

Human Resources and Employment Operational Programme

2007-2013



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1. INTRODUCTION

On accession to the European Union in 2004, the Czech Republic gained the opportunity to share in the use of resources from the Structural Funds and the Cohesion Fund. The oldest of these funds is the European Social Fund (ESF), which was set up under the Treaty of Rome back in 1957. The ESF is the key financial instrument for the implementation of the European Employment Strategy. Its principal tasks are to develop employment, reduce unemployment, and support social inclusion and equal opportunities with a focus on the development of the labour market and human resources. The ESF supports EU Member States' policies aiming to achieve full employment and improve quality and productivity at work, promotes the access of disadvantaged people to employment, and helps reduce national, regional and local employment disparities. In the 2007 – 2013 programming period, the ESF will also promote institutional and administrative capacity, i.e. the smooth operation of institutions, public administration and public services, which is at the heart of the Lisbon Strategy.

The **Human Resources and Employment Operational Programme (HREOP)** defines priorities for the support of human resources and employment development via the European Social Fund in the 2007 – 2013 period. In the preparation of the HREOP, the relevant EU documents were taken into consideration – the Commission Communication 'Cohesion Policy in Support of Growth and Jobs, Community Strategic Guidelines 2007-2013' COM (2005) 299, the Communication from the Commission to the Council and to the European Parliament 'Integrated guidelines for growth and jobs, Lisbon Community Programme', COM (2005) 330, and the proposal for a Regulation on the European Social Fund.

The HREOP was drawn up primarily in connection with the National Strategic Reference Framework of the Czech Republic, which defines the Czech Republic's priorities for assistance from the Structural Funds and the Cohesion Fund in the 2007 – 2013 period, the National Reform Programme 2005 – 2008, the Economic Growth Strategy and other key strategic documents which are referred to below.

The global objective of the HREOP is to **increase the employment and employability of people in the Czech Republic to the average level of the 15 best EU countries**. This objective is the driver behind the implementation of Strategic Objectives of the National Strategic Reference Framework 2007 – 2013, i.e. an 'Open, flexible and cohesive society' and a 'Competitive Czech economy', and is fully in keeping with the third guideline of the Cohesion Policy in Support of Growth and Jobs (Community Strategic Guidelines, 2007 – 2013) – More and better jobs, and with the Czech Republic's Economic Growth Strategy.

The priority axes referred to in the HREOP have been proposed to comply with the problems, trends, draft solutions and strategies contained in the National Strategic Reference Framework 2007 – 2013, the Economic Growth Strategy 2007 – 2013, the National Reform Programme of the Czech Republic 2005 – 2008, the National Action Plan for Social Inclusion 2006 – 2008, National Action Plan for Employment 2004 – 2006, National Programme of Preparation for Ageing 2003 – 2007, Human Resources Development Strategy for the Czech Republic, the Public Service Accessibility and Quality Support Strategy, the Procedure and Guidelines for the Reform and Modernization of Central State Administration, the Concept of Public

Administration Reform, and in other key strategic documents addressing employment, social policy, the promotion of human resources development and the modernization of public administration.

The Operational Programme defines eight¹ basic specific priority axes, covering the adaptability of employees and employers, further education, employment and employability, including the integration of groups at risk of social exclusion, equal opportunities, the modernization of public administration and public services, and transnational cooperation in the field of human resources development and employment.

The 'Adaptability' priority axis (Priority Axis 1) aims to prevent unemployment by encouraging investment in human resources development by undertakings and organizations, the development of the professional knowledge, skills and competences of employees and employers, the creation and implementation of modern systems for the management and development of human resources and the development of specific employment services, and the vocational training and support of employees in relation to the restructuring of undertakings and sectors. This priority axis will also support interventions aimed at increasing the availability of the range of further education by promoting educational and training programmes for the economically active population with regard to the needs of the labour market and the knowledge society.

The 'Active Labour Market Policy' priority axes (Priority Axes 2a and 2b) aim to improve access to employment, ensure the inclusion of job-seekers, and prevent unemployment, in particular long-term unemployment and unemployment among groups disadvantaged on the labour market. These priority axes will also support interventions to increase the quality of consulting, training and employee services provided by institutions on the labour market. The creation of systems to predict changes on the labour market and manage both gradual and sudden changes in employment, i.e. anticipated future working and qualification requirements, will also be encouraged.

The 'Social Integration and Equal Opportunities' priority axis (Priority Axis 3) focuses primarily on providing assistance to persons at risk of social exclusion or socially excluded persons via direct support for these persons and by increasing the quality and accessibility of social services for these persons, including the reinforcement of local partnerships. Measures culminating in the increased employability of these persons and measures aimed at improving the reconciliation of family and working life will also be supported. Under this objective, activities to promote the equal opportunities of women and men on the labour market will also be supported. Special attention will be paid to members of Roma communities and immigrants, as well as other groups from a different socio-cultural environment.

The 'Public Administration and Public Services' priority axes (Priority Axes 4a and 4b) will be implemented via interventions aimed at increasing the institutional capacity, quality, efficiency and transparency of public administration and public services. Assistance will be channelled into the modernization of central state administration

¹ Of which five in the context of the Convergence objective and three under the Regional Competitiveness and Employment objective

authorities and into the modernization of territorial public administration. These priority axes will encourage, for example, the management and development of human resources in public administration, improvements in the quality of regulation, reductions in the administrative burden, the management of quality and performance, strategic management and community planning, and improvements in the quality of the public administration education and training system. The modernization of public administration will require the application of information and communication technologies (ICT) for the production and implementation of eGovernment projects. Under these priority axes, attention will also focus on the implementation of activities and the application of instruments enhancing the quality and accessibility of public services, the participation of citizens in local public life, and, not least, ethical standards in public administration.

The 'Transnational Cooperation' priority axes (Priority Axes 5a and 5b) focus on the promotion of transnational cooperation in human resources development between projects in different EU Member States, between groups of actors specializing in specific areas, between actors from a joint regional area and actors from other areas, and between national organizations in several EU Member States.

The Human Resources and Employment Operational Programme is structured into seven chapters, including the introduction. Chapter 2 describes the economic and social situation in the Czech Republic in relation to human resources development, the context of national strategies and policies, and a SWOT analysis of human resources development broken down by the programme's priority axes. Chapter 3 describes the global objective and specific objectives of the HREOP, and identifies the HREOP priorities and the links between the HREOP and strategic documents. Chapter 4 contains a detailed description of the individual priority axes under the HREOP, including monitoring indicators; chapter 5 describes the financial framework and chapter 6 discusses the implementation structure, including programme management, the method used to monitor and evaluate the programme, financial management, financial controls and publicity.

Under Government Resolution No 175/2006 of 22 February 2006, the Ministry of Labour and Social Affairs is the Managing Authority of the Human Resources and Employment Operational Programme. Numerous entities were involved in the process of preparing and producing the HREOP. The Working Party for the Preparation of MoLSA Programming Documents for the Use of the European Social Fund in the 2007 – 2013 Programming Period was set up; this working party comprises representatives of the individual ministries, regions, nongovernmental organizations and social partners. The MoLSA Working Party for the Production of the ESF Programme Strategy also contributed to the creation of the HREOP. The consultation process is described in detail in chapter 7.

2. ANALYSIS OF THE ECONOMIC AND SOCIAL SITUATION OF THE CZECH REPUBLIC IN RELATION TO HUMAN RESOURCES DEVELOPMENT

2. 1. Universal and economic context

This analysis of the social and economic situation in the Czech Republic² is a core requirement in determining the strategy for interventions from the European Social Fund in the field of employment, education and human resources in the 2007 – 2013 programming period. This chapter provides a comprehensive, concise summary of these characteristics in keeping with the National Reform Programme of the Czech Republic 2005 – 2008, as well as with the Community Strategic Guidelines, the National Development Plan of the Czech Republic for 2007 – 2013, the National Strategic Reference Framework 2007 – 2013 and other national analyses. These analyses identify certain problems faced by the labour market. ESF interventions should focus on these particular areas, otherwise there is a risk that these problems will hinder economic performance and competitiveness and become a source of social problems.

Much of the analysis is structured in accordance with the priorities of the European Social Fund in the 2007 – 2013 period and therefore corresponds to the structure of the HREOP's specific objectives and priority axes.

2. 1. 1. GDP and labour productivity

Since the start of the 1990s, the Czech economy has undergone a process of transformation which has had a major impact on the formation of the gross domestic product. The initiation of transformation was accompanied by a sharp 11.6% fall in GDP in 1990; the average decline in GDP growth in the period from 1991 to 1995 was 1% according to the statistics of the European Commission. GDP growth was renewed in 1993, although this growth was based on an unsustainable surge in domestic demand with subsequent growth of the foreign trade deficit, which culminated in economic recession and a monetary crisis in 1997 and 1998. The Czech economy returned to a growth trajectory in 1999. Since then, the process of the Czech Republic's economic convergence towards the EU-15 average has been constant. In 1999, per-capita GDP (as purchasing power parity) was 59% of the EU-15 average; by 2004 it was 65%, and in 200% it amounted to 73% of the EU-25 average. Table 1 illustrates GDP developments in the Czech Republic and the EU-25.

Table 1 Developments in GDP (constant prices), same period of previous year = 100%

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006e
Czech Republic	104.2	99.3	98.9	101.2	103.6	102.5	101.9	103.6	104.2	106.1	106.1
EU-25	101.7	102.7	103	103	103.9	101.9	101.2	101.2	102.4	101.5	102.8

Source: Prediction of developments in macroeconomic indicators, MoF (2007), e = estimate

² For the sake of consistency, data available as at the date of official submission of the HREOP to the Commission, i.e. as a rule 2005 data, have been used.

The dynamism of GDP growth has intensified in the last few years. Furthermore, this growth reports a positive structure as it is driven by exports and investments. The positive effects of accession to the European Union have also been felt; in 2004, for the first time in five years, foreign trade made a positive contribution to GDP growth.

The pace of GDP growth and the trend of the Czech economy's real convergence with the standard in the EU-15 should carry on at the current level in the upcoming years. However, economic performance may be jeopardized by a dip in the rate of growth recorded by neighbouring states (where most of the Czech Republic's exports are headed), a possible shift in foreign investments to countries with lower labour costs and lower taxation, and barriers in the functioning of the labour market.

Macroeconomic labour productivity (GDP in comparable prices per employee) in the Czech Republic is constantly rising; in 2005 it came to 68.4% of the EU-25's labour productivity, as opposed to 57.1% in 1995. This development, including a prediction of the next few years, is plotted in Table 2.

Table 2 Macroeconomic labour productivity (previous year = 100%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
										<i>Prediction</i>
Czech Republic	100.3	103.5	104.4	102.1	101.1	104.3	104.8	104.8	104.7	104.1
Euro area	100.7	100.7	101.4	100.3	100.4	100.5	100.9	100.5	101.0	101.0

Source: Prediction of developments in macroeconomic indicators, MoF (2007), OECD Economic Outlook

Note: The figures for the euro area include labour productivity in the whole economy apart from the public sector

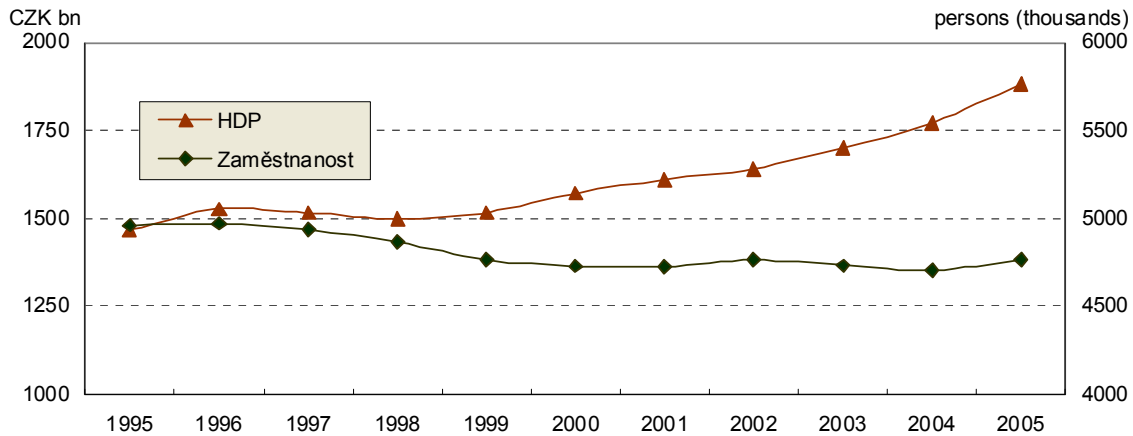
This rise in productivity is paralleled by wage growth; therefore macroeconomic stability is not compromised.

The relationship between economic performance, expressed by the GDP indicator and employment, or unemployment rate, is not rigid; it is open and differs in every country.

In the Czech Republic, the following tendencies can be observed:

1. Between 1995 and 2004, as GDP rose, employment fell (see Chart 1). However, in 2005 there was a rise in both GDP and employment. Future developments in the relationship between these two quantities depend on a number of factors, such as the qualification structure of economically active citizens.

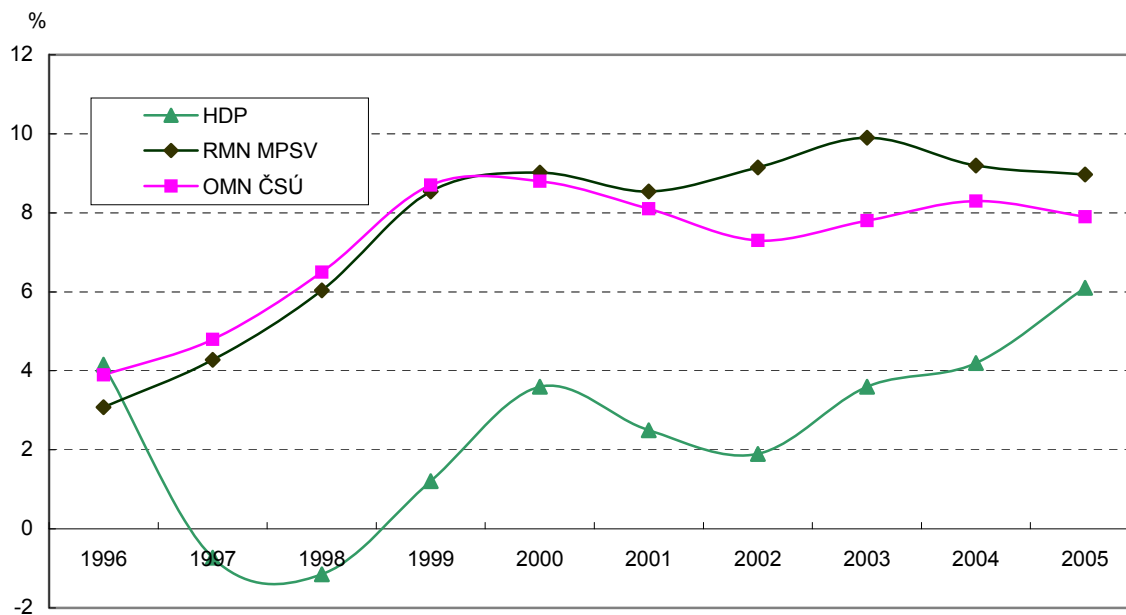
Chart 1 GDP (constant prices) and employment



Source: CZSO Study – Long-term developments in (un)employment and GDP, focusing on part-time jobs and Prediction of developments in macroeconomic indicators, MoF (2007)

- The level of GDP growth between 1996 and 2004 had a very weak (if any) impact on the unemployment rate. Increases in the pace of GDP growth were accompanied by increases in unemployment (see Chart 2). In 2005, there was a significant increase in GDP combined with a fall in the unemployment rate.

Chart 2 Rate of GDP growth and unemployment rate



Source: CZSO Study – Long-term developments in (un)employment and GDP, focusing on part-time jobs and Prediction of developments in macroeconomic indicators, MoF (2007)

OMN = general unemployment rate according to a sample survey of the workforce conducted by the Czech Statistical Office in accordance with international definitions and recommendations (ILO), RMN = registered unemployment rate based on unemployed persons registered at employment offices

The past six years of continuous growth, as well as rising unemployment and falling employment, can be explained by ongoing restructuring and rationalization. It should also be noted that the charts only illustrate a short-term period for general findings.

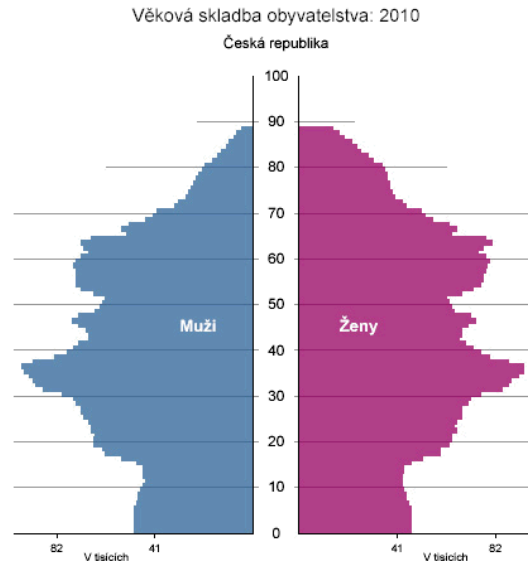
It ensues that increases in the rate of GDP growth and labour productivity growth, and thus the overall performance of the economy, have so far really only benefited the employed in the Czech Republic. On the other hand, economic growth and the rising disposable income of the population has created new jobs in the service sector.

2. 1. 2. Demographic developments and migration

The current demographic situation in the Czech Republic reflects the negative tendencies apparent in most European countries. These are manifested in general population ageing, i.e. reductions in the share of the youngest age groups in the overall age structure of the population. This can be attributed to the falling birth rate and rising number of seniors as a result of the increasing mean life expectancy. To halt and reverse the decline in the birth rate, it will be necessary inter alia to improve the conditions for the reconciliation of family and working life.

According to CZSO figures, as at 31 December 2005 the Czech Republic had a population of 10,251,100, i.e. over 80,000 fewer than twelve years previously. Despite the natural population decrease, there has been a moderate rise in the population since 2002 thanks to the surplus migration balance (36,200 in 2005). A natural population increase can be observed in the cohesion regions of Moravskoslezsko, Severozápad and Střední Morava; however, in these regions there is actually an overall drop in the population due to increased levels of emigration from these areas. We can assume that there is a connection here between migration and the high unemployment rate, which motivates part of the population to look for work in localities with better job opportunities.

Despite the start of population ageing, the demographic structure of the population remains positive from the economic aspect. In 2005, the share of the working age population (15-64) was at a record level (71% of all inhabitants). This record level was achieved mainly because the large demographic years born in the 1970s are becoming economically active, while the large baby-boomer years are still part of the working population. As the baby boomers retire, a trend which is set to expand, this will place a significant burden on health care, the pension system and the invalidity benefit system; it will also entail major changes in the labour market because there could be a surge in demand for certain professions which have so far been the domain of this age bracket. The rising share of persons close to retirement age also means there is a need for the development of lifelong learning and, in particular, the further education of the older generation in order to maintain its working potential, and a need to adopt an active approach improving the opportunities for the older generation to remain and become involved in active economic life. It will also be necessary to modify the structure of qualifications awarded, with a greater emphasis on health and social services.

Chart 3 Age structure of the population in 2010

According to a CZSO projection from 2003, further population developments in the Czech Republic will be characterized by a high degree of irregularity. One of the fundamental features of these developments, however, will probably be a continuing fall in the number and share of children in the population. This trend should happen according to all versions of the projection; according to the mean variant the number of children aged 0-14 should fall quite quickly in the next few years – from the current 1.6 million to 1.4 million in 2010, i.e. from 15.6% of the population to 13.6%. This will pose a risk to society in that there will be a smaller pool of individuals capable of obtaining a university degree and performing demanding occupations. In the future, the input of a sufficient number of young qualified workforce members from national sources in the economy will be a key problem in the future.

Migration

Between 1994 and 2005, there was an intensive influx of foreigners; the number of those granted residence rose by 174,200. At the end of 2005, there were 280,111 foreigners registered in the Czech Republic. Most were in Prague (32.2% of the total). The Středočesko Region was second (12.7%) and the Jihomoravsko Region was third (8.8%). The lowest numbers of foreigners were documented in the Pardubicko (2.3%) and Vysočina Regions (2.2%). The migration trends are likely to change as the Czech Republic becomes more prosperous; nationals of Community states can be expected to become more interested in residing in the Czech Republic.

In terms of citizenship, the largest groups of foreigners are from Ukraine (31.4% of the total number of legally residing foreigners), followed by Slovakia (17.7%), Vietnam (13.2%), Poland (6.4%) and Russia (5.9%). As at 31 December 2005, the Czech authorities had records of 151,736 foreign employees, of whom 55,210 held work permits. A further 67,246 foreigners were engaged in business in the Czech Republic on the basis of trade certificates. Therefore, economically active foreign nationals accounted for 4% of the total workforce in the country in 2005. Their significance continues to rise, as the deteriorating demographic situation has specific

impacts on the labour market situation³. Considering the fall in the birth rate and the higher proportion of young people progressing to higher education, it can be assumed that the Czech Republic will not have a sufficient internal source for its workforce. The missing workforce will probably be filled in large part by migrant workers. A key factor in this respect is support for the integration of foreigners who have been legally established in the Czech Republic for many years.

2. 1. 3. Labour market situation

This sub-chapter has been drawn up based on data from the MoLSA and from sample surveys of the workforce conducted by the CZSO.

2. 1. 3. 1. *Developments in employment and the workforce*

Employment in the national economy gradually fell from the mid-1990s. A modest year-on-year rise was recorded in 1994 – 1996 and in 2002. As a result of economic revival, the employment trend reversed in 2004 and the dynamism of employment growth accelerated over the year. However, it still failed to exceed the level of the previous year. A year-on-year rise was not evident until the following year, 2005, when employment climbed by 1.2%. Overall employment in 2005 stood at 4,764,000 persons and thus drew level with employment levels recorded in the more upbeat years of 1999 and 2002 (see Table 3).

Table 3 Employment in the national economy

(thousands of persons)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total	4873.5	4926.8	4962.6	4972.0	4936.5	4865.7	4764.1	4731.6	4727.7	4764.9	4733.2	4706.6	4764.0
Year-on-year growth		1.1	0.7	0.2	-0.7	-1.4	-2.1	-0.7	-0.1	0.8	-0.7	-0.6	1.2
Men	2735.4	2758.9	2784.9	2803.0	2788.2	2756.9	2694.4	2675.7	2674.0	2700.4	2686.2	2663.1	2705.5
Share of men	56.1%	56%	56.1%	56.4%	56.5%	56.7%	56.6%	56.5%	56.6%	56.7%	56.8%	56.6%	56.8%
Year-on-year growth		0.9	0.9	0.6	-0.5	-1.1	-2.3	-0.7	-0.1	1.0	-0.5	-0.9	1.6
Women	2138.1	2167.9	2177.7	2169.0	2148.3	2108.8	2069.7	2055.9	2053.7	2064.5	2047.0	2043.5	2058.5
Share of women	43.9%	44%	43.9%	43.6%	43.5%	43.3%	43.4%	43.5%	43.4%	43.3%	43.2%	43.4%	43.2%
Year-on-year growth		1.4	0.5	-0.4	-1.0	-1.8	-1.9	-0.7	-0.1	0.5	-0.8	-0.2	0.7

Source: CZSO - sample surveys of the workforce

Developments in the employment of men are consistent with overall employment. Despite an absolute decline visible since 1997 in particular, the share of the employment of men is relatively stable, hovering at 56.6%. The same applies to the employment of women, although the level here is lower than the employment of men. In the last few years the share of women in overall employment has stabilized at approximately 43.3%.

³ According to the *Analysis of developments in the demographic situation on the labour market in the Czech Republic up to 2030*, which was prepared by the Ministry of Labour and Social Affairs for its own internal requirements, in 2030 – taking into account the current migration on the Czech labour market – the country will be short of approximately 422,000 working-age persons.

The average number of persons in the workforce⁴ has consistently fallen since 1999. This decline came to a halt in 2004, and a growth tendency is expected in the workforce in future years (see Table 4).

Table 4 Workforce and degree of participation

		1998	1999	2000	2001	2002	2003	2004	2005	2006e	2007p
Workforce	Average (thousands of persons)	5201	5218	5186	5171	5139	5132	5133	5174	5203	5231
Population	Average (thousands of persons)	7114	7139	7166	7192	7183	7214	7247	7270	7303	7324
Participation rate	Average (%)	73.1	73.1	72.4	71.8	71.5	71.1	70.8	71.2	71.2	71.4

Source: MoF macroeconomic prediction
P – prediction, O – estimate

The participation rate (the share of the workforce in the population aged 15-64) gradually fell from 1998. This is due to the increase in the proportion of young people in secondary and tertiary education, the increased uptake of early retirement, and the dependence of some groups of the population on social benefits. The predicted increase in the participation rate can be achieved primarily by improving the access that disadvantaged groups have to the labour market, which is contingent on labour market flexibility, the development of further education, the prevention of social exclusion and support for the social inclusion of disadvantaged groups in the labour market. Other factors which, at least temporarily, will affect growth in the participation rate are the process of gradually extending the retirement age and the demographic factor – the strong population wave from the end of the 1940s and the beginning of the 1950s, which is now approaching retirement age.

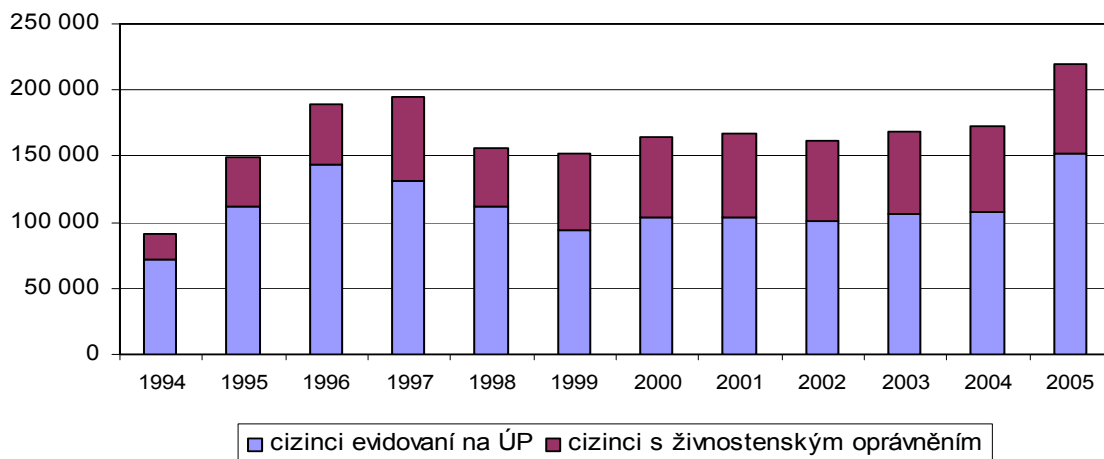
Since the Czech Republic's accession to the EU (1 May 2004), the conditions for the employment of foreign nationals have changed. As at 31 December 2005, 151,736 foreign nationals were employed in the Czech Republic, of whom 93,867 were nationals of EU Member States. The largest number of foreign nationals was employed in manufacturing (almost 36%) and construction (over 23%). As at 31 December 2005, 67,246 foreigners were operating as entrepreneurs holding a trade authorization; this is 2,035 persons more than in 2004. Developments in the employment structure of foreigners in the 1994 – 2005 period are illustrated in Chart 4.

