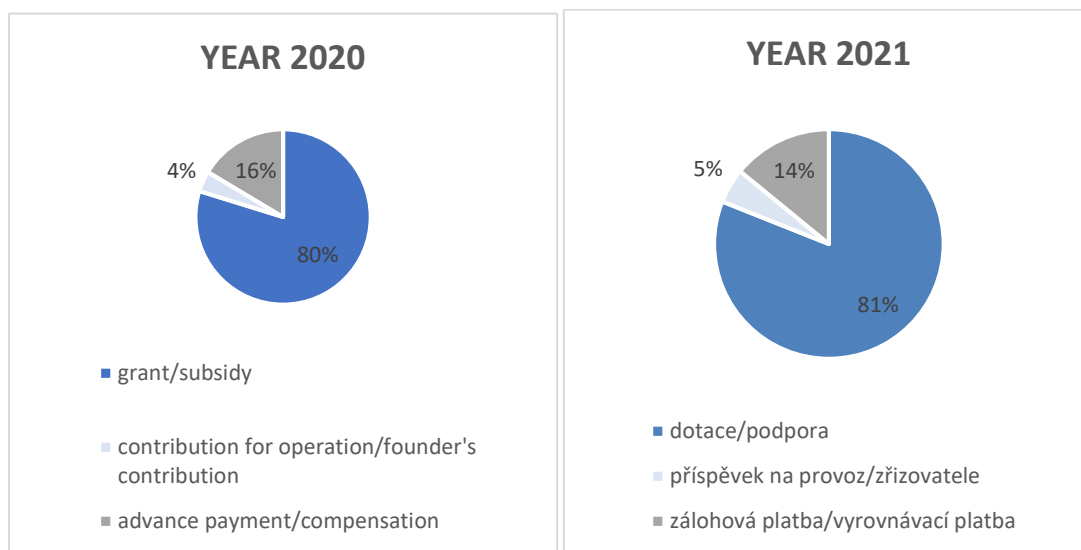


Figure 34: Other sectors (compensation not exceeding EUR 15 million) - number of beneficiaries by size in 2020 and 2021



Legend for year 2021: dotace/podpora=grant/subsidy, příspěvek na provoz/zřizovatele= contribution for operation/founder's contribution, zálohová platba/vyrovnávací platba= advance payment/compensation

Figure 35: Other sectors (compensation not exceeding EUR 15 million) - share of expenditure per aid instrument in 2020 and 2021 (%)

### 3. Description of the 2012 SGEI Framework application

#### **3.1 Postal services**

(See Commission decision of 19 February 2018 in cases SA.45281 (2017/N) and SA.44859 (2016/FC) - Czech Republic - State compensation granted to Czech Post for the provision of the universal postal service over the period 2013-2017)

#### **3.2 Other sectors – eDelivery**

(See Commission decision of 2 February 2018 in Case SA.47293 (2017/N) – Czech Republic – State compensation granted to Czech Post for the provision of the Data Boxes Information System over the period 2018-2022)

