



# **BUDGET**

## **FACTS AND TRENDS 2022**

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**The Ministry of Defence of the Czech Republic**



## INTRODUCTION

The Ministry of Defence of the Czech Republic, in compliance with Act No. 106/1999 Coll., on Freedom of Information, issued this publication in order to inform the general public and partner nations about the basic data in the State Budget Chapter 307 – Ministry of Defence (MoD budget chapter) for the year 2022, including trends, structure, main expenditure categories and their proportions.

### **Main documents used for 2022 MoD Budget Draft preparation:**

- *The Government Resolution No. 80 dated 9th February 2022, on the Czech Republic State Budget Draft for the year 2022;*
- *Act No. 57 /2022 Coll., on the Czech Republic State Budget for the year 2022, dated 10th March 2022;*
- *The 2021 Draft State Final Account – Chapter 307 – Ministry of Defence.*

The Draft 2022 State Budget - Ministry of Defence Chapter was prepared in accordance with Act No. 218/2000 Coll., Budgetary Rules and regulation No. 133/2013 Coll., which determines scope and structure of the data needed for preparation of the Draft State Budget and Mid-term Outlook and deadlines for their presentation (as subsequently amended) and in accordance with Ministry of Finance's Instruction for the preparation of the 2022 Czech Republic State Budget and the Mid-term Outlook for the years 2023 and 2024 – Budget Chapter 307 – Ministry of Defence.

The Government Resolution No. 80 dated 9th February 2022, on the Czech Republic State Budget Draft for the year 2022, approved the basic indicators of the state budget and mid-term outlook for the years 2023 and 2024. Act. No.57 /2022 Coll., on the Czech Republic State Budget for the year 2022, dated 10th March 2022, were by The Chamber of Deputies of the Parliament of the Czech Republic for 2022 approved the total revenues in the amount CZK 6,249,130 thousand and the total expenditures in the amount of CZK 89,144,945 thousand.

Basic parameters of the 2022 Czech Republic State Budget Draft and the Mid-term Outlook for the years 2023 and 2024 – Budget Chapter 307 – Ministry of Defence were finally as follows:

Basic parameters of State Budget	2022	2023	2024
	CZK thousand	CZK thousand	CZK thousand
<b>Total revenues</b>	6,249,130	5,749,648	5,861,207
<b>Total expenditures</b>	89,144,945	99,983,258	109,499,258

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

the Army of the Czech Republic, which requires pro-investment budgets of the MoD chapter. Priority is given to expenditures of a mandatory in relation to persons expected to increase staff, expenditures for implementation of strategic projects, expenditures related to the fulfilment of obligations to NATO, obligations arising from the Czech Republic's membership in international organizations and expenditures related to the deployment of Czech Army forces and resources in foreign operations.

The total expenditures of the MoD chapter in the amount of CZK 89,144,945 thousand for 2022 are compared to the budget expenditures in 2021 (in the amount of the approved budget after taking into account CZK 10 billion released from Chapter 398 – General Treasury Administration to strengthen defence expenditures on the basis of the Government Resolutions No. 77/2021 and No. 336/2021, i.e. CZK 85,359,897 thousand) higher by CZK 3,785,048 thousand, i.e. by 4.43 %.

The 2022 Budget Draft expenditure structure – main expenditure areas:

	Approved budget
<b>1. Total MoD expenditures(in CZK million)</b>	<b>89,145</b>
<i>Out of which: personal mandatory expenditures of the state organizational unit (incl. pensions, social benefits)</i>	<i>37,267</i>
<i>Programme financing – State Subsidy System of State/Property Management in State ownership (EDS/SMVS)</i>	<i>27,427</i>
<i>Other expenditures (current expenditures and capital expenditures outside EDS/SMVS)</i>	<i>24,451</i>
<b>2. Total MoD expenditures index 2022/2021</b>	<b>1.04</b>

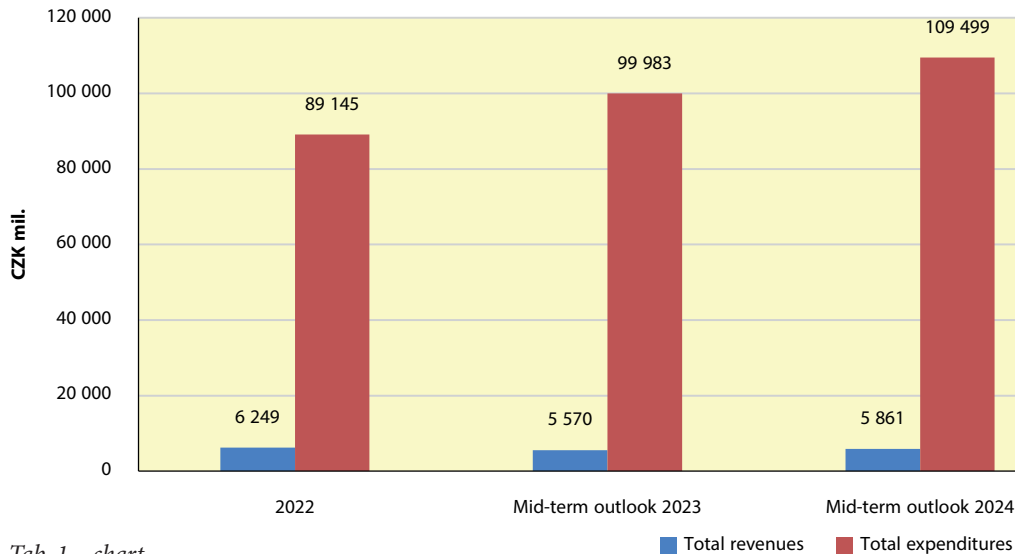
The total revenues of the MoD chapter in the amount of CZK 6,249,130 thousand for 2022 compared to the budget revenues higher by CZK 795,617 thousand, i.e. by 14.59%.