Developments in demand on the regional labour markets form the fundamental prerequisites for the employment of foreign workers. It follows that the two largest groups are foreign workers skilled in manual professions and low-skilled or non-skilled workers. It can be inferred from their large presence on the Czech labour market, especially skilled workers in sectors such as manufacturing, construction, trade and services, or agriculture, that the employment offices are unable to offer employers candidates with the required qualifications. This is compounded by the insufficient mobility and flexibility of the workforce, resulting in a situation where, in individual regions, there is a long-term lack in a certain profession, with a surplus in

⁴ The number of employed and unemployed persons.

others, which means that labour market supply and demand is not properly reconciled. Therefore, employers use flexible solutions to these structural problems on the Czech market by offering jobs to foreign nationals.

Chart 4 Developments in the employment structure of foreigners in 1994 - 2004



Source: CZSO, MoLSA/SZZ, MIT

2. 1. 3. 2. Employment rate and economic activity

The employment rate (the share of employees in the populated aged 15-64) is developing in line with employment. Up to 2004, it gradually fell, in 2005 it climbed by 0.6 of a percentage point year on year from 64.2% in 2004 to 64.8%. The greatest influence on this growth was the increase in employees working for a wage, which was the largest group of employed. In contrast, the number of entrepreneurs, especially the number of self-employed on the labour market, went down. The employment rate in the Czech Republic is better than the EU-25 average, where it stood at 63.8% in 2004. On the other hand, the employment rate in the Czech Republic is lower than the EU-15 average (65.2%).

Developments in overall employment were also influenced by the employment rate among women and men. In 2005, the steady decline was replaced by a rise in the employment rate, which came to 56.3% for women; this is the same value as the EU-25 average, but 1.1 percentage points lower than the EU-15 average. The employment rate among men in the Czech Republic is much higher than the employment rate for women. In 2005, it was 73.3% in the Czech Republic, which is higher than the EU-25 average (71.3%) and the EU-15 average (72.9%) – see Table 5.

Table 5 Developments in the employment rate and the participation rate

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Employment rate in the Czech Republic – total (%)*	69.0	69.2	69.4	69.3	68.7	67.5	65.9	65.2	65.3	65.7	64.9	64.2	64.8
Unemployment rate in the EU-25 (%)					60.6	61.2	61.9	62.4	62.8	62.8	62.9	63.3	63.8
Unemployment rate in the EU-15 (%)	60.1	59.8	60.1	60.3	60.7	61.4	62.5	63.4	64.0	64.2	64.3	64.7	65.2
Participation rate in the Czech Republic (%)**	72.1	72.4	72.3	72.1	72.1	72.2	72.2	71.6	71.1	70.9	70.4	70.1	70.4

* *the number of employees aged 15-64 compared to the total population aged 15-64*

** *intensity of the workforce aged 15-64 compared to the population of the same age*

Source: CZSO - sample surveys of the workforce, LFS Eurostat

There are large regional disparities in the employment rate which can be attributed to the number and structure of job opportunities in the individual regions. In 2005, six regions in the Czech Republic reported a lower employment rate than the average employment rate for the Czech Republic. The lowest employment rate was registered in the Moravskoslezsko Region, while the highest was recorded in Prague. The dispersion of the regional employment rate (variation coefficient) in the NUTS 2 regions fell in the reporting period (from 5.9 in 2004) to 5.6; at the level of administrative regions (NUTS 3) it was 4.8 (the same as in 2004).

The participation rate, or economic activity rate, in the Czech Republic is traditionally high. It is among the highest in Europe. The economic activity rate (15-64) among men (78.4%) is traditionally higher than the economic activity rate among women (62.4%). The highest economic activity rate is recorded for the 30-44 age group (approximately 90%). In terms of highest level of education completed, in 2005 the highest economic activity rate was among university-degree holders and the lowest economic activity rate was among those with lower secondary education or no education.

Within the EU-25, the Czech Republic features among those countries with an above-average employment rate. The implementation of measures under the National Reform Programme should help achieve the following national indicative employment targets by 2008: a total employment rate of 66.4%, an employment rate among women of 57.6%, and an employment rate among older employers (55-64) of 47.5%.

2. 1. 3. 3. Qualification structure of the population

The qualification structure of the Czech population over the age of 15 is characterized by a high proportion of people with secondary education (with or without a *maturita*, the school-leaving examination) and a lower proportion of people with primary (lower secondary) and higher education. In the last few years there has been a downward trend in the category of those with only primary or no education; this trend applies equally to men and women. The largest part of the population comprises people with secondary education, either with or without a *maturita*. Women predominate in the category of those who have completed secondary education with a *maturita*; men are prevalent among those who have completed secondary education without a *maturita*. The share of the population with primary education or no education has been gradually shrinking, while there has been a surge in the share of those completing higher education. In this category, there has been a major rise in the proportion of women degree holders (8.8% in 2005 compared to 5.7% in 1993); the growth trend among men is much slower (see Table 6).

The proportion of degree holders is still much lower than in other EU countries. In the age group up to 30-44 years, the share of those who have completed tertiary education in the Czech Republic is approximately 13.7%, and in the 45-59 group the figure is approximately 12%. From what is mentioned above, it can be inferred that

the access of all citizens to tertiary education needs to be expanded even further, especially among the younger generation.

In terms of the education structure of employees, there is a trend of rising numbers with tertiary education and persons completing secondary education with a *maturita*. In contrast, the number of employees who completed secondary school without gaining their *maturita* or who did not progress beyond primary (lower secondary) education is falling. However, these changes in employment can be considered the result of changes in the education structure of the population in connection with demographic changes rather than changes connected with developments in the labour market (further education is more typical for younger age categories; among the older age categories leaving the labour market, there is a higher share of people with primary (i.e. lower secondary) education; those who remain employed even after reaching retirement age tend to have a higher level of education).

Table 6 Qualification structure of the population

Older than 15 (%)	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary education and no education	27.6	26.9	26.6	25.5	24.6	23.9	23.2	24.1	24.4	22.3	21.4	20.9	20.0
Secondary without <i>maturita</i>	38.7	38.9	38.7	39.4	39.5	39.4	38.8	37.3	36.2	37.4	38.2	38.3	37.7
Secondary with <i>maturita</i>	25.8	26.7	26.8	27.3	28.0	28.9	29.6	30.0	30.7	30.8	30.7	30.9	31.9
Higher education	7.8	7.5	7.8	7.8	7.9	7.9	8.4	8.6	8.7	9.5	9.6	9.9	10.4
Men	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary education and no education	19.0	18.7	18.5	17.5	17.0	16.8	16.4	17.4	18.0	15.9	15.2	14.9	14.4
Secondary without <i>maturita</i>	46.9	47.0	46.9	47.5	47.5	47.0	46.4	45.4	44.3	45.1	46.1	46.3	45.3
Secondary with <i>maturita</i>	23.8	24.4	24.5	24.9	25.5	26.3	26.9	26.7	27.1	27.5	27.1	27.0	28.1
Higher education	10.1	9.8	10.1	10.0	10.1	9.9	10.3	10.5	10.6	11.5	11.5	11.8	12.1
Women	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary education and no education	35.5	34.4	34.1	32.8	31.7	30.4	29.5	30.4	30.4	28.3	27.3	26.5	25.2
Secondary without <i>maturita</i>	31.1	31.3	31.1	31.9	32.1	32.3	31.9	29.7	28.8	30.3	30.8	30.8	30.6
Secondary with <i>maturita</i>	27.6	28.8	29.0	29.5	30.3	31.3	32.1	33.1	34.0	33.8	34.0	34.5	35.4
Higher education	5.7	5.4	5.8	5.7	5.8	6.0	6.5	6.8	6.9	7.6	7.9	8.2	8.8

Source: CZSO - sample surveys of the workforce

2. 1. 3. 4. Developments in the average nominal and real wage

The average gross nominal wage has consistently risen since 1994. At the start of the reporting period (1994 – 1996), this growth was roughly 18% year on year; in subsequent years, the pace of growth was slower. In the reporting period, the average real wage also went up, with the exception of 1998, when there was a year-on-year decline. In 1998 – 1999, a gap emerged between real wages and productivity, which triggered a fall in employment. Since 1998, labour productivity in the Czech Republic has risen constantly, and in 2004 amounted to 63.5% of the level of labour productivity recorded by the EU-25, as opposed to 57.7% in 1995. Developments in the average monthly gross nominal wage and average real wage are illustrated in Table 7.

Table 7 Average nominal and real wage in the national economy, 1993 – 2005

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Average monthly gross nominal wage (CZK)	5904	7004	8307	9825	10802	11801	12797	13614	14793	15866	16917	18041	19030
Year-on-year indices (%)													
- average wage	127.1	118.6	118.6	118.3	109.9	109.2	108.4	106.4	108.7	107.3	106.6	106.6	105.5
- consumer prices	120.8	110.0	109.1	108.8	108.5	110.7	102.1	103.9	104.7	101.8	100.1	102.8	101.9
- real wage	105.2	107.8	108.7	108.7	101.3	98.6	106.2	102.4	103.8	105.4	106.5	103.7	103.5

Source: MoLSA, based on data from the CZSO

The minimum wage was not increased for a long time (1991 – 1998) – see Table 8. This culminated in a situation where social benefits were higher than the minimum wage, which reduced the motivation to work among certain groups of persons, in particular those with low skills and low earnings. Therefore the minimum wage was put up and the Czech government made the commitment to keep modifying the minimum wage so that it remained above the subsistence level.

Table 8 Developments in the monthly minimum wage

Period	1991 February	1998 January	2000 January	2001 January	2002 January	2003 January	2004 January	2005 January	2006 January	2006 July
CZK/month	2000	2650	4000	5000	5700	6200	6700	7185	7570	7955
CZK/hour	10.8	14.8	22.3	30.0	33.9	36.9	39.6	42.5	44.7	47.0

Source: MoLSA, based on data from the CZSO

2. 1. 3. 5. Developments in unemployment

At the beginning of the 1990s, unemployment in the Czech Republic was very low. During the economic transformation period, the unemployment rate went up (the most pronounced growth was recorded in the late 1990s), but even so it was still among the lowest reported by the emerging economies. Compared to the EU-25 average, the total unemployment rate in the Czech Republic is lower (see Table 9). The same applies to the indicators of the long-term unemployment rate.

The registered unemployment rate settled at 3-4% in the initial period of restructuring and privatizing the Czech economy (1993 – 1997); since 1999 in particular, the registered unemployment rate has constantly risen. At the end of 2004, the rate according to the new methodology was 9.5%. Economic growth (although this is dependent on export performance to a high degree) was not reflected much in 2005 and the fall in unemployment has so far only been very modest (from an average 9.2% in 2004 to 9.0%), i.e. lower than the rise in employment.

The general unemployment rate according to the ILO (the unemployment rate in the 15+ age group) also reported a growth trend. A comparison reveals a marginal reduction in 2003 to 7.8%; during 2004 the general unemployment rate again rose to 8.3%, and fell to 7.9% in 2005. The unemployment rate among men in 2005 was 6.5%, which is below the EU-15 countries (7.0%) and EU-25 countries (7.9%) – see Table 9.

In contrast, the unemployment rate among women in the Czech Republic is higher than in the EU-15 (0.9 bps in 2005), but the same as in the EU-25 (9.8%). Despite the high economic activity rate among women, Czech women are exposed to long-term handicaps and higher unemployment. Prejudices against age, maternity and family duties play a negative role. For women with small children, especially school-leavers, it is difficult to reintegrate into the labour market after parental leave. Modern forms of labour organization (teleworking, homeworking, online work, flexitime, etc.) are not that widespread in the Czech Republic. Statutory rights, such as the possibility of earning a wage while on maternity and parental leave, are hard to apply in practice. Based on these observations, we note that the principal problems in this field exist due to the absence of:

- the supply of affordable, locally available childcare services, especially for children up to the age of three,
- the support and motivation of employers permitting their female employees to improve their skills through training,
- the introduction of modern forms of organizing work, e.g. working from home, flexitime, part-time jobs, etc.

Table 9 Unemployment rate

(in %)	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total												
Czech Republic					6.4	8.6	8.7	8.0	7.3	7.8	8.3	7.9
EU (15)	10.5	10.1	10.2	9.9	9.3	8.6	7.7	7.3	7.6	8.0	8.1	7.9
EU (25)					9.4	9.1	8.6	8.4	8.8	9.0	9.1	8.7
Men												
Czech Republic					5.0	7.2	7.3	6.7	5.9	6.2	7.1	6.5
EU (15)	9.2	8.7	8.8	8.4	7.8	7.2	6.4	6.1	6.6	7.0	7.2	7.0
EU (25)					8.0	7.8	7.4	7.3	7.8	8.1	8.1	7.9
Women												
Czech Republic					8.1	10.3	10.3	9.7	9.0	9.9	9.9	9.8
EU (15)	12.2	12.0	12.0	11.8	11.3	10.4	9.3	8.7	9.0	9.3	9.3	8.9
EU (25)					11.2	10.8	10.2	9.8	10.0	10.2	10.3	9.8

Source: EUROSTAT

Note: applies to the 15-64 age group

The number of vacancies has been rising consistently thanks to the improving economic situation since the end of 2003. At the end of 2004, employment offices had records of 51,200 vacancies, compared to 40,200 in 2003; at the end of 2005, there were 52,200 registered vacancies. As a result, the number of job-seekers per vacancy went down. However, there was still an average of 8.2 candidates per vacancy at the end of 2005 (compared to 10.6 at the end of 2004); this share is much higher in regions with a high unemployment rate. In the structure of vacancies, jobs for blue-collar workers still prevail, especially for qualified craftsmen (49.1% - bricklayers, welders, machinists, leather workers, tool setters, machine tool operators, seamstresses, carpenters), followed by unskilled and ancillary workers (18.3% - ancillary construction site workers, ancillary assembly staff, helpers and cleaners in offices and hotels) and operators in services and trade (8.7% - shop assistants, cooks, waiting staff, security guards). Other vacancies are intended for administrative, technical, healthcare, teaching, and R&D staff (23.5% - mostly sales

representatives, sales, marketing and forwarding agents, accounting staff, engineering technicians, programmers, operators, IT operators and other experts in IT, designers of mechanical and electrical equipment, structures and complexes, building engineers, industrial robot operators, NC machinery operators, doctors, carers and general nurses).

We assume that economic growth will continue to create new jobs. Unemployment in the Czech Republic is structural – employers offer vacancies, but the workforce frequently lacks the required experience and training. Increased professional and geographical mobility is necessary to alleviate the imbalance and reduce unemployment further.

In the structure of job-seekers registered at employment offices the predominant groups (as in the structure of vacancies) are ancillary and non-skilled workers (28.0%) and operating workers in services and trade (15.7%). The relation between working income and social income (social benefits), in the case of people with low skills (and hence potentially lower working income), does not motivate these people to work. This factor intensifies in cases where the job-seeker would have to commute (travel expenses, lost time). Therefore, as mentioned earlier in the text, foreign nationals tend to take these jobs on the labour market. In this respect, we envisage that the labour market will benefit from new laws on assistance in cases of material need and on the subsistence minimum, as well as an amendment to the Social Welfare Act.

2. 1. 3. 6. *Unemployment among disadvantaged people and the long-term unemployed*

Disadvantaged people

In terms of employability, increased care is paid in the mediation of employment to those job-seekers who, because of their state of health, age, childcare, or other compelling reasons require such care. They are primarily the disabled, young people up to the age of 25, university graduates for the two years after they successfully complete their studies (but up to a maximum age of 30), pregnant women, breastfeeding women and mothers for up to nine months after giving birth, persons caring for children up to the age of 15, persons more than 50 years old, persons registered as job-seekers for more than six months, persons who need special help, especially persons who temporarily find themselves in – or live in – exceptionally difficult circumstances, socially maladjusted persons, persons released from prison and persons from a socio-culturally disadvantaged background.

Despite the economic growth, the steadily increasing productivity and the standard of living of most of the Czech population, unemployment connected with disadvantaged groups on the labour market remains a pressing issue. Those most at risk are groups of people with accumulated handicaps, e.g. young people with low skills or disabled persons. Furthermore, the current relation between working income and social income (social benefits), in the case of people with low skills (and hence potentially lower working income), does not motivate these people to work. This factor intensifies in cases where the job-seeker would have to commute.

The number of disabled job-seekers went up to 75,300 at the end of 2005; in 1993 the figure was 20,000. The share of these persons in the total number of job-seekers continues to rise. The problem with the employment of disabled persons persists despite actions to support their employment.

Of the total number of registered unemployed, women account for more than 50%. The situation of women on the labour market is described in more detail in part 2.1.4.4.

Young people, especially school-leavers and young people who have completed lower secondary school, find it difficult to find work because they do not have the relevant practical skills. They account for 7.6% of all unemployed people (MoLSA, average value for 2005). The highest-risk group entering the labour market are young people with no education, with incomplete or completed lower secondary education or from a practical school, where their lack of experience is compounded by their lack of qualifications. The main causes of unemployment among young people on the labour market are:

- insufficient practical knowledge, experience and working habits among school-leavers,
- low qualifications,
- poor language proficiency,
- unwillingness to accept certain jobs,
- lack of computer literacy,
- school-leavers' qualifications do not correspond to the qualifications required of the workforce on the labour market.

These factors could be addressed by placing a greater emphasis on the choice of profession during compulsory schooling, with a link to employment services and the use of the resource centres at employment offices. Despite the outlined problems of young people, especially school-leavers and young people who have left primary (lower secondary) school as they enter the labour market, the share of young job-seekers up to the age of 25 in the total number of job-seekers is gradually diminishing.

Despite the increase in the employment of older persons, the number of job-seekers older than 50 is rising. They now account for approximately 25% of total employment. This indicator reports a growth tendency. This group's problems are as follows:

- inadequate education in relation to the changing labour market conditions,
- the unwillingness of employers to employ older people,
- state of health,
- the absence of the working skills required for specific jobs,
- lack of flexibility in relation to labour market requirements.

At present, it is estimated that only 26% of the economically active Roma population have not experienced unemployment, a further 35% suffer from repeated unemployment and up to 39% are repeatedly and long-term unemployed. A characteristic feature of unemployment among the Roma is its long-term nature.

Approximately 75% of all unemployed Roma are classified as long-term unemployed; of these, 30% have been unemployed for longer than four years. The unemployment of the Roma is higher in certain localities (the Most area, North Moravia, North Bohemia). The main reasons for the marginalization of Roma on the labour market are their low and insufficient qualifications, the concentration of Roma in industrial towns where a low-skilled workforce used to be used for manual work, and discrimination against Roma on the labour market.

Long-term unemployed persons

Job-seekers were registered unemployed for an average of 610 days in 2005, compared to 460 days in 2001. Long-term loss of contact with employment culminates in the long-term unemployed losing their working habits on the labour market; this makes them less competitive and their chances of getting a job are diminished.

Table 10 Structure of job-seekers by duration of unemployment

	at 31.12.2001		at 31.12.2002		at 31.12.2003		at 31.12.2004		at 31.12.2005		Difference (2005 – 2001)	
	'000	%	'000	%	'000	%	'000	%	'000	%	'000	%
Job-seekers – total	461.9	100.0	514.4	100.0	542.4	100.0	541.7	100.0	510.4	100.0	48.5	10.5
up to 3 months	120.7	26.1	123.2	23.9	122.9	22.7	140.6	26.0	130.9	25.7	10.2	8.5
3 – 6 months	87.7	19.0	101.1	19.6	101.0	18.6	93.1	17.2	86.6	17.0	-1.1	-1.2
6 – 9 months	47.2	10.2	57.2	11.1	56.0	10.3	49.4	9.1	46.4	9.1	-0.8	-1.7
9 – 12 months	35.0	7.5	41.4	8.0	44.1	8.1	38.8	7.2	33.7	6.6	-1.3	-3.8
more than 12 months	171.1	37.0	191.2	37.1	218.4	40.3	219.7	40.6	212.8	41.7	41.7	24.4
Average registration period (days)	460		484		530		567		610		+ 150	

Source: MoLSA

The number and share of unemployed persons registered with employment offices for longer than 12 months is continuously rising in the long term. In the reporting period (2001 – 2005), the number of unemployed persons registered at employment offices rose by 48,500; of this number, the number of persons unemployed for longer than 12 months was up by 41,700, and this category now accounts for 41.7% of all registered job-seekers (37.1% in 2001). Between 2001 and 2004, the average unemployment registration period climbed by 150 days.

Women tend to be more prone than men to long-term unemployment. The percentage of women among job-seekers is lower only in the group of job-seekers registered with an employment office for under three months. Long-term unemployment among disabled people and in higher age categories is following a growth trajectory.

The main reasons for long-term unemployment are poor education or the accumulation of other problems (disability, advanced age, etc.). From a regional aspect, this phenomenon is dominant in regions with an above-average

unemployment rate. In 2005, the share of people who were registered unemployed for longer than twelve months was highest in the Most district (63.7%) and lowest in Praha-západ (17.8%). A comparison of the situation in individual regions reveals that the regions suffering most from long-term unemployment are Ústecko and Moravskoslezsko.

2. 1. 3. 7. *Unemployment by age group*

Older citizens are a problematic group on the labour market. Those who lose their job around the age of 50 find it hard to find employment elsewhere. Employers prefer younger workers as they can adapt faster to changing requirements as modern work processes are introduced. Specific unemployment rates report relatively favourable values for the older age categories and, in contrast, the highest value can be found in the youngest age category (see Table 11). It should be borne in mind that the high unemployment rate among young people up to the age of 25 is due to the low representation of young people among economically active persons, as the time they spend in work-linked training is rising. In the 50+ age categories, economic activity is relatively high, which reduces the unemployment rate. To assess unsuccessfulness on the labour market, it is necessary to monitor absolute and relative values, and in particular trends. For example, the share of job-seekers up to the age of 24 in total unemployment fell from 31.1% in 1993 to 18.9% in 2005; in the 50+ age category the share in the same period rose from 9.2% to 25.2%. The problems of young people on the labour market are for want of practical experience. This risk shrinks as the level of education rises.

Table 11 Unemployment rate by age group (%)

	1993	1995	1998	1999	2000	2001	2002	2003	2004	2005
Women	5.4	4.8	8.2	10.5	10.6	9.9	9.0	9.9	9.9	9.8
age group:										

15 – 19	13.9	14.4	29.5	35.0	37.6	43.1	43.8	44.8	43.9	42.2
20 – 24	8.0	6.2	10.9	14.7	13.8	13.8	13.9	15.4	16.3	15.7
25 – 29	8.9	8.5	11.6	14.4	13.7	13.0	11.3	10.8	12.0	11.7
30 – 34	5.9	5.5	9.8	13.3	13.6	12.1	10.4	12.4	11.6	10.9
35 – 39	4.2	3.8	7.3	9.6	9.1	9.7	8.9	10.1	9.0	9.3
40 – 44	3.8	3.4	6.3	7.7	8.5	7.6	6.7	8.1	8.2	8.0
45 – 49	2.9	2.9	5.6	7.5	8.4	6.4	6.4	6.9	7.0	7.4
50 – 54	2.6	2.4	4.9	6.6	7.5	7.5	7.2	8.4	8.6	9.0
55 – 59	4.5	3.9	3.3	4.5	5.2	5.2	4.4	5.8	6.7	6.5
60-64	7.3	3.7	7.7	6.7	6.4	7.5	7.0	2.4	3.6	5.3
65+	5.4	3.8	8.9	7.0	4.6	6.5	4.6	3.4	-	3.3
Men	3.4	3.4	5.0	7.3	7.3	6.7	5.9	6.1	7.0	6.5
age group:										
15 – 19	10.1	12.1	21.9	29.4	30.2	32.9	30.0	33.5	40.4	44.6
20 – 24	5.3	5.2	7.8	12.8	14.5	13.7	13.1	14.4	18.6	15.8
25 – 29	3.0	3.4	5.0	6.6	6.5	6.6	5.6	6.4	7.0	6.4
30 – 34	3.1	2.6	4.0	6.2	6.0	5.1	4.3	4.0	4.0	4.2
35 – 39	2.5	3.0	3.9	5.2	5.6	5.6	4.4	4.5	5.4	4.5
40 – 44	2.3	2.5	3.9	5.8	5.6	5.2	4.8	4.5	5.5	4.9
45 – 49	2.5	2.0	3.5	5.7	5.8	5.2	5.0	4.7	5.5	5.7
50 – 54	1.6	1.9	3.4	5.6	6.0	5.2	5.1	5.6	6.2	6.1
55 – 59	1.8	1.8	3.5	4.7	5.2	4.5	3.8	4.3	5.5	5.3
60-64	6.9	4.5	3.9	4.3	4.1	3.9	2.5	3.0	2.8	2.0
65+	5.3	4.4	4.6	4.3	2.0	3.4	3.5	3.9	2.4	2.8

Source: CZSO - sample surveys of the workforce

2. 1. 3. 8. Regional unemployment

Unemployment in the Czech Republic is primarily of a structural nature. In certain regions there is a long-term dearth of a certain profession; in others there is a surplus. The poor mobility and flexibility of the workforce prevents the reconciliation of workforce supply and demand, and therefore economic growth does not make a major contribution to improvements in the situation on the labour market in the affected regions. It will therefore be necessary to place an emphasis on encouraging lifelong learning and addressing problems with the housing market and transport services in order to make the workforce more mobile.

Structural changes are continuing; these are changes in the sectoral structure of the economy based on restructuring or attenuation, and the related changes in the professional and qualification structure of the workforce. The impact of these structural changes is of varying intensity in the individual regions; the worst hit are the Moravskoslezsko and Ústecko Regions, i.e. regions with a high concentration of heavy industry – coal mining, metallurgy, mechanical engineering and the chemical industry. The process of structural changes has a major impact on regional disparities in the unemployment rate. The situation is worst in the Ústecko Region (15.4%) and in the Moravskoslezsko Region (14.2%). In these regions, and in particular in certain microregions, unemployment entails serious social problems. By far the lowest unemployment rate is in the City of Prague (see Table 12).

