A CALL FOR VISION AND LEADERSHIP

PATHWAYS FOR A JUST TRANSITION IN PRAGUE’S BUILT ENVIRONMENT

PRAGUE SUMMARY REPORT
AS PART OF THE GLOBAL RESEARCH, VISIONING AND ADVOCACY PROJECT
Building for Today and the Future: Advancing a Just Transition in the Built Environment
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ABOUT THE BUILDING FOR TODAY AND THE FUTURE PROJECT

This is one of eight city research summaries as part of the global project “Building for Today and the Future: Advancing a Just Transition in the Built Environment”

Buildings and construction contribute 37% of global energy-related carbon emissions. At the same time, cities are often where people experience the impacts of climate change, raising living costs, and socio-economic inequalities.

The project examines ecological transition processes in the built environment of 8 cities globally with the goals to (1) strengthen the understanding of social justice and human rights issues in each context and globally, and (2) open up pathways for local and international action to improve the social sustainability of these processes. The results of this project help stakeholders make informed decisions in urban and sustainability policies, and their implementation steps (in various contexts and at various levels of governance).

The project is structured in four research cycles, each undertaking parallel research in two cities to maximise comparative insights. The pairs of cities are: Prague and Lagos, Lisbon and Melbourne, Copenhagen and Jakarta, Athens and Valparaiso.

The intended audience is policy-makers, investors, and business involved in shaping the built environment in Prague, as well as civil society actors working to expand the space for socially inclusive climate action.

TERMINOLOGY:

**Built environment**: Buildings, infrastructure and the spaces that connect them.

**Built environment decarbonisation**: Measures to reduce GHG emissions from the built environment by improving the energy efficiency of new and existing buildings, switching to renewable energy supplies, and reducing the climate footprint of construction materials.

**Built environment resilience**: Measures to strengthen the resilience of buildings and infrastructure to the impact of climate-related events such as flooding, extreme heat, and sea level rise.

**Just transition**: Involves a series of aligned and coherent climate actions that effectively fulfil both environmental and social purposes:

1. a transition to an ecological-conscious model that allows societal development within planetary boundaries, and
2. ensure the benefits of that shift are equally spread and enjoyed throughout the population, and that its costs are not borne by workers or traditionally excluded or marginalised groups.

The project focuses particularly on four thematic areas: the right to housing; workers’ rights on site and through supply chains; non-discrimination and spatial justice; and meaningful participation. The project recognises that the phrase “just transition” is context specific, and frequently not recognised or understood. It therefore aims to engage with local language, narrative and perspectives while also building international momentum for positive change. The local research is accompanied by visioning sessions that bring stakeholders together to envision pathways towards a more inclusive, sustainable and just city.
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This research study interviewed 21 built environment stakeholders from various sectors (See Appendix for list of interviewees) to shed light on opportunities to strengthen the social dimension of built environment decarbonisation and resilience processes (BEDRPs) in Prague - embedding human rights in the process and outcomes. Several insights and recommendations emerged, including practical short-term actions such as establishing citywide information centres to facilitate residents’ access to housing retrofitting funds, to more long-term actions such as strengthening institutional and human resources at the national-level. The focus was social justice and inclusion, in particular in relation to housing and workers’ rights, and the role of governments, businesses and financiers in accomplishing these outcomes.

Lack of climate leadership and vision, and of a national strategy with clearly defined milestones, hinders the scaling of BEDRPs by the Prague Climate Plan 2030. The risks and opportunities for construction workers and the right to housing are insufficiently addressed. Existing inequalities are deepening, especially housing and energy unaffordability. Policy-making in BEDRPs currently lacks transparency, inclusion and clear communication, which leads to residents’ distrust in institutions and fear of the green transformation. BEDRPs in new developments are mainly driven by marketing and economic incentives, while, in the existing built environment, the main drivers are the availability of EU funds and rising energy costs due to Russia’s war against Ukraine. Access to retrofitting and resilience funds is limited for low-income and disadvantaged residents. Human rights risks are also observable in the future/new built environment, including the continued exploitation of migrant construction workers particularly from Ukraine, Moldova and Bulgaria, and reduced housing affordability. In this context, the report makes a call for greater public sector leadership and private sector responsibility.
RESEARCH PROCESS IN PRAGUE

