

**CZECHIA**

# **TOWARDS A SYSTEMIC APPROACH TO SOCIAL PROTECTION**

**POVERTY WATCH 2024**





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## **Poverty Watch 2024**

### **EAPN CZECH REPUBLIC**

The European Anti-Poverty and Social Exclusion Network is an independent network of organisations and groups involved in the fight against poverty and social exclusion in Europe. In the Czech Republic, the national network EAPN ČR, z. s. - a member of the European Anti-Poverty and Social Exclusion Network (EAPN EU) - advocates for the rights of people dependent on social services. The aim of the organisations associated in the EAPN CR is to achieve acceptance of the issue of social exclusion by society and public administration in the Czech Republic and to remove social and political barriers

to people at risk of social exclusion.

The tasks of the EAPN CR include:

To make social inclusion and the fight against poverty a priority for public administration at all levels.

To promote, develop and implement activities aimed at social inclusion.

Facilitate access to information technology and education for people at risk of social exclusion.

Promote the development of quality in social services for people at risk of social exclusion as a basis for respecting their human rights.

To bring together individuals and organisations working to combat poverty and social exclusion.

To transfer good working methods and approaches within the European Union countries, to benefit from the experience of other countries and to participate in the development of national policies on social inclusion.

Promote the involvement of social inclusion organisations and their clients in the processes and policies that affect their lives.

## POVERTY WATCH

The Czech version of the Poverty Watch report is a compilation of data from relevant sources collected over the past period since the publication of the last report (autumn 2023), which can be used to capture the evolution of poverty and social inequality in the country. Poverty Watch does not aspire to be an exhaustive academic study of poverty, but it helps to point to trends and phenomena that are closely linked to poverty. In addition, it seeks to bring the situation of people experiencing poverty closer to the perspective of NGOs working with these people.

The main objectives of Poverty Watch include:

- to monitor developments in the area of poverty and social exclusion
- raise awareness of the impact of social policies on people experiencing poverty
- make concrete and actionable recommendations

## **POVERTY**

Poverty as a form of vulnerability

Parent-survivors, the elderly, the long-term unemployed, people with psychological and cognitive difficulties, people with disabilities, members of minorities and people fleeing war consistently emerge as vulnerable groups.

Single mothers, for example, are often plagued by low education, limited work experience and limited labour market supply (lack of suitable jobs, especially flexible and part-time jobs, which would greatly help many women with smaller children).

In 2024, many individuals and entire families were in situations where the benefits paid to them were not even enough - so other, "alternative" forms of assistance were developed, such as the cooperation between Caritas Czech Republic and E.ON (Energie pomáhají project), which aimed to at least partially compensate for the systemic shortcomings

We can also see how the overall situation of families is tied to both affordable housing and a stable financial and family background = poverty is a complex problem.

## **ENERGY POVERTY**

In recent years, the phenomenon of energy poverty or energy exclusion has been widely discussed. Current data show quite convincingly that this is not just a marginal issue, but rather a quite significant problem.

Energy poverty refers to a situation in which a household has difficulties in providing the necessary energy needs such as heating, hot water, etc<sup>1</sup>. An alternative definition is: "Energy poverty is the state of a person or household in which they are unable to heat their home adequately and meet other essential energy needs."<sup>2</sup>

According to the Energy Poverty report, people in energy poverty are those living in a household with an income below the 5th income decile who admit either that they

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<sup>1</sup> There is no official definition in the Czech Republic or the EU, based on material published by AMO.cz. [https://www.amo.cz/wp-content/uploads/2022/11/Factsheet\\_energeticka\\_chudoba\\_final.pdf](https://www.amo.cz/wp-content/uploads/2022/11/Factsheet_energeticka_chudoba_final.pdf)

<sup>2</sup> This definition, based on its own results, is proposed by the University of Economics in Prague in the material Energy Poverty and the Vulnerable Customer.

cannot afford to heat their home adequately, or have energy debt, or spend more than 20% of their net monthly income on energy, while being in poverty.<sup>3</sup>

In the Czech Republic, the most common reasons for energy poverty are income and household economic circumstances, distinguishing between primary (income) and secondary (cost) energy poverty - but these do not always coincide, depending largely on energy efficiency

A study published by the Platform for Social Housing in cooperation with the University of Ostrava shows that energy poverty currently affects 15 per cent of the population.

The dynamics of growth is also worrying, as 440,000 households (770 000 people) were still affected in 2020, but 690,000 households (1.3 million people) were already affected in 2023, which is 13% of the population. Of these, approximately 300 000 are children under 18 and 400 000 are seniors aged 65 and over.

Of the 690 000 households, 440 000 are in so-called extreme energy poverty, which is a situation where, after housing costs, including energy, these people have less money to live on than 95% of the population due to high energy costs.

According to the latest Eurostat data, the Czech Republic is the country with the highest electricity bills in the whole of the European Union - if we take into account the different purchasing power in each country. Together with the Netherlands, we have also seen the biggest increase in electricity prices - 86% in the Netherlands and 83% in the Czech Republic.<sup>4</sup>

However, based on data from the Association for International Affairs (AMO), based on a synthetic indicator that identifies households where at least one of the four types of energy poverty is present, up to 25 per cent of households in the Czech Republic are affected in this way, i.e. about 2.7 million people.<sup>5</sup>

The energy crisis and inflation have greatly exacerbated the problem of energy poverty. According to a study by PAQ Research, between November 2021 and July 2022, the number of families paying more than 40% of their income for housing, including energy costs, increased from 15% to 24%. More than half of Czech households admit to financial problems related to energy prices.

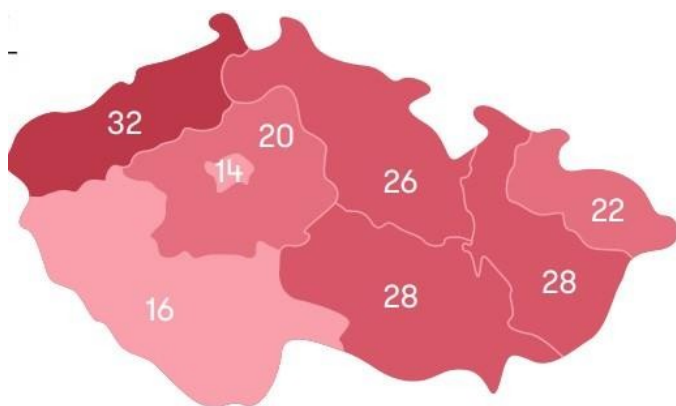
Energy poverty particularly affects the elderly: of all energy-poor households in the Czech Republic, 60% are pensioners (i.e. they are affected by at least one of the 4 indicators). 25% of seniors have a high share of energy expenses and 40% of pensioners suffer from some form of energy poverty (for 2018).