Table 12 Registered unemployment rate in Czech regions (%)

Region	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Ústecko	4.8	5.2	5.8	7.6	10	13.2	15.9	16.1	15.8	17.1	17.9	15.8	15.4
Moravskoslezsko	6.4	6.0	5.1	6.0	7.8	11.4	14.9	15.1	15.1	15.9	16.8	15.7	14.2

Region	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Olomoucko	5.3	4.7	4.3	5.6	7.6	10.2	12.4	11.9	11.8	12.2	12.5	11.7	10.6
Královéhradecko	2.5	2.2	2.0	2.7	4.0	6.1	7.5	5.9	6.3	7.3	7.9	7.7	7.3
Jihomoravsko	3.8	3.2	2.9	3.5	5.4	7.9	9.9	9.3	9.7	11.2	11.5	10.7	10.2
Zlínsko	3.6	3.0	2.4	3.3	4.7	7.0	8.7	8.1	8.5	10.2	10.6	9.5	9.3
Pardubicko	3.4	2.8	2.9	3.5	4.7	6.6	9.0	7.9	7.9	8.7	9.4	8.9	8.3
Vysočina	4.8	3.9	3.4	4.2	5.7	7.5	9.2	7.5	7.0	8.3	9.2	8.8	8.2
Liberecko	2.5	2.4	2.5	3.1	5.2	7.0	7.8	6.4	7.4	8.7	9.5	8.2	7.7
Karlovarsko	1.5	1.7	2.1	2.8	4.6	6.9	9.0	8.0	8.7	10.1	10.6	10.7	10.3
Plzeňsko	3.3	2.6	2.2	2.7	4.2	6.1	7.4	6.5	6.5	7.1	7.6	6.7	6.4
Středočesko	3.4	2.9	2.6	3.0	4.6	6.1	7.5	6.8	6.8	7.2	7.4	6.8	6.3
Jihočesko	2.8	2.2	2.0	2.6	3.9	5.7	6.7	5.8	6.0	6.7	7.0	6.6	6.7
Prague	0.3	0.3	0.3	0.4	0.9	2.3	3.5	3.4	3.4	3.7	4.0	3.6	3.2
Czech Republic - Total	3.5	3.2	2.9	3.5	5.2	7.5	9.4	8.8	8.9	9.8	10.3	9.5	8.9

Source: MoLSA, end-of-year data

Long-term unemployment is – absolutely and proportionately – higher in regions with above-average unemployment. The regions afflicted most by long-term unemployment are Ústecko (52.6%) and Moravskoslezsko (52.2%), where the share of the long-term unemployed at the end of 2005 was more than 50%. The Středočesko Region and City of Prague are best off in this respect. The average period over which job-seekers are registered is longest in the districts of Most, Karviná and Ostrava-město; in these districts, the average registration period in 2005 was more than 1,000 days. In districts with the lowest unemployment, the average period people are registered as unemployed is much shorter; in Praha-západ the figure was 244 days in 2005.

The problems of other risk groups (the proportion of job-seekers up to the age of 25 or over 50, the disabled and women) tend to be visible in regions with lower unemployment; in regions with high unemployment the unemployment covers all groups equally.

The basic problems of regional unemployment include:

- the low mobility of the workforce,
- the skills of job-seekers (the long-term unemployed) do not correspond to labour market requirements,
- the high proportion of job-seekers with a low level of education,
- the qualification structure of workforce supply does not correspond to demand for the jobs created.

2. 1. 3. 9. Employment services

The fundamental mission of employment services, represented by the Employment Services Administration and the network of employment offices, is to implement the state employment policy, which includes the mediation of employment for job-seekers and those interested in employment, as well as the implementation of measures and instruments of the active employment policy, with the application of the European Social Fund. Employment offices are responsible for the administration and payment of unemployment benefit, the mediation of employment, and inspections (checking on the observance of contracts in the field of the active employment policy, discrimination, illegal work, etc.). In the Czech Republic, employment services are provided through 77 employment offices with approximately 5,000 employees.

The National Reform Programme of the Czech Republic, approved by the Czech government on 14 September 2005 under Resolution No 1200, offers an integrated and cohesive approach between individual policies and the employment policy. In connection with tackling current problems on the labour market, key areas are considered to be a reinforcement in the structure supporting the preparation of employment service staff and the broader involvement of self-governing units in the handling of employment problems. Employment services and employment offices are limited to relatively modest materials and technical facilities due to restricted budget resources. Therefore it is necessary to focus on bolstering the priorities of the employment policy, employment services and the financial coverage and changes to the organizational structure of employment services. Preventive services, active measures culminating in employment and the prevention of unemployment need to be developed for the clients of employment offices. To reinforce preventive measures, it is necessary to recruit more staff for employment offices, make them more professional, and encourage the development of the consulting and information base. In this context, it should be noted that, according to an investigation by the National Training Fund and Masaryk University in Brno, intermediaries at individual employment offices, who are in direct contact with clients, suffer from heavy burdens because of the sheer numbers of clients they have to deal with. In certain regions, intermediaries are unable to devote as much time to clients as they need.

The educational profile of these members of staff is generally good because they almost all have upper-secondary or tertiary education. However, some members of staff have not studied a field related directly to social services and the labour market because subjects in these fields did not previously exist and, besides, it is not strictly necessary for all workers to have the benefit of such an education. It will be necessary to create transparent and development-based careers and qualification programmes with a view to establishing a suitable system of training for employment service staff.

At present, no regional employment offices have been set up. There are only district employment offices; one district employment office is delegated to coordinate the employment policy in the region. The National Reform Programme anticipates that regional employment offices will be established, which will take over certain competences from the Ministry of Labour and Social Affairs and from the district employment offices. This future approach will safeguard the preservation of a uniform state employment policy throughout the Czech Republic, guarantee the implementation of the European Employment Strategy at national level, and create a powerful and clearly defined partner for regional governors and authorities in the implementation of regional policy and the employment policy.

By virtue of the expected economic growth, employment services will become significantly involved in the support of employers as they search for and provide further training for the qualified workforce, especially in progressive branches of production and the sphere of services. Therefore there is a need for new instruments and institutions on the labour market, supported by investment plans required for the expedient transformation and reinforcement of employment services in the Czech Republic and for the elimination of technical barriers. In the context of future requirements placed on the Employment Services Administration of the Czech

Republic and employment offices and their current personnel, organizational, material and technical base, certain key problems can be identified, i.e.:

- the absence of conditions conducive to the adequate employment of persons who receive enhanced care in job mediation,
- the low consistency of measures in the fields of social services and employment,
- the inadequate material and technical infrastructure of employment service offices,
- the non-existence of regional employment offices,
- the inadequacy of information systems and services provided to the unemployed and employers,
- the absence of regional training centres, and training and retraining institutions, to provide further education complementing, expanding and deepening the level of secondary or tertiary education achieved,
- the absence of systemic conditions for the provision of a system of lifelong learning and the slow development of the further education system,
- the absence of specialized regional sectoral centres training the qualified workforce.

2. 1. 4. Social integration and equal opportunities

2. 1. 4. 1. *Groups of people at risk of social exclusion*

The adoption of the National Action Plan for Social Inclusion 2006 – 2008 meant that social policy would target the mitigation of poverty and social exclusion. The second social inclusion strategy adopted by the government under the National Action Plan for Social Inclusion is based on Commission Communication COM (2005) 706 – Working together, working better - A new framework for the open coordination of social protection and inclusion policies in the European Union. The National Development Plan of the Czech Republic 2007 – 2013 is consistent with these documents and reflects the multidimensional nature of social exclusion and the need to involve a wide range of actors in the search for a solution. Target groups are defined in the context of three priority objectives, including, in particular, the long-term unemployed, the disabled, children, young people and young adults, seniors, persons caring for a relative, ethnic minorities, immigrants and refugees, the homeless, persons leaving facilities designed for institutional or protective care and persons completing prison sentences, victims of crime or domestic violence, persons commercially abused and victims of human trafficking.

- **Long-term unemployed:** The number and share of unemployed persons registered with employment offices for longer than 12 months is continuously rising in the long term. Long-term loss of contact with employment culminates in the long-term unemployed losing their working habits on the labour market; this makes them less competitive and their chances of getting a job are diminished. Women tend to be more prone than men to long-term unemployment. Long-term unemployment among disabled people and in higher age categories is following a growth trajectory. The main reasons for long-term unemployment are poor education or the accumulation of other problems (disability, advanced age, etc.).

From a regional aspect, this phenomenon is dominant in regions with an above-average unemployment rate.

- **The disabled:** Those most disadvantaged are the more severely disabled. Despite a raft of measures, forms of direct and indirect discrimination persist in certain areas. According to a survey conducted as part of the preparations for the *National Plan of Measures to Reduce the Negative Impact of Disability* in 1993, the number of disabled people was approximately 10% of the total population of the Czech Republic (i.e. 1,200,000). In terms of their numbers, the disabled are a major group with specific needs; at the same time they are a very heterogeneous group, depending on the type and extent of their disability. The disabled living in institutional facilities are among the most disadvantaged. In these facilities for year-round accommodation there are approximately 19,000 people (of whom 15,000 have mental or combined disabilities). Besides social services facilitating their integration, the disabled also receive enhanced protection on entering the labour market (work rehabilitation, vocational training, specialized retraining courses). Sheltered jobs – jobs created by an employer for the disabled based on a written agreement with the employment office – are created. In the Czech Republic, there is still insufficient service availability and quality to enable the disabled to integrate successfully into society and become involved in the labour market.
- **Children, young people and young adults:** When defining the risk of exclusion, two factors need to be taken into account – income and material levels and preparations for future life. In terms of the first factor, the share of families with children is rising in the lowest income categories; the most disadvantaged are lone-parent families and families with large numbers of children. As regards the second factor, the impacts of poverty on the capacity to exercise rights and on the availability of resources could culminate in reduced social integration and in deviant styles of life and values. The largest source of social exclusion can be found in the rising unemployment rate among school-leavers and young people. A marginal, but very serious, problem is child abuse and cruelty.

The rising income inequality is reflected in a rising share of low-income families with children. The situation of families with children, in particular where there are higher numbers of children, has noticeably deteriorated. The ability of the family to safeguard the material needs of its members is diminishing, especially in cases of unemployment of a parent, disability, single parenthood, large numbers of household members, the low age of parents, low education or social marginalization. One of the most commonly identified factors threatening family functionality is lower education connected with lower socio-cultural standards, the unemployment of parents and the personal immaturity of parents. The impact of the parents' divorce on care for children and their mutual contact is a theme worthy of special attention. In judicial practice, children are placed in the care of the mother in 90% of cases.

Young people with behavioural disorders, children from dysfunctional families and young drug addicts are a disadvantaged group. Others at risk of social exclusion

are children and young people from Roma families, children in institutions and young adults leaving institutions, who are particularly at risk of social exclusion on reaching adult age. Of people without shelter, roughly 40% have experience of institutional care. Sources of social exclusion can be adverse social situations, e.g. confrontational social situations (bullying, vandalism, running away from home), troublesome life events (disintegration of the family, abuse) and restrictive living conditions (the inability to adapt, incapacity to have interests, a feeling of incapacitation).

One of the factors in the process of changes to family life is the low institutional support of the family from the state and, in particular, a fall in social respect for family life. Major shortcomings can be found in housing policy and in the sphere of measures to support the reconciliation of family and professional roles. At regional and municipal level, as a result of the generally low awareness of family policy and its possible measures, there is generally no conviction of the need for family support (National Report on the Family, MoLSA 2004). In the past ten years, there has been a significant reduction in the number of two-parent families, especially those with dependant children. The proportion of children being born out of wedlock is consistently increasing. The annual numbers of divorces and the intensity of the divorce rate are high in the Czech Republic. The divorce rate is also reflected in the composition of families and households. Divorce frequently results in lone-parent families with children (usually with the mother as the head of the household), single-person households or another two-parent family. Almost 1.5 million people (14% of the population) live in lone-parent families, of whom 488,000 are dependant children (27% of dependant children) (National Report on the Family, MoLSA 2004). The most common case of a lone-parent family is a divorced women and her children. The highest number of lone-parent families can be found in Prague and in the Karlovarsko Region; the lowest is in the Vysočina Region (National Action Plan for Social Inclusion 2004 – 2006, MoLSA 2004).

- **Seniors:** The senior population is highly heterogeneous. Under certain circumstances, old-age pensioners of a more advanced age are at risk of social exclusion; these include lone women whose sole source of income is old-age benefit or widow benefit. A new group is emerging that is made up of people who, for various reasons, retire early without the security of further sources of income into their old age. Among the most at risk of social exclusion are chronically ill old people. These include persons in institutions, where approximately 38,000 seniors live all year round (National Action Plan for Social Inclusion 2004 – 2006, MoLSA 2004). MoLSA data as at 31 December 2005 indicate 43,241 in the 66+ age category staying in institutional facilities throughout the year. Feelings of economic deprivation often intensify after retirement and the subjective poverty of Czech seniors is quite a serious problem. The fact that many seniors believe that their pensions are insufficient for a dignified old age and that they feel poor does not help them live a quality life; on the contrary, it could result in a feeling of social exclusion on the grounds of their lack of financial resources. The older population will be a group with higher demands, not only financial (the amount of their pension), but also in the sphere of housing and their social and cultural needs (Czech Seniors Yesterday, Today and Tomorrow, Research Institute for Labour and Social Affairs 2004).

- **Persons caring for a relative:** Persons caring for a relative who, for various reasons, is at risk of social exclusion (the disabled, seniors, the mentally ill, etc.), find themselves in a situation – due to their care for such a disadvantaged person – where they themselves are disadvantaged in access to services or the labour market, and thus there is an increased risk of their social exclusion.

This problem is most evident among people caring for the disabled, where – due to their care for such a person – the carers are often separated from society and do not take up opportunities which they would otherwise be able to. The reform of social services, creating more room for free decisions on the type of care provided, can be expected to increase interest in caring for a relative. This can be inferred from the partial improvement in the status of carers, the possibility of selecting this type of care, the expansion in the range of care services and the shift of emphasis to home care. This applies in particular to categories of persons who are less dependent on another person's assistance. In 2005, approximately 39,916 people collected an allowance for caring for a relative; this number could rise fourfold in the future. Care for a relative places a heavy burden on carers, accompanied by a feeling of the loss of social status, inadequate space to rest, high organizational and material demands, and excessive stress. Since 1 January 2007, the allowance for looking after a relative has been replaced by a 'care allowance' (in accordance with Act No 108/2006 on social services); figures collated by the MoLSA show that this allowance is currently collected by approximately 220,000 persons.

- **Ethnic minorities:** The ethnic minority most at risk of social exclusion is the Roma. The actual number of Roma is estimated at 160,000 – 200,000, sometimes as much as 300,000. The largest proportion of Roma is in the Moravskoslezsko Region and in the Ústecko Region, followed by the Středočesko Region, Olomoucko and Prague. Primary factors contributing to social exclusion are unemployment, dependence on the benefit system of social protection, the deterioration in the housing situation, and low levels of education. Social and economic transformation has culminated in frequent unemployment, which is becoming long-term unemployment. Many Roma have not returned to the labour market and have adapted to life on social benefits. Some Roma have been forced into the grey economy, sometimes as a result of open or hidden discrimination. Unemployment among Czech Roma is estimated at roughly 70%, and up to 90% in certain localities. The main causes of this high unemployment are considered to be the lesser ability of the Roma to adapt to economic transformation and the requirements of the labour market, their poor skills, lack of opportunities, the non-motivating social benefit system, and the unwillingness of employers due to prejudice and bad experience. Nine out of ten Roma work in non-skilled occupations. This is often temporary and seasonal work. According to estimates, twenty to thirty per cent of the economically active Roma population obtains means subsistence illegally – through prostitution, handling stolen goods and other economic crime (Možný, 2002).

Every year, the government spends large sums on the integration of Roma communities. According to feedback from the field, however, these funds are not

always adequately targeted and do not address the problem of integrating socially excluded Roma communities systematically. A large amount of financial resources is inefficiently channelled into ad hoc activities of short duration. Activities financed by the state in this field are not sufficiently evaluated. Another problem in the disbursement of state resources in grant proceedings for the purposes of the social inclusion of Roma communities is the significant departmentalism and thus the fragmentation of resources. The current implementation structure for drawing on financial resources from the European Structural Funds does not fully correspond to the real needs of socially excluded Roma communities. The mechanism for drawing on financial assistance is unclear and complex (Concept of Roma Integration, 2004).

It reveals the need to create comprehensively conceived measures at local level that will include activities in the field of education, in the field of housing loss prevention and prevention of the emergence and spread of spatially and socially excluded localities, in the field of investment, in the field of increasing employability and employment, in the field of preventing the occurrence of pathological phenomena, etc. An important factor is the involvement of all relevant actors at local level in the implementation of comprehensively conceived measures. The objective is the social inclusion of members of Roma communities and the elimination of their dependence on social benefits.

- **Immigrants and refugees:** Groups of immigrants are very heterogeneous and include people residing in the Czech Republic in keeping with legal provisions (legally) and people who have breached these rules (residing in the country illegally). Each ethnic group has its own specific social makeup, has various reasons and motivations to reside in the Czech Republic, and achieves varying degrees of social, cultural, economic and political integration. In general, we can say that the differing legal status, complex conditions and obstacles in the way of inclusion, different cultural origin, lower awareness of the legal environment in the Czech Republic and the lack of available information culminate in different degrees of social exclusion. We can infer from secondary studies that the risk of social exclusion is a real threat for many ethnic groups, which can lead, in the longer term, to social problems and place social integration in jeopardy. The main problems include the scope of formal requirements placed on foreigners (administrative requirements related to the acquisition of an employment permit), insufficient knowledge of the Czech language, insufficient qualifications and the recognition of qualifications already gained. Segregated communities are beginning to form. Illegal immigrants are generally considered the most disadvantaged group. Illegal residence often overlaps with informal work. The Research into trafficking in persons primarily for purposes of forced labour (Intermundia, o.p.s, 2005) is a study referring to the main risk, i.e. the period when immigrants temporarily without work are exposed to a highly stressful situation and find themselves with no source of sustenance. Other risks are the low scale of the integration of immigrants, the emergence of a second generation without status, health risks, the risk of mental illness, deviant behaviour, loss of assistance on being immersed in illegality, immigrants finding themselves outside the traditional and majority system of values, the formation of radical tendencies, etc.

- **The homeless:** This is a multilayered problem; it is an expression of extreme poverty and social exclusion. Homelessness is on the increase; the rise in the last five years has been particularly pronounced. The homeless are classified as those who have no roof over their heads and find temporary shelter at various charities, although this definition is hardly satisfactory. The number of homeless is not officially monitored; estimates run into tens of thousands of people. The homeless include those who live in emergency housing (shacks, sheds, huts, trailers). According to the 2001 Population and Housing Census, 45,000 people live in emergency housing.

The most common objective causes include structural changes in society (the transformation of the labour market), changes in the family structure, insufficient housing for the socially weak and for citizens leaving institutions and prisons, and lack of housing for the disabled. The most frequent subjective reasons are unemployment, low levels of education, problems in social relations (divorce), drug addiction and disabilities. The seriousness of the individual causes is becoming more profound. The social composition of the group of homeless people is changing and the seriousness of problems related to homelessness is becoming more severe. The most serious factor is the formation of a group of people whose exclusion from society takes on extreme forms. According to organizations working with the homeless, the number of young people, women and mothers with children is rising. Early prevention among these groups is important. For the homeless, given their way of life, the availability of social protection is very problematic.

- **People leaving facilities of institutional or protective care and people leaving prison:** People leaving institutional care are at risk of social exclusion, mainly because of the insufficient related care from social workers. In particular, there is a lack of guidance and help in securing a place to live and a job. Another obstacle is the insufficient cooperation of other entities involved – municipalities and employment offices. Nongovernmental organizations cannot cope with the genuine needs of all those leaving institutional care. People leaving prison have trouble finding a suitable job and finding suitable housing (or housing in general); they also have problems with the disintegration of their marriage and the related uprooting from an environment they know, and with financial debts and liabilities. The negative stance of the surrounding environment and employers does not seem to be a major obstacle (National Action Plan for Social Inclusion 2004 – 2006, MoLSA 2004).
- **Victims of crime, domestic violence, people commercially maltreated and victims of trafficking in persons:** The number of problem children from well-off families is increasing; social deviation among children from socially poor families who do not receive social assistance in time, or where the individual stages of social assistance are not cohesive, is also rising. Aggressiveness and criminal activity among children and young people is increasing (National Report on the Family, MoLSA 2004). A specific dysfunction concerns violence within the family. This is violence between partners where the victim is generally the woman; children, seniors, disabled family members and mentally family members are also victims.

The Czech Republic has also gradually become an attractive recipient country for trafficking in human beings. One form of trafficking in persons in the Czech Republic is trafficking for sexual exploitation and the organization of prostitution. Victims are women from countries in Eastern Europe and Asian countries, who are forced into prostitution in the Czech Republic or are transported further into Western Europe. Victims are typically reticent about cooperating with the Czech Police Force. The second most frequent form of trafficking is trafficking in human beings for forced labour. The exploitation of foreigners for labour is not a marginal phenomenon; it is a common part of immigration into the Czech Republic. It is connected with illegal migration and the institution of clientelism, which, through non-market means, mediates the supply of informal labour (National Strategy to Combat Trafficking in Human Beings 2005 – 2007, MoI).

2. 1. 4. 2. Social services (for target groups)

One of the basic instruments for the social inclusion of disadvantaged groups is the social protection system. It is composed of three mutually complementary systems – social insurance, state social support and social assistance. Social assistance comprises social services, which are undergoing a number of systemic changes (the implementation of standards for social service quality, medium-term planning, assessments of needs, a system for the financing of services and other changes stemming from the Social Services Act). The most important entities for the implementation of the social inclusion strategy are municipalities and regions. The participation of a region or municipality in safeguarding or providing social services differs from region to region. The range of social services also varies significantly, and tends to be better in large conurbations. There is no more coherent approach, different conditions are fostered, services are not implemented at the same quality and based the same methodology.

Current problems faced by social services include inadequate legislation, low skills among workers in social services, in particular social workers, the method for checking service quality, the low involvement of users in the planning and development of service quality and in the planning of services in general. Municipalities are responsible for social services, which culminates in a drive towards effective management, bringing these services closer to users and coordinating their activities in the locality. In their efforts to improve the skills of service workers, to introduce service provision standards into social services and to ensure sufficient quality (including inspection components), operators and providers of services strive to gain an overview of the state of implementation of new methods and the creation of an efficient system of training that can cope with past problems and fill in the gaps in the qualifications of the service personnel.

Current performance among organizations providing social services can be defined as a state where:

- in most organizations standards of social service quality have not been introduced and methods for the management and enhancement of service quality have not been put into practice; however, the process of implementation has been initiated in an unknown number of these organizations,
- the familiarity of social service workers with methods of managing and enhancing service quality varies and differs by organization and region,

- within these organizations, a process of change is in progress, required by the varying degrees of implementation of methods; the stance taken by workers in social services to these methods and their results differs considerably,
- there are human obstructions to standard efficiency, in particular the absence of motivation to implement new methods,
- problem areas stemming from the organization culture and influencing the process of implementing new methods can be identified.

The Social Services Act introduces a number of changes; it contains provisions implicating the further training of workers in social services and places demands on safeguarding the quality of services, the planning of social service development, the identification of client requirements, analysis of existing resources and requirements, a strategy for the development of social services, and a definition of the obligations of service providers.

Based on isolated analyses of the scope and influence of the implementation of various methods to improve quality, the following conclusions can be reached. Methods for the management and improvement of quality have become an essential component in the working lives of some social service employees. Quality standards play, and will continue to play, a dominant role. The implementation of new methods is returning the first positive results and changing the face of the organizations concerned. Some service providers have progressed further than others in the introduction of these methods; some have not even started. Nongovernmental organizations have progressed most in the implementation of these methods. It is important to support the implementation process, respond to the increasing demand for training, which will give rise to new observations, and allow time for the snowball effect, where the more experience will gradually make their experience accessible to other employees. The advantage of this is that employees are motivated. The medium-term plan for the development of social services (the community plan) is inseparable from the implementation process and is connected with it more than might seem at first glance (Analysis of the training requirements of social service providers, Public Administration Training Centre - Vzdělávací centrum pro veřejnou správu, o.p.s. 2005).

The medium-term plan for the development of social services (community plan), as one of the tools to ensure accessibility and transparent decision-making on the form of social services, was put into pilot operation between 2000 and 2003. In some regions the planning has taken place more or less in all municipalities with extended competence, but in other regions only certain municipalities and towns have actively approached planning. Municipalities where social service planning has taken place are at various phases of the planning process. In some places, planning has only just begun, in other places local services and resources are being mapped out, the needs of service users are being identified and steps are being taken to provide the public with information about the services. The general report on social service planning in the first half of 2004 states that representatives from at least 80 towns and municipalities and from several regional authorities took part in some of the training programmes supporting the launch of community planning. Medium-term planning is in progress or has been commenced in more than 139 towns and municipalities in the Czech Republic, and political support from the regions exists in all 14 regions. In some towns, service providers have been mapped out and the requirements of

service users have been identified. Some towns have had statistical demographic analysis conducted. The diversity of the planning processes is evidenced by the varying focal points of planning, the method used to coordinate the process, and the extent of political support. In some towns, Social Service Catalogues have been completed and analysis of social services are in progress.

The main obstacles hindering the successful operation of a social service system in the field of social inclusion include:

- the flawed access of disadvantaged groups to services and their insufficient availability and quality,
- the absence of a system of lifelong learning for social service workers and other public administration workers in this field,
- the inadequate partnership of relevant entities at local, regional and national level and the status of nongovernmental entities developing community activities in the social field,
- the absence of relevant sources of information and statistics to monitor developments in relation to groups at risk of social exclusion, including gauging the handicaps of these groups,
- the inadequate scope of ambulant and field services provided to users in the natural social environment of these persons, respecting their warranted rights and interests,
- the insufficient safeguarding of investment aid for social service providers in connection with local and regional requirements,
- an insufficient system for the inspection and effectiveness of services for target groups,
- the insufficient consistency between the social service system and other systems with the aim of integrating socially excluded persons (e.g. a system of employment, training, health and long-term care, etc.),
- the insufficient connection between social service providers and labour market requirements, i.e. the orientation of social services on the creation of conditions culminating in employment and employability.

Another instrument for the development of social services is support of the social economy in the field of public services.

2. 1. 4. 3. Social economy

The fight against social exclusion requires the implementation of inclusive procedures and mechanisms, including an expansion in social services and support for the introduction of the principles of a social economy (Integrated Guidelines for Growth and Jobs 2005 – 2008). 'Social economy' as a term has not yet been defined in any government document in the Czech Republic, although some of the principles of a social economy are borrowed from abroad based on examples of good practice from abroad. The social economy can be grasped as an instrument to support the development of services in the field of social inclusion.

The aim of the social economy is to use, as broadly as possible, relevant participating entities at local and regional level and to ensure their joint active involvement – within the scope of their business activities – in the social inclusion of target groups.

Another important element is the re-investment of profits into the organization, the entities contributing to its activities, and other participating entities with a view to ensuring the availability of services for target groups. Another just as significant element is the use of volunteers. In Czech society, there is still only limited awareness of what the social economy means and what its purpose is. Some themes of the social economy are supported via the EQUAL Initiative (National Development Plan of the Czech Republic 2007 – 2013). This sector is therefore a mix of social services, gainful activity, and the purposeful creation of jobs (in particular for marginalized social groups) with a significant share of local and regional self-government and other relevant entities. The purpose is to draw target groups back to the labour market and society, and to ensure that services are provided to meet their needs.

It is estimated that the share of this sector in total employment in the Czech Republic is 3% - 4% and that its economic power ranges between CZK 35 and 50 billion per year. If we factor in the participation of volunteers, the share in overall employment is 5% - 6%.

The main reasons for the small capacity in the social economy are the general lack of development in the Czech Republic's nongovernmental sector, fragmentation and capital weakness.

The remediation of these deficiencies requires a focus on the creation of an optimal legislative and financial framework for the functioning of the social economy, on the support of partnerships at regional and local level, on the development of managerial skills and the professional competence of workers in social economy organizations, on the quality of consulting, on the availability of investment capital, on the establishment and application of new forms of public service provision and the direct involvement of service users in an ordinary way of life (including their employment).