## 3.1 Postal services

<p style="text-align: center;"><b>(i) POSTAL SERVICES</b></p> <p style="text-align: center;"><b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b></p>
<p><b>Contents of services entrusted as SGEL:</b></p>
<p>(a) the delivery of postal items up to 2 kg;  (b) the delivery of postal packages up to 10 kg;  (c) the delivery of registered items up to 2 kg;  (d) the delivery of insured items up to 10 kg;  (e) the free delivery of postal items up to 7 kg for blind and partially-sighted persons;  (f) services which must be provided on the basis of obligations resulting from the Czech Republic's membership of the Universal Postal Union.</p> <ul style="list-style-type: none"> <li>– the delivery of postal items from abroad;</li> <li>– the delivery of postal packages up to 10 kg from abroad;</li> <li>– bags with printed matter: the service consists of special bags containing newspapers, magazines, books and similar printed matter duplicated by printing for one addressee per address up to 30kg. This service is intended only for cross-border shipments;</li> <li>– the cross-border delivery of postal items where the postage is paid by the addressee instead of the sender: it is not an independent postal service as it only constitutes a different method of payment for postal items up to 2 kg within the scope of the universal postal service obligation;</li> <li>– international reply coupons: this constitutes a different method of payment for postal items. Coupons can be exchanged for postage stamps representing the minimum postage for a priority airmail letter of up to twenty grams sent to another Universal Postal Union member country.</li> </ul>
<p><b>(Typical) forms of entrustment:</b></p>
<p>ACT, DECREE, DECISION, GOVERNMENT REGULATION (Based on a transitional provision of an amendment to Act No 29/2000 on postal services, Česká pošta, s. p. was designated a postal licence holder from 1 January 2013 to 31 December 2017. In line with that, the Czech Telecommunication Office granted a postal licence to Česká pošta, s. p. by means of a decision defining the services of general economic interest and entrusting them to Česká pošta, s. p., namely the obligation to provide universal services over a period of five years (1 January 2013–31 December 2017) throughout the Czech Republic.</p> <p>The specifications for each universal service and the basic quality requirements applicable to their provision have been laid down by Decree No 464/2012. The minimum number of establishments for the provision of universal services is set out in Government Regulation No 178/2015.</p>

<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
5 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Provision of the service of the delivery of a monetary amount under a postal money order (this is the only exclusive right granted to Česká pošta; no separate compensation is applied to this service.)
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Grant
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b><i>Compensation mechanism:</i></b></p> <p><u>Step 1:</u> Česká pošta calculates the net cost stemming from the universal service obligation and submits the aid grantor a request for reimbursement of the net costs representing an unfair financial burden.</p> <p>In line with Section 34c of Act No 29/2000 on postal services, from 1 July until 31 December of the billing period Česká pošta may, as the postal licence holder, submit a request to the aid grantor for the reimbursement of the provisional net costs for the billing period. In such cases, the aid grantor will issue a decision establishing the provisional net costs equal to one-half of the net costs representing an unfair financial burden for the preceding billing period (year t-1) for which the amount of the net cost was verified. Within 30 days from the date on which the decision becomes final, the Czech Republic will reimburse, via the aid grantor (the Office), the provisional net costs to the postal licence holder.</p> <p><u>Step 2:</u> The aid grantor verifies the net costs calculated by Česká pošta.</p> <p>Under Section 34d of the Postal Services Act, the postal licence holder may, by 31 August of the calendar year following the end of the billing period (year t+1), submit to the aid grantor a request for the reimbursement of the net costs representing an unfair financial burden. The aid grantor verifies the net costs calculated by Česká pošta using the net avoided cost methodology. The aid grantor establishes the net costs representing an unfair financial burden equating to the amount of the net costs verified in accordance with Section 34b of the Postal Services Act. For the purpose of reimbursing the net costs representing an unfair financial burden, the aid grantor takes into account the provisional net costs already reimbursed to the postal licence holder.</p> <p>The aid grantor verifies the origin and amount of the net costs in the manner specified in Section 34b of the Postal Services Act. If the verification proves that the net costs have been calculated correctly, the postal licence holder has a legal right to have the net costs reimbursed.</p>



**Stage 3:** The State reimburses the amount of the net costs representing an unfair financial burden via the aid grantor (the Office).

The net costs of fulfilling the obligation to provide a universal service verified by the aid grantor in line with Section 34b of the Postal Services Act are reimbursed up to the maximum amount established by Section 34d of the Postal Services Act. Specifically, for years 2013 and 2014 the reimbursement may not exceed CZK 800 million, for 2015 the maximum amount is CZK 700 million, for 2016 it is CZK 600 million, and for 2017 it is CZK 500 million. As a result, the reimbursement might not be sufficient to cover all net costs (i.e. where the verified net costs exceeded the upper limit laid down by Section 34d of the Postal Services Act).