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<sup>3</sup> [https://www.amo.cz/wp-content/uploads/2022/11/Factsheet\\_energeticka\\_chudoba\\_final.pdf](https://www.amo.cz/wp-content/uploads/2022/11/Factsheet_energeticka_chudoba_final.pdf)

<sup>4</sup> <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240425-3>

<sup>5</sup> Data from the Association for International Affairs (AMO) fact sheet Energy Poverty in the Czech Republic Definitions, Indicators, Development and Solutions. [https://www.amo.cz/wp-content/uploads/2022/11/Factsheet\\_energeticka\\_chudoba\\_final.pdf](https://www.amo.cz/wp-content/uploads/2022/11/Factsheet_energeticka_chudoba_final.pdf)



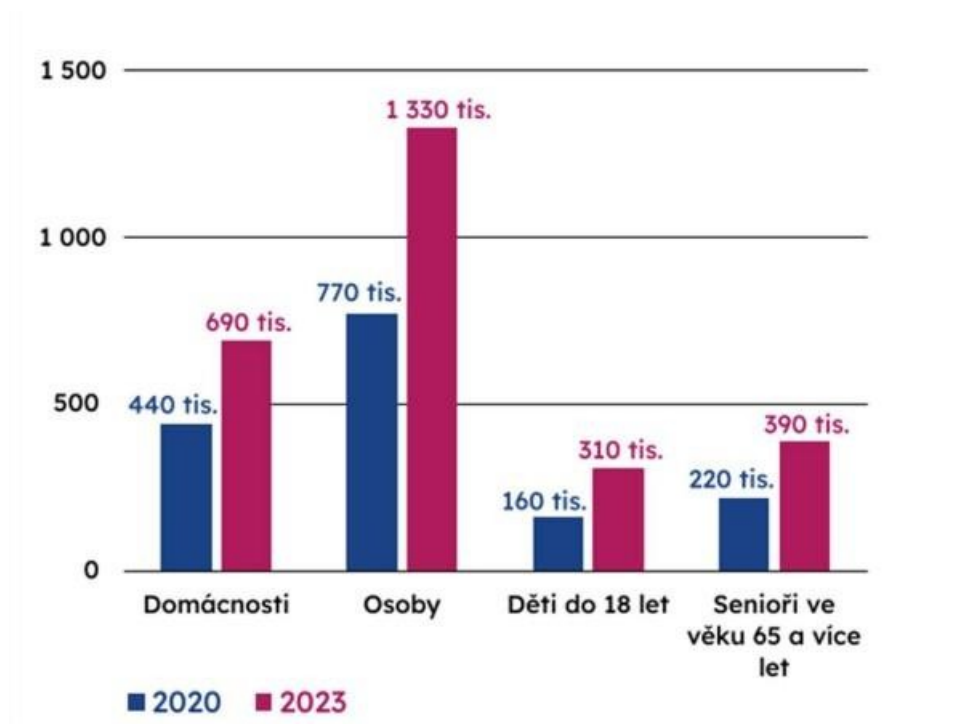
**Source:** AMO Factsheet - Percentage of households coping with energy price increases with great or moderate difficulty (July 2022).

Those most vulnerable to the impacts of fuel poverty are primarily low-income families with children, the disabled, single seniors and single parents.

The most significant risk factors include: low income, high energy intensity of housing and large floor area per person. The two largest groups in energy poverty are renters and poor homeowners. Between 2020 and 2023, the number of people in fuel poverty in the country almost doubled - see chart below:

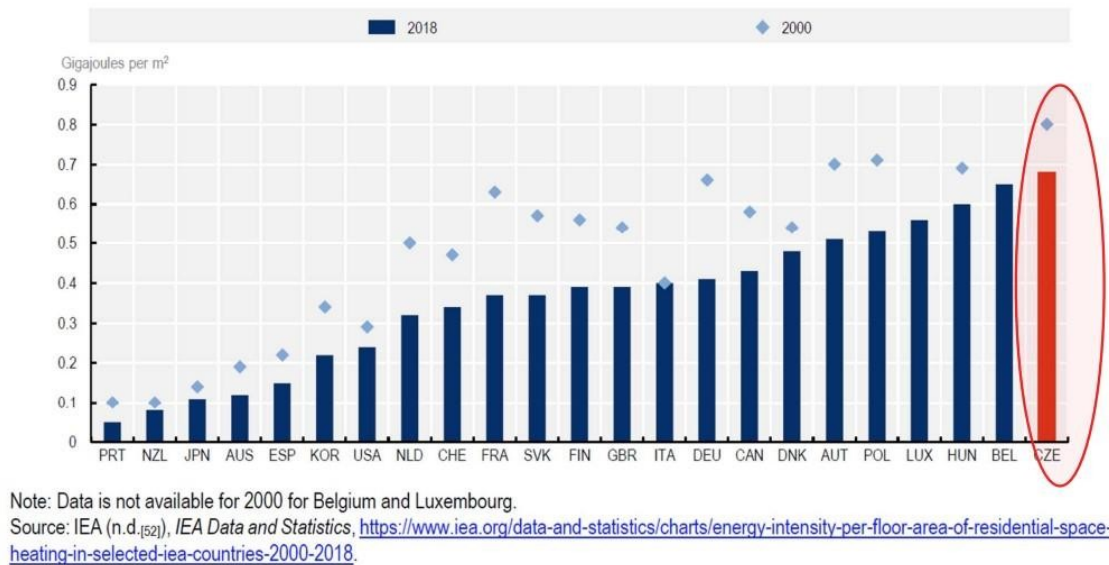
Yet energy poverty is very closely linked to the risk of housing poverty - if people lose their ability to pay for energy, they risk ultimately losing their own homes.

**Chart** - comparison of the size of the population in energy poverty in 2023 with 2020 (from the presentation of the Energy Poverty 2023 study)



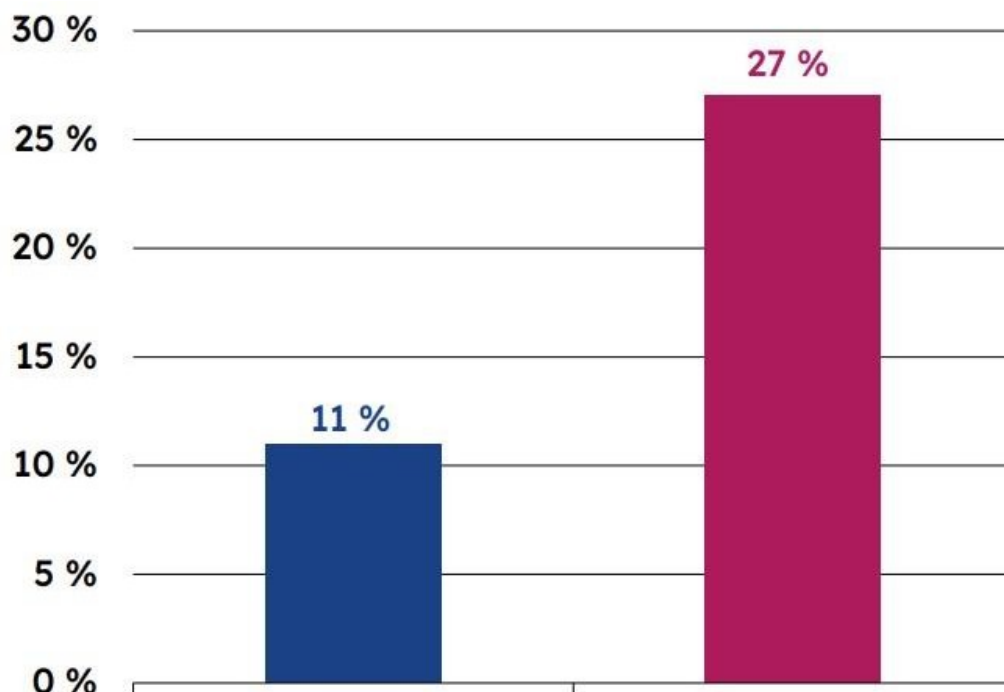
**Chart** - High energy intensity of housing as a risk factor

Figure 1.29. Energy intensity per floor area of residential space heating, temperature corrected, 2000-19, in selected OECD countries



**Chart - Percentage of people in energy poverty by energy intensity of housing**

Legend: Blue column - low energy intensity (new insulation, window), Purple column - high energy intensity (no insulation, original window).