2. 1. 4. 4. *Equal opportunities of men and women on the labour market and reconciliation of family and working life*

Equal opportunities of women and men on the labour market

The situation of women on the labour market is typified by high employment on the one hand, but on the other by the fact that women often encounter discriminatory conduct from employers. They also accept worse-paid employment under worse conditions. The problem of employment among women has several dimensions. Despite the relatively high economic activity rate (62.4% in 2005) and the high employment of women (56.3% in 2005) there are differences between men and women on the labour market. Almost in all groups of a working age, the numbers of unemployed women are higher than the numbers of unemployed men. The largest disparity between men and women is in the age group from 25 to 35, which indicates a certain degree of discrimination by employers against women with small children. The unemployment rate for women in the Czech Republic is therefore consistently higher than the unemployment rate for men – on average by 2.6 bps in 1993 – 2004 according to sample surveys of the workforce.

At the end of 2005, employment offices had 265,600 women registered with them; this figure is equal to a 3.8% rise year on year. The share of women in total unemployment in 2005 rose to 52.0%. Women tend to be more prone than men to long-term unemployment. In the records of employment offices, of the total number of unemployed women in 2005, 61.3% of all women job-seekers were unemployed for longer than six months and 44.8% of all women job-seekers had been unemployed for longer than 12 months. Their share in long-term unemployment compared to previous years went up. Employers are not particularly accommodating to women as regards working hours suited to the reconciliation of their professional life and childcare. Therefore, the share of women working part-time is very low (just 8.6% of women in 2005, compared to 32.3% of women in the EU-25). While the share of part-time jobs has been rising in the EU in the long run, in the Czech Republic it has followed a long-term downward trend. This is caused not only by employers' unwillingness to recruit part-time workers, but also by the lack of interest among members of staff in part-time work because of the low level of wages in the Czech Republic. Income from a part-time job could be lower than the subsistence level.

The share of men and women in the education system is even, and women actually predominate in retraining courses; a certain discrimination among employers against women is evident as regards further training at undertakings. Disparities in the education structure of the female and male population are narrowing, so they are no longer than significant for the younger generation around 30 years old. According to the 2001 census, the share of women with tertiary education in the 30-34 age group is 13.1%; the figure for men is 13.9%. In this group, 7.8% of women and 6.8% of men only have primary or incomplete education; the differences in the 55+ group are much greater. Women are represented much more than men in the category of complete secondary comprehensive education (grammar schools), secondary vocational schools with *maturita* and further vocational education; their share in these education categories is more than 60%.

The economic activity rate among men is higher than among women over the whole of their lives. Men predominate in the primary and secondary spheres of the economy, women in the tertiary sphere. In 2005, more than 188,500 women and 539,700 men were self-employed; therefore, women accounted for roughly a quarter (25.8%) of entrepreneurs. The greatest difference is in the 30-59 age group. The employee structure is more balanced in terms of gender; women account for 46.2% of employees. If we compare employment by profession, women are most represented among lower administrative staff (76.9%), among operating staff in services and commerce (64.5%), and among ancillary and unskilled workers (59.4%). Besides the smaller share of women in managerial and decision-making positions, and the segregation of the labour market by sex, this fact also has a fundamental influence on the difference in the remuneration of women and men. In 2004, women's average wages were at 74.9% of men's average wages (as opposed to 74.4% in 2001). Based on the results of foreign and domestic research, the difference in remuneration cannot be attributed solely to employer discrimination. In terms of education, the lowest wage conformity is achieved in the category of higher education, where there is the highest variability in professions. The greatest disparities can be found in the category of managers. A number of factors indicate

that the higher wages of men compared to women can be attributed to the higher value of the work they perform. Specifically, the following circumstances are at issue:

- the gender segregation of work activities as a consequence of the long-term effects of directive mechanisms applied prior to November 1989,
- the higher classification of work performed by men in terms of tariff levels,
- the higher hours and overtime worked on average by men compared to women,
- the time women take out from their careers to look after children, their greater share of care for the family compared to men.

The following factors affect the lower earnings of women:

- the loss of professional development as a result of maternity and care for the family,
- the more focused orientation of men on their career, the supplementary nature of earnings for some women, the lower earnings demanded by women.

Among the factors on the wane are the lower level of vocational training and the prevailing male decision-making environment. The reconciliation of working and family life is not particularly widespread in Czech society. The stance of employers to parental leave remains rather rigid, in that they do not offer women the chance to progress in their career after maternity leave or to become involved in the work process during their parental leave (*Genderový balíček 3/2005*, Gender studies, o.p.s). Women with preschool children, older women and women after maternity leave are three of the five most commonly disadvantaged groups on the labour market (alongside disabled persons and persons with a low education). According to the Czech population, the greatest inequality between men and women on the labour market can be found in the opportunities for promotion. Only a third of the population believes that women have the same promotion opportunities as men.

The representation of women in political and decision-making positions falls parallel to the increasing level of the represented whole. Measured by the share of women in Parliament, the Czech Republic is an average state in the international comparison. Women are under-represented not only in elective public offices, but generally have a low participation rate in the decisions that are key to the functioning of political parties. Among the political elite, different spheres are gender divided. Men are connected with the 'power' departments, while women are associated with the less prestigious humanitarian sphere and 'care politics'. The Czech judiciary offers an interesting view of gender segregation – areas which are less prestigious and have a lower pay classification may be labelled as 'feminized', while the practice of law is a profession with a glass ceiling, to which women have very limited access (*Ženy v politice [Women in Politics]*, 2004).

Reconciliation of family and working life

In Czech families, the most frequent scenario is for both parents to be employed; in the overwhelming majority they hold down full-time jobs. Despite this, and regardless of certain shifts in attitude, the family is still commonly built on the division of roles between the man and the woman; the man is viewed as the breadwinner and the woman predominantly looks after the children and the household. Women are increasingly raising their social and professional profile, but the increased involvement of men in the family does not sufficiently mirror this. Considering

society's significant focus on performance, the claims to work among both male and female employees are rising.

Compared to other European countries, part-time jobs in the Czech Republic are very rare, which can be attributed inter alia to their economic unattractiveness for employees and employers alike. Forms of working from home, flexitime and other means that could facilitate the greater reconciliation of professional and family roles are inadequate. However, it should be noted that disadvantages of such types of work are the problematic nature of regaining full-time work when the need for part-time work is over (care for a child or another dependant is no longer required), the lower income, the reduced chances of promotion and the lack of opportunities to gain further qualifications. Statutory rights, such as the right to earn an income without limitation while receiving a parental allowance, tend to be hard to apply in practice for a number of reasons.

The circumstances above are a de facto obstruction hindering a parent's chances of maintaining contact with their occupation, which has an impact on their professional growth and makes returning to work that much more difficult. As it is women who predominantly care for small children and interrupt their career for long periods, they are the ones who are exposed to greater difficulties on the labour market and the related higher unemployment due to parenthood.

Another problem in the Czech Republic is the practical non-existence of financially and territorially available childcare services for children up to three years old; this is an important prerequisite for successful reconciliation of working and family roles. That parents are interested in making more use of these services is underscored by the fact that nursery schools are attended by up to 25% of children under the age of three (Research Institute for Labour and Social Affairs, 2004). The provision of care for children up to the age of three is a subject of relatively frequent international criticism. Care for children over three years old is provided in the Czech Republic through a dense network of nursery schools which are in great demand; nevertheless, reconciliation of professional and family roles could be improved by the better adaptation of these services to the needs of families with children (e.g. as regards opening hours or the admission of children to a facility). After-school care centres and clubs are widespread and are particularly helpful for the parents of younger school-age children who need to reconcile their work and family life.

These circumstances logically place young parents before the decision of whether to have one or more children or whether to focus on their career. The higher the woman's education, the more complicated this decision is for both parents.

The aim is to enable parents to reconcile their parental role with their work if they do not want to neglect either parenthood or their profession. In this respect, measures need to be selected where the main criterion is not just the professional interest of the parents, but also the balanced consideration of the interests of both the parents and their children. Conditions need to be created in society so that citizens (male and female) can realize their ambitions of starting and/or expanding their family and bringing up children without having to significantly modify these ambitions due to the demands of their work. A change needs to be promoted in the current social climate where parents (actual or potential) are viewed as employees with reduced prospects

and their children as an obstruction to full devotion to their work. At the same time, employees who are parents of minors should not be forced to compromise their parental role for the sake of giving their all in their jobs.

With a view to maintaining professional growth and professional qualities and experience, parents, if interested, should have the chance to keep in contact with their employment while they are caring for a small child and the chance to develop professionally. Employees who maintain or improve their occupational skills while caring for a child will not pose a risk of an 'inefficient investment' to employers. The creation of better conditions for the reconciliation of working and family life should ultimately be reflected in making the employability of women in particular less difficult, and in support for the economic self-sufficiency of families.

This analysis refers to several main deficiencies in the reconciliation of family and working life:

- the practical non-existence of financially and territorially accessible services of facilities caring for children of preschool age,
- the inability of many parents to reconcile their parent role with their work,
- the lack of support for the reconciliation of professional and family roles from employers.

2. 1. 5. Further education

In the field of further education, there are only secondary investigations and statistics outside the education sector in the Czech Republic.

Table 13 Lifelong learning of persons aged 25 – 64 years who took part in training four weeks prior to the survey (%)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU (25)	-	-	-	-	7.9	7.8	7.9	9.2	10.3	10.8
EU (15)	5.7	5.7	-	8.2	8.4	8.3	8.5	9.9	11.1	11.9
Czech Republic - Total	-	-	-	-	-	-	5.9	5.4	6.3	5.9
Czech Republic - Men	-	-	-	-	-	-	6.1	5.1	6.0	5.5
Czech Republic - Women	-	-	-	-	-	-	5.7	5.7	6.5	6.4

Source: EUROSTAT

The survey conducted by the Czech Statistical Office in 2003 revealed that 348,300 respondents in the 15+ age group took part in informal training in the four weeks prior to the survey, of whom 261,000 were employees. It would be incorrect to claim that all these participants were training with a view to their further professional development in relation to the labour market. The age structure of these participants is illustrated in Table 14, which makes clear the proportion of economically active people.

Table 14 Age structure of participants in informal training

Reasons	Age of the informal training participants										
	Total	15 – 19	20 – 24	25 – 29	30 – 34	35 – 39	40 – 44	45 – 49	50 – 54	55 – 59	60+
Czech Republic – total (thousands)	348.3	37.8	50.9	55.5	39.7	44.1	34.8	30.6	27.3	18.9	8.7

Source: CZSO - sample survey of the workforce, figures for 2003

The CZSO discovered that there is still a lot of ground to be made up in the groups of workers. According to the results of the survey, 5.5% of all workers took part in informal training in the four weeks prior to the survey. Of the individual sectors, a very low proportion of people involved in the further education system was discovered in manufacturing (3.8%), construction (2.4%) and agriculture (2.6%).

Table 15 Number of employed participants in further education

Industrial Classification of Economic Activities (OKEČ) Employment Classification Code (KZAM)	Employment among 15+ total (thousands)	Participation in further vocational training			
		yes		no	not ascertained ¹⁾
		Absolute (thousands)	(%)		
Czech Republic – total – employment:	4740.0	261.0	5.5	4428.9	50.1
Industrial Classification of Economic Activities – OKEČ					
Agriculture, hunting and related activities	169.9	4.4	2.6	165.0	0.6
Forestry and related activities, fisheries and fish farming	42.3	1.1	2.5	40.7	0.6
Extraction of mineral resources	52.7	2.3	4.4	50.4	-
Manufacturing	1305.9	50.1	3.8	1250.5	5.3
Electricity, gas and water supply	76.3	4.5	5.8	71.4	0.5
Construction	441.0	10.6	2.4	427.4	3.0
Trade; repair of motor vehicles and products intended for personal requirements and predominantly for households	629.4	28.5	4.5	597.3	3.7
Hotels and restaurants	164.9	4.8	2.9	159.6	0.5
Transport, storage and communications	350.9	17.5	5.0	330.3	3.1
Financial intermediation	98.0	16.2	16.5	81.0	0.8
Property and letting services; business activities	287.9	23.8	8.3	263.0	1.1
Public administration and defence; statutory social security	332.7	32.2	9.7	275.5	25.0
Education and Training	291.9	28.5	9.8	260.8	2.6
Health and social care; veterinary services	304.1	24.5	8.1	277.7	1.8
Other public, social and personal services	186.9	11.3	6.1	174.2	1.4
Household activities	3.9	0.8	21.6	3.1	-
Ex-territorial organizations and institutions	0.8	-	0.0	0.6	0.3
Employment Classification Code - KZAM					
Members of the army	39.4	2.4	6.0	13.1	23.9
Legislators, managers and executives	290.1	30.0	10.3	257.8	2.2
Researchers and academics	484.0	67.1	13.9	413.2	3.7
Technicians, medical personnel, teachers and workers in related branches	948.9	83.0	8.7	860.2	5.7
Lower administrative staff (clerks)	382.5	25.7	6.7	354.3	2.5
Operating workers in services and trade	590.1	18.0	3.0	571.1	1.0
Skilled workers in agriculture, forestry and related branches (apart from operators of machinery and equipment)	90.4	1.5	1.7	88.7	0.2
Craftsmen and skilled manufacturers, processors, repair workers (apart from operators of machinery and equipment)	928.0	16.3	1.8	907.4	4.4
Operators of machinery and equipment	626.7	12.5	2.0	610.0	4.3
Ancillary and unskilled workers	359.2	4.5	1.3	352.5	2.2

Source: CZSO - sample survey of the workforce, figures for 2003

Retraining addresses the imbalance between the qualification structure of job-seekers and qualifications required of the workforce on the labour market. Since Act No 435/2004 on employment entered into effect, retraining activities have expanded to include persons interested in employment and the possibility of purchasing consultancy services. Employment offices are geared towards retraining based on monitoring of the labour market and the requirements of employers, with a view to

increasing employability and occupational mobility. Retraining activities otherwise focus on non-specific retraining, supplementary retraining and employee retraining. Developments in selected indicators concerning retraining job-seekers are illustrated in Table 16.

Table 16 Developments in selected indicators concerning retrained job-seekers

Year	Job-seekers in retraining		Average duration of course (months)	Average expense per job-seeker (CZK)
	Job-seekers commencing a course	Job-seekers successfully completing a course		
1993	12,095	11,352	2.5	6,462
1994	14,814	15,167	2.3	6,808
1995	13,454	14,034	2.2	7,132
1996	12,107	12,133	2.2	7,560
1997	11,448	11,918	2.2	7,587
1998	16,467	15,497	1.7	8,983
1999	22,938	22,136	1.9	10,298
2000	33,331	32,260	2.1	10,378
2001	35,145	34,771	2.1	9,900
2002	36,015	34,896	2.0	9,300
2003	42,753	42,420	2.0	7,500
2004	44,089	43,760	2.1	10,900
2005	38,438	25,489	-	10,621

Source: MoLSA

The share of retrained job-seekers is relatively low in relation to the total number of job-seekers, although the trend is for growth. The numbers of those retrained has expanded to include persons interested in employment since the Employment Act entered into force. Retraining focuses, as a matter of priority, on job-seekers and persons interested in employment, and on employees at risk of unemployment. Most retraining is targeted retraining, i.e. retraining that culminates directly in employment, although non-specific retraining also takes place which leads to an increase in employability – especially courses which complement and expand the knowledge of secondary school leavers in particular, but also university graduates. The functioning system of retraining, which reacts to employers' requirements in a given place at a given time, is flexibly provided primarily through a range of adult education facilities and, in part, apprenticeship facilities. All training activities are ended in a standardized manner and are valid throughout the country.

The age structure of retraining graduates currently reports the following shares of individual age groups: up to 19 – 8.14%, 20 to 29 – 33.2%, 30 to 39 let – 26.7%, 40 to 49 let – 19%, 50 to 59 – 12.9%. Retraining is expected to double, with consultancy services tripling, in the next few years, and therefore it will be necessary to expand retraining programmes focusing on specific groups of job-seekers, to activate and motivate participates in retraining and consultancy services, provide information and guidance to job-seekers and involve vocational schools in the retraining programme.

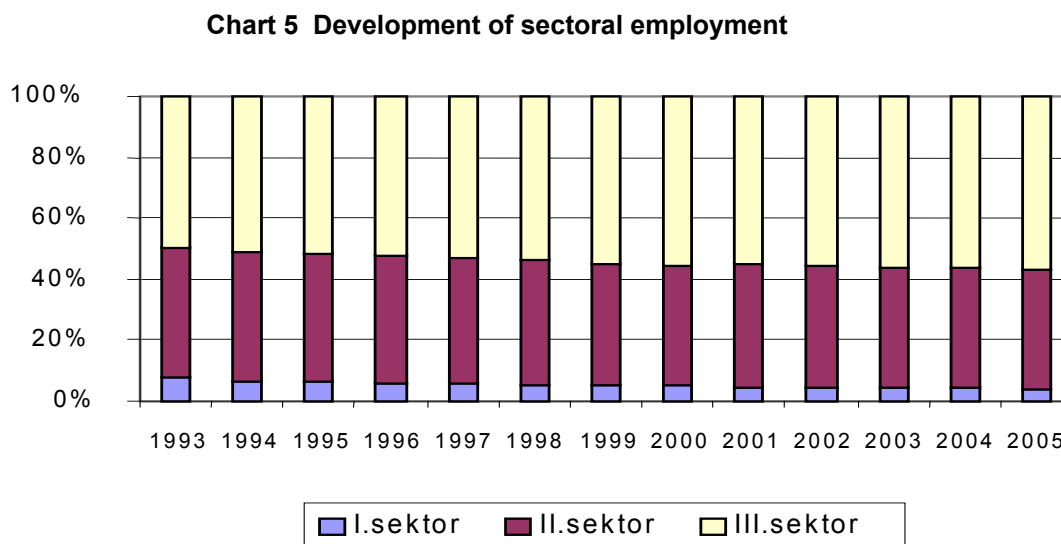
To support further education in relation to the objectives of the Lisbon Process, it is necessary to enhance the quality and flexibility of further education by setting up an institutional structure, expanding the system, in particular through the certification and accreditation of training facilities and training programmes, and training managers and lecturers and other staff in close cooperation with social partners.

2. 1. 6. Adaptability and entrepreneurship

2. 1. 6. 1. Sectoral employment

On the threshold of the 1990s, our society was faced with large-scale transformation requirements; the task was to convert from a centrally planned economy to a modern state with a market economy. These economic and social changes were, understandably, reflected in employment.

One of the consequences of converting the Czech economy into a market economy has been the change in employment in terms of the sectors of the national economy. The following chart illustrates how sectoral employment changed between 1993 and 2005.



Source: CZSO, MoLSA

Developments in the Czech Republic

In the period from **1993 to 2005**, there were major changes in the structure of employment in individual sectors of the national economy. The greatest drop in employment was registered in the primary sector (agriculture), by 49.5%, down to 189,400 persons in 2005, i.e. 4.0% of total employment. In the secondary sector (industry, including construction), employment fell by 10.2% from 1993 to 1,880,500 persons, i.e. 39.2%. While employment in construction rose in this period (by 8.2%) to 458,500 persons, there was a slump in employment in the extraction of raw materials (by 60.8%), electricity, gas and water supply (22.6%) and manufacturing (10.3%). The share of industry in overall employment fell to 29.8% (1,421,900 persons) during the transformation. Industrial enterprises generate higher volumes of output without a corresponding increase in the number of employees. This trend is

the result of the restructuring of industry, the entry of new owners (often foreign), and the fast growth of labour productivity.

In the tertiary sector (services), employment went up by more than 12% to 2,694,100 persons in 2005, i.e. 56.6% of total employment. Within the service sector, employment rose most in the branch of financial intermediation (by 41.6%), and in property, letting and services for businesses (by 31.3%). Employment fell in education (by 5.8%) and transport (7.3%).

Comparison of the Czech Republic with the EU

Compared to other EU countries, the share of employment in the secondary sector remains high and employment in the tertiary sector is low. Even so, the tertiary sector – which accounts for more than 70% of employment in the EU on average – is a sector with good prospects, and in the quaternary branches (strategic services, information technology, e-business) an increase in the share of employment or rise in demand for the workforce with the corresponding skills can be expected. Structural changes (considering the still high share of industry in overall economic activity) should continue in the Czech Republic, with varying regional intensity, and will culminate in the further releasing of the workforce. The employability of this redundant workforce will depend on the absorption capacity of the service sector, the further development of the private sector, in particular small and medium-sized enterprises, and on employment policy measures.

Employment in the Czech Republic is heavily dependent on foreign investments. Many small and medium-sized enterprises rely, directly or otherwise, on these companies with foreign capital. At the same time, foreign companies make a significant contribution to Czech exports. The Czech economy is exceptionally open and therefore its employment is highly vulnerable. It depends heavily on cyclical fluctuations, especially in developed countries (predominantly the EU and, in particular, Germany). The Czech Republic has recently lost some of its traditional branches, mainly due to competition from China and other countries. There are also likely to be shifts in further areas of production and services, mainly to the east of the Czech Republic, i.e. to countries where the cost of labour is lower.

The aim should be to ensure the maximum adaptability of the Czech workforce to possible changes, the maximum ability of Czech labour potential to fulfil, to a high standard, the current demand of investors for labour in its full complementarity (from manual labourers to developers, researchers and, in particular, qualified managers) and the solid performance and professionalism of public administration at all levels. Therefore it is desirable to create capacities to anticipate structural changes. In particular, it would be advisable to set up a system to map out investor requirements from the aspect of workforce qualifications. Based on such surveys and analyses, it would be possible to determine priorities in the training of the workforce.

2. 1. 6. 2. Status of employees in the national economy

The status of individual professional groups in the national economy has undergone many changes in the structure of professions and numbers of employees in individual professions over the course of transformation. These changes are connected with the

ongoing structural changes to the Czech economy. Developments in individual professional groups are illustrated in Table 17.

Table 17 Status of employees in the national economy and employment classification (thousands of persons)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total	4 873.5	4 926.8	4 962.6	4 972.0	4 936.5	4 865.7	4 764.1	4 731.6	4 727.7	4 764.9	4 733.2	4 706.6	4764.0
Employees	4 238.6	4 278.0	4 274.4	4 278.1	4 249.0	4 138.4	4 024.1	3 971.7	3 969.8	3 966.4	3 893.7	3 890.2	3979.5
Employers	130.5	156.6	188.0	202.3	198.7	202.5	195.7	196.2	186.2	192.6	196.8	187.5	177.1
Own-account workers	308.2	338.7	374.6	377.8	388.4	437.5	464.0	486.1	499.7	540.5	581.3	573.2	551.1
members of production cooperatives	181.6	132.8	99.4	91.3	80.4	64.5	55.1	50.8	43.8	35.8	28.0	24.3	21.3
family-member helpers	14.4	20.2	25.8	22.3	19.9	22.6	25.1	26.6	27.7	28.9	33.0	31.1	35.0
Legislators, managers and executives	214.0	253.6	305.8	333.1	328.0	324.9	313.0	290.7	301.5	303.5	285.7	291.8	294.2
Researchers and academics	446.2	435.4	468.3	468.4	478.5	468.6	478.3	504.8	506.3	486.6	484.9	499.1	515.7
Technicians, medical personnel and teaching staff (including related branches)	873.4	897.4	890.1	889.9	890.8	872.6	878.4	883.0	896.9	912.3	952.0	974.0	1039.4
Lower administrative staff (clerks)	360.5	373.2	378.4	389.5	398.5	394.0	367.8	364.7	381.5	406.6	380.3	373.2	357.8
Operating workers in services and trade	517.5	550.1	556.8	566.9	582.7	597.3	576.7	567.8	578.7	597.1	593.9	577.8	575.4
Skilled workers in agriculture and forestry (including related branches)	127.7	123.1	121.9	118.4	110.6	104.7	98.2	95.8	91.0	91.2	87.8	81.6	76.0
Craftsmen and skilled manufacturers, processors, repair workers	1 114.8	1 094.3	1 072.4	1 050.5	1 040.2	1 025.7	994.1	965.6	936.6	935.1	926.3	905.0	888.3
Operators of machinery and equipment	643.0	655.1	639.9	638.4	623.8	613.3	608.8	606.6	618.3	628.7	624.6	631.0	655.3
Ancillary and unskilled workers	495.8	468.4	469.0	456.4	428.2	415.2	392.1	393.3	372.0	366.1	360.8	348.3	344.9
Members of the army	71.0	63.8	54.6	57.5	52.1	48.0	55.2	56.1	43.3	34.9	35.7	22.7	14.8
Not determined	9.7	12.4	5.5	2.9	3.0	1.3	1.5	3.3	1.8	2.7	1.2	2.1	2.3

Source: CZSO - sample surveys of the workforce

The first observable trend is a general reduction in employees from 4,239,000 in 1993 to 3,980,000 in 2005. This can be attributed to the shift of some employees to the group of entrepreneurs (i.e. employers and own-account workers), and in particular to the group of unemployed persons as a result of the rise in unemployment.

The group of employers and own-account workers reported growth in the period up to 2004. This phenomenon should be viewed in a positive light in that increasing numbers of people chose to become independent entrepreneurs rather than remain as rank-and-file employees. This also has a positive impact on unemployment, as people who embark on careers as entrepreneurs reduce the number of the unemployed and, through their entrepreneurship, can create further jobs.

The number of members of production cooperatives has fallen dramatically. This is clearly due to the decline of cooperative-based business after 1989. The rising number of family-member helpers is connected with the growing number of entrepreneurs.

Several trends can be identified in the professional structure. Since 1993, the following groups have registered an absolute fall in their numbers:

- skilled labourers in agriculture and forestry,
- craftsmen and skilled manufacturers, processors, and repair workers,
- ancillary and unskilled workers,
- members of the army.

The fall in the number of members of the army can be attributed to the reform of the Army of the Czech Republic; the fall in the number of unskilled workers could also be viewed positively. However, this reduction means the shift of a large portion of these people to the ranks of the unemployed. A negative trend is the falling numbers of skilled labourers and craftsmen.

The largest relative rise in numbers since 1993 has been recorded in the following groups:

- legislators, managers and executives (index 2005/1993 = 1.4),
- technicians, healthcare and teaching professionals (index 2005/1993 = 1.2),
- researchers and academics (index 2005/1993 = 1.2),
- operators in services and trade (index 2005/1993 = 1.1).

In other groups, there has been stagnation or a moderate rise in the number of people. Overall, changes in the employment structure are positive as the number of employees in groups requiring a higher level of education and intellectual capacity is rising, while the number of workers in branches not requiring special skills is growing at a slower pace. Because the number of job opportunities for the less skilled workforce has dropped, action needs to be taken that will enable these people, naturally displaced from the labour market, to obtain better skills.

The number of entrepreneurs in the Czech Republic has been steadily rising since 1993. According to the register of trade authorizations, in 1993 there were 889,857 entrepreneurial entities (of which 794,937 natural persons and 94,920 legal persons); in 2005 there were 2,005,882 such entities (of which 1,751,940 natural persons and 253,942 legal persons).