Primary and secondary research was conducted in Prague between September and December 2022. The literature review included national decarbonisation plans and policies, the post-COVID-19 recovery and resilience plan, Prague’s Metropolitan Plan, energy policies, housing and development reports, press releases, media articles and commentaries. Also, 21 semi-structured interviews were conducted with representatives of academia (3), business (4), government (6), NGOs (6), civil society organizations (1) and unions (1) (See appendix for interview list). The data were analysed using a framework of three contextual levels: (a) the decision-making dynamics, governance structure and policies at the national level; (b) risks and opportunities in the current city-level strategies for decarbonisation; and (c) specific observable initiatives at the neighbourhood level. Furthermore, a visioning session was held on 19 January, 2023 with the Prague Innovation Institute to present the initial research findings and co-create a vision and pathways for a just transition of Prague’s built environment.

CONTEXT: BUILDING DECARBONISATION AND RESILIENCE PROCESSES IN PRAGUE

The main policy drivers for BEDRPs are the European Union’s climate targets, the European Green Deal, Next Generation EU — the post-COVID-19 recovery package, and the REPowerEU Plan. Czechia has relatively low climate ambitions, an insufficient and poorly implemented climate policy and ministries that fail to comply with the Paris Agreement. BEDRPs governance is fragmented, chronically understaffed and uncoordinated via four ministries: Industry and Trade (energy, construction, building materials), Environment (climate adaptation, just transition, energy modernisation, emission trading), Regional Development (building regulations, land-use planning, housing and social inclusion) and Labour and Social Affairs (housing allowances and employment). Social policies and BEDRPs are insufficiently connected, and awareness about measures envisioned by the EU Green Deal, such as the New European Bauhaus Initiative, is very low.

Prague, however, has tried to fill in for the lack of national climate leadership. In 2018, Prague joined the Covenant of Mayors. In 2019, pressured by climate activists, Prague adopted a “Climate Commitment”, while two districts declared a “climate emergency”. In 2020, Prague’s Climate Plan was adopted, including the ambitious, but largely technocratic Sustainable Energy and Climate Action Plan, and Prague’s Strategy for the Transition to a Circular Economy. However, these climate commitments have to date been hindered by existing regulations limiting energy communities, greenery, retrofitting and building approval processes.

New built environment projects are required to meet high energy-efficiency standards; however, these new developments are often unaffordable for average residents. The decarbonisation of existing housing stock is voluntary. EU retrofitting and resilience funds are inaccessible to low-income disadvantaged residents due to financial and non-financial barriers—how to address these obstacles is currently under debate at the national level. Without timely and adequate measures, unequal access to BEDRPs will deepen tenure unaffordability and insecurity, as well as social inequalities.


HUMAN RIGHTS RISKS AND OPPORTUNITIES

The primary social risk from Prague’s BEDRPs is that they are not taking place at scale. Uncoordinated implementation risks being combined with other social problems, such as the deepening housing crisis, low wages, high numbers of people facing distressing proceedings, etc. If these issues are not tackled, BEDRPs may exacerbate existing inequalities, with only privileged social groups receiving benefits.

PARTICIPATION AND DECISION-MAKING PROCESSES

Societal awareness regarding BEDRPs policy-making and decision-making is generally low or superficial, as well as awareness of available measures and funding. These issues are poorly communicated, and relevant governance processes, especially EU funds allocation, are non-inclusive and non-transparent, leading to citizen distrust in decarbonisation:

“Large funds are spent without the participation of the public, which deepens the public’s distrust in the state and institutions, which do not communicate with the people.” (interview 19)

Currently, the Czech Building Act is being reformed to speed up currently long building approval processes. However, this means cutting corners in citizen participation in the process and giving less consideration for environmental impacts.

Regarding policies, Czechia regularly updates its National Energy and Climate Plan and National Energy Efficiency Action Plan but does not have a clear, legislatively-supported roadmap to BEDRPs. Associated political agendas at the national and city levels also lack interdepartmental bodies, and relevant ministries lack the professional and personal capacity to work on long-term strategies, visions, conceptions, and implementation.

The government’s performance is monitored by NGOs (e.g. Zelený kruh, Hnutí DUHA, Centrum pro dopravu a energetiku), industry associations (e.g. the Czech Green Building Council), universities (e.g. ČVUT’s University Centre for Energy Efficient Buildings) and other nongovernmental stakeholders, which lobby for improvements and/or assist the state in establishing BEDRPs and associated agendas, such as land-use planning and building regulations. Stakeholders with relevant expertise frequently have access to policy-making and decision-making processes, but power relations often determines the strength of these voices.