**Main system solution:**

1. Construction of energy efficient social housing

2. Reducing the energy intensity of rental housing
3. Adoption of the Housing Support Act
4. Advice and other support to reduce fuel poverty

**Recommendation:**

- Building energy efficient social housing.
- reducing the energy intensity of rental housing
- Adoption of the Housing Support Act
- free advice and other support
- subsidy support for low-income families and more affordable financing
- energy provider rebates/automatic subsidies for vulnerable groups (UK, Portugal, Belgium)
- ban on disconnecting vulnerable customers from the grid if they are unable to pay their deposits (UK)

## **HOUSING**

The Czech Republic has long been plagued by a lack of affordable housing. This applies to both social housing and housing intended for broader population groups. EAPN and other partner organisations have long drawn attention to this systemic shortcoming, which is crucial and without which it is impossible to tackle poverty. It is housing in decent conditions that gives people the much needed stability and security, the opportunity to "breathe" and to begin to systematically address their situation.

Housing destitution also has serious impacts on the physical and mental health, family life or privacy of families. The societal impacts and costs to the state are also significant. At the same time, people in housing need are also more likely to be victims of crime and domestic violence, which in turn has implications for other areas such as the judiciary, the police, health (treatment costs), social services, legal aid, job placement and support for economic activity, and loss of GDP.

According to a calculation from 2021, the economic impact in the form of the above-mentioned externalities was estimated at CZK 14.5 billion.<sup>6</sup> Another significant problem is the removal of children and their placement in social care due to inadequate housing

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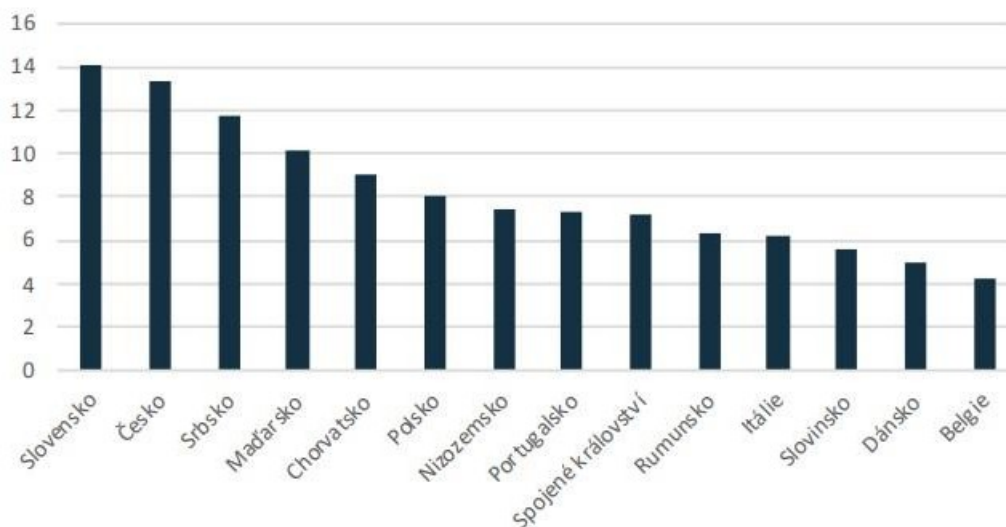
<sup>6</sup> Study on the Costs of Homelessness and Housing Emergency to Public Budgets, published by the Agency for Social Inclusion (2019)

conditions; according to the Ombudsman's Office, up to 40% of children were placed in institutional care on the basis of the poor housing and material situation of the family.<sup>7</sup>

More than 20 000 children are growing up in children's homes and foster care, and this number has doubled since 2015<sup>8</sup>. Foster care costs the state more than CZK 12 billion a year - not to mention the fact that this model of care is now seen as inadequate and outdated.

In the Ústí and Karlovy Vary regions, where the most excluded localities are located, 16% of children do not complete primary education; children often reproduce the patterns they encounter during their adolescence later in life. It is estimated that the state budget loses up to CZK 13 million over the lifetime of one such child with incomplete education.

Around 37% of Czech children live in households that suffer from some kind of housing problem (inadequate heating, damp and leakage, lack of space, noise, dirt and vandalism in the neighbourhood). Inadequate housing for families with children has other impacts, both on these families and on public budgets. Poor quality, unstable or financially burdensome housing is significantly related to grade repetition and child achievement (grades in primary and secondary school in core subjects).



**Chart:** affordability of owning one's own home in Europe (2003) - the multiple of gross annual salaries needed to buy an apartment of 70 m<sup>2</sup>. The Czech Republic is ranked second to last<sup>9</sup>

<sup>7</sup> If 2,000 children were prevented from being placed outside the family and families were worked with through outreach support or through forms of rehabilitation, mediation and outpatient support, which is significantly cheaper, the savings would amount to €1 billion per year.

[lumos.contentfiles.net/media/assets/file/Investment\\_in\\_deti\\_CELA\\_ZPRAVA\\_web.pdf](https://lumos.contentfiles.net/media/assets/file/Investment_in_deti_CELA_ZPRAVA_web.pdf)-58

<sup>8</sup> Housing destitution is an absolutely crucial risk factor for children's vulnerability. A representative survey of the population in housing need found that a staggering 22% of children from families in housing need are growing up outside their family (in state care), which is thirteen times higher than the general population - see Housing Exclusion Report 2024

<sup>9</sup> Source Deloitte (2023) Property index; taken from: [Dostupne-bydleni-prehled.pdf.aspx](https://dostupne-bydleni-prehled.pdf.aspx) (gov.cz)

Rental housing, which is commonly understood in the West - due to lower monthly costs and higher flexibility (and thus higher flexibility of the workforce) - as a full-fledged alternative to ownership housing, is only a minority type of housing in the Czech Republic for historical and cultural reasons.<sup>10 11</sup> Another important reason was the massive disposal of the municipal housing stock during privatisation in the 1990s and the long-standing cultural preference for owning one's own home as a form of life investment. For many people today, however, owning their own home is realistically out of reach.

According to Eurostat data<sup>12</sup>, the nominal value of residential property across the country will increase by an average of 112 % between 2015 and 2023. Property prices rose most in regional cities - especially Prague and Brno - by an average of around 140%, while the EU average increase was 49% over the same period.<sup>13</sup>

Another problem in the housing market is the repeated chaining of short lease contracts (max. 2 years), which is now common in 65-70 % of concluded contracts. This is a relatively new phenomenon that has only started to appear in the last ten years.<sup>14</sup> Housing is now becoming an increasingly uncertain and unpredictable issue.

Based on domestic and international experience, we know that, in addition to housing itself, it is often necessary to help people through social assistance so that they are able to acquire all the necessary competences and maintain their housing.

## **Housing support - experience so far**

Based on *Housing First: 2 years after moving in*<sup>15</sup>, analysis shows that almost 70 per cent of households are still living in their allocated flats after two years (only 17 per cent have not retained their housing due to non-compliance with their tenancy agreement). In addition, there has been a gradual decline in the proportion of respondents who

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<sup>10</sup> In the Czech Republic, 20% of the population lives in rented accommodation (which is twice as high as in neighbouring Slovakia, where only 10% live in rented accommodation).