<b>Total MoD revenues (in CZK million)</b>	<b>6,249</b>
<b>Non-tax revenues, capital revenues and received transfers</b>	<b>1,033</b>
<i>Non-tax revenues</i>	<i>266</i>
<i>Received transfers</i>	<i>711</i>
<i>Capital revenues</i>	<i>56</i>
<b>Tax revenues – income from compulsory insurance premiums</b>	<b>5,216</b>
<i>Pensions insurance</i>	<i>4,666</i>
<i>Sickness insurance premiums and contribution to the state employment police</i>	<i>550</i>
<b>Other tax revenues</b>	<b>100</b>

## BUDGET PARAMETERS

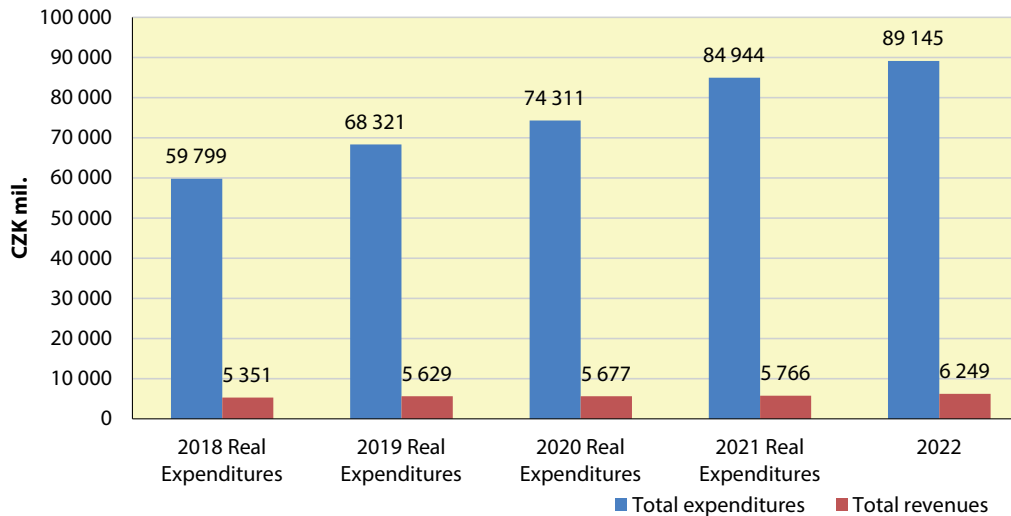
Summary for the basis of the 2022 MoD draft budget parameters and development trends are presented in the following tables and graphs.

## 2022 MoD budget drafts on previous 2023-2024 Mid-term Outlooks



Tab. 1 – chart

## Development of the MoD Budgetary Revenues in 2018-2022



Tab. 2 – chart



## Comparison of basic Macroeconomic Indicators

	2021	2022	Index 2022/2021
Gross domestic product(in CZK billion*)	6,103.00	6,617.00	1.08
Expenditures of the State Budget (in CZK billion)	1,906.93	1,893.24	0.99
Total MoD expenditures (in CZK billion)	85.36	89.15	1.04
Inflation rate (in %)*)	3.8	8.5	2.24
MoD expenditures as a % share on GDP	1.40	1.35	0.96
MoD expenditures as a % share on the State Budget Expenditures	4.48	4.71	1.05

\*) source: Macroeconomic prediction of the Czech Republic issued by the MoF ( January 2022)

Tab. 3

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

Expenditures (in CZK million)			Index 2022/2021
	2021	2022	
<b>I. Total capital expenditures</b>	<b>22,536.0</b>	<b>24,035.0</b>	<b>1.07</b>
II. Total operating expenditures	62,824.0	65,110.0	<b>1.04</b>
II.1. Employee's salaries and other payments for contract work	18,196.0	18,691.0	<b>1.03</b>
II.2. Retirement pensions and other social benefits	6,762.0	6,998.0	<b>1.03</b>
II.3. Non-discretionary employer-paid insurance and allocation to CSNF	8,149.0	8,186.0	<b>1.00</b>
II.4. Non-investment subsidies to on-vote MoD organizations	2,464.0	2,747.0	<b>1.11</b>
II.5. Non-investment subsidies to enterprises	323.0	215.0	<b>0.67</b>
II.6. Other material non-investment expenditures	26,930.0	28,273.0	<b>1.05</b>
<b>III. Total MoD expenditures ( I. + II.)</b>	<b>85,360.0</b>	<b>89,145.0</b>	<b>1.04</b>
<b>MoD expenditures (based on constant prices of the year 2018)</b>	<b>77,336.0</b>	<b>75,598.0</b>	<b>0.98</b>