**Methodology used:**

Net avoided cost methodology

**Arrangements for avoiding and recovering any overcompensation:**

The risk of overcompensation is already avoided by the fact that the calculation and verification of the compensation is carried out ex post by the aid grantor.

**How the transparency requirements for aid above 15 million euro are being complied with:**

- a) The legislative process of preparing an amendment to the Postal Service Act (Act No 221/2012, amending Act No 29/2000 on postal services and amending some other acts (Postal Services Act), as amended, and some other acts), including a public consultation; the outcome of the public consultation is annexed to the explanatory memorandum to draft Act, which has been published.
- b) The content and duration of the obligation is laid down in the transitional provisions of Act No 221/2012 amending Act No 29/2000 on postal services and amending some other acts (Postal Services Act), as amended, and some other acts, and in the decision on the granting of a postal licence published in in the Postal Gazette (Poštovní věstník), volume 3/2013 (<https://www.ctu.cz/sites/default/files/obsah/clanky/67217/soubory/pv032013.pdf>)
- c) The performance of the obligation has been entrusted to *Česká pošta, s.p.*, in the entire territory of the Czech Republic; this fact is laid down in the transitional provisions of the Act and in the decision on the granting of a postal licence.
- d) The grant amounts are published each year in the Annual Report of the Czech Telecommunication Office (<https://www.ctu.cz/vyrocnizpravy>), as well as on an ongoing basis in the monthly monitoring reports.

The required information is available on the aid grantor's website and it is also published in the annual report, as well as on an ongoing basis in the monthly monitoring reports.

Table 17: SGEI Framework – postal services, amount of aid granted

SGEI Framework - postal services		
Reporting period	2020	2021
Amount of aid granted per aid grantor (million EUR)		
<b>TOTAL AID</b>	<b>11.5</b>	<b>0</b>
- central authorities	11.5	0
- regional authorities	0	0
- local authorities	0	0
Share of expenditure per aid instrument (%)		
grant	100	0
Number of beneficiaries by size		
- small enterprise	0	0
- medium-sized enterprise	0	0
- large enterprise	1	0
<b>Number of beneficiaries - total</b>	<b>1</b>	<b>0</b>

## 3.2 Other sectors – eDelivery

<p align="center"><b>(ix) OTHER SECTORS – eDelivery</b></p> <p align="center"><b>Clear and comprehensive description of how the respective services are organised in the Czech Republic</b></p>
<p><b>Contents of services entrusted as SGEI:</b></p>
<p>Česká pošta (the Operator) is bound by the obligation to provide, in a due and timely manner, Data Boxes Information System (DBIS) Development Services and DBIS Operational Support Services.</p> <p><u>The DBIS Development Services are defined in the following way:</u></p> <p>(1) implementation of modification requests, which the Operator is obliged to implement in line with the conditions of the entrustment - contract within 12 months from its entry into effect, i.e. ensuring the total implementation of the requirements arising under Act No 181/2014 on cybersecurity, and signing in to DBIS using electronically readable identification documents or the National Identity Authority; launch of a new electronic identification means using mobile devices, implementation of a DBIS functionality optimised for mobile devices; putting into operation an independent authentication service functionality.</p> <p>2) implementation of further modification requests at the discretion of the support provider (the Administrator) and their incorporation into the DBIS.</p> <p>The planned extent for the provision of the DBIS Development Services is up to 1 000 (one thousand) man-days (MD) yearly, based on orders confirmed by both parties; it includes the complete implementation of modification requests consisting in modifying, adapting or adding new DBIS components or functionalities, including modifications to the software that is part of the DBIS and the Licensed Software. The provision of the DBIS Development Services also covers interconnecting the newly created components, functionalities or software, configuring and linking them to other external systems, including coding work and testing. The DBIS Development Services do not concern the HW infrastructure. DBIS is a critical information infrastructure information system pursuant to Act No 181/2014 on cybersecurity, and it contains personal data. The Operator is also obliged to ensure all Services in line with the requirements of the Cybersecurity Act and Act No 110/2019 on the processing of personal data. The requisite availability of the entire DBIS is 99.9% with the quality of the Services defined.</p> <p><u>The DBIS Operational Support Services are defined in the following way:</u></p> <ul style="list-style-type: none"> <li>• provision of technical infrastructure services (HW, basic and generic SW, network components, data links, installation and putting into operation, implementation of Licenced Software) to ensure the DBIS operation;</li> <li>• provision of technical infrastructure services (HW, basic and generic SW, network components, data links, installation and putting into operation, implementation of Licenced Software) to ensure the operation of a public testing environment;</li> <li>• provision of hosting services in two separate and geographically independent data centres that are interconnected;</li> </ul>