<sup>11</sup> The research conducted by the Czech Sociological Institute "Attitudes to Housing 2023" shows that most Czechs, including young people, prefer owning their own home. This is influenced by the perception of ownership housing as a better and safer solution for the future. More than 80 % of respondents perceive that housing is less affordable for the young generation than for their parents' generation (Sunega, Lux & Mikeszová 2023, p. 19)

<sup>12</sup> [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing\\_price\\_statistics\\_-\\_house\\_price\\_index](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing_price_statistics_-_house_price_index)

<sup>13</sup> Eurostat (2024), House price index – quarterly data. Doi: [https://doi.org/10.2908/PRC\\_HPI\\_Q](https://doi.org/10.2908/PRC_HPI_Q). Dostupné na: [https://ec.europa.eu/eurostat/databrowser/view/prc\\_hpi\\_q/default/table?lang=en&category=prc.prc\\_hpi.prc\\_hpi\\_inx](https://ec.europa.eu/eurostat/databrowser/view/prc_hpi_q/default/table?lang=en&category=prc.prc_hpi.prc_hpi_inx)

<sup>14</sup> See Median Housing Attitudes 2023

<sup>15</sup> See analysis *Housing First: 2 years after move-in* (2024): [123-housing-first-two-years-after-move-in-development-of-change-in-occupied-homes.pdf](#)

reported social benefits or pensions as their main source of household income (62 percent two years after moving in) and a continuous increase in the proportion of respondents' paid work as their main income (from 13 percent before moving in to 27 percent two years after moving in). The use of support services by occupied households has trended downward over time. her families and individuals

Between the situation one year after moving in and the situation two years after moving in, the proportion of respondents who used all the monitored types of social support except for paying for children's lunches decreased; only 10 percent of the representatives of settled households answered that they no longer needed meetings or consultations with a social worker and could manage everything on their own. Settling in had a significant impact on the psychological state of mind of the interviewed household representatives. There was a big jump between the period before moving into the social housing and the period of one year after moving in (50 per cent of respondents were in the high stress area before moving in, only 18 per cent after two years), while the feeling of loneliness decreased and participation in leisure activities increased. Based on the above, it is clear that programmes such as Housing First are demonstrably bringing about positive change - albeit gradual rather than leapfrogging on certain parameters - and are enabling families and individuals.

According to the latest findings, there are 154 000 people in housing need in the Czech Republic, one third of whom are children. As many as 1.6 million people are at risk of losing their housing, which is an alarming figure. Housing destitution is closely linked to poverty (or the inability to escape poverty), the impact on mental and physical health and on the lives of families and individuals (children suffer from a lack of privacy and the inability to prepare adequately for education, which affects their school performance). In addition, the unsatisfactory state of housing in the Czech Republic also impacts on the state, putting a strain on public spending. Other costs include hospitalisation, emergency medical services, substitute care for children, emergency care and psychological costs - the total cost of housing distress to public budgets has been estimated by the Ministry of Regional Development at CZK 4 billion per year in 2021.

## Osoby v bytové nouzi (154 000 osob)

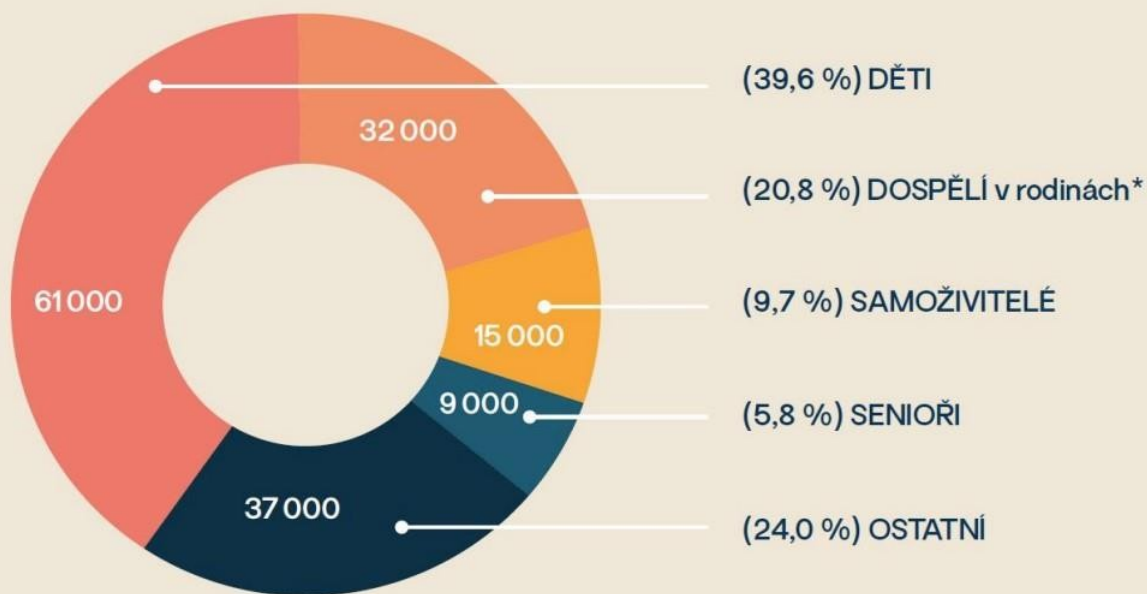


Chart of the structure of individual population groups in housing need

Source: presentation of the Housing Support Act (Housing for Life)

## Osoby ohrožené ztrátou bydlení, v energetické chudobě či s nadměrnými náklady na bydlení (1 570 000 osob)

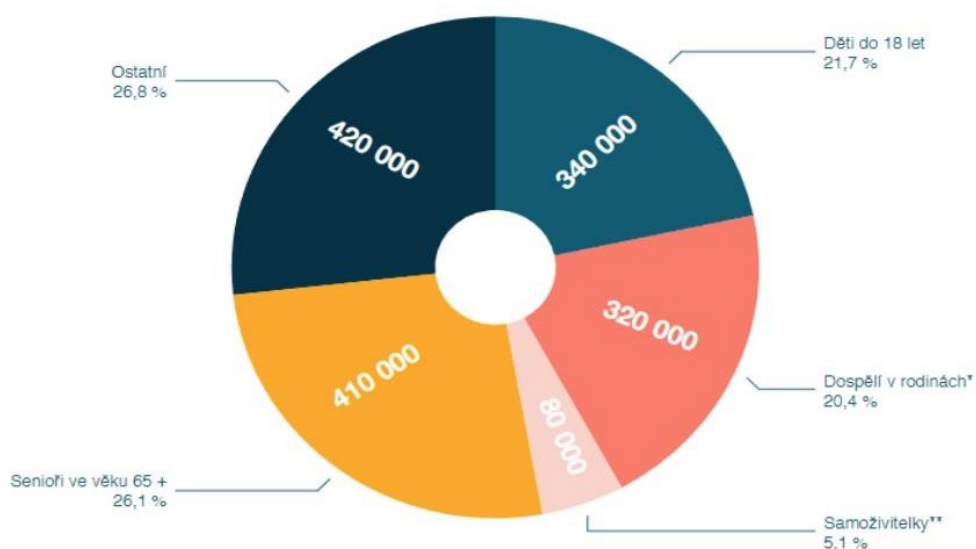


Chart - Persons at risk of housing crisis

Source: presentation of the Housing Assistance Act (Housing for Life)

## **Legislative measures - new act**

We are currently seeing a positive development in this area, with the Housing Support Act passing the House of Commons in its first reading. The Act should help alleviate the situation of housing need in the long term - its stated ambition is to reduce the number of people in housing need by at least 30% within ten years.

The current form of the law rests on three pillars: a) a network of contact centres in municipalities with extended powers, to which people with housing problems will turn; b) a guarantee to landlords if a tenant is unable to pay; c) support for the most vulnerable, who will be able to benefit from assistance with returning to normal life for three years. The law should also help to save public expenditure, as the cost of housing distress to public budgets now exceeds CZK 4 billion a year, according to conservative estimates.<sup>16</sup>

However, the law is based on the voluntariness of municipalities/landlords, so it is possible that certain localities will not be sufficiently covered, there is no obligation for long-term funding and the assistance is limited to three years, while it is known that it takes several years to stabilize the situation of individuals or families. Another risk also arises from amendments in the next second reading in the Chamber of Deputies, as some MPs have signalled that they do not agree with the need to introduce additional posts (a bureaucratic position, but one that is necessary to administer the whole process at local level). This can be seen as a potential weakness in this legislative proposal, and only the future will tell how effective a law built in this way really is.<sup>17</sup>

Another step towards greater affordability is the promotion of affordable housing through a subsidy programme worth CZK 7 billion (the National Development Bank is expected to add another CZK 3.5 billion in 2025). The investment programme should aim to increase the number of affordable rental housing in municipalities through new construction or reconstruction. The programme is expected to deliver about 5,000 rental units, with housing prioritised for young families, the elderly and professions in need.