<b>Revenues (in CZK million)</b>			
IV.1. Insurance revenues and other tax revenues	5,088.0	5,217.0	1.03
IV.2. Non-tax revenues, capital revenues and transfers received	366.0	1,033.0	2.82
<b>IV. Total MoD revenues (IV.1. + 2.)</b>	<b>5,454.0</b>	<b>6,250.0</b>	<b>1.15</b>
<b>RESULTING BUDGET BALANCE</b>	<b>79,906.0</b>	<b>82,895.0</b>	<b>1.04</b>

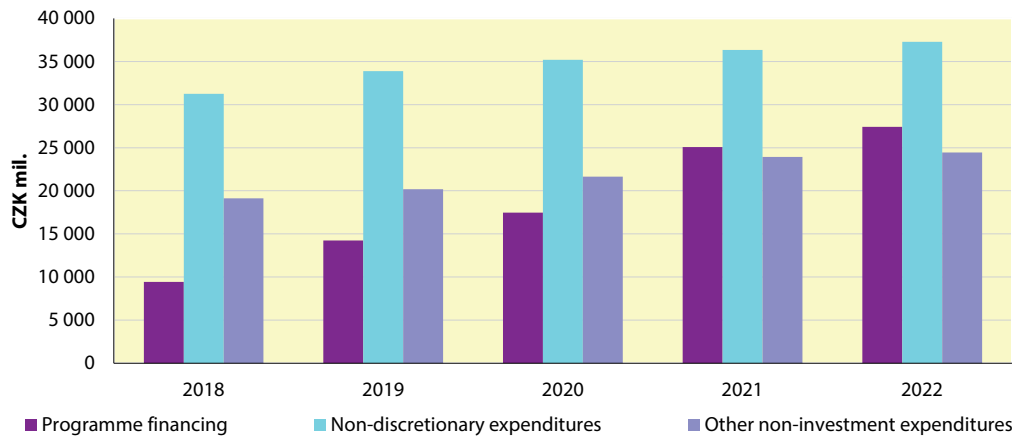
Tab. 4

## Structure of the MoD Budgetary Expenditures 2018 až 2022

Expenditure category (CZK mil.)	Real Expenditures*)			Approved Expenditures	
	2018	2019	2020	2021	2022
Programme financing	9,443.8	14,252.9	17,476.9	25,068.7	27,426.8
Non-discretionary expenditures	31,241.5	33,888.9	35,201.8	36,347.9	37,267.0
Other non-investment expenditures	19,114.1	20,197.2	21,631.9	23,943.3	24,451.1

\*) including extrabudgetary resources and carry forwards

Tab. 5

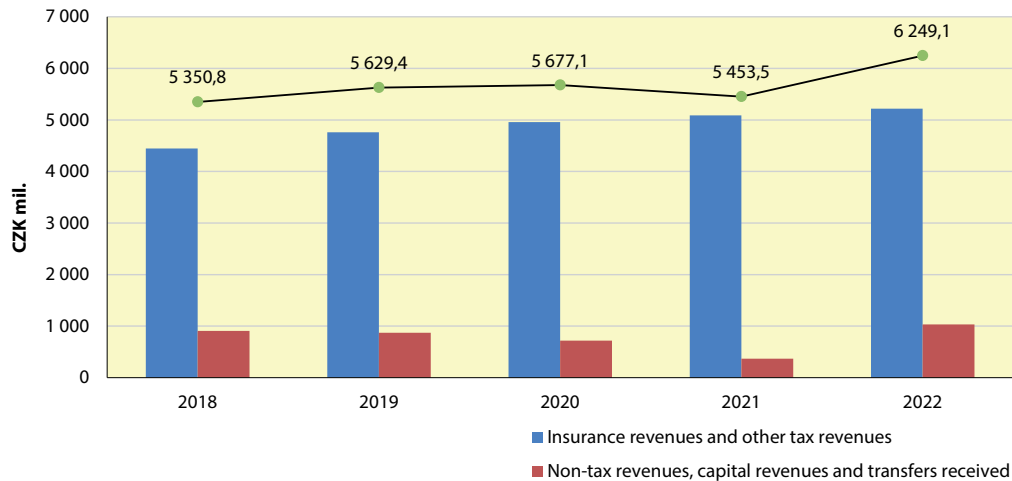


Tab. 5 – chart

## Development of the MoD Budgetary Revenues in 2018-2022

	Real Expenditures			Approved Expenditures	
	2018	2019	2020	2021	2022
Insurance revenues and other tax revenues	4,445.6	4,760.5	4,959.6	5,087.8	5,216.6
Non-tax revenues, capital revenues and transfers received	905.2	868.9	717.5	365.7	1,032.5
<b>TOTAL REVENUES</b>	<b>5,350.8</b>	<b>5,629.4</b>	<b>5,677.1</b>	<b>5,453.5</b>	<b>6,249.1</b>