Surpassing the national government’s low climate ambitions, in 2020, Prague joined other V4 capitals (Warsaw, Budapest, Bratislava) in calling for the EU to financially support their commitment to a green post-COVID-19 recovery. When the Prague Renewable Energy Community was established with the goal to install photovoltaic systems on 23,000 roofs, public interest was so strong that it overwhelmed the organizations’ limited personal and technical capacities. Other proposed projects include a new biofuel station, and Energocentrum generating heat from Prague’s central wastewater treatment plant. The Energocentrum would potentially heat the future Bubny-Zátory neighbourhood – one of several large built environment projects being developed on Prague’s brownfield areas, and the first in Prague that aspires to be climate neutral.

Until June 2022, the climate plan’s main promoter was the vice-mayor Petr Hlubuček, who was at that time accused of corruption and removed from office, negatively affecting the implementation of BEDRPs in Prague.

Further uncertainty regarding the climate plan have arisen with Prague’s current governance by SPOLU, led by the Civic Democratic Party (Občanská Demokratická Strana, ODS), which described the plan as “activist”, “unrealistic” and “gambling with public money.”
SOCIO-SPATIAL INEQUALITY

Inequalities in accessing BEDRPs can also be perceived spatially by the concentration of certified green buildings in Prague’s city centre (Figure 1). Energy efficiency certificates, such as BREEAM and LEED, are issued mainly to large developments in prime areas to ease project financing and to meet client requirements. This highlights the lack of energy-efficiency investments in peripheral areas.

Building in accordance with the highest environmental standards is seen as a default practice by the Prague Development Company, a municipality-funded organisation of the City of Prague established in 2020 to develop 6,000–8,000 public apartments on 400,000 m² of municipal land by 2030:

“The highest standards have been in place for a long time. It is required by the market. Users want the most efficient buildings with certificates... We want the buildings to meet the standards also because they will be owned by the city of Prague, and we want to bring maximum efficiency to the owner and the users. We would be doing this even without the Climate Plan.” (interview 5)

Carbon is complex to measure and, therefore, to reduce. Sustainable building certifications vary greatly in standards, partly due to the levels of complexity of carbon measurement and reduction. Certificates are in constant evolution and improvement e.g. moving from originally assessing only operational carbon (CO₂ emissions by the use of buildings), to increasingly including embodied carbon (which considers all the environmental impacts of a building’s lifecycle: emissions by construction, materials processing, and transportation).

Most interviewed stakeholders engaged in business perceive green building certificates as a sufficient solution to the decarbonisation of the built environment. Certificates are an important but only an initial step in the long journey to full lifecycle decarbonisation. One step further, is the recognition that these certificates and their benefits (to various degrees), currently have a very marked concentration in the centre of Prague. Unequal spatial distribution of green is evident in terms of investment flows, certifications, and other benefits across the city’s neighbourhoods.
THE RIGHT TO HOUSING

In Czechia, the privatisation of socialist housing stock resulted in 80% private homeownership, and the current lack of public housing and affordable housing policies. Only households which spend more than 30% (35% in Prague) of their monthly income on housing qualify for housing allowances5.

Business and government tend to believe that housing unaffordability will be alleviated through simplified building approval processes, to increase and accelerate housing supply. New housing, however, is increasingly sold to foreign real-estate companies and investors, who skyrocket prices interested in extracting high-rents, hence remaining unaffordable. According to interview 15, real-estate companies themselves provide tenants in new tenement6 projects with guidance in applying for the publicly-subsidised housing allowance to cover these high rents, which in turn feeds foreign private profit. This is a direct transfer of public funds to private hands, gambling with the citizens' right to housing.

Family houses and residential buildings can increase their energy efficiency using the New Green Savings programme, which also supports the integration of renewable energy resources, rainwater management technologies, ecological heating, ecological retrofitting, tree planting etc. New Green Savings Light is aimed at households with financial barriers but is limited to a narrow group of recipients and offers only basic retrofitting. There are ongoing debates about adjusting subsidy programmes and accompanying assistance to a wider range of recipients to overcome these existing barriers.