## **Recommendation:**

A legislative framework to support affordable housing should be enforced

There is a need to focus on the wide availability of decent rental housing that is accessible not only to the middle class, but also to people affected by or at risk of poverty (there are about one million of them in the Czech Republic)

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<sup>16</sup> <https://mmr.gov.cz/cs/ostatni/web/novinky/vlada-schvalila-zakon-o-podpore-bydleni-pomuze-och>

<sup>17</sup> The Ministry of Regional Development expects up to three thousand flats to join the scheme annually, based on its own surveys of landlords. 34% of municipalities and 50% of private landlords surveyed have previously expressed interest.

It is necessary to provide decent housing also for people who currently do not have stable housing or live in substandard conditions in residential hotels (over 30,000 people)

10% of the allocation, i.e. €270 million, needs to be returned from the Cohesion Fund to the European Social Fund Plus (ESF+)

The allocation for social housing should be at least 30% of the total social infrastructure allocation, including IROP+, EU REACT and National Recovery Plan allocation. ESF+ should support ending homelessness by:

- Housing First and Housing Led
- Housing Options (access points)
- Housing Loss Prevention Schemes
- Programmes aimed at releasing people from institutions into independent housing

### **Mental health and social vulnerability**

In the Health 2020 Strategy, the Ministry of Health states as a priority area "To contribute to the creation of conditions for the development of resilient social groups, i.e. communities living in an environment that is conducive to their health." The same material provides a definition of the determinants of health: "Determinants of health are those factors that have the most significant influence, either positive or negative, on health. They include an individual's social, economic and physical environment, as well as their individual characteristics and behaviour (heredity, biological sex, lifestyle, etc.). Socio-economic determinants such as poverty, social exclusion, family situation, unemployment or inadequate housing are strongly correlated with health status and contribute to health inequalities. Existing research confirms assumptions about poorer health status compared to the resident population.

Among homeless people, we find a higher incidence of chronic diseases, a higher prevalence of infectious diseases, and more frequent mental health problems. In relation to the combination of alcohol or drug addiction and homelessness, it is suggested that there is a close relationship between the prevalence of addiction or other mental disorder and homelessness, but that it is not always easy to distinguish cause and effect. Mental illness combined with socio-economic problems can be a trigger for homelessness. Conversely, homelessness can lead to mental health problems, depression and substance use (MoLSA 2014).

This is supported by data from the Salvation Army and Charity Ostrava regarding the more than double prevalence of mental health problems among the homeless compared to the rest of the population. Addictions, depressive disorders, sleep disorders, anxiety, stress reactions, adjustment disorders and schizophrenia are also common. Mental health problems are also among the reasons why homeless people do

not achieve permanent housing and complicate their ability to maintain permanent housing.<sup>18</sup>

Another group suffering from mental health problems are migrants - according to recent data, almost half of refugees suffered from symptoms of depression and anxiety.<sup>19</sup> Only 3% of refugees had accessed professional care, while a further 38% had considered seeking help. Symptoms of mental illness were reported by 45% of them, four times more than the majority population. The mental health of Ukrainians is exacerbated by the situation in their home country - worrying about family or home - as well as poor socio-economic conditions in the Czech Republic. The situation of Ukrainian refugees is all the more difficult because more than 60 per cent of them have experienced some kind of verbal attack or insult, and one in 20 has experienced a physical attack.<sup>20</sup>

Non-heterosexual people often suffer from mental disorders, according to the first study of its kind in the Czech Republic. More than 3,000 people took part in the representative survey conducted by the National Institute of Mental Health, of whom almost five percent were gay, lesbian and bisexual. They were almost five times more likely to have suicidal thoughts than heterosexuals.<sup>21</sup>

Last year, more than 1,300 people under the age of 19 received disability pensions. Most often because of depression and anxiety disorders. According to the research Life Priceless, which Czech Radio participated in with the sociological company PAQ Research in the spring, up to 16 percent of those surveyed showed symptoms of these psychological disorders. They included difficulty falling asleep, interrupted sleep or sleeping too much, nervousness, anxiety, lack of appetite or overeating, fatigue, lack of energy, little interest and pleasure in what we do, tendency to get angry easily and irritability.

PAQ Research symptom data shows that moderate depression or anxiety was reported by 18 percent of respondents in May 2024, the highest since measurement began in April 2020 (with 19 percent of the population reporting these symptoms with the start of the pandemic) - by comparison, this was 4 percent of the population before the pandemic. Mental health problems have been on the rise, particularly among people who are significantly affected by inflation. Mental health problems also affect female households more (23% to 20% of male households).

In the long term, people in difficult economic circumstances report the worst mental health status. Symptoms of depression and anxiety are high among people who are left with CZK 100 a day after paying basic expenses or are in income poverty. Anxiety and

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<sup>18</sup> [https://www.cirkev.cz/bezdomovectvi-a-dusevni-zdravi\\_27864](https://www.cirkev.cz/bezdomovectvi-a-dusevni-zdravi_27864)

<sup>19</sup> <https://www.paqresearch.cz/post/dusevni-zdravi-hlas-ukrajincu/>

<sup>20</sup> <https://www.eurointegration.com.ua/news/2023/09/25/7170090/>

<sup>21</sup> [https://www.irozhlaz.cz/zivotni-styl/zdravi/narodni-ustav-dusevniho-zdravi-studie-gay-lesba-homosexual-sebevrazda\\_2404231353\\_gut](https://www.irozhlaz.cz/zivotni-styl/zdravi/narodni-ustav-dusevniho-zdravi-studie-gay-lesba-homosexual-sebevrazda_2404231353_gut)

depression are more likely to affect young adults aged 18 to 34 and single mothers, whose mental health problems increased significantly during the epidemic closures.<sup>22</sup>

According to NUDZ Director Petr Winkler, people with mental illness face structural discrimination because Czech psychiatric care does not receive the necessary state support and thus becomes inaccessible to many people, especially young people and children.

A new spring 2024 survey of the mental health and lifestyle of young Czechs found that nearly half of young adults struggle with burnout. The survey also looked at depression, sleep quality or adherence to a healthy lifestyle. The number of young people suffering from depression has been increasing over the past decade. This is based on data from the Psychiatric Clinic of the 1st Medical Faculty of Charles University and the General University Hospital in Prague.

The survey showed that more than half of young adults show only mild or no symptoms of depression. However, over the last ten years there has been a marked increase in the number of people experiencing some degree of depression. Approximately 15.5 percent of young adults experience symptoms of mild depression, and less than 10 percent of young adults aged 18-30 describe symptoms of severe depression. In total, this represents 42 per cent of those aged 18-30 years.