Tab. 6



Tab. 6 – chart

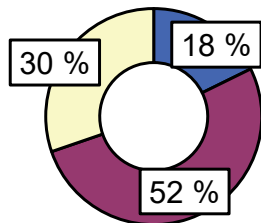
## Development of Proportions among Main MoD Expenditures in 2019-2022

		Real Expenditures *)		Approved expenditures	
		2019	2020	2021	2022
	Property reproduction programmes	11,490.8	15,796.6	25,068.7	27,426.8
	Salaries, insurance, alloctaion to CSNF and social benefits	33,697.0	34,922.6	36,347.9	37,267.0
	Other expenditures	19,606.5	21,013.9	23,943.4	24,451.1

\*) excluding extrabudgetary and carry fowards

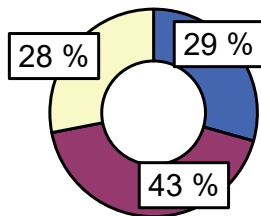
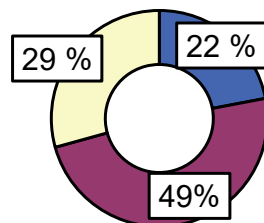
Tab. 7





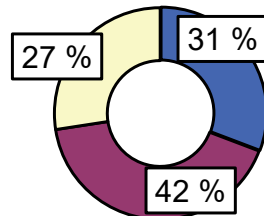
Real Expenditures 2019

Real Expenditures 2020



Approved expenditures 2021

Approved expenditures 2022



Tab. 7 – chart

## Structure of 2022 MoD Budget Operating Expenditures

CZK mil.

	2022
Budget	89,145
Capital expenditures	24,035
<b>Operating expenditures *)</b>	<b>65,110</b>

<b>I. Non-discretionary expenditures</b>	<b>37,267</b>
1.Salaries, other payments related to performed work and directly related expenditures	25,689
a) Salaries	17,146
b) Other payments related to performed work	1,545
c) Insurance	6,655
<b>d) CSNF</b>	<b>343</b>

<b>2.Other non-discretionary expenditures</b>	<b>11,578</b>
a) Social benefits	8,186
b) Housing allowance, stabilization allowance	3,341
<b>c) Other (scholarship etc.)</b>	<b>51</b>
II. Other operating expenditures	27,843
1. Current life support	21,003
2. Transfers and Subsidies	3,880
3. Other operating expenditures	2,960

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

Tab. 8



## **MANDATORY PERSONAL EXPENDITURES (pensions and social benefits included)**

Mandatory personal expenditures represent 41.81 % (CZK 37,267,090 thousand) of the total 2022 MoD expenditures of which 21.97 % are pensions and social benefits. Major part is allocated for mandatory expenditure in relation to staff (salaries, other payments related to performed work, compulsory insurance and contribution to the Cultural and Social Needs Fund (CSNF) paid by the employer, stabilization allowance and housing allowance, etc.). The number of personnel used for the MoD budget preparation is 35,226 of which 1,045 for on-vote organizations.

The total funds committed for this area of the MoD chapter was set in the amount of CZK 19,108,614 thousand of which:

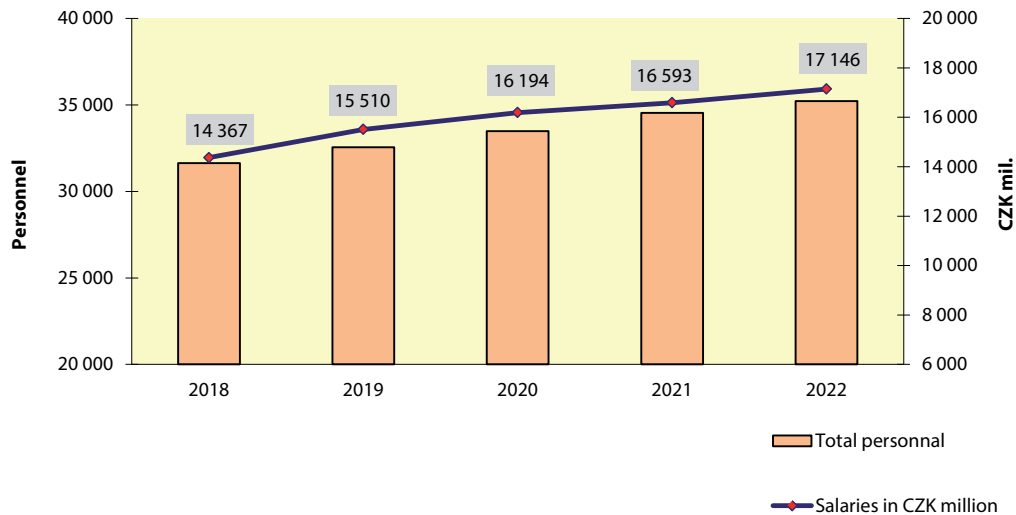
- for the organizational unit of the state of MoD in the amount of CZK 18,690,847 thousand of which for employee's salaries in the amount of CZK 17,145,544 thousand for 35,226 persons and for other payments for work performed in the amount of CZK 1,545,303 thousand;
- salary of On-Vote organizations established by the MoD under the MoF regulation in the amount of CZK 417,767 thousand, of which salaries of employees in the amount of CZK 399,731 thousand for 1,045 person and for other personnel costs in the amount of CZK 18,036 thousand.