- ensuring Operation Services and in that context making available the DBIS functionalities to the authorised users to the extent requested by the Administrator under this entrustment - contract and as required by law. The Operation Services include the provision of support and servicing activities as set out in this entrustment - contract.

*The DBIS Operation Services comprise in particular the following activities:*

- (1) DBIS Safe Operation and Availability Service;
  - (2) Data Centre Services, including ensuring data communication;
  - (3) Call Centre Services;
  - (4) Service Desk Services;
  - (5) Security Monitoring Services;
  - (6) PostServis Services (an establishment of the Operator ensuring the printing of envelopes with access details and other information, their assembly and dispatch to the postal shipping network<sup>4</sup>;
- resolution of security incidents in cooperation with the Administrator;
  - DBIS data back-up and recovery;
  - DBIS recovery in the event of an accident;
  - correction of any errors identified during the security audit of the design documentation;
  - regular DBIS maintenance performed during operational downtimes;
  - drawing up a Plan for the migration of the entire DBIS to a new operator in connection with the termination of the Contract in line with the requirements set out in the entrustment - contract.

**(Typical) forms of entrustment:**

ACT, GOVERNMENT RESOLUTION, CONTRACT (pursuant to Section 14(2) of Act No 300/2008 on electronic operations and authorised conversion of documents, and Section 2(4) of Act No 221/2012 amending Act No 29/2000 on postal services, and on the basis of Government Resolution No 676 of 7 July 2016, Česká pošta is to operate the Data Boxes Information System in the period 2018-2022. In addition to the above legal acts, the content of Česká pošta's entrustment is also set out in the contract concluded between the Ministry of the Interior and Česká pošta.)

<sup>4</sup>The actual delivery (dispatch to the postal shipping network) is not covered by the entrustment - contract performance; it is performed, as part of the Postservis services, in line with the Postal Terms and Conditions of Česká pošta and the Postal Services Price List of Česká pošta in force at the time the assembled item is submitted for shipping (both documents are available at the website of Česká pošta at [www.ceskaposta.cz](http://www.ceskaposta.cz)). The type of item is to be determined by the DBIS in line with the DBIS Documentation. The delivery will be performed on the basis of the postal contract within the meaning of Act No 29/2000 on postal services, as amended, which is concluded at the time an item is submitted for shipping, and any payments or fees will be paid in line with the postal contract.