Data from the crisis lines of the organisations Život 90 and Elpida show that the number of callers with mental health problems has increased. Covid, the war and the economic crisis have all played a part.<sup>23</sup>

In this context, the current state of mental health care reform is quite worrying. In the Czech Republic, the previously promising reform of psychiatric care begun in 2013, which aimed, for example, to build a network of community mental health care across the country, to move acute patients from behind the walls of large psychiatric hospitals to community care, and also to link health and social care so that patients could return to normal life sooner, has virtually come to a halt. At present, however, the ministry does not seem to be giving much priority to this, and there is quite strong criticism from the professional community.<sup>24</sup>

## **MIGRATION, refugees, minorities - abuse of foreigners on the labour market**

According to the Quarterly Report on Migration, there were currently more than one million persons of foreign nationality in the Czech Republic, of whom 335,835 were on the basis of a temporary residence permit, 360,231 on the basis of a permanent residence permit and 360,231 on the basis of temporary protection registration; 78%

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<sup>22</sup> <https://data.irozhlas.cz/zivot/dusevni-zdravi/>

<sup>23</sup> [https://www.irozhlas.cz/zpravy-domov/dusevni-potize-seniori-sebevrazdy-krizove-linky\\_2311240500\\_jab](https://www.irozhlas.cz/zpravy-domov/dusevni-potize-seniori-sebevrazdy-krizove-linky_2311240500_jab)

<sup>24</sup> [https://www.irozhlas.cz/zpravy-domov/psychiatrie-reforma-projekty-ministerstvo-zdravotnictvi-valek\\_2404270600\\_ank](https://www.irozhlas.cz/zpravy-domov/psychiatrie-reforma-projekty-ministerstvo-zdravotnictvi-valek_2404270600_ank)

were men and women from non-EU countries. Among foreign nationals living in the Czech Republic on a long-term basis, citizens of Ukraine dominate (559 836), followed by citizens of Slovakia (119 920) and Vietnam (68 431).

There are currently over 300,000 Ukrainian refugees living in the Czech Republic with temporary protection (72% of them are economically active), some of them should be able to obtain long-term residence under the new lex Ukraine after meeting the conditions (such as economic self-sufficiency, etc.), but on the other hand, the amendment introduces that as of 1 September, even refugees with vulnerable status will no longer be entitled to free emergency accommodation.

However, this seems problematic, as vulnerable refugees are not entitled to regular social benefits (housing and care allowances) and can only apply for humanitarian benefits of several thousand crowns. The termination of state-guaranteed housing support poses a risk of homelessness for those vulnerable persons who receive humanitarian benefits and will not be able to pay the rent in hostels on their own.

At the same time, Ukrainian refugees have a unique position in that, as temporary protection holders, they have free access to the labour market and thus do not need a work permit.

The situation of Ukrainian refugees is slowly improving - see data from December 2023 when only 36% of households were receiving humanitarian benefits (down 20% points from June). State-funded housing was still provided to 7% of refugees, while in June 2023 it was 32% (by comparison, in June 2022 it was 64%).<sup>25</sup>

According to a PAQ Research survey from autumn 2023, 57% of people from Ukraine in the Czech Republic live below the poverty line (mainly due to precarious work), while more than half of them want to stay in the Czech Republic for at least two more years. This implies that the state needs to invest in language courses, strengthen labour market assistance, opportunities to find stable and more adequate employment (many qualified Ukrainians in the Czech Republic work in professions well below their qualifications), provide information about retraining courses and expand their offer.

According to research by Local to Local, refugee women and refugees are at risk of housing destitution or homelessness (according to In Iustitia, 1/5 of the homeless people they work with are of Ukrainian nationality). The Salvation Army then notes a 20-30% increase in people supported from Ukraine. Like At Home also registered an increase of 5-10 percent.

An investigative project by reporters from Germany, Lithuania and the Czech Republic has revealed that many refugees from Ukraine are experiencing hardship and unfair treatment on the European labour market. The main instruments of exploitation found in all three countries include non-compliance with contractual conditions, lack of pay slips, deductions from wages, fines, unpaid overtime, inability to take holidays, withholding or non-payment of wages, blackmail and psychological pressure. Recent

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<sup>25</sup> <https://www.paqresearch.cz/post/prijmy-a-chudoba-uprchliku-podzim2023/>

data show that about one third of refugees are officially employed through an agency. But the rest are through so-called disguised agencies, which outwardly appear to be employment agencies, but are not and are not authorised to do so. This is a large-scale problem.

It is thus a kind of poverty trade, or rather a new 'version' of it. The problem is not with the laws themselves, but with their lack of enforcement - the state authorities lack sufficient capacity to carry out random checks on companies employing refugees. At the same time, refugees not infrequently lack the competence to write complaints, and the labour inspectorate has no power to recover lost wages (this would have to be done through a court action, a difficult and lengthy process).

The amendment to the Employment Act, which has been in force since January and tightens the rules for the agencies' activities, could help - see quotes from the report:

"It imposes an obligation, for example, for an employment agency to introduce a sponsor who is sufficiently experienced, educated and from a Czech background. It is to guarantee that the agency will act accordingly. But we have already come across several companies that offer guarantors whose services can be bought for several thousand a year."

Four out of 10 workers do manual and menial jobs. Two-thirds work below their qualifications.<sup>26</sup>

## **Recommendation:**

### **LONG-TERM AFFORDABLE AND QUALITY INTEGRATION**

- Strengthen the longevity and increase the level of free or full-time Czech language courses

### **MORE EFFECTIVE COMMUNICATION ON SUPPORT**

- Creation of (channel) applications with clear information for professional social services staff and other organisations
- Translation of as much information material as possible into Ukrainian, more physical distribution, more promotion of possible assistance

### **FIGHT AGAINST DISCRIMINATION**

- Funding of education on destereotyping, active inclusion of staff of state bodies

### **PREVENTION OF HOMELESSNESS**

- Increase in outreach support capacities

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<sup>26</sup> <https://zpravy.aktualne.cz/domaci/agentury-vykoristovani-ukrajincu/r~5b7fca6853f811efa26cac1f6b220ee8/>

- Increase capacity of hostels for short and long term stays, increase capacity of ZHOs with regard to refugees and refugee women, consider supporting further increase in social services
- Long-term support to professional social services and other organisations for the target group
- Provision of capacity for interpretation staff

## **(OVER)INDEBTEDNESS AND INSOLVENCY**

According to data from the Chamber of Executors, there are currently about 630,000 persons in enforcement of money judgements proceedings, while the total number of enforcements against individuals is 3.6 million and the number of ordered enforcements in 2023 was 460,000.

The total number reflects, among other things, the impact of the cessation of the so-called "fruitless" enforcement of money judgement, of which more than 170 thousand were stopped in 2023. The suspension of fruitless executions is still ongoing and it can be assumed that the total number of executions and the number of obligors will decrease significantly again in 2024.

At the same time, the Chamber of Enforcers has noted a slight increase in the number of enforcement proceedings initiated to recover maintenance. In 2023, there were 4 750 proceedings, almost 90% of which were enforcement proceedings ordered to recover maintenance for a minor child. There was an increase in the number of enforcement orders issued to suspend driving licences, precisely because of non-payment of maintenance. This was a year-on-year increase of more than 35%, corresponding to 1 550 enforcement orders.

Poverty has a particularly strong impact on vulnerable groups such as the elderly, single parents and children from poor families, but also migrants, people with various types of disabilities and the chronically ill. In addition to people in foreclosure, there is also the phenomenon of the 'working poor', where people may have regular employment but their income - although formally above the official poverty line - does not allow them to save, and the need for sudden expenses or the threat of longer-term illness is a significant stressor and a real problem for them. Related to this are weaknesses in the benefits system (non-addressability, inflexibility, delays in payment) which create a risk of homelessness.

The debt trap consists of not being able to stop making payments. If at the beginning it was, for example, a thousand crowns for an unpaid fine, suddenly it is 8 thousand crowns.<sup>27</sup>

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<sup>27</sup> <https://ekonom.cz/c1-67299110-vetsina-uprchliku-z-ukrajiny-pracuje-stat-ale-neumi-vyuzit-jejich-potencial>

**Recommendation:**

It is necessary to improve the conditions of people who are in insolvency proceedings so that it is possible to live and take care of a family with children from the funds they have left.