## Personnel and Salaries at the MoD in 2018-2022

(excluding On-Vote organizations)

	Real			Plan	
	2018	2019	2020	2021	2022
MoD positions under the Labour Code	6,426	6,524	6,645	6,949	6,999
Professional soldiers	24,025	24,879	25,719	26,395	27,034
MoD service positions under the Civil Service Act	1,172	1,148	1,120	1,194	1,193
Total personnel	31,632	32,551	33,484	34,538	35,226
Salaries in CZK million	14,367	15,510	16,194	16,593	17,146

Tab. 9



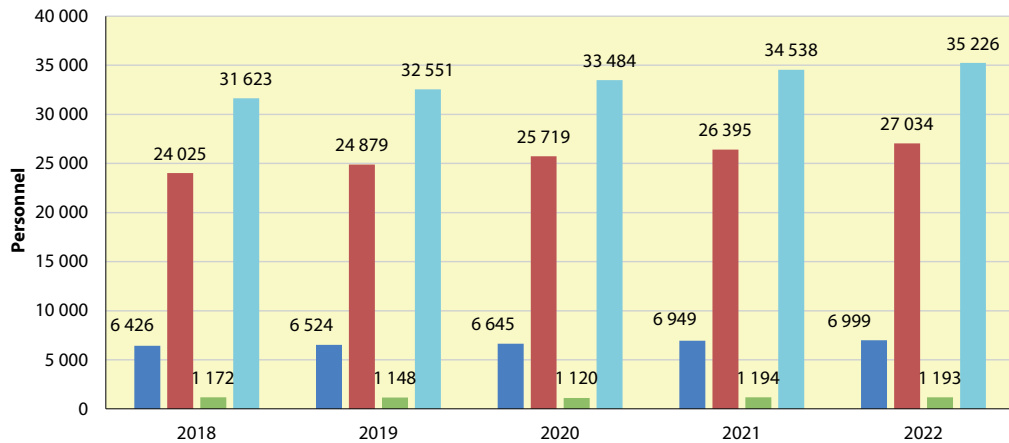
Tab. 9 – chart

## Development of MoD Personnel Number in 2018-2022

		Real			Plan	
		2018	2019	2020	2021	2022
	MoD position under the Labour Code	6,426	6,524	6,645	6,949	6,999
	Professional soldiers	24,025	24,879	25,719	26,395	27,034
	MoD services positons under the Civil Service Act	1,172	1,148	1,120	1,194	1,193
	<b>Total personnel</b>	<b>31,623</b>	<b>32,551</b>	<b>33,484</b>	<b>34,538</b>	<b>35,226</b>

Tab. 10





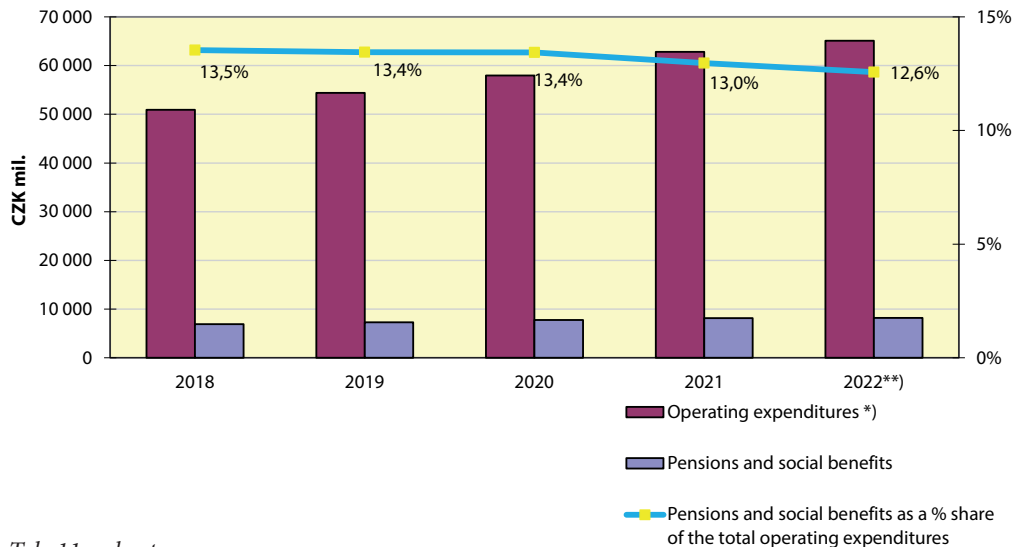
Tab. 10 – chart

**Expenditures for Pensions and Other Social Benefits as a % share of the Total MoD  
Operating Expenditures in 2018 - 2022 (approved budgets)**

