

# Government Council Approves State Budget Expenditure Proposal for Research, Development, and Innovation for 2025+

At the May session of the Research, Development, and Innovation Council (the Council), held on 31 May 2024 at the Government's seat and attended by Minister Marek Ženíšek, the Council approved the proposal for state budget expenditure on research, development, and innovation for the period 2025+, following inter-ministerial consultations. This proposal will now be submitted to the Government.

In the opening of the session, the 1st Vice-Chair of the Council, prof. Jiří Homola, briefed attendees on the **preparations for the state budget expenditure proposal for research, development, and innovation (RDI SB) for 2025, with a medium-term outlook for 2026 and 2027, and a long-term outlook until 2031**, including the results of the inter-ministerial consultation process.

In formulating the budget proposal for the period 2025+, the Council drew on its priorities, which include **supporting excellence in science, developing human resources, transferring knowledge and technology into practice, supporting strategic technologies** (particularly AI, quantum technologies, and semiconductors), and **strengthening institutional support** primarily for the long-term conceptual development of research organisations.

The total RDI SB expenditure, including co-financing, is proposed for Government approval as follows:

- **CZK 45.066 billion** for 2025;
- **CZK 47.594 billion** for 2026;
- **CZK 48.044 billion** for 2027.

The total proposed expenditure for 2025 is CZK 4.85 billion higher than the approved RDI SB expenditure for 2024 and CZK 4.88 billion higher than the current medium-term outlook.

The RVVI has long emphasised that public spending on RDI is less than 1% of GDP. However, total RDI expenditure in the Czech Republic reached approximately CZK 133.3 billion in 2022, about 2% of GDP (a year-on-year annual increase of CZK 11.4 billion). The long-term growth in total RDI expenditure has been primarily driven by continuous increases in business sector spending, with the share of business sector spending on total RDI expenditure in the Czech Republic being at the EU average.

A continuing challenge for funding the RDI system is further encouraging private sector involvement, with key indirect support tools including tax deductions for research and development support.

**RDI expenditure should be seen as an investment in potential GDP growth**, leading to increased tax revenues and improved state budget capabilities. However, producing **high-quality**

**research, development, and innovation results** that can be subsequently utilised in practice is absolutely essential.

The budget proposal also aligns with the National Research, Development, and Innovation Policy of the Czech Republic 2021+ and follows the goals of the Innovation Strategy of the Czech Republic until 2030. Additionally, it considers the outcomes of negotiations with provider representatives. The proposed budget positively impacts the business environment and the competitiveness of the Czech Republic.

In accordance with to Act No 130/2002 Sb. (Act on Support for Research, Experimental Development, and Innovation), the Government determines the total amount of expenditure on science and research based on the Council's proposal. The Council determines the structure of the proposed distribution of state budget expenditure on RDI and sends it to budget chapter administrators, who prepare expenditure proposals for their chapters, ensuring the priority fulfilment of projects started in previous years and other commitments. The Council must submit the final budget proposal to the Government by the end of May each year.

Source: R&D&I Council – Office of the Government of the Czech Republic | 3 June 2024