These figures apply only to entrepreneurs – legal and natural persons – that hold a trade authorization. Many of these people evidently no longer carry out the activities under which they are registered or do so as a secondary activity to their main, permanent employment (in the case of natural persons). Based on figures from the business register, a more detailed overview of the organizational structure of the Czech economy can be put together:

Table 18 Organizational structure of economic entities in 2001 – 2004 (number of entities)

	2001	2002	2003	2004	2005
Total number of economic entities	2,121,562	2,223,745	2,325,977	2,352,601	2,388,490
of which: legal persons	389,480	406,295	443,176	466,317	493,256
natural persons	1,732,082	1,817,450	1,882,801	1,886,284	1,895,234
of which by legal form:					
private entrepreneurs engaged in business in accordance with the Trade Licensing Act	1,523,051	1,607,151	1,671,031	1,674,595	1,681,042
independent farmers	101,394	101,053	100,914	99,669	100,104
commercial partnerships	214,637	220,461	232,204	244,537	256,657
of which public limited companies	14,845	15,260	15,903	16,403	17,031
Cooperatives	11,536	12,085	13,078	13,334	13,839
state enterprises	1,054	995	899	803	746
of which by sector: public enterprises and corporations	2,651	2,276	2,276	2,055	2411
private enterprises and corporations	290,320	267,285	319,874	339,741	358,711
of which under foreign control	99,762	76,870	108,960	120,770	130,961
Government	15,321	16,052	19,404	18,711	18,470
non-profit institutions serving the household sector	101,257	109,952	117,192	124,261	131,296

Source: Business Register

The total number of economic entities in the monitored years went up, accompanied by changes in their structure. It is worth mentioning the dynamic growth of the private sector (a rise in the number of private enterprises and corporations by more than 68,000 entities) and, in this framework, an increase in enterprises under foreign control, which is a consequence of expanding foreign investments in the Czech Republic. The groups of state enterprises and independent farmers stagnated or shrank.

2. 1. 6. 3. Types of employment, part-time jobs

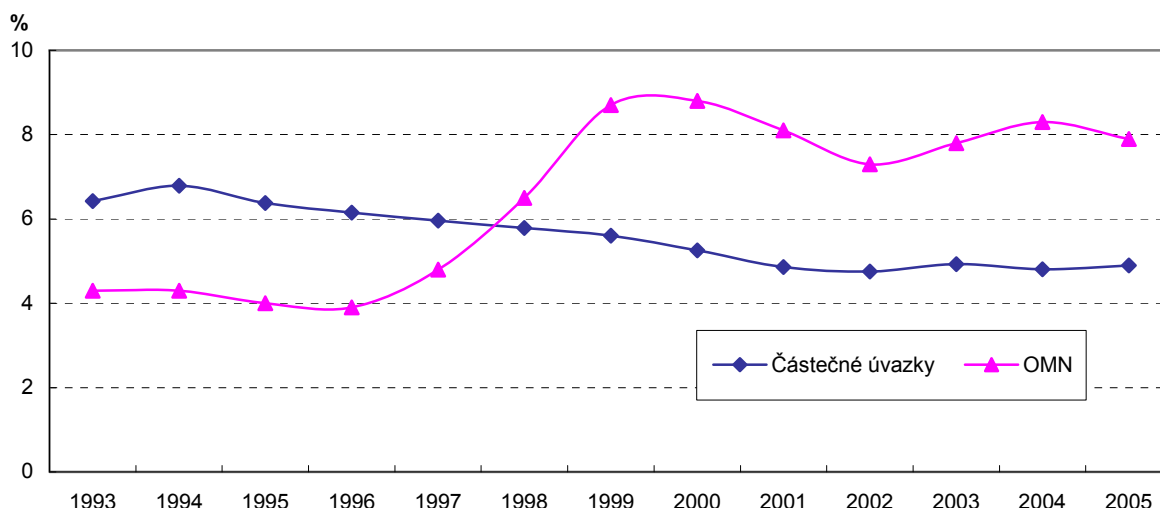
This chapter analyses part-time employment in the Czech Republic and its relationship to developments in unemployment.

The main reasons that people opt for part-time employment are:

- to take part in professional or school training,
- for health reasons,
- difficulties finding a suitable full-time job,
- care for a child or disabled person; this form of work is best suited for parents with children and students, and to a lesser extent pensioners.

The share of employees working part time in the total number of employees in the Czech Republic is slowly declining, and lately stagnated (4.9% in 2004 and 2005), as illustrated by Chart 6.

Chart 6 Part-time workers and the general unemployment rate



Source: CZSO study – Part-time jobs, GDP and unemployment

Note: The share of employees working part time in the total number of employees, either for a fixed or open period.

In the EU-25, 18.4% of employees were not full-time workers. In the Czech Republic, there are 4.9% such employees; in the EU-25 this is regarded as an extremely low figure. Other countries reporting a figure of below 5% are Hungary (4.1%), Slovakia (2.5%) and Bulgaria (just 2.1%). Extremely high values are reported for this indicator in the Netherlands (46.1%) and the United Kingdom (25.4%); other Member States with more than 20% of workers in part-time jobs are Austria, Belgium, Germany and Sweden. The main reason for this in the Czech Republic is the lack of part-time employment available; another factor is the low level of wages in relation to social benefits. Where it is possible to find part-time employment, the pay need not even be as much as social benefits. A comparison of the share of part-time workers and the unemployment rate in certain OECD countries is interesting.

Table 19 Part-time jobs and the unemployment rate in 2005 (%)

	EU 25	EU 15	ČR	DEN	DE	FR	HU	NL	AT	SK	UK
Part-time jobs (% of overall employment)	18.4	20.2	4.9	22.1	24.0	17.2	4.1	46.1	21.1	2.5	25.4
Unemployment rate (% of the 15+ workforce)	8.7	7.9	7.9	4.8	9.5	9.5	7.2	4.7	5.2	16.3	4.7

Source: Employment in Europe 2006

It can be inferred from the table that in countries with a higher proportion of part-time employment the unemployment rate is generally lower, whereas countries with a higher unemployment rate have a very low share of part-time employment (e.g. Slovakia).

Part-time employment can be broken down into voluntary ('desirable') and involuntary, i.e. 'underemployment'. In all, 47,700 persons (1,100 more than in 2005) were classified as under-employed (according to ILO methodology, these are all persons who work part-time in the main job or for fewer than 40 hours per week, but wish to work longer hours than in their current employment and are capable of working for a larger number of hours). There has been a rise among both men (by 400) and women (by 700).

In general, a rise in the share of part-time jobs in overall employment has a positive influence on unemployment, and broader part-time employment does not usually mean that new full-time jobs are under threat. It can be inferred from the OECD survey that most people who work part time do so by choice.

2. 1. 6. 4. Enterprises

The sectoral structure of registered economic entities is illustrated by Table 20:

Table 20 Registered entities by sector

	2000	2001	2002	2003	2004	2005
Czech Republic	2050770	2121562	2223745	2325977	2352601	2388490
agriculture, forestry, fisheries	131183	132588	131389	134534	134521	138215
Industry	263969	278113	296029	307315	308797	310776
Construction	221417	228512	241303	256273	263657	269625
Trade, repairs, restaurants, hotels	735765	742106	769105	783130	776717	781257
Transport	70390	77426	79422	82293	82016	82677
financial intermediation	71321	70585	70721	70379	70333	71039
property services, property letting, business services, research and development	334317	357769	388579	426402	444369	457911
Public administration, defence, statutory social security	11559	11369	11656	11702	10391	15434
education, health care	53638	55966	58388	66292	67572	69234
other public social services, including households employing staff and extra-territorial organizations and associations	157211	167128	177153	187657	194228	192322

Source: Business Register

The highest absolute increases have been registered by industry, construction and, in particular, property services, property letting, business services, research and development. These sectors also report the highest relative increase (2005/2000 index = 1.37). This development can be attributed to the Czech economy's structural changes, primarily geared towards an increased share of the economy's tertiary sector. For the same reasons, one of the stagnating branches is agriculture, forestry and fisheries. The decline in financial intermediation can be explained by the concentration and consolidation of individual entities rather than by an absolute fall in the number of entities.

An important status indicator for the economy is information on the number of employees in individual enterprises (see Table 21).

Table 21 Numbers of units in the Czech business register by number of employees

Period	Total	of which with the following number of employees				
		0 ¹⁾	1 - 5	6 - 19	20 - 249	250 or more
1998	1 781 334	1 398 082	287 247	63 796	30 072	2 137
1999	1 963 319	1 602 460	268 302	60 982	29 560	2 015
2000	2 050 770	1 680 188	278 255	60 471	29 843	2 013
2001	2 121 562	1 816 576	216 591	57 305	29 065	2 025
2002	2 223 745	1 921 123	214 953	56 094	29 620	1 955
2003	2 325 977	2 005 938	228 133	59 290	30 686	1 930
2004	2 352 601	2 035 842	223 703	59 783	31 256	2 017

Period	Total	of which with the following number of employees				
		0 ¹⁾	1 - 5	6 – 19	20 - 249	250 or more
2005	2 388 490	2 122 472	175 470	57 059	31 452	2 037

end-of-period figures

Source: Business Register

Note 1): including the 'unspecified' category

A significant segment of the economy comprises small and medium-sized enterprises with up to 250 employees. Small and medium-sized enterprises help form a healthy business environment, increase competition, and are capable of absorbing a share of the workforce laid off during the restructuring of large enterprises. Small enterprises have a generally pressurized position on the market and are more vulnerable in the face of rising labour costs, prices of raw materials, etc. A lack of free resources can culminate in the role of employee training being underrated, which in the longer term could diminish the competitiveness of an enterprise and result in its departure from the market. The most endangered group comprises enterprises with 1-5 employees, the number of which has fallen from 287,247 to 175,470 since 1998, and the group with 6-19 employees, where there was a fall by 6,737 to 57,059 enterprises at the end of 2005. The group of enterprises with 20–249 employees registered growth; this may have been caused by the 'upgrading' of enterprises from the category with 6-19 employees, by consolidation or by the absorption of economic entities.

Foreign direct investments are a separate factor in the development of business in the Czech Republic. These investments inject essential capital, new technology and know-how (especially in relation to cultivating corporate and employee culture) into the economy. They also provide Czech enterprises with simpler access to foreign markets.

Foreign investors mainly invest in high-performing, forward-looking enterprises, thus speeding up their restructuring. These investors place high demands on workforce quality from the aspect of qualifications and working discipline. Specific criteria are difficult to determine as they depend on the type of foreign investment concerned, but several basic criteria required by investors for typical groups of workers can be defined:

Managers – the ability to manage operations and guide people to the standard required by parent companies and to communicate in their official language, which tends to be either English or German.

Supervisors – the ability to manage and guide people at establishments and in workshops to the required level, to communicate in the required language, and to make active contributions to innovative processes.

Technical specialists – broad, in-depth technical knowledge and skills, the ability to communicate in the required language, which in this case means the ability to understand technical documentation in particular.

Manual labourers – basic technical knowledge and skills, manual dexterity, physical and mental stamina, general literacy, at least basic language proficiency.

As has been mentioned above in subchapter 2.1.6.1, it is advisable to have a system in place to anticipate the future qualifications required by foreign investors and to have resources available for the retraining of workers.

According to figures from the CzechInvest agency, the sectoral structure of implemented projects - foreign investments from 1993 to mid-2005 was as follows:

Table 22 Foreign investments intermediated by CzechInvest, by sector

	Number of firms	Investment (CZK millions)	Investment (USD millions)
automotive	148	182478	5529
electronic and electro-technical	76	67970	2066
chemical, biotechnology, plastics, rubber	61	45718	1519
woodworking, paper and pulp, printing	19	19523	626
construction	11	8740	265
glass	5	5392	149
mechanical engineering, aviation, metal-working	75	29715	1073
textile	18	9892	321
other	103	45221	1485
Total	516	414649	13034

Source: CzechInvest

It is evident from the figures above that the largest share of foreign investments is channelled into the automotive industry (recently, for example, the TPCA factory has been built in Kolín), which account for 45% of all such investments. This is followed by the electronics and electro-technical industry, with a share of 16%. These projects have helped create approximately 109,000 long-term jobs.

If the investment expected from Hyundai in the Moravskoslezsko Region goes ahead, the share of the automotive industry in foreign investments and in the overall performance of the economy (especially exports) will rise even further. This is essentially a positive phenomenon, but there is a risk that the Czech economy will become more dependent on the cycle of a single sector – the automotive industry. As many industrial enterprises and service enterprises are linked to this industry, a recession in this sector could have a very unwelcome impact on unemployment in the Czech Republic.

The figures maintained by the CNB, which monitors the influx of foreign investments for the Czech economy as a whole, confirm these trends. Total foreign direct investments, including re-invested profit, came to approximately CZK 1,162 billion by the end of 2004; 42% of these investments were channelled into manufacturing, 47% into services. In manufacturing, the largest volume of investments was in the automotive industry (CZK 108 billion), which is almost a tenth of all foreign investments.

2. 1. 6. 5. Social partners

The needs of the employer-employee sphere have been identified long term by representative organizations of social partners in the Czech Republic. Efforts are made to ascertain the level and scope of generally exploitable knowledge and skills that can be applied in the event of a change of job classification, in the event of a change of qualification, in cases of part-time employment and in the event of a job change. In the past, the need to introduce new, modern systems for the management of organizations and businesses, including human resources management, has been recognized. Other needs that have been recognized are counselling, greater awareness, the development of further education for employers and employees geared towards filling in, expanding and enhancing their knowledge, and their further application in the field of labour law, social dialogue, health and safety at work, flexible jobs and, in particular, in relation to creating incentives that will fuel motivation to cover the need for additional training. These areas are necessary to increase the capacities of social partners and reinforce their role in the development of the competitiveness of business entities and the adaptability of employees.

It follows from the aforementioned analysis of the needs of employers and employees that systems for the permanent development of the education (human resources development) of managers and other workers should be intensified in order to improve the quality of preparation, monitoring and evaluation of the education policies and educational programmes of all relevant social partners in the Czech Republic. Not least, there is a need to pay more rigorous attention to proposals for the spread of innovative and modern forms of the organization of work, including the identification and provision of services that will improve access to employment for the unemployed or those at risk of unemployment.

2. 1. 7. Modernization of public administration

The Czech Republic applies a combined model of public administration, where self-governing bodies, in addition to self-government, are also responsible for state administration in devolved competence in accordance with separate laws. Territorial public administration is performed by regions and municipalities; conditions and the relevant legal framework have been created for their activities. The administrative regions correspond to the division of the Czech Republic into NUTS III territorial units for statistics. NUTS II regions comprise from one to three NUTS III units. They were created to cope with requirements connected with the coordination and implementation of the economic and social cohesion policy by Act No 248/2000 on the support of regional development, as amended, and are referred to as cohesion regions. The Czech Republic is composed of eight cohesion regions. The NUTS I unit comprises the whole of the Czech Republic.

Under Act No 347/1997 on the creation of higher territorial self-governing units, as amended, and amending Constitutional Act of the Czech National Council No 1/1993, the Constitution of the Czech Republic, the territory of the Czech Republic was divided into 14 administrative regions, including the City of Prague, with effect as of 1 January 2000.

The fundamental prerequisite for economic growth – higher productivity and good-quality in the public sector, especially in the economic, employment, social, educational, health care and judicial fields – is efficient, well-performing, and

transparent public administration and public services. In the 2007 – 2013 programming period, the interventions of the European Social Fund will inter alia encourage investment in human capital in public administration and public services at all levels. The principal aim of these interventions will be to enhance efficient and transparency in public administration. At the same time, the modernization of public administration and public services will be promoted with a view to encouraging policies and programmes and reinforcing existing public administration capacities.

Central state authorities and other administrative authorities employ 96,207 members of staff. Of these, 19,971 are employed in central administrative authorities and administrative authorities which do not have a superior administrative authority. Subordinate public authorities employ 76,236 members of staff. At present, there are 15 ministries, 11 other central administrative authorities and one administrative authority without a superior administrative authority. There are 605 administrative authorities in all, of which 578 are subordinate administrative authorities.

Although numerous problems are attributable to public administration as a whole, there are certain issues based on the specific status of a given level of public administration. The following deficiencies in particular exist at the level of central state administration:

- the government and ministries are congested with operative tasks;
- the ministries bear little responsibility for the quality and production of materials and for the quality of regulation in their field of competence;
- there is no strategic management system,
- ministries are gradually passing on their operative agenda to the regions without the corresponding financial resources;
- the management of authorities does not adequate managerial skills and has little managerial competence in the field of human resources management;
- there is a high degree of departmentalism and insufficient cooperation from the ministries;
- the ministries do not adequately realize the government's objectives;
- materials presented to the government are of varying quality;
- central state administration does not cooperate much with transnational and intergovernmental organizations;
- a low standard of communication and cooperation between central state administration and territorial public administration;

The following problems can be regarded as specific to territorial public administration:

- the large percentage of municipal expenditure pumped into the actual running of the authority (especially in small municipalities);
- the absence of a mechanism to ensure that the contribution to the performance of state administration is adequate and reflects the real cost of carrying out state administration in the territory;
- the high costs of public administration, generally reflecting the large number of municipalities (the average size of a municipality here is one of the smallest in Europe; the percentage of populations below 1,000 is among the largest);

- the generally low efficiency of public administration in small municipalities (hundreds of competences – duties theoretically exist in a small municipality but rarely surface, and therefore the staff does not have the skills or expertise);
- insufficient qualifications and competence of the management, especially in small municipalities; state administration in particular is not run professionally;
- the absence of cooperation with entrepreneurs and non-profit organizations in the development of the municipality, or in the preparation and coordination of investments in the municipality;
- coordination and cooperation among neighbouring municipalities in the development of their investment plans is often missing;
- communication with other spheres of life outside public administration is often problematic, i.e. communication with citizens, with the business sector, with non-profit organizations.

Quality of regulation⁵

In the Czech Republic, there are currently roughly 10,000 legal provisions, of which approximately a quarter are laws with a total of approximately 100,000 paragraphs. Between 1993 and 2005 alone, more than 4,000 new laws, governmental orders and decrees were passed in the Czech Republic. The regulatory environment is not reviewed on a regular, systematic basis, and changes are initiated in a rather haphazard way. If a problem is not addressed or if there are loopholes in the law, usually a new law is prepared to tackle and resolve the issue. As a consequence, laws and other regulations are created at random, with no concept or coordination; they are passed quickly, which is reflected negatively in their quality and usually results in the need for amendments. Between 2000 and 2006, 303 laws were amended before they entered into effect or in the first few months after entering into effect⁶. Some of the laws in force have been amended more than seventy times. Given this state of play, current regulation is a jungle – it is complex and fails to provide the necessary legal certainty; in addition, high demands are placed on implementation.

Regulation is also too detailed, prone to duplicity and opacity, internally contradictory, and therefore engenders a high – and in certain cases entirely unnecessary – regulatory burden. Such regulation weighs down on citizens and other entities, results in further expense and restricts their activities. The expenditure defrayed by entrepreneurs on compliance with regulations limits the room available to them for innovation and business development, and prevents them from tapping the full potential of the market; this is negatively reflected in the Czech Republic's overall economic results. The administrative burden (expense) placed on entrepreneurs required to meet their information obligations to the state or third parties amounts to CZK 86 billion a year in the Czech Republic, i.e. almost 1% of the national budget. Besides the direct economic burden of complying with set requirements and of

⁵ Regulation here means a set of instruments applied by the government to realize the requirements placed on undertakings, citizens and public administration, i.e. in particular acts, decrees and other secondary legislation issued by public administration authorities and other organs delegated with regulatory powers.

⁶ Source: Parliamentary Institute

enforcing regulations, regulation is adversely reflected in the economic sphere by the tendency for significant companies to merge, or by the creation or reinforcement of market entry barriers, which limits competition and hampers innovation. The heavy regulatory burden is not based solely on the quantity of regulations and the number of obligations that entities are required to fulfil. Another factor is the rigidity and inconsistency of traditional means of regulation, which in certain cases should be replaced with alternative regulatory instruments. Legal regulation is a rigid solution which, in an environment which is constantly evolving and changing, means there is pressure to keep amending such regulation. Regulation, if frequently amended, erodes legal certainty and places higher demands on the regulation addressees as they strive to stay informed of their obligations; the applicability of regulation is burdened and the regulation addressees are less willing to keep track of amendments.

The high regulatory burden is also reflected in the approach taken by regulation addressees in complying with regulations. Excessive, unstable, conflicting and complex regulation encourages liable persons to circumvent such regulation, either intentionally or out of ignorance, and provides more opportunities for corruption. Unwillingness to comply with regulations leads to further expense, and lack of motivation to comply with regulations debases the whole idea of regulation. Simplification of existing regulation would therefore encourage greater respect and improve protection.

In the Czech Republic, there are rules for the creation of legislative documents at governmental and parliamentary level. Legislative proposals drawn up and submitted for approval are prepared in accordance with Governmental Legislative Rules and the rules of procedure of the Chamber of Deputies and the Senate. These documents focus on the legislative and technical aspect of the quality of legal regulations and lay down the procedure for discussion. The quality of legal regulations is assessed by the Governmental Legislative Council, which addresses only the legislative and technical aspect of a legal regulation, the compliance of the legislative proposal with other legislation, the Constitution and EC/EU legal acts. There is no assessment of quality from the perspective of the possible impacts on the economic, social and environmental spheres. The possibilities and costs of implementing a legal regulation are assessed inadequately or not at all. In the preparation of legal regulations, there is no multidisciplinary approach to evaluate the quality of legal regulations from various angles and to permit the involvement not only officials from central administrative authorities (most commonly the submitters of the legal regulations) but also experts in the field – lawyers, economists – and those whom the legislative proposal directly affects and on whose rights it impinges. The current approach to the production of legislation is also characterized by high legislative inflation – the various forms of regulation are not assessed, nor is the need for a particular regulation taken into consideration.

Rationalization of the system and improvements in the quality of management

Czech public administration is still lacking performance-oriented management. Most public administration output cannot be measured; performance-based budgeting is not applied, so public authorities do not bear liability for the way public resources are used. Czech public administration is also insufficiently customer-oriented, regardless

of whether the customer is a citizen or even a public administration employee. Examples of good practice are still not applied enough, and mutual comparisons of performance between public administration authorities are essentially restricted. From the perspective of individual levels of public administration, the weakest spots are in central state administration.

Although modern instruments of quality management are being introduced (CAF, benchmarking, Balanced Scorecard, ISO 9000 and ISO 14000, community planning, Local Agenda 21, etc.), the application of these instruments in public administration tends to be the exception rather than the rule. The main reasons for this include a lack of experts and insufficient financial resources.

The aim is to achieve a general improvement in the functioning of the system of public administration by rationalizing the processes of the whole system of public administration and by making continuous improvements to the quality of management at individual authorities.

The purpose of process rationalization is – based on process management – to relieve central administrative authorities of much of their operational processes and support a gradual conversion to a demand-based model.

Human resources development

Certain areas of human resources management in public administration received special attention again in the last reporting period, but the overall process was unsystematic, poorly coordinated and inconsistent. For example, one positive aspect was the benefits stemming from the implementation of the Act on the Officials of Territorial Self-Governing Units⁷. There was an improvement in the quality of public administration at the level of territorial self-governing units, especially following the introduction of a comprehensive system of training for staff at these authorities, which establishes elements of lifelong learning and the certification of professional competence; another determining factor was the improved recruitment policy, where selection procedures for vacancies were open to applications from the public. The government's adoption of Rules on Staff Training at Administrative Authorities was also a step in the right direction. These training rules include new requirements regarding staff training at administrative authorities (ministries, central public authorities and their subordinate administrative authorities), and reflect the new circumstances ensuing from the Czech Republic's accession to the European Union. In the training provided in accordance with these Rules, the principles of the Lisbon Process are applied, especially the principles of the continuity of education, the permeability and recognition of education, variability of the form and content of training, etc.

⁷) Act No 312/2002 on the officials of territorial self-governing units and amending certain laws, as amended.

The implementation of this system of training for the employees of administrative authorities and the officials of territorial self-governing units is continuing on the basis of an analysis of training needs. These two target groups, however, are subject to different legal provisions, and a different approach is applied to the demonstration of qualification requirements.

Numerous problems that have not been addressed in the long term or rigorously persist. In the last reporting period, there were a number of processes destabilizing for human resources. These can be summed up in the following groups.

The 'quality' of labour-law legislation (legal instability, legal uncertainty, the obsolescence of legislation, which is unable to promote the desirable trends). As at 1 January 2003, the Act on the Officials of Territorial Self-Governing Units⁸ entered into effect and 2002 saw the adoption of the Act on the Service of Civil Servants at Administrative Authorities⁹, but the effect of this law has gradually been postponed (most recently to 1 January 2009). In the meantime, this piece of legislation has become outdated and needs to be modernized or amended, in part to ensure that legislation is harmonized for all public administration officials. In addition, the effect of the Act on the Service of Members of the Security Corps has been postponed over a long time¹⁰. We have witnessed the challenging process of preparing and adopting a new Labour Code; numerous partial and special labour-law issues have passed through legislative changes¹¹.

Absence of competitiveness in the remuneration of public administration employees. The lower remuneration of public administration employees is not adequately outweighed by other motivational resources, and there is an absence of flexicurity processes.

There is no recruitment policy for vacancies that is sufficiently open and that consistently prioritizes expertise. In conjunction with these problem areas, however, there is not sufficient (satisfactory) demand for vacancies in public administration.

At local government level, another key requirement for the quality performance of territorial public administration is quality preparation and training of staff. The system for the preparation and training of staff is laid down in Act No 312/2002 on the officials of territorial self-governing units. The following deficiencies can be identified in the training of staff from territorial self-governing units:

- a lack of courses offered in the form of distance learning or e-learning;
- the lack of a functioning information system on the training of staff from territorial self-governing units;
- the lack of a system for the evaluation of courses and programmes and a system for the monitoring of these courses/programmes;

⁸ Act No 312/2002 on the officials of territorial self-governing units and amending certain laws, as amended.

⁹) Act No 218/2002 on the service of civil servants at administrative authorities and on the remuneration of such employees and other employees at administrative authorities (the Civil Service Act).

¹⁰) Act No 361/2003 on the service of members of the security corps.

¹¹) E.g. Act No 187/2006 on sickness insurance and Act No 159/2006 on conflicts of interest.

- the lack of a system for the evaluation of course suppliers;
- the lack of a system for cooperation with universities in the field of training;
- the lack of a range of courses taking into account the specific requirements of the management of small (rural) municipalities or focused on the performance of activities in the municipalities' own competence.

Interdepartmental cooperation, communication and coordination with territorial public administration

The reform of territorial public administration, accompanied by decentralization and deconcentration, has led to the dissolution of some public administration entities and the emergence of others. Consequently, the competences and tasks of these entities and the relations between them have changed. The old method of coordination and communication, consistent with the central administration of the country, is not suitable in the new conditions. New elements of coordination and communication complying with the needs of individual entities at local and central level are not being established systematically, and they are often a hindrance to the efficiency of the whole process.

The basic priority in the support of interdepartmental cooperation and coordination with territorial public administration is communication. Besides the problems outlined above, the current state of play reports the following defects:

- no mapping of information flows between organs of central state administration and between central state administration and territorial public administration;
- no capacity for horizontal coordination;
- no system for the production of national strategies and cross-sectional solutions;
- inefficient coordination of activities between central state administration and territorial public administration;
- inadequate use of communication and information technology;
- no system of knowledge management;
- no mechanisms and rules for the horizontal and vertical communication and coordination of authorities of territorial public administration in the preparation of policies and legal provisions.

Improved use of ICT

The more widespread use of electronic communication between public authorities and between administration and the public would benefit state authorities and private entities alike. It is faster, cheaper and restricts the room available for corruption. A barrier is lack of awareness among users regarding the possibility of using a digital signature, persistent unjustified concerns about the safety of information communicated in this manner, and the inadequate online range of state services. The following problems currently exist:

- lower user awareness and problematic use of electronic signatures;
- insufficient range of online public services;
- restricted compatibility of public administration information systems and data interconnection.