	2018	2019	2020	2021	2022**)
Operating expenditures *)	50,907.5	54,393.0	57,984.0	62,824.0	65,110.0
Pensions and social benefits	6,892.0	7,315.0	7,789.0	8,149.0	8,186.0
<b>Pensions and social benefits as a % share of the total operating expenditures</b>	<b>13.5%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>13.0%</b>	<b>12.6%</b>

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

*\*\*\*) Act No. 57/2022 Coll., on the Czech Republic State Budget for the year 2022, dated 18th March 2022*



Tab. 11 – chart

## PROGRAMME FINANCING EXPENDITURES

Based on Act No. 57/2022 Coll., on the Czech Republic State Budget for 2022 dated 10th of March 2022, programme financing budgetary expenditure is approved in the amount of CZK 27,426,753 thousand (EU funds CZK 700,741 thousand included), which represents 30.77% of the total MoD budget expenditure.

Expenditure registered in the programme financing information system EDS/SMVS for 2022 is calculated within 16 property reproduction programmes. The amount of CZK 12,000 thousand is allocated for subsidy titles and CZK 27,414,753 thousand for expenditure titles. In line with the Budget Structure the expenditure registered in the programme financing IS are divided as follows:

- Capital expenditures CZK 23,420,574 thousand, i.e. 85.39 % of total expenditures;
- Operating expenditures CZK 4,006,179 thousand, i.e. 14.61 % of total expenditures.

New investment activities represent 27.77 % (CZK 7,617,258 thousand) and ongoing activities represent 72.23 % (CZK 19,809,495 thousand) of total programme financing limit.

21 main investment activities are planned in 2022, these main activities are supposed to be financed in the form of individually assessed expenditures of the organizational unit of the state.

The amount of CZK 15,672,519 thousand was allocated for these main activities (representing 57.14 % of programme financing activities in 2022) within the following programmes:

- Land Force Strategic Programme;
- Land Force Command and Control Mobile Communication Device Compatibility;

- Air Force Sustainability and Development Strategic Programme;
- Air Force Sustainability and Development;
- Communication and Information Support Sustainability and Development;
- Supersonic Aircraft Sustainability and Development;
- Logistics Capabilities Sustainability and Developmenta;
- Management of the MoD Civilian-Administrative Part and State On-Vote Organizations.

This amount is covered by: the MoD budgetary resources amounting CZK 27,426,753 thousand, reserve fund CZ 1,069,939 thousand (of which CZK 69,617 thousand are NATO funds), programme participant own resources (CZK 244,339 thousand) and other domestic funds (expenditures budgeted in the New Green Savings Programme) amounting CZK 10,309 thousand.

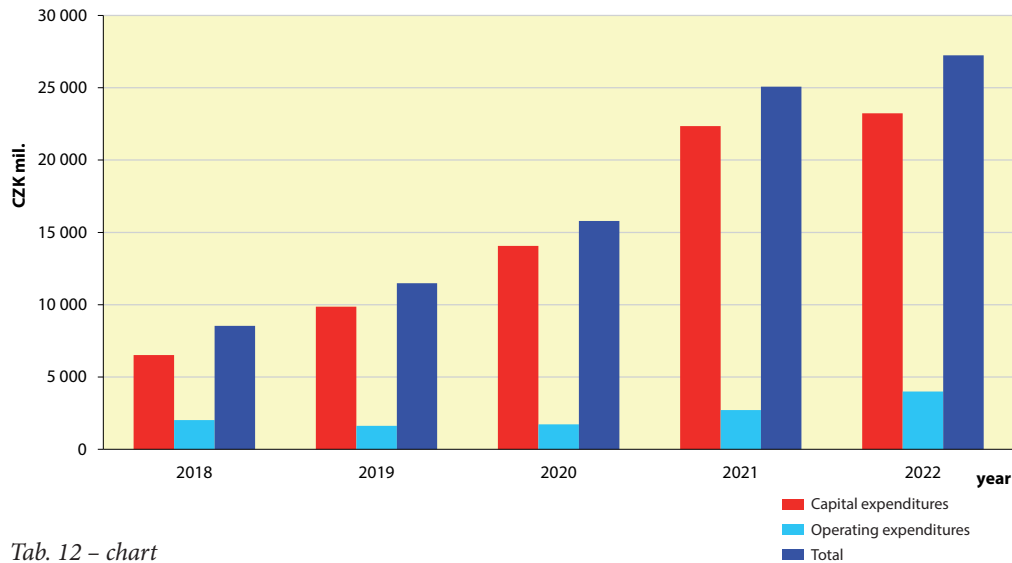
## Comparison of Programme Financing Expenditures in 2018-2022

CZK mil.