Only 30% of Prague households live in tenement housing, which is inadequately regulated, insecure and tends to be seen as “emergency housing”. Conflicts regarding rent are resolved by courts. Instead of decreasing tenants’ energy costs, retrofitting may lead to rent increases and potential renovictions:

“There are tendencies to save costs, but people complain that landlords try to transfer the costs [of retrofitting] onto occupants. In Czechia, it is possible to chain contracts of one year. So, the tenant is protected only for a year. Then the landlord says, “I’ve done the insulation, I want more. Take it or leave it.” The demand is higher than the offer.” (interview 15)

Out of Prague’s 1.3 million inhabitants, about 8,000–12,000 are homeless, 10,500 live in substandard housing and about 160,000 are threatened by the loss of housing7. In addition, extremely high energy bills and energy insecurity are some of the many challenges they face.

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6 “Tenement Housing” in this context means any kind of renting situation, where the occupant is not a home owner and therefore must pay commercial rent, and tenement is not subsidized in any way.

CONSTRUCTION WORKERS

Representatives of the Czech Building and Construction Trade Union acknowledge the benefits of BEDRPs, but point to the gap in calculating and addressing the negative effects of the transition on workers:

“We are concerned about the impacts on the economy and people. If these [impacts] were more understandable and calculated, people would have a better attitude. Personally, I think that decarbonisation is a huge benefit; but it is hard to explain to people without more concrete information. Unions have been asking for impact assessments since 2020, and we still have nothing.” (interview 21)

There are many opportunities that BEDRPs present for job creation in construction. However, the national government’s poor communication, lack of vision and lack of transparency are keeping workers insecure regarding the future of their jobs.

Furthermore, the Czech building and construction industry is kept afloat by foreign workers, primarily from Ukraine, Moldova and Bulgaria. Workers are hired through one of approximately 1,500 staffing agencies in Czechia. It is not uncommon for intermediaries to engage in clientelism, unfair commercial practices and unreported economic activity. Construction workers often work semi-legally in precarious, insecure, dangerous and exploitative conditions; live in substandard housing arrangements to save costs; and are unaware of their rights and employers’ obligations. Uneducated and illiterate workers are particularly vulnerable.

The issue is also lack of accountability down the supply chain: from large development companies such as Metrostav and Skanska, to their sub-contracted construction companies, to the staffing agencies those companies use to supply workers.

“Employers [developers and construction companies] find the flexibility advantageous but they should be at least partially responsible for workers at their construction site and make sure that [staffing] agencies fulfil their legal obligations. Sometimes these agencies pay the workers only 50% of what they get from the company, or pay their health and social insurance only partially, or not at all. There have been several loopholes in the system over the long term, and there is no political will to change it.” (interview 18)
CONCLUSIONS

BEDRPs in Prague are insufficient, uncoordinated and have superficial implementation due to weak climate leadership, at both national and municipal levels, and to a lack of vision and roadmap. There is also insufficient consideration of the social dimension and human rights in BEDRPs. So far, there are no adequate measures to prevent low-income residents from losing out, especially in housing, thus exacerbating existing urban inequalities. Only some partial measures have been introduced to improve access among all social groups to retrofitting and resilience funds. BEDRPs decision-making is non-transparent and non-inclusive, leading to citizen distrust in institutions and in the green transformation.

In Prague, BEDRPs are primarily pushed through strongly motivated individuals, at governments and companies. There is a huge opportunity for both sectors to harness these pockets of innovation to improve BEDRPs. Building strong leadership is key to implement measures that ameliorate socio-economic issues and the human rights principles they enable: especially the right to housing, right to a clean and healthy environment, and workers’ rights, among others.

New housing developments need to be examined with critical lens. Their core purpose, decision-making processes, and planned strategies should be based on evidence and aim to serve the needs of residents. This exercise can help prevent greenwashing and ensure that projects do in fact provide housing prices/rents aligned with average income, and follow the principles of transparency, accountability, non-discrimination, and participation, throughout the building’s lifecycle.

RECOMMENDATIONS

NATIONAL GOVERNMENT

• Built environment decarbonisation and resilience processes (BEDRPs) are complex and transdisciplinary. Advancing transition processes and doing them in a just way is an affair of multiple ministers. As this study found, BEDRP governance is fragmented and uncoordinated in four ministries working in silos. Then it is recommended that the national government applies the Mission-Oriented Innovation (MOI) approach to public governance9 to coordinate and use the expertise of each minister to work together in project missions towards the larger challenge of achieving a just transition in Czechia’s built environment.