It should be ensured that social benefits are calculated up to the amount that is uncollectible, thus ensuring that the family has sufficient resources to provide for its basic needs.

In the long term, the enforcement procedure needs to be reformed to make the process more transparent and generally more accessible (see the principle of territoriality, random allocation of cases by the court).

It would be of great benefit if statistics on people in foreclosure and insolvency (at national and European level) started to be systematically collected

We are fundamentally opposed to the bailiffs' proposal to extend the current system of income deductions to include the institution of a so-called fixed deduction. Its purpose is to allow bailiffs to make deductions even for low-income debtors, thus breaking the legal non-forfeitable amount

**MINIMUM INCOME (SOCIAL BENEFITS)****Benefit system**

The Czech Republic currently has a very extensive and complex system of social benefits, but many people find it difficult to understand. The system has long been plagued by a number of problems, the most obvious of which are non-addressability, low flexibility, late payments, overload and low capacity of labour offices and the stigma attached to receiving benefits.

In addition to people with high levels of debt and foreclosures, there is also the phenomenon of 'working poverty', where people may have regular employment but their income - although formally above the poverty line - does not allow them to save. The prospect of sudden expenses or the threat of longer-term illness is thus a significant stressor and a real problem for them.

Non-take up (despite eligibility) - the number of households eligible to draw child benefit has risen as a result of the increase in the minimum subsistence level, and now accounts for up to half of all households. However, only a small proportion of them, only 13 %, are receiving the benefit. Similarly, take-up of another social benefit, housing benefit, is low; here only seven per cent of those eligible are receiving it (there is a

difference in take-up rates between groups, with 10 % of elderly people receiving the benefit and only about four per cent of families with households).

Complexity of the application process - although the Ministry of Labour and Social Affairs has simplified the application process in some ways (esp. electronically), some people still find it difficult and complicated to navigate. A major reform of the benefit system is therefore currently under preparation, which should simplify both the submission and the assessment of applications.

Limits of the Housing Benefit Office - heavy overload of staff and a strict to formalistic approach; there are known cases where the office has refused to grant housing benefit for an unlicensed flat or has refused to remove an ex-partner from the pool of jointly assessed people; or an overly strict rule where after the first failure to attend an appointment a person can face a six-month sanction and a sanction of loss of income.

Late payments - these problems exacerbate the clients' plight and undermine confidence in the functionality of the whole system; if a benefit is paid retrospectively, future benefit payments (income levels) are affected.

Persistent stigma - in the Czech Republic, receiving benefits is still associated with something undignified, a feeling that one is a 'looser' and has hit rock bottom; this narrative has long been promoted by some politicians, for whom people on benefits were those who were lazy or unable to help themselves in their situation. There has been a gradual change in recent years, with a number of people claiming benefits for the first time, but it is fair to say that the stigma is still quite strong in society.

According to the available data, only a quarter of eligible households are receiving benefits. Specifically, only 6% of households draw social benefits, but 29% of households are eligible to draw benefits.

Non-take up is also evident among the most vulnerable people and is significant in volume. Specifically, the analysis of the impact of the reform shows that households would take up on the collected benefits to the tune of 59 billion in 2022 if all eligible households drew on them - compared to 19 billion drawn in reality. That is, three times as much assistance to households deemed by the state to be in need.<sup>28</sup>

Many households then do not draw the benefits they are entitled to - only about half of households receiving housing benefit also receive child benefit, although they are also entitled to it.

Only a fifth of people who are entitled to housing benefit take it up, and it is the largest of the four welfare benefits, which accounted for 18 billion in 2023. PAQ Research analysis shows that the majority do not take child benefit even though they are entitled to it. A tenth do not take it because of lack of information and administrative barriers, a quarter

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<sup>28</sup> <https://www.psp.cz/sqw/text/orig2.sqw?idd=245511>

believe they are not entitled to it, and another quarter do not do so because of the threat of stigma.<sup>29</sup>

According to PAQ Research data, most benefits also grew more slowly than average wages or average pensions, with real increases of around 20% between 2012 and 2023 in both cases. In contrast, the real value of parental allowance in 2023 was significantly lower than in 2012 due to inflation, despite a one-off increase from CZK 220,000 to CZK 300,000. Some exceptions were foster care benefits, which doubled in real terms in the period under review, and mobility allowance, which increased by half in real terms, mainly due to the increase in 2022.

Entitlement to most benefits is derived from the household and individual subsistence level. Despite repeated increases in the subsistence minimum in recent years, their real values in 2023 are below the real level in 2012. There has thus been a reduction in eligibility for means-tested benefits.

Only 25% of those eligible receive child benefit. Up to 80% of families are entitled to housing benefit, which leaves CZK 100 per member per day after paying for housing and food, but only 20% of those eligible receive it.

Based on data from the Agency for Social Inclusion, the IDEA-CERGE think tank has compiled an analysis with interesting conclusions. In socially excluded localities, up to half of the population is entitled to housing benefit, but only 12% of them receive it. If households received all the social benefits to which they are entitled, the risk of poverty would be reduced to 45.6%. Some households have such low incomes that the benefit system does not lift them above the poverty line, but brings them significantly closer to it.<sup>30</sup>

#### Amendment (novelisation) of the benefit system

The forthcoming amendment to the benefit system has the stated ambition of making the benefit system much clearer and simpler.

This may seem welcome in itself, but there are a number of problematic aspects (based on what has not yet been presented publicly):

- Conditioning benefits on work activity
- Motivation through the threat of financial sanctions
- Uncertainty in ensuring accessibility of claiming for those with low digital competences
- Entitlement to help with housing costs conditional on registration among jobseekers

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<sup>29</sup> [https://www.paqresearch.cz/content/files/2024/06/PAQ\\_Analyza\\_reformy\\_davek.pdf](https://www.paqresearch.cz/content/files/2024/06/PAQ_Analyza_reformy_davek.pdf)

<sup>30</sup> [https://idea.cerge-ei.cz/files/IDEA\\_Studie\\_8\\_2022\\_Chudoba/IDEA\\_Studie\\_8\\_2022\\_Chudoba.html#p=4](https://idea.cerge-ei.cz/files/IDEA_Studie_8_2022_Chudoba/IDEA_Studie_8_2022_Chudoba.html#p=4)

- Entitlement to the child component (child benefit) now linked to the work activity of adults in the household
- Calculation of income benefit before insolvency deduction, not after
- Penalties for living in substandard housing
- Sanctioning families of children who fail to comply with compulsory school attendance
- Discriminatory rhetoric of 'benefits only for those who work' (reintroducing the obligation to do community service as a condition for benefit entitlement)

#### Recommendation:

- Simplify applications (simplify forms, remove unnecessary requirements)
- Increase overall awareness of the benefits system and improve communication with clients
- It is important that the benefit system covers the current expenses of its beneficiaries and enables them and their families to live in dignity
- Benefits must be paid in a targeted manner and without delay
- Reduce the time limits for processing applications
- Limit the number of documents required
- Clearer formulation of the rules for granting benefits
- Implement the minimum income directive at EU level as soon as possible
- Continuous revision of the system to make it responsive and motivating to work
- Decent wages must be ensured so that people are motivated to work - it is essential that the phenomenon of in-work poverty is eliminated

#### **Social welfare system, social health frontier**

##### **Care for the disabled**

According to the Alliance for Individualised Support, there are more than 1.4 million people with disabilities or chronic illnesses and 1.5 to 2 million informal carers in the Czech Republic.