		Real expenditures*)			Approved expenditures	
		2018	2019	2020	2021	2022
	Capital expenditures	6,518.1	9,861.9	14,070.2	22,343.1	23,240.6
	Operating expenditures	2,022.2	1,628.9	1,726.4	2,725.6	4,006.2
	<b>Total</b>	<b>8,540.3</b>	<b>11,490.8</b>	<b>15,796.6</b>	<b>25,068.7</b>	<b>27,246.8</b>

\*)excluding extrabudgetary and carry forwards

Tab. 12



Tab. 12 – chart

## Breakdown of Programme Financing Expenditures in 2022

CZK mil.

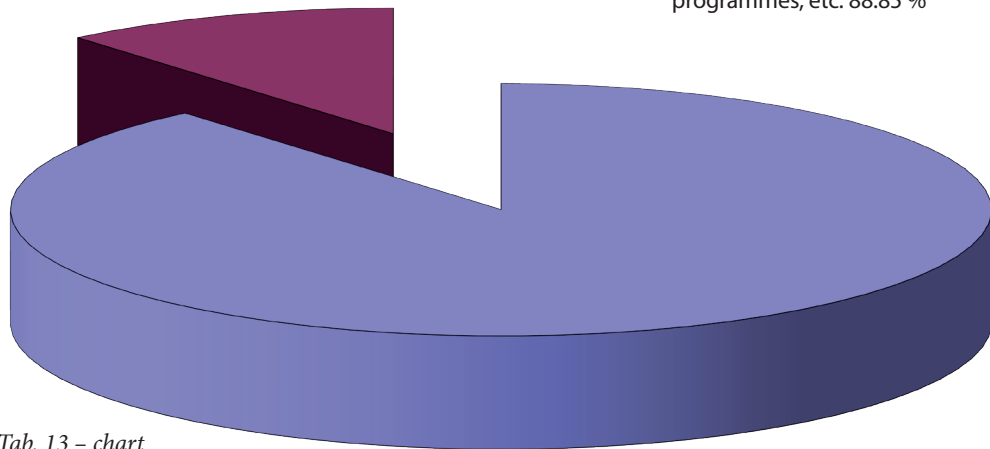
Armament programmes, operational capabilities increase and maintenance programmes, etc.	24,369.4	88.85%
Immovable infrastructure programmes	3,058.3	11.15%
<b>Total</b>	<b>27,427.7</b>	<b>100.00%</b>

Tab. 13



■ Immovable infrastructure  
programmes 11.15 %

■ Armament programmes,  
operational capabilities  
increase and maintance  
programmes, etc. 88.85 %



*Tab. 13 – chart*

## OPERATING EXPENDITURE

The MoD operating expenditures for the year 2022 (including related operating expenditures of programme financing and defence research, development and innovation expenditures) were approved in the amount of CZK 24,451,102 thousand, which represents 27.43% of the total MoD budget expenditures.

- to ensure the operation and maintenance of equipment, purchase of materials and services to provide training, provision of facilities in the form of serviceable real estate, tec. (in the amount of CZK 16,185,645 thousand, which represents 18.16% of the total MoD budget expenditures,;
- to ensure the activities of non vote organisation established by the MoD for the performance of specific tasks for the benefit of the MoD. The MoD is the founder of 9 non vote organizations. The total contribution was set in the amount of CZK 3,336,114 thousand (i.e. 3.74 % of the total MoD budget expenditures), of which were the operating contribution in the amount of CZK 2,741,048 thousand and investment contribution in the amount of CZK 595,066 thousand;
- to participate in foreign operations in accordance with Government Resolution No. 500 dated 4th May 2020, on operation of forces and resources of the MoD in foreign operations in 2021 and 2022 with the view to 2023, Government Resolution No. 73 dated 27th January, on proposal for the use of forces and resources of the MoD in the fight against terrorism in Mali, Niger and Chad, Government Resolution No. 657 dated 15th June 2020, on proposal for the adoption of an additional Protocol between France and the Government of the Republic of Mali other than France

units “Takuba” and international agreements in the collection of international agreements und No. 21/2021 Coll., of which were the expenditures in the amount of CZK 1,719,447 thousand (i.e. 1.93% of the total MoD budget expenditures) ;