• Establish a sole national-level institution responsible for BEDRPs, including their social dimension, to coordinate the MOI approach. It would require substantial professional capacities to achieve interdepartmental cooperation coordination, synergies, long-term planning, faster legislative updates and removal of existing barriers. A sole institution would also facilitate efficient and equitable use of EU funds, the scaling up of energy communities, improved communication and transparency, institutionalised cooperation with relevant non-governmental stakeholders, preparation of an analysis of BEDRPs’ social impacts, necessary retraining programmes, etc.

• Extend subsidies to retrofits: currently, low-income households receive rent allowances from the Ministry of Labour and Social Affairs but not retrofitting allowances. Hence, it is recommended that social subsidies are extended to fund retrofits, as this would improve insulation, increase energy efficiency, and lower energy bills. This would be especially helpful for households already facing high rents and high energy bills.

• Renew the position of Human Rights Minister, with whom to jointly introduce governmental control mechanisms to ensure a just transition and protection of human rights, – including social, economic, and cultural rights– in BEDRPs.

LOCAL GOVERNMENT

• Establish citywide information centres and cooperate with civil society organisations working directly with local communities, to assist residents in overcoming financial and nonfinancial barriers in accessing EU funds for BEDRPs, as well as increase awareness about the New European Bauhaus Initiative, since not many people are aware of it and lack concrete ways of joining the initiative.

• The parliament should, at the soonest, adopt legislative support for affordable (social) housing. This includes measures to tackle housing financialisation, e.g. increasing tax on commercially-used property and taxing unused property.

BUSINESS AND FINANCE

• The private sector, especially staffing agencies, should cooperate with The Ministry of Labour and Social Affairs, related NGOs, trade unions and civil society organisations to identify and address illicit and exploitative practices against migrant workers and on low wages in construction. Given the distinct purpose and nature of these parties, cooperation is difficult, nonetheless essential to increase accountability, build trust, retain workers, and promote fair and safe working conditions10.

• Both private and public sectors should invest in the development of public housing and condition new development projects with contributions of public/affordable housing units.

See more and similar recommendations on how to embed human rights in built environment processes in IHRBs resources below:

• Slides: ‘Introduction to a just transition in the built environment’
• Framework for Dignity in the Built Environment
• Video and Report: ‘Human Rights and the Decarbonisation of Buildings in Europe’
• Series of interviews: ‘Community-led and participatory approaches to climate action in the built environment’
• Migrant workers programme and the Employer Pays principle

9 The mission-oriented innovation approach to public governance is a multi-disciplinary and cross-cutting strategy to bring together various resources, e.g. currently-siloed government Departments or Ministries, to work towards the same overarching mission. Missions should derive from grand challenges - difficult but important, systemic and society-wide problems with no “silver bullet” solution - in turn, a mission is a concrete target, achievable step towards such grand challenge that contextualises projects that work towards that goal. The MOI approach requires political agenda setting and civic engagement, clear targeted missions, cross-sectoral innovation, a portfolio of projects and bottom-up experimentation. Adoption of this approach in the Czech context could be very valuable to break the currently existing siloes at the national government, that this study explains. For more information, including examples of MOI implementation at the European Commission, UK Industrial Strategy and Scottish National Investment Bank, see Mazzucato M. (2021). Mission economy: a moonshot guide to changing capitalism [https://manuamazzucato.com/books/mission-economy] and [https://www.ucl.ac.uk/bartlett/public-purpose/sites/public-purpose/files/lippi_policy_brief_O9_missions_a_beginners_guide.pdf]

Appendix: List of interviews

1. Just Transition Officer, Ministry of Environment
2. Energy Efficiency and Savings Officer, Ministry of Industry and Trade
3. Social Inclusion Officer, Ministry of Regional Development
4. Municipal official, Department of Environmental Protection
5. Manager, Prague Development Company
6. Green infrastructure planner, The Prague Institute of Planning and Development (IPR)
7. Sustainable and affordable housing planner, Czech Technical University (ČVUT)
8. Civil engineer, University Centre for Energy Efficient Buildings (UCEEB)
9. Sociologist, Czech Academy of Science
10. Independent urban planner
11. Green buildings specialist
12. Architect, Czech Chamber of Architects
13. Former development project manager
14. Environmental activist
15. Representative of the Czech Tenement Association (SONČR)
16. Green building specialist
17. Social worker advising migrants (1)
18. Social worker advising migrants (2)
19. Community organiser and facilitator
20. Architect grassroots activist
21. Representative of the Czech building and construction trade union (Odborový svaz StavbaČR)
Making human rights part of everyday business.

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