2. 1. 8. Transnational cooperation

An interim evaluation of the EQUAL Community Initiative programme indicates that transnational cooperation contributes to the implementation of innovative approaches, the dissemination of positive experience, and better quality proposals for policies that focus, in particular, on the labour market. Most Czech development partnerships view transnational cooperation as a means of gaining experience from foreign partners. A transnational partner is advisable if it has contributed to a similar or identical project and can provide methodological inspiration or direct verification of its own instruments developed abroad. Most efforts focus on acquiring a transnational partner from the same thematic area, although there are often significant problems in this respect because finding partners with the necessary language proficiency is not always easy. Obstacles and problems identified in transnational cooperation are language barriers, the need for interpreting and translations, and the lack of preparedness among Czech partners for the partnership, which is due to their lack of experience of this type of cooperation.

Thematic areas for the use of transnational cooperation include areas of intervention under the individual physical priority axes of the programme. A detailed analysis of the economic and social context of these areas of intervention can be found in the preceding parts of chapter 2.1.

A description of the current use of transnational cooperation in the field of human resources development, including the main challenges, can be found in chapter 2.2.7.

2. 2. Context of national strategies and policies

The Human Resources and Employment Operational Programme builds on the context of national strategies and policies in the fields of employment, social integration and equal opportunities, the development of lifelong learning and the modernization of public administration. This chapter briefly describes the key policies on which the formulation of the HREOP strategy is built, based on the individual areas.

2. 2. 1. Active employment policy

The active employment policy helps to reconcile supply and demand on the labour market through suitable instruments, and helps job-seekers find employment or increase their employability.

2. 2. 1. 1. Legal framework

The active employment policy is based on **Act No 435/2004 on employment**. It is coordinated by the MoLSA through the Employment Services Administration, which prepares the plans of legislative provisions and methodological guidelines for employment offices, in particular for the active employment policy. The active employment policy is a set of measures and instruments designed to ensure the maximum possible level of employment. The active employment policy is implemented by the MoLSA and employment offices which, depending on the labour market situation, cooperate with other entities. Pursuant to Section 104 of Act No 435/2004, this policy encompasses the following instruments in particular: retraining, investment incentives, community work, socially beneficial jobs, bridging subsidies, employee commuting subsidies, integration subsidies, and a subsidy for the transfer to a new business programme. Active employment policy measures under Section 105 of Act No 435/2004 include consulting, work rehabilitation and targeted programmes.

2. 2. 1. 2. National Reform Programme of the Czech Republic

The basic strategic document in the field of employment is the **National Reform Programme** of the Czech Republic (approved under Government Resolution No 1200 of 14 September 2005). This reform programme includes tasks laid down in the Lisbon Strategy and offers an opportunity to inform the general public of the priorities under the economic policy and employment policy. The programme was prepared on the basis of methodological guidance – the Integrated Guidelines for Growth and Jobs (2005 – 2008), adopted by the European Council in June 2005. In the preparation of this document, the Sustainable Development Strategy of the Czech Republic and the Economic Growth Strategy were used. The NRP is a binding, concise political document on the priorities and measures of the Czech Republic in macroeconomic and microeconomic areas and in its employment policy with regard to the Lisbon Strategy, with the aim of stimulating economic growth and employment in the upcoming three-year period. In terms of the labour market, the National Reform Programme concentrates on measures culminating in the reinforcement of labour market flexibility. An expansion of contractual freedom, a reduction in non-wage

labour costs, an increase in the territorial mobility of the workforce, and the modernization of the employment policy are key elements that will improve the motivation to work in low-income and other groups. In the field of integrating people into the labour market, the focal point is those whose professional career is either just starting or nearing its end. Reforms in the development of education will enhance the quality of the workforce, expand the possibilities of education and training, and support the ability to cope with the demanding conditions on the evolving labour market. The priority measures of the National Reform Programme are described in more detail in part 3.6.4.

2. 2. 1. 3. Economic Growth Strategy of the Czech Republic

The philosophy of the **Economic Growth Strategy** is based on the synergy of five pillars on which the competitiveness of the Czech economy stands. These are the institutional environment, sources of funding, infrastructure, human resources development – training and employment, and research, development and innovation. Objectives, tasks and instruments are set under the pillar of ‘human resources development – training and employment’. The basic pillars of the pillar ‘human resources development – training and employment’ are an increase in labour market flexibility, the provision of an employment policy motivating people to work, the safeguarding of an adequate workforce, an increase in the education of the older generation, and an increase in the flexibility of the education system. The following recommendations are made in order to achieve the objective in relation to the active employment policy:

- analyse the links between the passive employment policy and other benefit systems of social protection with a view to interconnecting these systems and making them more efficient for the promotion of the active employment policy;
- support programmes of targeted comprehensive retraining and, to an appropriate extent, concentrate on practical experience, the acquisition of working habits and computer skills;
- use private agencies for the development of the public works programme;
- increase the efficiency of the programme – introduce regular evaluations of the efficiency and successfulness of these programmes that are independent of the implementer and statistically trustworthy;
- make comprehensive information about the range of retraining services accessible to the staff of employment offices by improving the provision of information about retraining courses, and by interconnecting the information channels of the Ministry of Labour and Social Affairs (www.portal.mpsv.cz) and the services of the Ministry of Education, Youth and Sports in this field.

2. 2. 2. Social integration and equal opportunities

2. 2. 2. 1. Social integration

The basic instrument used to address social exclusion is the system of social protection, which comprises three sub-systems: social insurance, state social support and social assistance in the prevention and combating of social exclusion through social services. The system of social services is undergoing reform.

In order to support the policy of social inclusion, work was launched on the modernization of social services. The course taken by the modernization of these

services is expressed in the document **White Paper on Social Services**, which has been acknowledged by the Czech government. The basic principles which need to be promoted in the social inclusion strategy by individual entities active in the system of social services/social integration, in particular territorial self-governing units, are enshrined in Act No 108/2006 on social services, which entered into force in March 2006.

In the field of social services, the basic method to safeguard the local and type availability of social services lies in the community planning of social services, the output of which is medium-term plans of social service development designed to increase the capacity of municipalities to identify disadvantaged groups, exploit local resources, and propose the most efficient methods to assist these groups, drawing on the mutual cooperation of contracting authorities, providers and (potential) users of social services. In the field of social worker training, Resolution of the Government of the Czech Republic No 434/2003 on the **Concept of the lifelong learning of social workers** was adopted.

The Czech Republic has adopted its second **National Action Plan for Social Inclusion**; the current plan is implemented for the 2004 – 2006 period. The second National Action Plan, like its predecessor, discusses the broad nature of social exclusion and the need for a comprehensive approach in tackling this problem; it also identifies groups that are most vulnerable from the aspect of social exclusion. The National Action Plan for Social Inclusion lays down objectives in the field of social inclusion and the means to achieve them. The plan contains specific objectives and national indicators that can be used to monitor the progress achieved in the adopted measures.

In the National Action Plan 2006 – 2008, groups at risk of social exclusion are structured according to three objectives. The following groups in particular are at issue: the long-term unemployed, the disabled, children, young people and young adults, seniors, ethnic minorities, immigrants and refugees, the homeless, persons leaving facilities designed for institutional or protective care and persons completing prison sentences, victims of crime or domestic violence, persons commercially abused and victims of human trafficking.

Providing a sufficiently wide and flexible range of social services, preventing and combating social exclusion are considered to be essential factors for integration into the labour market under the **National Reform Programme of the Czech Republic 2005-2008**.

In national minority issues, the Government Council for National Minorities plays an initiatory role, inter alia submitting an annual 'Report on the Situation of National Minorities in the Czech Republic'. This area is also handled by the Inter-Ministerial Commission for Roma Community Affairs. In 2000, the Czech government adopted the **Concept of Governmental Policy with Respect to Members of the Roma Community, intended to assist the integration of Roma into society**, which is updated annually. In the past few years, conditions have been cultivated for an increase in the employment and qualifications of the Roma population (e.g. the introduction of foundation years for Roma children at schools, the establishment of the position of Roma advisers at schools and – before the reform of public

administration – at district authorities, the provision of scholarships to Roma students, special re-socializing and retraining programmes for job-seekers who are particularly hard to place on the labour market, and active employment policy instruments – in particular community work).

Activities carried out under the **Strategy for the Czech Police Force's Work in Relation to Minorities** up to 2003 also contribute to the integration of minorities into society. This document forms the conceptual framework for preventive policing in minority communities and for the effective handling of latent crime, which has excluded these communities from society long term.

The national strategy for the integration of foreigners in the Czech Republic is based on the **Concept for the Integration of Foreigners**, regulated under Government Resolution No 689/1999 on the principles of the concept for the integration of foreigners on the territory of the Czech Republic and on the preparation and realization of this concept, and under the related Government Resolutions 1315/1999, 1266/2000, 1360/2001, 55/2003, 126/2004, 5/2005 and 126/2006. The Concept for the Integration of Foreigners is a comprehensive systemic strategy designed to support the integration of foreigners legally residing in the Czech Republic for longer than one year. Almost all ministries, social partners, local authorities and nongovernmental organizations are involved in the implementation of this concept.

In the field of disabled people, the initiatory and coordinating role is played by the Government Board for People with Disabilities, which presented the **National Plan for the Equalization of Opportunities for Disabled Persons** to the government in 1998; the government approved this document on the board's recommendation. The board subsequently presented, in 2005, the **National Plan for the Support and Integration of Disabled Persons 2006 – 2009**. Special attention is paid to the disabled under the Employment Act. The measures under this act include consultancy services and assistance in re-integrating in to the world of employment, compensation for employers employing disabled people, support in the creation and operation of sheltered jobs and sheltered workshops, and the provision of loans, grants and subsidies to employers.

In 2002, the Czech Republic adopted the **National Programme of Preparation for Ageing 2003 – 2007** in support of dignified ageing. This programme specifies goals and the corresponding measures designed to meet them in the field of health care, healthy living, and the quality of life.

The key document for the Czech Republic's drug policy is the **National Drug Policy Strategy 2005 – 2009**, which is developed further by the Action Plan of the National Drug Policy Strategy 2005 – 2006. Like any modern European drug strategy, it is based on balanced intervention in reducing demand (prevention, treatment, and resocialization), minimizing risks, and suppressing supply (curbing the availability of drugs).

2. 2. 2. Equal opportunities for men and women

No discrimination of any kind is permitted on the labour market. The government is responsible for the effective implementation of a policy of equality for both sexes and

for supporting equal opportunities for women and men in areas concerning their economic independence and the possibility of earning a living of their own choice.

Based on Government Resolution No 6/1998, the Ministry of Labour and Social Affairs of the Czech Republic is competent to coordinate the national gender equality policy. At the same time, the government adopted the first **Priorities and Procedures of the Government in Promoting the Equality of Men and Women** (Government Resolution 236 of 8 April 1998), which are assessed and updated every year. The Priorities and Procedures of the Government are based on the following principles: the promotion of the principles of the equality of men and women as part of government policy, the legal guarantee of the equality of men and women, greater legal awareness, the guarantee of equal opportunities for women and men, access to economic activity, the equalization of the social status of women and men caring for children or needy members of the family, consideration for women's reproductive function and physiological differences, the combating of violence against women, the monitoring and evaluation of the efficacy of the way the principle of the equal status of women and men is applied.

As of 1 January 2002 (Government Resolution No 456 of 9 May 2001), there is at least one member of staff at each ministry responsible for the equality of men and women (gender focal points), and each ministry has its own departmental Priorities and Procedures in Promoting the Equality of Men and Women.

In 2001, under Government Resolution No 1033 of 10 October 2001, the Government Council for the Equal Opportunities of Women and Men was set up as a government advisory body. The main activities of the Council are consensual proposals and recommendations for solutions to a cross-sectional universal problem – the creation and promotion of equal opportunities for men and women. The Council has 23 members from ministries, social partners, the professional public and the non-profit sector. In the interests of ensuring the consistency of the national policy with regional policy, regional governors and a representative of the Union of Towns and Municipalities of the Czech Republic have the status of permanent guests in the Council.

Support for the equal opportunities of women and men is also emphasized in the **National Reform Programme of the Czech Republic 2005 – 2008**, which contains the priority measure *Promote the equal opportunities of equality of opportunity on the women and men* as part of its coverage of inclusion in the labour market. For family policy and the reconciliation of working and family life, the basic material is the National Concept of the Family Policy, approved under Resolution of the Government of the Czech Republic No 1305/2005.

2. 2. 3. Development of lifelong learning

In 2000 – 2002, the government adopted two significant documents prepared by the Ministry of Education, Youth and Sports in cooperation with partners at central, regional and local level, which concerned the further development of training in the Czech Republic: the **National Programme for the Development of Training in the Czech Republic** (White Paper) and the **Long-term Plan for Education and the Development of the Education System in the Czech Republic** (Long-term Plan).

The White Paper, based on a thorough analysis, formulates the strategic lines of education policy up to 2005 and the main measures for their implementation. The Long-term Plan develops the conclusions of the White Paper into the form of specific measures, including estimates of their financial requirements. Other important documents in this area are: the Long-term Plan for Education and the Development of the Education System in the Czech Republic 2005 (National Training Programme), the Long-term Plan of Educational, Scientific, Research, Development, Artistic and Other Creative Activity for Universities in the Czech Republic (2006 – 2010), the National Reform Programme of the Czech Republic 2005 – 2008, and the National Research and Development Programme.

The long-term plan identifies the main strategic guidelines, corresponding to the path and strategy pursued in the White Paper. It inter alia places an emphasis on the development of further education. The **National Reform Programme of the Czech Republic 2005 – 2008**, in keeping with the National Training Programme, recommends guiding education and training towards the acquisition of key competences and more comprehensive and practically focused skills, which are one of the requirements for the fulfilment of the objectives under the employment policy. In this respect, a key factor is support for cooperation between employers on the one hand and training establishments and professional institutions on the other. Another area which will be supported is the interconnection of training targets with the objectives of enterprises, especially support for business entities in the provision of staff training, and the construction of elements of the infrastructure of IIP (Investors in people) standards, including its implementation.

2. 2. 4. Business adaptability

In the Czech Republic, the reinforcement of the economy's competitiveness through innovative activities is based on two basic documents: the National Innovation Policy and the Economic Growth Strategy. The **National Innovation Policy** lays down four basic objectives: to reinforce research and development as a source of innovation, to create smooth cooperation between the public and private sector, to ensure a supply of human resources for innovation, and to improve the efficiency of state administration in research, development and innovation. Research, development and innovation is one of the five pillars of the Economic Growth Strategy. The objective of the **Economic Growth Strategy** is to bring the Czech Republic much closer to economically more developed EU countries while respecting the principle of sustainable development. The strategy has three main tasks:

- to set priorities for the coordination of the economic policy up to 2013 and to direct resources from EU funds for the 2007 – 2013 period,
- to create, for clients of the state sphere (citizens, entrepreneurs and companies), the best possible conditions for economic activities and to communicate these priorities to the public and entrepreneurs to ensure their expectations are more realistic,
- to contribute to maximum efficiency in the use of limited public resources in areas of direct intervention.

The fifth pillar of the Economic Growth Strategy discusses research, development and innovation and has the following objectives: to reinforce research and development as a source of innovation, to create smooth cooperation between the

public and private sector, to ensure a supply of human resources for research, development and innovation, and to improve the efficiency of state administration in research, development and innovation.

Innovations in this strategy are connected with two principal activities – the activation of the R&D sphere and innovative activities of the business sector, which implement innovations in the form of products and services.

2. 2. 5. Modernization of public administration

At present the basic strategic documents in this field are Efficient Public Administration and Friendly Public Services – the Strategy for Implementing Smart Administration in 2007-2015 (the basic tenets approved under Government Resolution No 197 of 28 February 2007), Economic Growth Strategy (approved under Resolution of the Government of the Czech Republic No 1500 of 16 November 2005), the National Reform Programme of the Czech Republic 2005 – 2008 (approved under Government Resolution No 1200 of 14 September 2005), the Public Service Accessibility and Quality Support Strategy (acknowledged under Government Resolution No 824 of 1 September 2004) and the Concept for the Reform of Public Administration (acknowledged under Government Resolution No 258 of 29 March 1999).

Efficient public administration and friendly public services – the strategy for the implementation of Smart Administration in 2007 – 2015 ('Strategy') – this is the basic conceptual document for public administration reform. Its global objective is 'To support the socio-economic growth of the Czech Republic and enhance the quality of life of citizens by improving the efficiency of public administration and public services'. Besides an analytical part and a part devoted to implementation and management, the strategy contains a part defining the way to realize the vision of public administration in the Czech Republic: 'Public administration in the Czech Republic is primarily conceived as a service to the citizen; it fulfils the principles of good governance and functions efficiently and effectively. Public services are customer oriented; they meet citizens' expectations, respond flexibly to their needs, and function economically. Public administration and public services contribute to the increasing competitiveness of the Czech economy and the enhanced quality of life enjoyed by Czech citizens.' The strategy defines areas and project areas that will receive priority support in the 2007-2013 programming period from the Structural Funds in the context of implementing the Smart Administration priority (under the HREOP and IOP). In relation to the HREOP, the Strategy is linked primarily to Priority Axis 4.

The **National Reform Programme of the Czech Republic 2005 – 2008** offers an integrated and cohesive approach between macroeconomic policies, microeconomic policies and the employment policy. In the context of the business climate, it places fundamental significance on an optimally configured legislative framework. The programme states that one of the key instruments in enhancing the quality of regulation is regulatory impact assessment, which encompasses a system of methods for the systematic evaluation of negative and positive impacts of proposed and existing regulations. As of 2007, there will be an obligation to assess the impacts

of all bills, and in the future this obligation will be expanded to secondary legislation and non-legislative materials.

The impact assessment inter alia determines the administrative burden generated by regulation. Therefore this document recommends a drive towards minimizing the administrative burden while respecting the public interest. It is expected that, by the end of 2006, a proposal of legislative changes culminating in a reduced administrative burden by at least 20% will be presented. Another step in simplifying the administrative environment is the plan to create central registration points for entrepreneurs. This process is under way. It is expected that, on completion of the second stage of the process in 2006 and after evaluating experiences, a coherent system of standard registration points for entrepreneurs will be set up, simplifying the administrative procedure for starting up in business and for subsequent stages of business activity, especially with regard to the EU Services Directive which is being prepared. The document also places an emphasis on the modernization and streamlining of tax administration, in particular the creation of a new organizational structure and efficient human resources management; it also places a stress on a standard approach and standard procedures in relation to tax administration, a reinforcement of the capacity and increase in the efficiency of tax collection in cases of tax avoidance or evasion and an improvement in the efficiency of tax inspections. The concept of the steps to modernize tax administration should result in a new law on tax administration, to enter into force at the beginning of 2007. At the same time, the Czech Tax Administration, a departmental organization, should be formed.

The **Economic Growth Strategy** (EGS) states that the quality of public services is often inadequate; there is significant room to improve efficiency and performance, and coordination is lacking in terms of cost and the approach to users. The mutual communication of state authorities is unsatisfactory (due in part to the poor coordination of information systems). This results in the unnecessary transfer of the administrative burden to entrepreneurs and citizens. In state administration, the concept of e-government has not been adequately promoted and used; communication via information technology is absent within the administration structure itself and in relation to the outside world.

To increase the quality and performance of public administration, the EGS recommends inter alia enhancing the effectiveness of regulatory measures, taking impact assessments of new legislation into account in the legislative process, and publishing the results. To improve the performance of public administration, it recommends conducting functional, process and information audits and introducing a central standard public procurement system that can be complemented with a set of anti-corruption measures. The document also brings attention to the importance of the client approach in public administration in relation to citizens and entrepreneurs and recommends improving the incentive elements of the taxation system, introducing environmental tax reform and streamlining the administration of taxes and a uniform interpretation of tax issues. Efficient administration requires transparent tax law, specializations and the concentration of revenue authorities, the better remuneration of tax administration staff and intensified methodological management of revenue authorities. One of the most important tasks in the upcoming years is to reduce the administrative burden placed on entrepreneurs; in this respect, an analysis needs to be conducted of legal provisions based on a cost model, with

efforts to minimize the legal provisions concerned. In the field of human resources development, the recommendations are to change the remuneration system in public administration, reinforce feedback between public service users and providers, and improve the quality of the continuous education of members of staff. The document stresses the importance of expanding electronic communication; in this respect, it recommends encouraging electronic communication between external entities and state administration, ensuring the compatibility of information systems, providing the maximum amount of information free of charge over the Internet, and adopting measures culminating in cheaper electronic signatures. Data pooling in public administration is viewed as a problem, and in this regard it is recommended that individual isolated registers be interlinked and that a new register of state debtors be introduced.

The **concept of public administration reform** is conceived broadly, comprehensively and systemically. It is conceived as a continual process, with a definition of individual procedural steps and a specific determination of their content, terms and responsibility. The concept of public administration reform encompasses three basic groups; these groups are not realized consecutively, but cohesively:

- a) reform of territorial public administration
 - this was completed when the district authorities were discontinued as at 31 December 2002 and their competences were transferred to the regions and municipalities;
- b) reform of central state administration
 - this is addressed in detail by the document 'Procedure and guidelines for reform and the modernization of central state administration, including coordination and the organizational structure', which was approved under Government Resolution No 237 of 17 March 2004;
- c) reform of the quality and content of public administration
 - this includes the implementation of IT in public administration, training in public administration, an increase in the effectiveness of public finances, public and civil control, the availability and quality of public services, and the management of the public sector. This group is regulated by a number of concepts and strategic materials (e.g. the Concept for the preparation of Public Administration Staff, Public Service Analysis, Strategy for the Promotion and Availability of Public Services, Procedure for the Optimization of the Legislative and Economic Environment for the Performance of Public Administration by Authorities of Self-Governing Units, the Possibilities and Limits of the Division of Competences between the State and Territorial Self-Government, the Concept of the Public Administration Information Systems, the Concept of Comprehensive IT Implementation at Regional Authorities, etc.)

The objective of the **Public Service Availability and Quality Support Strategy** is to help create a scheme for the provision of public services in which a greater emphasis will be placed on the quality of the services provided, the requirements of users will be reflected on a case-by-case basis, and the transparency of the whole system and effectiveness of the financial expenditure will be guaranteed. Based on a questionnaire survey and background documentation prepared by individual

ministries, the following set of measures is needed to achieve the above-mentioned objective:

- design and create a system of information about local public services which contains information about their availability and quality and which can also be used in the strategic decision-making of the government and authorities of territorial public administration, and in mutual comparisons of the quality and effectiveness of local public services;
- review and update the list of public services and public services appropriate for standardization with regard to developments and changes which are continuously occurring in certain areas of public services;
- prepare a legislative solution which will cultivate the corresponding legislative and financial conditions for the provision of local public services by regional government;
- provide financial support to continue implementing benchmarking in public services in 2005 – 2008, following up on a pilot project involving 48 towns; the system can also be used for the rationalization and economization of local public service provision.

2. 2. 6. Overview of EU programmes to support human resources development in the Czech Republic

European Union programmes in support of HRD can be split into three main groups:

- European programmes such as TEMPUS, SOCRATES, LEONARDO da VINCI and their various sub-programmes. Other programmes in which the Czech Republic was able to participate as an accession country include ACCESS and the first round of the EQUAL Community Initiative,
- the PHARE programme,
- Structural Funds programmes, especially assistance from the ESF within the scope of the HRD OP, SPD 3, Equal CIP and some JROP measures.

At present, the SOCRATES, LEONARDO da VINCI and PHARE 2003 HRD programmes are being wound down and are due to end in 2006. The TEMPUS III programme is in progress, but EU Member States – including the Czech Republic – are ineligible, although institutions and organizations from the Czech Republic are permitted to take part in this programme as partners.

The main source of finance for HRD remains the ESF, whose principal tasks are to develop employment, reduce unemployment, and support inclusion and equal opportunities with a focus on the development of the labour market and human resources.

Programmes that facilitate the drawdown of resources from the ESF in the field of human resources for 2004 – 2006 (in the Czech Republic) are:

- the Human Resources Development Operational Programme (HRD OP) for Objective 1,

- the Single Programming Document for Objective 3 of the City of Prague NUTS II region (SPD 3),
- the Equal Community Initiative (Equal CIP) for Objective 1 and Objective 3,
- the Joint Regional Operational Programme (JROP) for Objective 1 (only partially).

The total volume of financial resources for the implementation of programmes financed from the ESF is set out in the following table.

Table 23 Allocation of individual programmes supported from the ESF

(EUR)	2004			2005			2006			Total		
	ESF	national budget	local budget	ESF	national budget	local budget	ESF	national budget	local budget	ESF	national budget	local budget
HRD OP	74 308 763	24148941	0	106 433 869	34 588 992	0	138 076 651	44 872 299	0	318 819 283	103 610 232	0
SPD 3	19 211 006	16 641 008	2 569 998	19 595 226	16 973 827	2 621 399	19 987 131	17 313 305	2 673 826	58 793 363	50 928 140	7 865 223
EQUAL CI	7 618 158	2817677	0	10 698 543	3 956 996	0	13 784 228	5 098 278	0	32 100 929	11 872 951	0
JROP	11 019 201			15 783 015			20 475 304			47 277 520	6 331 978	6 331 974
Total	101 137 927	43 607 626	2 569 998	136 727 638	55 519 815	2 621 399	171 848 010	67 283 882	2 673 826	456 993 575	166 411 323	7 865 223

Source: MoLSA, MoRD

The body responsible for managing assistance from the ESF in the Czech Republic is the Ministry of Labour and Social Affairs. Other implementing partners are the Ministry of Education, Youth and Sports, the Ministry of Regional Development, the Ministry of the Environment, the Ministry of Industry and Trade, CzechInvest, the Civil Society Development Foundation, the Prague City Hall, employment offices, and bodies of local and regional self-government.

The **Human Resources Development Operational Programme (HRD OP)** forms the basis for the implementation of assistance from the European Social Fund in the field of human resources development in the Czech Republic for the 2004-2006 period. The global objective of the Human Resources Development Operational Programme is to achieve a high and stable level of employment based on a skilled and flexible workforce, integration of socially excluded groups of the population, and the competitiveness of undertakings while respecting the principles of sustainable development.

The Human Resources Development Operational Programme defines four physical priorities and ten measures which cover the following areas: the active employment policy, the integration of specific groups at risk of social exclusion, equal opportunities for men and women on the labour market, the development of lifelong learning and an increase in the adaptability of employees and employers to changes in economic and technological conditions. The fifth priority is technical assistance. The total volume of financial resources earmarked for the HRD OP in 2004 – 2006 is EUR 422.4 million. The managing authority of the HRD OP is the Ministry of Labour and Social Affairs.

The **Single Programming Document for Objective 3 for Prague (SPD 3)** is co-financed from the European Social Fund, which covers 50%; the other half is drawn from national public resources – the national budget and the City of Prague budget.

The main aim of the SPD 3 is to cultivate an efficient labour market based on a skilled workforce, the competitiveness of employers, the exploitation of the region's R&D potential, the social integration of disadvantaged groups, and equal opportunities while respecting the principles of sustainable development. To fulfil the primary objective of the SPD 3, four physical priorities were set specifying nine measures; the fifth priority is technical assistance. The total volume of financial resources earmarked for the SPD 3 in 2004 – 2006 is EUR 117.6 million. The managing authority of the SPD 3 is the Ministry of Labour and Social Affairs.