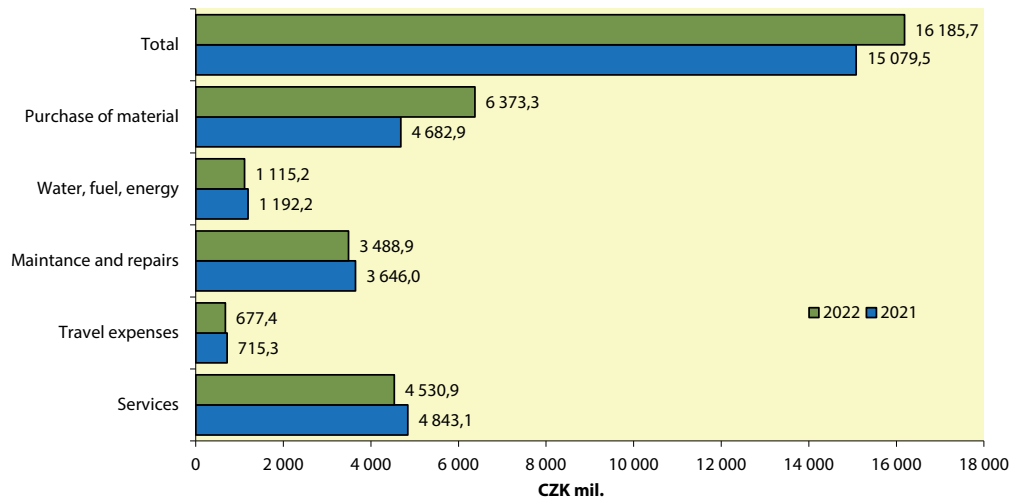
- to support defence research (CZK 426,878 thousand, i.e. 0.48 % of the total MoD budget expenditures) for provision of 3 ongoing defence research and development programs. Funds in the amount of CZK 93,638 thousand were allocated for institutional support within the program 907930 Development of research institutes of MoD. Of which in the amount of CZK 84,504 thousand is set for the institutional support of research organization, to support other activities in the field of research development and innovation (public tenders, projects) in the amount of CZK 600 thousand The program also includes institutional support for international cooperation in the amount of CZK 8,534,00 thousand. This appropriation is intended to cover international projects and the financing of international research and development programs under the auspices of the European Defence Agency. Funds in the amount of CZK 83,000 thousand were set for special – purpose support within the program 907020 Development of the Armed forces. In the amount of CZK 250,240 thousand for the program 907050 Ambition to support the development of areas in which the armed forces are achieving significant results within NATO and the EU.

**Comparison of Main Categories of Non-investment (Operating) Expenditures in 2021-2022**  
(approved budgets, excluding operating expenditures of programme financing )

**CZK mil.**

<b>Druh výdaje</b>	<b>2021</b>	<b>2022</b>
Services	4,843.1	4,530.9
Travel expenses	715.3	677.4
Maintenance and repairs	3,646.0	3,488.9
Water, fuel, energy	1,192.2	1,115.2
Purchase of material	4,682.9	6,373.3
<b>Total</b>	<b>15,079.5</b>	<b>16,185.7</b>

*Tab. 14*



Tab. 14 – chart

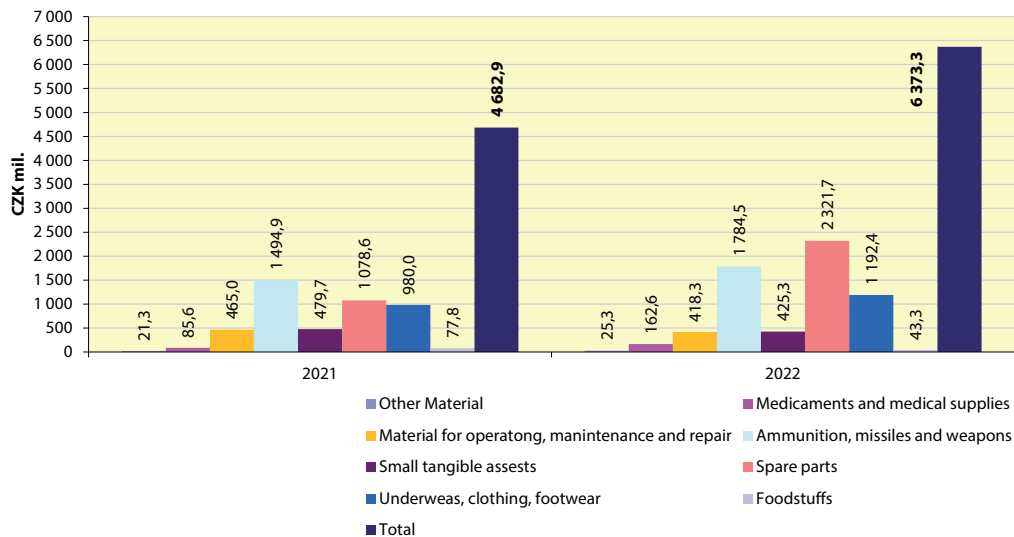
**Comparison of Expenditures allocated for Purchase of Material in 2021-2022  
(approved budgets, excluding expenditures registered in EDS/SMVS)**

**CZK mil.**

	<b>2021</b>	<b>2022</b>
Other Material	21.3	25.3
Medicaments and medical supplies	85.6	162.6
Material for operating, maintenance and repair	465.0	418.3
Ammunition, missiles and weapons	1,494.9	1,784.5
Small tangible assets	479.7	425.3
Spare parts	1,078.6	2,321.7
Underwear, clothing, footwear	980.0	1,192.4
Foodstuffs	77.8	43.3
<b>Total</b>	<b>4,682.9</b>	<b>6,373.3</b>

*\*) Ochranné pomůcky, učebnice, knihy a bezplatně poskytované školní potřeby, tisk*

Tab. 15



Tab. 15 – chart

## USED ABBREVIATIONS

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



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# BUDGET – Facts and Trends 2022



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