A total of 337,000 people with disabilities do not receive appropriate assistance, either because they are not cared for by another person (117,000 people) or because they do not have appropriate aids (220,000 people).

Twenty per cent of caring adults will lose their jobs due to caring for a loved one, and 80 per cent of people will have their family income significantly reduced with care. The length of time it takes to process a care allowance is now prohibitively long and is often illegally extended by the authorities. By law, the length of the care allowance procedure should not exceed 105 days, and up to 150 days more in the event of an appeal.

However, the time limits for appeals in particular are significantly exceeded and it is not uncommon to wait more than a year for the outcome of an appeal. Conversely, the State requires people whose condition remains unchanged to be certified several times a year that they are still disabled.

There is also a lack of respite care. Out of a total of 77 districts (including Prague), there are two districts (Blansko and Jeseník) where there is a complete lack of respite services. In another 49 districts there are 1-4 respite services and only in 26 districts more than 5 respite services are registered.

Eighty percent of people prefer to be cared for at home, but the state invests more in residential services.<sup>31</sup>

Informal carers are replacing the missing or unavailable social services in the country. Up to two million adults in the Czech Republic care for their loved ones. 62% of them are women. They bear enormous costs of all kinds. However, unlike institutional care, the state does not support them very much in the long term.

Up to 20% of carers will lose their jobs, i.e. drop out of the labour market, with all the economic consequences for them and for society. 80% of people will see their family income significantly reduced because of caring for a loved one. The cost of home care is not just time and effort. For most informal carers, it also means an uncomfortably tangible and quantifiable reduction in living standards.

The structure of investment in the development of the social services network in the Czech Republic has long been unbalanced - residential services are favoured at the expense of outpatient and outreach services that help people in their natural environment. This concerns investments from both national and European budgets.

The lack of systemic support, such as respite services, leads to rapid exhaustion and burnout among carers (moreover, they cannot afford to pay for them from the care allowance, especially if they have had to leave the labour market because of their caring responsibilities and have no other income). Stress and fatigue then often lead to psychological problems and disruption of relationships with the environment. The transition from formal to informal care status is also problematic.

Informal carers form a crucial part of the Czech social system; if these people gave up their mission, the system would collapse completely. Benefits can help improve the situation (so-called long-term care benefits under sickness insurance), but they take a disproportionately long time to process and carers often do not even know about them.

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<sup>31</sup> <https://aipp.cz/pilire-zmeny/>

In addition, people with disabilities, who are often fully or partially dependent on others, face inaccessibility of public institutions, inappropriate treatment, verbal violence and discrimination by the authorities<sup>32</sup>. According to a Czech Radio poll on the lives of people with disabilities in the Czech Republic, half of the respondents said that they had "encountered discrimination, whether in public institutions or, for example, at the doctor's office. This finding is consistent with the results of other surveys conducted in recent years."

Individuals complained about insufficient equipment in public spaces, means of transport and institutions to allow for wheelchair access, and also mentioned dismissive, disrespectful behaviour on the part of authorities and authorities. Individuals do not feel themselves as active co-actors, but rather as passive recipients of support from others or the state. They state how crucial it is to be able to live in reduced rent housing in their role as full dependents, but point out the insufficient number of such furnished apartments (and their capacity limitations in case they would like to start a family with a partner).

People with disabilities are also targeted - among the findings of a survey by the NGO In Iustitia was that people with disabilities face more attacks than people without disabilities.

A 2021 survey found that 17 per cent of persons with disabilities had experienced physical violence in the past five years, compared to only 9 percent<sup>33</sup> of persons without disabilities. Violence against persons with disabilities ranges from humiliation, ridicule and name-calling to threats of violence, restrictions on personal liberty and physical and sexual violence to neglect, restrictions on decision-making, financial exploitation and similar abuses.

Possible solutions:<sup>34</sup>

- Enact a right to rest for carers
- Legal recognition of the right to rest for family caregivers who provide long-term care for loved ones with high care needs in a home setting:
- Providing and paying for respite care for a loved one, thereby increasing the affordability of rest
- Increasing the local and capacity availability of outreach, outpatient and residential respite social services
- Increase the availability of respite services:

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<sup>32</sup> [https://www.irozhlas.cz/zpravy-domov/pristupnost-diskriminace-lide-s-postizenim-ombudsman\\_2405050500\\_fil](https://www.irozhlas.cz/zpravy-domov/pristupnost-diskriminace-lide-s-postizenim-ombudsman_2405050500_fil)

<sup>33</sup> <https://denikalarm.cz/2021/05/zdravotne-postizeni-lide-se-casto-ocitaji-bez-pomoci-je-cas-na-zmenu-systemu/>

<sup>34</sup> <https://aipp.cz/wp-content/uploads/2024/04/Narok-na-odpocinek-pecujicich.pdf>

- Introduce a service that would encompass both health and social care tasks and allow respite for carers of a loved one with high health care needs that preclude the use of social services
- Allowing carers to rest without respite services

#### Long-term care - recommendations

Change the system of financing social services, multi-source financing set up so that social services established under a contributory organisation and under an NGO have the same conditions.

Support and control of informal carers, effective use of care allowance.

Adequate pay for all those who work in social services; the long-term underpayment of social workers has led to a reduction in the quality of staff and the subsequent provision of services, and is linked to staff shortages in many localities.

Setting up close cooperation between health and social services and other necessary professions.

There is a need to raise awareness of the possibilities of assistance in the field of care for the elderly and people with disabilities, as well as in the field of prevention (e.g. with general practitioners, speech therapists, physiotherapists and at the level of municipalities and mayors, etc.).

Modify the validity and control of possible abuse of the care allowance so that it is individually assessed what specific support the person claiming it needs. Ensure that the care allowance is processed efficiently and paid quickly once it has been claimed.

We propose to change the system of reimbursement for care set out in Decree No 505/2006 Coll. for individual types of social services providing care, so that if a client needs care that he or she is unable to pay for from his or her income and care allowances, this care can be provided in the client's home.

Shortage of nurses - to make hospitals more competitive and thus ensure quality staff.

#### Availability of social services - recommendations

Change the system of financing social services, support informal carers (those who care for a long time, continuously), increase the prestige of the work of the helping professions - popularisation of the field.

Better wages, better set up financing of the social services system, long-term increase of working hours

Improvement of social health services.

Better services for foreigners regardless of their type of residence.

Less administrative burden for social workers.

More places - increase capacity of existing services or build new services, better staff remuneration.

Introduce a system of central planning of social services so that different types of services are available to those who need them in all localities of the country.

Simplify the system of 'generic' social services so that they are not divided into 35 types and so that services are transparent to clients, their relatives and the general public.

Social and health area - summary recommendations:

Introduce systemic measures to create an integrated system of comprehensive care, based on the principle of subsidiarity, including changes in the competences and roles of the entities involved (e.g. municipalities) and the creation of new positions (e.g. social health care coordinator).

Ensuring quality long-term care in the EU, accompanied by strengthening the prestige, qualifications and competences of staff and their adequate financial remuneration.

Ensuring the necessary capacity of community-based long-term care services. It is necessary to increase the capacity of community-oriented, mainly field-based services, which allow, to the greatest possible extent, to preserve the autonomy, independence and dignified life of a person in his or her own environment in a situation where he or she has reduced self-sufficiency due to age or health. These services must be locally, temporally and affordably accessible to all people in need of long-term care.

The availability of outpatient services as well as long-term inpatient care and residential care should also be promoted. Residential facilities must be transformed into community-based, family-type facilities to ensure quality care and a dignified life.

It is necessary to ensure good working conditions for long-term care workers and to guarantee the quality of such care.