In June 2001, the Czech Republic was the first accession country to become involved in the first round of the **EQUAL Community Initiative**, which focuses on the development and application of new means to combat all forms of discrimination and inequality on the labour market. The Czech Republic's participation in the first round of the EQUAL programme was co-financed from PHARE resources. The second round of the EQUAL CIP is now under way.

The volume of financial resources planned for the second round of EQUAL is approximately EUR 44 million (which is about 5.5 times more than in the first round); of this, the ESF contribution is approximately 73% and the contribution from national public resources is approximately 27%. In the Czech Republic, this amount will be fully covered from the national budget and there will be no need to draw on resources from the regional/local budget or budget of the direct beneficiary. To fulfil the primary objective of the EQUAL CIP, five physical priorities were set specifying eighteen measures; the sixth priority is technical assistance. The managing authority of the EQUAL Community Initiative Programme is the Ministry of Labour and Social Affairs.

The **Joint Regional Operational Programme (JROP)** is a programme encompassing the development priorities of the Czech Republic's seven cohesion regions, which are connected to the European Union's Structural Funds within the scope of Objective 1: Střední Čechy, Jihozápad, Severozápad, Jihovýchod, Severovýchod, Střední Morava and Moravskoslezsko.

The JROP comprises four priorities broken down into nine measures (not including technical assistance): the support of small and medium-sized enterprises in selected regions, improvements in the infrastructure in the regions, the development of the infrastructure for human resources development and the support of tourism. Assistance from the ESF is used under the measure to support social integration and the measure to reinforce the capacity of local and regional bodies in the planning and implementation of programmes. With the other measures, assistance from the ERDF is used. The managing authority of the JROP is the Ministry of Regional Development.

At present, projects are being implemented within the scope of all the mentioned operational programmes and the EQUAL programme in accordance with the approved programming documents and programme complements. In the EQUAL programme, Action 2 is being implemented, following the successful completion of Action 1. In the HRD OP and SPD 3, calls are periodically published. Two rounds of calls have been closed in practically all the measures of the two programmes. At the

end of 2005, 4,037 projects had been presented under the HRD OP and SPD 3, of which 1,226 were selected for implementation and 872 were contracted.

2. 2. 7. Main experience from the implementation of ESF programmes in the Czech Republic in 2004 – 2006¹²

For the HREOP, particularly relevant experience can be gained from the implementation of the HRD OP, in part from the implementation of the SPD 3, and – from the perspective of incorporating the principles of the EQUAL Community Initiative into the HREOP – from the implementation of EQUAL CIP. The 2004 – 2006 programming period was typified by the gaining of experience for most entities involved in the implementation of the Structural Funds in the Czech Republic. Experience gained from the implementation of the ESF in the 2004 – 2006 programming period and how this experience will be put to use in the 2007 – 2013 programming period is described below in this chapter.

1. Slow programme start-up due to inexperience on the part of both project promoters and programme administrators

The implementation of structural assistance in the Czech Republic since 2004 can be characterized as a new developing process requiring the cooperation of a number of entities. Difficulties with the implementation of such a demanding system, including central institutions and regional involvement, resulted in problems regarding the sufficient, good-quality awareness of final recipients – the project promoters.

A number of EU countries have found themselves in a similar situation; considering their inexperience of cooperation between ministries and regional councils, which do not have a precisely defined role, there were problems at the start of programme implementation. The ministries did not have sufficient capacity to provide information to regional bodies and gave inadequate instructions, which were often changed. The Czech Republic was faced with similar problems when it started running the programmes. Fundamental problems were identified in work with the monitoring system, cooperation and communication with other elements in the implementing system, methodological support and management by superior structures, and the spasmodic nature of project application admission.

2. Lack of implementation structure capacity

The results of the evaluation studies conducted in 2004 – 2006 reveal a lack of personnel throughout the implementation structure of all ESF programmes in the Czech Republic. The high professional demands placed on individual members of implementing staff are closely connected with this problem. The complexity of detailed cases handled by members of staff at various stages of implementation has delayed the implementation of projects. The high staff fluctuation, especially at employment offices, has also been identified as a problem.

¹² This part draws on the results of the following evaluation projects implemented in 2004 – 2006:
'Analysis and evaluation of the weaknesses in the Structural Fund implementation system and risks of disruption',
'Analysis and evaluation of the external environment of the CSF implementation system',
'Evaluation of progress achieved in the HRD OP and SPD 3',
'Evaluation of the benefits of the HRD OP for the active employment policy'

Given the rise in financial resources and, by extension, the number of projects implemented under the HREOP in the 2007 – 2013 period, it will be necessary to arrange for the quality further vocational training of members of staff in the implementation structures at all levels, in particular in the field of programme and project management¹³, and to introduce human resources planning and management methods. In this respect, technical assistance resources will be used to promote the management, implementation, monitoring and checks of operations and to ensure adequate human resources. At the same time, it will be necessary to conduct detailed analyses of human resource requirements based on a detailed study of procedures with a view to reinforcing personnel capacity where the largest time losses occur in relation to process outputs, and simplifying processes where the relevant operations return minimum value added for the creation of outputs. It will also be necessary to simplify the implementation structure and ensure that the optimal number of grant schemes are notified. The inordinately high number of schemes in the 2004 – 2006 programming period has placed disproportionately high demands on programme management, methodological management and communication within the scope of the implementation structure.

3. Structural Funds Monitoring System (MSSF)

In the context of implementing the SF in EU Member States, monitoring is the basic instrument in ensuring the efficient configuration and subsequent implementation of the programmes and projects. The monitoring system of the Structural Funds in the Czech Republic, however, is not user-friendly and causes further problems for implementing staff.

An analysis of the current situation reveals that the SF monitoring systems at the level of the IB/FB and FR monitoring system are operational and can provide financial and statistical data on the implementation of projects under the programmes. However, there are certain potential risks in the future which could jeopardize implementation in the next programming period, where more financial resources and more projects/GS are expected. These potential risks include:

- data transmission between individual levels of the monitoring information system and interaction of individual parts of the information system;
- work with data in MSSF MONIT;
- competent human resources for the monitoring process;
- errors and uncertainties in indicator definitions;
- the configuration and aggregation of indicators;
- the fulfilment of indicators.

The most serious problem is the configuration of individual indicators, their aggregation at the higher level of information system and, in particular, the matter of fulfilling them, as poorly set indicators at project and grant scheme level could have a significant impact on the success rate, with a negative effect on drawdown if the

¹³ The vocational education of implementation structure staff will be provided under the technical assistance project 'Arranging for the training of employees involved in the work of the European Social Fund's implementation structure for the 2006 – 2008 period'.

indicators are not met. The understanding of indicators among applicants and evaluators is lower than the desirable level from the aspect of programme successfulness.

For the 2007-2013 programming period, it will be necessary for a reformulation of requirements by the MSSF contractors and for a better formulation of the requirement for an information system which is more 'robust' and logical in terms of the information supplied; the number of MSSF levels should also be reconsidered. The information system should not merely be an archiving tool, but should also play the role of an information management system suitable for strategic decision-making. It will also be necessary to make clear, comprehensible definitions in the system of indicators¹⁴.

4. Insufficient quality of projects presented

A lower standard of project application is evident more often among small project promoters; this is due to the applicants' paucity of experience in the preparation of projects.

- Evaluated projects often address different institutional requirements rather than the actual needs of target groups; they do not include an analysis of the target groups' actual demands. Some applicants are driven by the opportunity to acquire the resources they need for equipment, which culminates in the presentation of projects outside the basic mission of the organization. The social need to implement certain activities (create jobs, integrate people into the labour market, modernize training programmes, etc.) is not always underscored by the requirements of the target groups which should be using the new services or for whom these activities are intended.

The lack of conformity between social needs and actual requirements can be attributed to the inexperience and distrust of target groups on the one hand, and legislative conditions in the broader sense on the other hand:

- the high cost of labour and employment conditions prevent the creation of jobs that could be filled by job-seekers;
- at the same time, the nature of the social network results in certain groups manifesting a lack of interest in work, and therefore they are not interested in the ways of finding work;
- the distrust harboured by employers in relation to employment offices (because they are also an inspecting body) limits their mutual cooperation to wage subsidization;
- the support of new jobs in national programmes is more beneficial and simpler than in ESF programmes.

For projects related to social services, it is also very difficult to ensure sustainability without further grants; therefore NGOs frequently strive to secure project sustainability by charging for services at the end of the project.

¹⁴ These problem areas are covered by a project coordinated by the Ministry of Regional Development, called: 'Improved efficiency in the monitoring of EU structural policy instruments'.

In order to enhance the quality of projects submitted within the scope of the HREOP, information activities and guidance for project promoters will be promoted from technical assistance. When calls are advertised, information and training activities will encourage project promoters to determine the requirements of target groups. Project promoters will also gain experience of project preparation in the current reduced 2004 – 2006 period; this experience will have a positive impact on the creation of projects in the 2007 – 2013 programming period.

5. Lack of conformity between national programmes and ESF programmes

The Czech Republic does still not make sufficient use of national programmes and their financial resources in order to stimulate SF projects and reinforce the financing of EU programmes. On the contrary, in certain cases it seems that Czech programmes compete with SF programmes and their financing instead of complementing each other. There are programmes in similar areas of intervention (e.g. the active employment policy) financing similar activities separately and, to a certain extent, independently of each other, which culminates in overlapping in areas of intervention.

The results of the evaluation project 'Evaluation of the benefits of the HRD OP for the active employment policy' indicate that, if the opportunities offered under the HRD OP are exploited and its negative factors are restricted (e.g. greater use of implementation through the system of national projects, use of continual admission of applications under GS, preservation of the application of advance payments, simplification of the formal requirements of applications and the approval process), overlapping between the national active employment policy and the active employment policy financed from the ESF can be eliminated. Certain instruments from the national active employment policy can be financed without a major impact on the speed and efficiency of aid allocation under the ESF. These primarily include retraining, guidance, work rehabilitation and community work.

Based on the recommendations from the evaluation project 'Evaluation of the benefits of the HRD OP for the active employment policy', steps were taken to harmonize the national active employment policy and the active employment policy financed by the ESF. This included adapting the system for the implementation of Priority Axes 2a and 2b and the preparation of projects in the context of the national active employment policy which are to be financed by the HREOP.

6. Experience of managing and implementing projects focusing on the principles of the EQUAL Community Initiative

During the abridged 2004-2006 programming period, projects were implemented in the Czech Republic that were geared towards compliance with the principles of partnership, international cooperation, common decision-making, innovativeness, mainstreaming, gender mainstreaming and a thematic approach. Some of these principles were achieved during the implementation of the EQUAL CIP and the implementation of selected projects under the HRD OP and SPD 3 (in particular the gender mainstreaming and partnership principles). However, the comprehensive implementation of the principles above has so far only been possible in the context of the EQUAL CIP.

In the new 2007-2013 programming period, based on experience of the implementation of the EQUAL Community Initiative by EU Member States, together with the European Commission it was decided to take into consideration the principles typical for that initiative in all programmes supported by the ESF. In the case of the HREOP, individual priority axes therefore focus on the support of those principles – specifically, there is support for the implementation of the partnership principle, transnational cooperation and innovation. The principle of common decision-making will be partly implemented together with the partnership principle. The gender mainstreaming principle is implemented under the HREOP as a horizontal theme. In the new programming period, the establishment and operation of networks drawing together key entities operating in human resources development is one of the activities supported under HREOP as a means of pushing through the principle of mainstreaming in the new programming period.

In relation to projects focusing on the support of the principles above, the main basis will be existing experience gained from implementation during the implementation of the EQUAL CIP. It follows from available evaluation studies that the fulfilment of the principle of innovation was supported by the partnership principle and transnational cooperation to a certain extent in projects receiving aid from the EQUAL Community Initiative. In this respect, the partnership principle can be supported within the scope of all priority axes, and the principle of transnational cooperation can be applied in the new programming period not only in projects implemented in the context of Priority Axes 5a and 5b – Transnational Cooperation, but also under other priority axes by including expenditure on that type of cooperation in the eligible expenditure of a project.

On the one hand, the evaluation studies suggest that transnational cooperation is an important factor in the successful development and application of innovations; on the other hand, to ensure that transnational cooperation is highly effective it is necessary to secure the methodological support of entities involved in the implementation of transnational cooperation. This is because one of the obstacles impeding the principle of transnational cooperation under the EQUAL CIP is the lack of experience that organizations have of transnational cooperation, the absence of international contacts, and insufficiently defined project objectives in connection with transnational cooperation.

During the abridged 2004-2006 programming period, the EQUAL CIP national mainstreaming strategy left the lion's share of responsibility for the implementation of the mainstreaming principle to the individual beneficiaries. However, experience of the EQUAL CIP has shown that individual beneficiaries tended to concentrate on dissemination activities rather than on the actual mainstreaming of their outputs, experience and observations. As such, one of the activities supported under the HREOP is networking, incorporating instrumental institutions and partners specializing in HRD in the Czech Republic; projects focusing on this area will offer major potential for the facilitating of the human resources development mainstreaming process as such. If mainstreaming is to be successful, past experience indicates that it is essential to arrange for the participation of competent partners in networking, to secure support for vertical mainstreaming (promotion of this in policy) by the managing authority, and, in the case of innovation mainstreaming, to introduce validation methodology to verify the quality of innovation and involve key

stakeholders in the development of innovation. The principles of innovation and mainstreaming require methodological support in view of the low awareness of these principles.

Further evaluation studies to assess the results and impacts of individual EQUAL CIP projects based on the key principles of that initiative, along with evaluation studies to evaluate the attributes leading to the successful or unsuccessful implementation of this type of project, will be conducted shortly so that the information garnered from these evaluations can be applied in the implementation of the HREOP.

2. 3. SWOT analysis

The SWOT analysis draws primarily on a former analysis of the socio-economic context and the context of National Strategies and policies. The analysis was last supplemented in a brainstorming process by the authors and partners, focusing on key problems in human resources development, employment and public administration, which are also covered by the National Reform Programme of the Czech Republic 2005 – 2008, the Economic Growth Strategy 2007 – 2013 and the National Development Plan 2007 – 2013.

2. 3. 1. Strengths

Labour market

- Plentiful skilled workforce at a competitive price
- Growth in the immigration balance
- Legislative guarantees for the active employment policy
- Active involvement of employment offices in addressing unemployment, and experience gained from the implementation of the active employment policy
- An established mechanism of measures and instruments of the active employment policy

Further education

- Free capacity of adult education institutions and advice centres
- Equal access to education for women and men
- Active cooperation between employment offices, employers and educators in the field of retraining

Social integration and equal opportunities

- Legislative guarantees for the policy of social inclusion and the equality of both sexes
- Existence of medium-term (community) social-service planning
- Ongoing implementation of social service quality standards and other methods to manage and enhance the quality of services rendered in organizations
- High economic activity rate among women
- NGO involvement in certain areas of the social economy, in particular with the support of the EQUAL programme

Adaptability and business

- The influx of foreign direct investments and the related creation of new jobs
- The stable level of business and rising status of small and medium-sized enterprises
- Growth in the number of employees with a high level of skills
- Quality, productive and constant social dialogue at national, sectoral, regional and business level

Public administration

- The existence of organizational and coordination capacities for the modernization of public administration

- Realized reform of territorial public administration
- A stable system on the training of staff from territorial self-governing units

Transnational cooperation

- Experience gained from the implementation of the EQUAL Community Initiative and twinning projects financed under the Phare system

2. 3. 2. Weaknesses

Labour market

- A high proportion of long-term unemployed and large regional disparities
- A persistently high unemployment rate and long-term unemployment in two of the hardest hit regions – Moravskoslezsko and Ústecko
- The rising share of unemployed persons in disadvantaged groups on the labour market
- In the European comparison, expenditure on the active employment policy is well below average
- Insufficient modernization and adaptation of employment services
- Insufficient creation of new jobs
- The low mobility of the workforce
- A low share of job-seekers on retraining courses organized by the employment office
- Imbalance between supply and demand on the labour market, especially in certain regions

Further education

- The low share of employees taking part in further education
- The lack of cooperation between training facilities, employers and social partners in the field of further education

Social integration and equal opportunities

- Weak incentives for the employment of groups of the population at risk of social exclusion and the adaptation of certain groups to their situation
- The long-term slow and insufficient social integration of members of Roma communities
- The insufficient availability and quality of social services for persons excluded or at risk of social exclusion, and difficulties in implementing new methods to manage and enhance quality in organizations
- An insufficiently developed system for the training of staff in social services
- Insufficient awareness of issues related to the equality of men and women and methods for protection against discrimination, and wage disparities between the sexes

Adaptability and business

- The absence of capacities to anticipate changes on the labour market, in particular identifying investor requirements from the aspect of workforce skills
- The insufficient use of flexible forms of labour organization, especially part-time employment

- The lack of resources among SMEs and entrepreneurs for the continuous education of their employees in accordance with the need to implement ICT, new technologies and production processes
- Ongoing restructuring and the related vulnerability of certain traditional sectors
- Insufficient measures to encourage efforts to keep the workforce healthy, and subsequent social exclusion as a result of personal injury

Public administration

- Insufficiently efficient, effective and transparent public administration, especially compared to the private sector
- The large number of operations at central administrative authorities and the absence of a mechanism to limit growth and reduce bureaucracy
- The non-existence of a coherent communication strategy focusing on horizontal and vertical communication in public administration, insufficiently developed communication between public administration and citizens and other partners
- Inappropriately configured regulation culminating in an excessive administrative burden on citizens, enterprises and organizations
- Lack of managerial knowledge and skills in the field of human resources management and low performance motivation among employees

Transnational cooperation

- Lack of awareness in the Czech Republic about the possibilities and benefits of transnational cooperation
- A more complicated process for the administration of projects involving transnational cooperation

2. 3. 3. Opportunities

Labour market

- An increase in the employment of disadvantaged and long-term unemployed persons, in particular young people up to the age of 25, older people (more than 50) and women
- The adaptation, modernization, transformation and reinforcement of employment services
- A reduction in regional disparities as regards the unemployment rate, and reinforcement of the workforce's mobility
- The reinforcement and interaction of measures related to social services and employment services
- Promotion of the equal opportunities of women and men
- An expansion in retraining programmes through employment offices, intended for specific groups of job-seekers

Further education

- The development of cooperation between employers, educational institutions and professional institutions
- Encouragement of the development of support services in the field of further education

Social integration and equal opportunities

- The reform of social services, with an emphasis on implementing standards of service quality and on the development of alternative forms of services and care aimed at supporting user activities
- The greater participation of the nongovernmental sector providing services for disadvantaged groups, in particular broader participation in the social economy
- The development of training for social service staff
- The reinforcement of the equality of men and women and the enforcement of legal provisions
- Support for the reconciliation of family and working life, especially among employers

Adaptability and business

- The cultivation of conditions to build capacity that will anticipate changes on the labour market and investor requirements regarding the qualification structure of the workforce
- The creation of possibilities for the training of entrepreneurs and employees in relation to labour market requirements
- An increase in demand for the workforce in sectors with growth potential and higher value added
- An increase in the level of skills and adaptability of the workforce, culminating in a rise in the competitiveness of enterprises
- The creation and implementation of modern systems for human resources management and development in the business sector
- The implementation of joint activities by social partners with an impact on maintaining the social peace

Public administration

- A reinforcement in human resources development at public administration authorities, an improvement in the quality of management
- The building of capacity that can cope with the implementation of instruments that will enhance the quality of regulation and address this field in the context of the EU
- The guarantee of the continuity of the reform and modernization process of public administration through assistance from the Structural Funds
- Streamlining of the communication and coordination mechanisms in state administration and between state administration and self-government with the use of modern management methods and ICT
- An enhancement in the quality and availability of public services and the efficiency and transparency of public administration

Transnational cooperation

- An increase in the efficiency of national strategies and policies in the field of human resources and employment thanks to the use of transnational cooperation
- More effective implementation and application of the European Social Fund through transnational cooperation

2. 3. 4. Threats

Labour market

- The under-development of counselling and information systems and services supporting employment
- A rise in long-term unemployment and an increase in unemployment among persons disadvantaged on the labour market
- A drop in employment opportunities for older citizens (more than 50 years old)
- Insufficient creation of new jobs
- Persistent regional disparities in the fields of both employment and unemployment, especially in regions hardest hit by restructuring, i.e. in Moravskoslezsko and Ústecko
- The persistently low number of retrained job-seekers and persons interested in employment

Further education

- A decrease in interest in the further education of employees among enterprises
- The persistent low participation of employees in further education
- A decrease in interest in cooperation in the field of further education among entities
- The continuing existence of a qualification structure of economically active persons that does not correspond to labour market requirements

Social integration and equal opportunities

- Growth in the proportion of socially marginalized groups of the population and the related rising rate of socially pathological phenomena
- Deepening of the social exclusion of members of Roma communities
- A persistent formal approach to the equal opportunities of men and women
- The non-comprehensive approach, lack of flexibility and lack of consistency of services provided to disadvantaged groups
- The insufficient availability and quality of social services

Adaptability and business

- A reduction in the Czech workforce's adaptability in the business sphere
- A decrease in interest in training among entrepreneurs and employees
- A rise in the number of workers whose qualifications do not correspond to the increasing requirements of the labour market
- A persistently low share of employees working part-time and low share of employers supporting the use of flexible types of employment
- Breaches of social peace in relation to the lack of motivation to engage in mutual communication and to hold social dialogue at all levels

Public administration

- An increase in the administrative burden for citizens, entrepreneurs and private entities and the growth of bureaucracy
- Insufficient coordination within and between individual levels of public administration

- The greater attraction of other sectors or countries for public administration experts and the subsequent departure of capable employees from public administration
- The corruption environment of the public sector
- Deeper politicization of public administration

Transnational cooperation

- Lack of interest from foreign partners in cooperation with the Czech Republic in certain areas
- The existence of language barriers

3. STRATEGY OF THE HUMAN RESOURCES AND EMPLOYMENT OPERATIONAL PROGRAMME

3. 1. Strategic objectives and background

The strategy of the Human Resources and Employment Operational Programme draws primarily on the strategy contained in the National Strategic Reference Framework and fully respects the basic strategic documents of the Czech government: the Regional Development Strategy of the Czech Republic (approved under Government Resolution No 560 of 17 May 2006), the Economic Growth Strategy of the Czech Republic (approved under Government Resolution No 1500 of 16 November 2005), the National Reform Programme of the Czech Republic 2005 – 2008 (approved under Government Resolution No 1200 of 14 September 2005), Public Service Availability and Quality Support Strategy (acknowledged under Government Resolution No 824 of 1 September 2004), National Action Plan for Social Inclusion 2004 – 2006 (approved under Government Resolution No 730 of 21 July 2004), National Action Plan for Employment 2004 – 2006 (approved under Resolution No 696 of 14 July 2004), the Procedure and Guidelines for Reform and the Modernization of Central State Administration (approved under Government Resolution No 237 of 17 March 2004), the Sustainable Development Strategy of the Czech Republic (approved under Government Resolution No 1242 of 8 December 2004), National Programme of Preparation for Ageing 2003 – 2007 (approved under Government Resolution No 485 of 15 May 2002), Effective Public Administration and Friendly Public Services – Strategy for the Implementation of Smart Administration in 2007-2015 (basic tenets approved under Government Resolution No 197 of 28 February 2007).

The relevant EU documents were also taken into consideration – the Commission Communication ‘Cohesion Policy in Support of Growth and Jobs, Community Strategic Guidelines 2007-2013’ COM (2005) 299 of 5 July 2005, the Communication from the Commission to the Council and to the European Parliament ‘Integrated guidelines for growth and jobs, Lisbon Community Programme’, COM (2005) 330, and the proposal for a Regulation on the European Social Fund.

The strategy of the Human Resources and Employment Operational Programme reflects the findings made in an analysis of the current situation in the sector and proposes a method to address identified problems, deficiencies and the needs of the sector, areas and target groups. In particular, it is geared towards tackling selected weaknesses and applying development opportunities identified in the SWOT analysis.

3. 2. HREOP global objective and specific objectives

Global objective

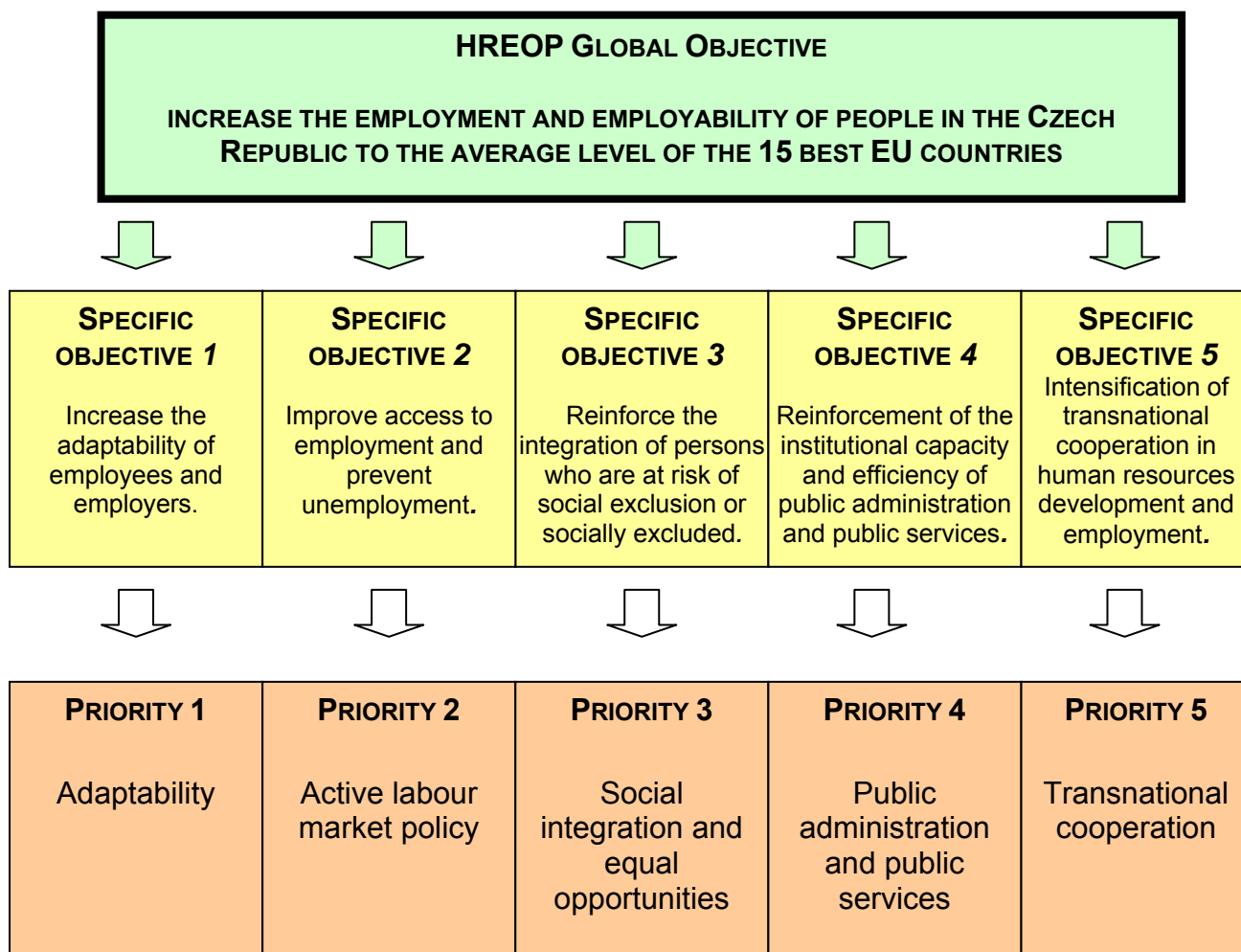
The global objective of the HREOP is to **increase the employment and employability of people in the Czech Republic to the average level of the 15 best EU countries**. This objective is the driver behind the implementation of

Strategic Objectives of the National Strategic Reference Framework 2007 – 2013, i.e. an ‘**Open, flexible and cohesive society**’ and a ‘**Competitive Czech economy**’, and is fully in keeping with the third guideline of the Cohesion Policy in Support of Growth and Jobs (Community Strategic Guidelines, 2007 – 2013¹⁵) –) – More and better jobs, and with the Czech Republic’s Economic Growth Strategy.