<b>Average duration of the entrustment (in years) and the proportion of entrustments that are longer than 10 years (in %):</b>
5 years
0% (entrustment not given for a period longer than 10 years)
<b>Exclusive or special rights:</b>
Exclusive or special rights not given for the sector in question.
<b>Aid instruments used (direct subsidies, guarantees, etc.):</b>
Direct grant
<b>Typical compensation mechanism and methodology used (cost allocation / net avoided cost):</b>
<p><b><i>Compensation mechanism:</i></b></p> <p>The total compensation consists of the price for the provision of the DBIS Operation Services and the price for the provision of the DBIS Development Services.</p> <p>For each calendar month in which it provides the DBIS Operation Services, Česká pošta is reimbursed the price that is the sum of the fixed monthly lump-sum price (the amount of which is set out in the entrustment - contract) and a variable price for the Data Messages sent (any data message irrespective of the sender and receiver). The variable price for the Data Messages sent is obtained by multiplying the price for one Data Message sent and the number of all Data Messages sent in the calendar month at issue. The price of one Data Message applicable in the given year covered by the entrustment - contract is set out in the contract.</p> <p>The price for the provision of the DBIS Development Services is paid for each calendar month in which the DBIS Development Services were provided; it is obtained by multiplying the extent of the performance provided by Česká pošta expressed in man-days (MD) as indicated in the approved monthly operation report, and the relevant unit price per man-day (MD) set out in the entrustment (contract) for the month at issue. Two rates are set out for the MD price, depending on whether the services are provided by a subcontractor or directly by Česká pošta. The specific rate amounts are set out in the entrustment - contract.</p> <p><b><i>Methodology used:</i></b></p> <p>Net avoided cost methodology</p>
<b>Arrangements for avoiding and recovering any overcompensation:</b>
Pursuant to the Contract for the provision of operational and development services for the Data Boxes Information System in the period 2018–2022, Česká pošta submits annual

accounts for compensation payments - data on the costs and revenue actually incurred, structured in line with the European Commission's alternative notification scenario.

**How the transparency requirements for aid above 15 million euro are being complied with:**

In line with the 2012 SGEI Framework, a public consultation was held on 26 April 2017 regarding the data boxes information system and the outcome has been published here: <https://www.mvcr.cz/clanek/verejna-konzultace-k-informacnimu-systemu-datovych-schranek.aspx> . In line with Article 108(3) TFEU and the Communication from the Commission - European Union framework for State aid in the form of public service compensation (2011) No 2012/C 8/03, the Administrator, in cooperation with the Operator, notified the European Commission of their plans to conclude the Contract currently being prepared. The content of Contract No 149230-64/EG- 2016 of 19 February 2018 concluded for the provision of operational and development services for the Data Boxes Information System in the period 2018–2022 was published in the Register of Contracts on 23 February 2018 – see <https://smlouvy.gov.cz/smlouva/4779404> .

*Table 18: SGEI Framework - other sectors: eDelivery, amount of aid granted*

<b>SGEI Framework - other sectors: eDelivery</b>		
<i>Reporting period</i>	<i>2020</i>	<i>2021</i>
<i>Amount of aid granted per aid grantor (million EUR)</i>		
<b>TOTAL AID</b>	<b>18.0</b>	<b>17.4</b>
- central authorities	18.0	17.4
- regional authorities	0	0
- local authorities	0	0
<i>Share of expenditure per aid instrument (%)</i>		
grant	100	100
<i>Number of beneficiaries by size</i>		
- small enterprise	0	0
- medium-sized enterprise	0	0
- large enterprise	1	1
<b>Number of beneficiaries - total</b>	<b>1</b>	<b>1</b>

## 4 Third party complaints

### **SGEI Decision:**

No complaints concerning aid granted under the SGEI Decision were recorded during the period under review.

### **SGEI Framework:**

No complaints concerning aid granted under the SGEI Decision were recorded during the period under review.



## 5 Various

### **a) Problems with the application of the SGEI Decision**

Aid grantors mention mainly the same general problems as those encountered in the application of the SGEI Decision in the past:

- greater administrative burden compared with other grants (in particular as concerns keeping accounts for compensation payments and issuing the entrustment act); the amount of time involved with administration and calculations, in particular for municipalities;
- issues with checks on over-financing of beneficiaries who obtain compensation from several grantors under multi-source financing (e.g. in the area of social services).
- problems with selecting SGEI grantors in respect of legislation on public procurement - the question of whether the SGEI grantor must be selected on the basis of a public tender, in accordance with the Decision;
- significant problems in applying the SGEI Decision connected with the funding of services falling under the multi-source financing system (particularly in the area of social services);
- the problem with precisely determining whether or not something is public SGEI aid;
- the duration of the entrustment as an obstacle to the absorption capacity - at regional level entrustment acts are issued only for one year. Hence SGEI providers do not have legal certainty that their entrustment will be renewed. As a result, the absorption capacity is reduced because of fears that the entire subsidy will have to be repaid if continuity of service is not ensured;
- the repeated problem of establishing a reasonable level of profit in accordance with Article 5(5) to (8) of the SGEI Decision; the impossibility of establishing rules on reasonable profit in a uniform way owing to the varying legal forms of beneficiaries and their accounting systems;
- issues with checks on over-financing of beneficiaries who obtain compensation from several grantors under multi-source financing (e.g. in the area of social services);
- issuing entrustment for services in respect of which compensation is granted by another entity - this concerns the drawing of funding from EU funds where an existing entrustment is required for the service at issue;
- a complicated procedure for establishing adequate compensation when projects are submitted and approved because of errors that have to be removed from the calculations made by applicants; unsuitability for social services of the mechanism for establishing the compensation amount pursuant to Article 5 of the SGEI Decision, which leads to unnecessary repression and sometimes even to the closure of certain services;
- perception of the SGEI Decision as a vague, non-specific, general provision that leaves a number of areas open to arbitrary interpretation; lack of information on practical application and real-world examples; no system in place for sharing information among aid grantors concerning errors or obstacles encountered or the responses of the SGEI providers.
- Some grantors perceive the biggest shortcomings in the application of Commission Decision 2012/21/EU in the lack of information on the practical application, as well as real-life examples. The Guide on the application of the Union rules on state aid, public

procurement and the internal market to services of general economic interest, in particular as regards social services of general interest, contains only theoretical questions and answers and it completely lacks focus on practical problems arising in the application of SGEI derogations. Moreover, there is no channel of information sharing for grantors that would make it possible to gather knowledge obtained from the application, such as the identified errors or obstacles, or comments by SGEI providers.

#### **b) Problems with the application of the SGEI Framework**

In administrative proceedings initiated to determine the amount of net costs in respect of the individual years, the contracting authority applied the avoided cost methodology, which had been approved by the Commission during the State aid pre-notification and notification stages. The methodology for the calculation of net costs is also described in the implementing provisions for Act No 29/2000 on the procedure used by the Czech Telecommunications Office to calculate the net costs of fulfilling the obligation to provide a universal service. Pursuant to the implementing provisions, reasonable profit is to be added as a profit margin to the economically justified costs. However, during the pre-notification stage, the Commission did not find this approach to be methodologically sound. Given that the net costs calculated using the net avoided cost methodology already exceeded the compensation thresholds laid down for the individual years in the Postal Service Act without the profit being included, no reasonable profit was added to the net costs paid to Česká pošta.

#### **c) Other observations regarding the application of the SGEI Decision/Framework**

The SGEI Decision does not address multi-source financing of services (as is the case of social services financing in the Czech Republic), which is being tackled systemically.

Some aid grantors would welcome it if social services could be included in block exemptions, since according to them social services do not constitute business activities on the free market. The economic activity of social services providers is loss making; they must comply with strict standards and the provision of services is subject to registration and stringent supervision of state and regional authorities. Admission to the providers network is governed by rules and is subject to planning. Moreover, aid grantors would welcome a re-assessment of whether social services for which payments from clients are not fixed are covered by the SGEI Framework

Aid grantors consider the SGEI Decision to be the source of a number of problems and misunderstandings, owing to its vague wording. The biggest problem is the large increase in the administrative burden on all participants in the scheme (even beneficiaries have to hire external experts to comply with the conditions set out in the SGEI Decision). Hence more public funding is spent on administration instead of being used for the actual SGEI.

## Compulsory annexes

SGEI Framework in the Czech Republic		Total amount for whole Member State	
		2020	2021
<b>Article 2(1)(b)</b>	Hospitals providing medical care, including, where applicable emergency services	€ 124 014 824.00	€ 132 129 293.00
<b>Article 2(1)(c)</b>	Health and long-term care	€ 125 580 186.00	€ 158 428 818.00
	Childcare	€ 7 225 784.00	€ 8 664 610.00
	Access to and reintegration into the labour market	€ 11 902 394.00	€ 13 904 704.00
	Social housing	€ 13 257 049.00	€ 15 118 586.00
	Care and social inclusion of vulnerable groups	€ 515 830 077.00	€ 578 477 139.00
	Other social services	€ 367 234 050.00	€ 434 942 233.00
<b>Article 2(1)(d)</b>	Air or maritime links	€ 0.00	€ 0.00
<b>Article 2(1)(e)</b>	Airports and ports	€ 4 469 866.00	€ 3 914 369.00
<b>Article 2(1)(a), less than EUR 15 million per year</b>	Postal services	€ 0.00	€ 0.00
	Energy	€ 199 115.00	€ 188 462.00
	Waste collection	€ 0.00	€ 0.00
	Water supply	€ 513 095.00	€ 477 947.00
	Culture	€ 28 623 853.00	€ 27 992 896.00
	Financial services	€ 0.00	€ 0.00
	Other sectors	€ 84 213 218.00	€ 91 185 654.00

SGEI Framework in the Czech Republic	Total amount for whole Member State	
	2020	2021
Postal services	€11 538 461.54	€0.00
Energy	€0.00	€0.00
Waste collection	€0.00	€0.00
Water supply	€0.00	€0.00
Air or maritime links	€0.00	€0.00

Airports and ports	€0.00	€0.00
Culture	€0.00	€0.00
Financial services	€0.00	€0.00
Other sectors – eDelivery	€18 022 872.08	€17 405 893.92

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SGEI Decision in the Czech Republic		Total amount for whole Member State	
		2020	2021
Article 2(1)(b)	Hospitals providing medical care, including, where applicable emergency services	€ 124.014.824,00	€ 132.129.293,00
Article 2(1)(c)	Health and long-term care	€ 125.580.186,00	€ 158.428.818,00
	Childcare	€ 7.225.784,00	€ 8.664.610,00
	Access to and reintegration into the labour market	€ 11.902.394,00	€ 13.904.704,00
	Social housing	€ 13.257.049,00	€ 15.118.586,00
	Care and social inclusion of vulnerable groups	€ 515.830.077,00	€ 578.477.139,00
	Other social services	€ 367.234.050,00	€ 434.942.233,00
Article 2(1)(d)	Air or maritime links	€ 0,00	€ 0,00
Article 2(1)(e)	Airports and ports	€ 4.469.866,00	€ 3.914.369,00
Article 2(1)(a), less than EUR 15 million per year	Postal services	€ 0,00	€ 0,00
	Energy	€ 199.115,00	€ 188.462,00
	Waste collection	€ 0,00	€ 0,00
	Water supply	€ 513.095,00	€ 477.947,00
	Culture	€ 28.623.853,00	€ 27.992.896,00
	Financial services	€ 0,00	€ 0,00
	Other	€ 84.213.218,00	€ 91.185.654,00

SGEI Framework in your Member State	Total amount for whole Member State	
	2020	2021
Postal services	€ 11.538.461,54	€ 0,00
Energy	€ 0,00	€ 0,00
Waste collection	€ 0,00	€ 0,00
Water supply	€ 0,00	€ 0,00
Air or maritime links	€ 0,00	€ 0,00
Airports and ports	€ 0,00	€ 0,00
Culture	€ 0,00	€ 0,00
Financial services	€ 0,00	€ 0,00
Other - eDelivery	€ 18.022.872,08	€ 17.405.893,92