Specific objectives

The specific objectives of the Human Resources and Employment Operational Programme are:

1. **To increase the adaptability of employees and employers.**
2. **To improve access to employment and prevent unemployment.**
3. **To reinforce the integration of persons who are at risk of social exclusion or socially excluded.**
4. **Reinforcement of the institutional capacity and efficiency of public administration and public services.**
5. **Intensification of transnational cooperation in human resources development and employment.**



¹⁵ Communication from the Commission – Cohesion Policy in Support of Growth and Jobs –

3.3. Identification of the priority axes of the HREOP and the justification thereof

Based on the above-mentioned fundamental strategic documents, key economic and social characteristics defined in the analytical chapter and in the SWOT analysis of the National Strategic Reference Framework, ten priority axes (including technical assistance) were identified for assistance from the European Social Fund via the Human Resources and Employment Operational Programme. The programme's individual physical priority axes are fully consistent with the specific objectives of the programme and correspond to the ESF's priorities in the 2007-2013 programming period.

The structure of the physical priority axes of the Human Resources and Employment OP is as follows:

Priority axis 1	Adaptability (Convergence)
Priority axis 2a	Active labour market policy (Convergence)
Priority axis 2b	Active labour market policy (Regional Competitiveness and Employment)
Priority axis 3	Social integration and equal opportunities (Convergence)
Priority axis 4a	Public administration and public services (Convergence)
Priority axis 4b	Public administration and public services (Regional Competitiveness and Employment)
Priority axis 5a	Transnational cooperation (Convergence)
Priority axis 5a	Transnational cooperation (Regional Competitiveness and Employment)

Priority axis 1: Adaptability

This priority axis is geared towards the implementation of the first specific objective of the HREOP and aims to prevent unemployment by encouraging investment in human resources by undertakings and organizations, the deepening and expansion of the professional knowledge, skills and competences of employees and employers at all levels, and the creation and implementation of modern systems for the management and development of human resources. It also encompasses the development of specific services in employment, vocational training and support of employees in connection with the restructuring of enterprises and sectors, and with the need for rationalizing the production and implementation of new technology. This priority axis will also support interventions aimed at increasing the availability of the range of further education by promoting educational and training programmes for the economically active population with regard to the needs of the labour market and the knowledge society.

Priority axes 2a and 2b: Active labour market policy

These priority axes will implement the second specific objective of the HREOP and aim to improve access to employment, ensure the enduring inclusion of job-seekers, prevent unemployment, in particular long-term unemployment and unemployment among groups disadvantaged on the labour market. An emphasis will be placed on the individual and on selecting instruments and measures that will best support the individual's integration and sustainable employment. These priority axes will also support interventions aimed at enhancing the quality of consulting, educational and employment services provided by institutions on the labour market; they will encourage improved efficiency and reinforcement of institutions on the labour market and in the field of social integration, taking into account the need for the effective implementation of an active employment policy, flexible labour market and integration of persons at risk of social exclusion on the labour market, including proactive measures to prevent unemployment. The creation of systems to predict changes on the labour market and manage both gradual and sudden changes in employment, i.e. anticipated future working and qualification requirements, will also be encouraged.

Priority axis 3: Social integration and equal opportunities

This priority axis will fulfil the third specific objective of the HREOP and focuses primarily on providing assistance to persons at risk of social exclusion or socially excluded persons via direct support for these persons and by increasing the quality and accessibility of social services for these persons, including the reinforcement of local partnerships and community planning processes. Measures culminating in the increased employability of these persons and measures aimed at improving the reconciliation of family and working life will also be supported. Under this objective, activities to promote the equal opportunities of women and men on the labour market will also be supported. Special attention will be paid to members of Roma communities and immigrants, as well as other groups from a different socio-cultural environment. The social inclusion of disadvantaged groups of the population will be promoted primarily through the support of entities providing social services culminating in integration into the labour market and society. An emphasis will also be placed on the development of the system of social services, in particular through the further education of social workers and workers involved in social services.

Priority axes 4a and 4b: Public administration and public services

These priority axes are geared towards implementing the fourth specific objective of the HREOP and will be applied via interventions aimed at increasing institutional capacity, quality, efficiency and the transparency of public administration and public services, irrespective of the role of the entities supported during the drawdown of resources from the Structural Funds. The priority axes follow up on the comprehensive strategy to improve the efficiency of public administration: Efficient Public Administration and Friendly Public Services – Strategy for the Implementation of Smart Administration in 2007-2015 (basic tenets approved under Government Resolution No 197 of 28 February 2007). Assistance will be channelled into the modernization of central state administration authorities and into the modernization of territorial public administration. These priority axes will encourage the management and development of human resources in public administration, improvements in the quality of regulation, reductions in the administrative burden, the management of quality and performance, strategic management and community planning, and

improvements in the quality of the public administration education and training system. The modernization of public administration will require the application of information and communication technologies (ICT) for the production and implementation of eGovernment projects. Under these priority axes, attention will also focus on the implementation of activities and the application of instruments enhancing the quality and accessibility of public services, the participation of citizens in local public life, and, not least, ethical standards in public administration. Based on a detailed analysis, areas of public administration in which the support of administrative capacity is most desirable will be identified. Support for these key areas will have a significant impact on economic growth and employment throughout the Czech Republic.

Priority axes 5a and 5b: Transnational cooperation

These priority axes will implement the fifth specific objective of the HREOP and, in accordance with Article 8 of the Regulation on the European Social Fund, focus on the promotion of transnational cooperation in human resources development between projects in different EU Member States, between groups of actors specializing in specific areas, between actors from a joint regional area and actors from other areas, and between national organizations in several EU Member States. The expedient support of transnational cooperation helps increase the impact of projects at local, regional and national level thanks to the incorporation of the experience, credit and professional knowledge of foreign partners, improves the efficiency of expenditure thanks to the acquisition of solutions already discovered abroad, and facilitates transnational comparisons and the spread of good practice. In accordance with Article 1(e) and Article 3(6) of Council Regulation (EC) No 1081/2006 on the European Social Fund, projects realized under these priority axes will focus on promoting the objectives of other HREOP priority axes.

Priority axes 6a and 6b: Technical assistance

These priority axes, in line with the legislative framework for Structural Funds, focus on supporting the management and implementation of the HREOP. Within the technical assistance priority axes, the main projects financed will be those for the support of the management, implementation, control, monitoring, evaluation and publicity of the Operational Programme.

Concentration on key priority axes and their mutual synergy

The strategy of the Human Resources and Employment OP fully respects the fact that the effectiveness of each of the priority axes is limited in the support of employment. Therefore, the three key physical priority axes of the programme are three logical and interconnecting units which address the situations of various groups on the labour market – from employees, to job-seekers, to the long-term unemployed or those socially excluded. The existence of three sub-systems and, in particular, the first element – the active prevention of job losses – helps to increase the effectiveness of the whole system and prevents the overburdening of institutions operating on the labour market (especially employment offices).

1. Active prevention of job losses – Priority axis 1 ‘Adaptability’

Focused on employees – the continuous and timely provision of consulting services and the training of employees in accordance with the changing requirements of enterprises, support for the maintenance, deepening and renewal of skills, retraining for other activities, without people having to register with employment offices, support for the creation and implementation of modern systems of human resources management and development.

Risks of not providing this assistance – a decline in labour productivity, the loss of the competitiveness of the workforce and subsequently of enterprises, the shift of production to other countries, job losses.

2. Tackling unemployment – Priority axes 2a and 2b ‘Active labour market policy’

Focused on job-seekers and people interested in employment – training, retraining, guidance, the renewal of the skills of job-seekers and persons interested in employment in accordance with labour market requirements and the prevention of long-term unemployment. To serve the unemployed satisfactorily, it will be necessary to reinforce the capacity and efficiency of institutions on the labour market.

Risks of not providing this assistance – longer periods of unemployment, frustration, loss of skills, working habits and employability, the transfer to long-term unemployment and inactivity, or to the grey economy.

3. Tackling long-term unemployment and social exclusion – Priority axis 3 ‘Social integration and equal opportunities’

Focused on the long-term unemployed at risk of social exclusion and persons who have been socially excluded – an integrated approach to long-term unemployment, efforts to increase the employability of these persons and facilitate their return to the labour market, or at least increase their chances of finding a job. To achieve these objectives, it will be necessary to improve the availability of social services.

Risks of not providing this assistance – frustration, loss of motivation, inactivity, crime, socio-pathological phenomena.

Effectiveness of the strategy selected

The effectiveness of the overall strategy of the Human Resources and Employment OP is therefore to enhance the mutual complementarity and synergy of the three physical priority axes, addressing the situation of groups of people in various positions on the labour market. Most of the programme’s financial resources are allocated to these three priority axes, primarily focusing on the individual, in accordance with ESF policy. If the effectiveness of activities and measures in each of the three key physical priority axes is 60%, the effectiveness of the whole is 93.6%. With 80% effectiveness, less than one person in a hundred sinks through the network of measures from employment to long-term unemployment and inactivity.

The remaining **cross-sectional priority axes** – Public administration and public services, Transnational cooperation and Technical assistance – help enhance the efficiency of the systems, institutions and programmes applied to the benefit of target

groups on the labour market, thus improving the effectiveness of the individual priority axes and the strategy of the programme as a whole.

Workforce mobility

The geographic mobility of the workforce is a very complex theme affected by many factors – transport services, housing policy, wages, workforce skills, etc. Most of these factors cannot be addressed via European Social Fund interventions. Interventions reinforcing the mobility of the workforce and eligible within the ESF apply to the support of the professional mobility of the workforce. Low skills are generally reflected in lower earnings or result in unemployment. On average, then, those with low skills also tend to have a low disposable income, which prevents them from moving for the sake of work and evening out the disparity between supply and demand for individual professions among the regions in the Czech Republic. This also leads to a persistently high unemployment rate in structurally backward regions of the Czech Republic. Under the Human Resources and Employment Operational Programme, geographic mobility – with regard to the nature of ESF interventions – will be supported indirectly, through activities to promote and increase the professional mobility of the workforce. These activities will be implemented under the HREOP primarily within the scope of Priority axis 1 ‘Adaptability’ and Priority axes 2a and 2b ‘Active labour market policy’.

Regional dimensions of the programme strategy

The Human Resources and Employment Operational Programme has been designed so that interventions within the scope of its priority axes take into consideration and respond to factors specific to the individual regions, especially regional disparities in the rate of employment and unemployment. At the level of the Operational Programme, Priority axes 2a and 2b will support **the creation and development of a system to predict changes on the labour market** and manage both gradual and sudden changes in employment, i.e. anticipated future working and qualification requirements. This capacity will make it possible to predict changes on the labour market throughout the Czech Republic and in the individual regions and sectors. Thanks to this information, it will be possible to make HREOP targeting more precise, primarily within the scope of Priority axis 1 ‘Adaptability’ and Priority axes 2a and 2b ‘Active labour market policy’. A special emphasis will be placed on interventions in the regions hit worst by structural unemployment, i.e. especially in the NUTS II regions of Moravskoslezsko and Severozápad.

Another instrument that will be used in the planning and implementation of specific interventions under the HREOP according to individual sectors, regions and investor requirements is the **sectoral analyses** that are currently being drawn up. Analyses of eleven sectors of key importance for the Czech Republic in terms of employment will provide a comprehensive, coherent overview of the state and needs of the economy from the aspect of human resources development requirements in relation to the labour market, the structure of workforce supply and demand, and future developments in employment. In relation to the HREOP, the aim of these sectoral analyses is to obtain documentation for the specific focus of support programmes under the Operational Programme, in particular in Priority axis 1 ‘Adaptability’, to take into account current and justified workforce requirements from the aspect of employers’ needs when planning these interventions, and to obtain documentation

for qualified, timely decisions at central level on the employment policy and on the support of the development and modification of training processes.

To ensure the most effective instruments and areas of intervention are selected in a **given region**, the principle of the partnership of all actors on the labour market will reinforce the advisory bodies of employment offices, which are composed primarily of the representatives of social partners, organizations for the disabled, and territorial self-governing units. This will culminate in the correct targeting of interventions by labour market institutions based on the requirements of the region.

3. 4. Multiple objectives

The Human Resources and Employment Operational Programme is conceived as a multiple-objective programme. The programme's three substantive priority axes and the Technical Assistance priority axis will be complemented with a contribution from the envelope of the objective 'Regional competitiveness and employment' so that the activities under these axes can be supported throughout the Czech Republic, i.e. including in the City of Prague.

From the material perspective of multi-objective interventions, these are activities of a systemic or national nature which are part of the priority axis focusing on the active labour market policy, and the priority axis focusing on public administration and public services and on transnational cooperation. The activities contained in these priority axes are of crucial importance for the Czech Republic, and their implementation throughout the Czech Republic, including in the City of Prague, is essential. To ensure that the impact of interventions is as effective as possible, it is necessary to implement these national strategies centrally, with regard to the competence structure of institutions in the Czech Republic. Bearing in mind that these activities – in view of the concentration principle – will be supported under the PA OP, the Czech Republic decided to conceive the HREOP as a multi-objective programme to ensure support for key interventions throughout the Czech Republic.

The underlying reason for the multi-objective nature of the programme is that it simplifies management, monitoring and control of the use of ESF resources, which are issued for the same activities in both the objectives in question. The uniform management structure can thus efficiently ensure observance and control of the principle of the non-transferability of financial resources between objectives (Article 22, 1083/2006), as well as the economic and fully coordinated use of financial resources under both objectives.

For the calculation of the pro rata contribution from the envelope of the objective 'Regional competitiveness and employment' to the HREOP budget, a simple, transparent formula was proposed for each of the priority axes in question (see the relevant priority axes). Under the given pro rata ratio, each project financed within the scope of the relevant multi-objective intervention will receive funding from both Objectives. The HREOP Managing Authority will ensure that resources allocated to the Convergence Objective are not used to finance interventions in the territory of the objective 'Regional competitiveness and employment' (and vice versa). At the same time, the HREOP Managing Authority, in liaison with the PA OP Managing Authority,

guarantees that activities carried out in the context of the HREOP will not be duplicated with PA OP activities, i.e. the same type of activity will not be carried out for the same target group.

An overview of HREOP priority axes and the sources of their funding is set out in the table below.

Priority axis 1 – Adaptability	(Convergence)
Priority axis 2a – Active labour market policy	(Convergence)
Priority axis 2b – Active labour market policy	(RC&E)
Priority axis 3 – Social integration and equal opportunities	(Convergence)
Priority axis 4a – Public administration and public services	(Convergence)
Priority axis 4b – Public administration and public services	(RC&E)
Priority axis 5a – Transnational cooperation	(Convergence)
Priority axis 5b – Transnational cooperation	(RC&E)
Priority axis 6a – Technical assistance	(Convergence)
Priority axis 6b – Technical assistance	(RC&E)

3. 5. Justification of the thematic, geographic and financial concentration of the priority axes

The HREOP priority axes fully cover all the main priority areas laid down in the Regulation on the European Social Fund, apart from the priority areas related to the reform of the education and vocational training systems, which is primarily promoted under the Training for Competitiveness Operational Programme, coordinated by the Ministry of Education, Youth and Sports. In accordance with the European Employment Strategy and the ESF policy, the programme’s financial resources are concentrated on measures and activities implemented in favour of individuals, especially individuals disadvantaged on the labour market. Measures and activities for the development of the public service systems, including support for their providers, are conceived as auxiliary measures aimed at expanding and improving the quality of the services provided to individuals.

A third of the allocated resources are channelled into the Adaptability priority axis, which is a major increase compared to the current programming period. This growth is justified by efforts to reinforce preventive measures to avert unemployment, and by an analysis and prognosis of developments in the Czech economy, where structural and technological changes are expected to speed up in individual branches and sectors. Experience so far of the implementation of ESF programmes also indicates that measures for the adaptability and growth of business competitiveness have a high absorption capacity.

The largest volume of financial resources is proposed for the reinforcement of active measures on the labour market in favour of the unemployed. The anticipated economic growth cannot, in itself, guarantee further reductions in unemployment; this will be possible only if the state makes strong interventions in relation to ‘subsidized’ jobs for people with the reduced ability or possibility of succeeding in the competitive

environment of the labour market. Experience of the implementation of existing ESF programmes confirms that the fulfilment of objectives and the absorption capacity of this priority axis is highly dependent on the capacity and performance of public employment services. A large volume of funds will therefore be devoted to reinforcing capacity and modernizing institutions providing labour market services.

In accordance with the Lisbon Strategy, measures and activities in the field of social integration and equal treatment on the labour market are also strengthened. The successfulness of interventions here depends very much on the availability of comprehensive services for clients and, in particular, the possibility of eliminating all obstacles hindering access to education and employment for persons excluded from the labour market and society. Comprehensive projects in the vein of 'the path to integration and employment' are very costly, but are also a very effective way of addressing target groups' problems and are characterized by a high absorption capacity.

The financing framework of the HREOP does not explicitly set allocations for individual regions; nevertheless a part of the HREOP implementation strategy – as in the current programming period – is the concentration of financial resources in regions with a high (above-average) unemployment rate and areas faced with the prospect of the restructuring of their key enterprises, or of whole sectors and branches, i.e. in particular the NUTS II regions of Moravskoslezsko and Severozápad. The implementation of individual projects specifically geared towards these regions will complement the existing national programmes, including investment incentives and a programme to promote new jobs in regions hardest hit by unemployment, which is implemented in cooperation with the MoLSA and the MIT. The focus of these projects will depend on analyses and outputs from projects realized in the context of the Human Resources Development Operational Programme 2004-2006.

3. 6. Consideration of the EU Council Recommendation on the implementation of employment policies

As part of the mechanism for the coordination of EU Member States' employment policies, on 14 October 2004 the European Commission issued Country Specific Recommendations. The recommendations for the Czech Republic follow up on the pre-accession document 'Joint Assessment of the Employment Policy' and are summed up as follows:

- Ensure that wage developments remain in line with productivity developments
- Reduce non-wage labour costs, reform taxes and social benefits with a view to increasing the motivation to work
- Increase the participation of women and older workers (part-time employment)
- Integrate the most vulnerable groups in the labour market (especially the Roma) – preventive, active and anti-discrimination measures – access to education, vocational training, support to entrepreneurship and job creation
- Modernize public employment services

- Increase participation in tertiary education to improve occupational and geographic mobility

These are long-term recommendations and are therefore still generally valid. The Human Resources and Employment Operational Programme directly takes into account most of these recommendations in its strategy, especially in the description of the individual physical priority axes of the programme. The first two recommendations extend beyond the objectives that can be achieved by implementing the programme's individual priority axes; nevertheless a reduction in employer contributions is one of the important external factors required to fulfil the programme's objectives in terms of placing the unemployed or inactive population in jobs and to expand the scope of part-time employment.

Most of the other recommendations will be incorporated in the form of separate support areas within the scope of the key priority axes 1-3, e.g. a measure to integrate the Roma (Priority axis 3), the modernization of employment services (Priority axis 2), greater participation in further education and increased occupational mobility (Priority axis 1).

3. 7. Social partners and NGOs

In the 2004-2006 programming period, social partners and nongovernmental organizations are involved in programmes co-financed by the ESF, both as members of the relevant monitoring committees and, in particular, by preparing and implementing projects financed by the ESF. This way, social partners and NGOs acquire the necessary practical knowledge of project administration so that they will have an improved approach to ESF funding in the 2007-2013 period. With a view to simplifying the access that social partners and NGOs have to ESF resources, as in the 2004-2006 period there will be a mechanism of advance payments for beneficiaries.

In accordance with Article 5(3) of Council Regulation (EC) No 1081/2006 on the ESF, following an analysis of needs, as mentioned in chapter 2.1.6.5. and carried out by the social partners themselves, activities will be supported under the HREOP that are geared towards the capacity building of the social partners. To support these activities, and to achieve the stated objective, adequate HREOP resources will be earmarked that are consistent with the absorption capacity of the social partners and their needs in implementing their human resources development strategy and reinforcing capacities for their involvement in the tripartite and bipartite, in particular in implementing the agreements and conclusions adopted by the EU Committee on Social Dialogue.

These activities include, in particular, vocational training, networking measures, the reinforcement of social dialogue and activities jointly undertaken by the social partners (especially in relation to the adaptability of employees and businesses). The aim of these activities is to improve the competitiveness of employees and employers and their adaptability to the changing conditions on the labour market. The social partners will participate, as project promoters, in the vast majority of interventions supported under the HREOP. Given the active involvement of the Czech Republic's

social partners in European structures, their participation in projects in the context of transnational cooperation can be expected. With consideration for the social partners' plans to realize a successful human resources development policy, specific project calls will also be used, especially under Priority Axis 1 – Adaptability. In the initial stage, approximately CZK 180 million will be earmarked for these calls; this is approximately 1% of all resources allocated to Priority Axis 1 – Adaptability. The specific amount used and the financial resources earmarked for subsequent calls will depend on the absorption capacity of the social partners and the number of quality projects.

3. 8. Consistency of the OP with strategic documents

3. 8. 1. Community Strategic Guidelines

In terms of the consistency of the Human Resources and Employment Operational Programme strategy with the Community Strategic Guidelines (CSGs), the HREOP complies fully with the CSGs. The Human Resources and Employment Operational Programme is directly linked to the fulfilment, in particular, of the third Guideline – *More and better jobs*. From the aspect of the interaction of HREOP priority axes with CSG priority axes, the Human Resources and Employment Operational Programme has links to the following priority axes in particular:

- **Attract and retain more people in employment and modernise social protection systems,**
- **Improve adaptability of workers and enterprises and the flexibility of the labour market,**
- **Increase investment in human capital through better education and skills**
- **Administrative capacity.**

The links are illustrated in detail in the following table:

Table 25 Links between the HREOP strategy and Community Strategic Guidelines

Community Strategic Guidelines	Priority axis HREOP	ADAPTABILITY	ACTIVE LABOUR MARKET POLICY	SOCIAL INTEGRATION AND EQUAL OPPORTUNITIES	PUBLIC ADMINISTRATION AND PUBLIC SERVICES	TRANSNATIONAL COOPERATION
	CSG priority					
CSG I: Making Europe and its regions more attractive places to invest and work	Expand and improve transport infrastructures					
	To strengthen the synergies between environmental protection and growth					
	Address Europe's intensive use of traditional energy sources					
CSG II: Improving knowledge and for innovation growth	Increase and improve investment in RTD					
	Facilitate innovation and promote entrepreneurship	X			X	X
	Promote the information society for all	X			X	
	Improve access to finance					
CSG III: More and better jobs	Attract and retain more people in employment and modernise social protection systems	X	XXX	XXX	XX	XX
	Improve adaptability of workers and enterprises and the flexibility of the labour market	XXX	XX	XX	XX	XX
	Increase investment in human capital through better education and skills	XXX	XX	XX	XX	XX
	Administrative capacity		XX	XX	XXX	XX
	Help maintain a healthy labour force	XX	X	XX		

Note:

XXX.... the OP priority axis predominantly focuses on achieving the objectives of the corresponding CSG priority;

XX..... the OP priority axis significantly helps achieve the objectives of the corresponding CSG priority;

X..... the OP priority axis does not focus directly on achieving the objectives of the corresponding CSG priority, but indirectly helps to achieve these objectives.

3. 8. 2. National Strategic Reference Framework

In terms of the consistency of the Human Resources and Employment Operational Programme strategy with the National Strategic Reference Framework, the HREOP complies fully with the NSRF. The Human Resources and Employment Operational Programme is directly linked to the fulfilment of the strategic objective of the NSRF *Competitiveness of the Czech economy* and the strategic objective *Open, flexible and cohesive society*. The implementation of the HREOP will also have positive impacts on the fulfilment of the strategic goal *Balanced territorial development* under the NSRF. In terms of the interaction between the HREOP priority axes and the NSRF priorities, the Human Resources and Employment Operational Programme has links, in particular, to the priorities **Increased employment and employability, Stronger social cohesion, Education and Smart public administration**. The links are illustrated in detail in the following table:

Table 26 Links between the HREOP strategy and National Strategic Reference Framework

NSRF strategic objective	Priority axis HREOP	ADAPTABILITY	ACTIVE LABOUR MARKET POLICY	SOCIAL INTEGRATION AND EQUAL OPPORTUNITIES	PUBLIC ADMINISTRATION AND PUBLIC SERVICES	TRANSNATIONAL COOPERATION
	NSRF priority					
A competitive Czech economy	A competitive business sector	XX			XX	XX
	Development of sustainable tourism					
	Support of the capacities of research and development for innovation	X				X
An open, flexible and cohesive society	Education and Training	XX	XX	XX	XX	XX
	Increased employment and employability	XXX	XXX	XXX	XX	XX
	Reinforcement of social cohesion	X	XX	XXX	X	XX
	Development of the information society	X			XX	X
	Smart public administration		X	X	XXX	XX
An attractive environment	Protection and improvement of the environment					
	Improved accessibility by transport					
Balanced development of the regions	Balanced development of the regions	XX	XX	XX	XX	XX
	Development of urban areas					
	Development of rural areas					

Note:

Human Resources and Employment Operational Programme

XXX.... the OP priority axis predominantly focuses on achieving the objectives of the corresponding NSRF priority;

XX..... the OP priority axis significantly helps achieve the objectives of the corresponding NSRF priority;

X..... the OP priority axis does not focus directly on achieving the objectives of the corresponding NSRF priority, but indirectly helps to achieve these objectives.

3. 8. 3. Economic Growth Strategy of the Czech Republic

The Economic Growth Strategy of the Czech Republic (approved under Government Resolution No 1500 of 16 November 2005) sets out the priorities of economic policy up to 2013, and recommends how to channel resources from the budgets of the government and the EU Structural Funds most efficiently. Therefore, this strategy is a key document which the HREOP strategy must build on. Given its focus, the HREOP priority axes have a link in particular to the fourth pillar of the Economic Growth Strategy – *Human resources development – education and employment*. The links are illustrated in more detail in the following table:

Table 27 Links between the HREOP strategy and the Economic Growth Strategy

Pillars of the Economic Growth Strategy	Priority axes of the Human Resources and Employment Operational Programme				
	Adaptability	Active labour market policy	Social integration and equal opportunities	Public administration and public services	Transnational cooperation
P1: Institutional environment for business	X			XXX	
P2: Sources of financing					
P3: Infrastructure					
P4: HRD – education and employment	XXX	XXX	XXX		X
P5: Research, development and innovation	X			X	X

Note:

XXX.... the OP priority axis predominantly focuses on achieving the objectives of the corresponding EGS priority

XX..... the OP priority axis significantly helps achieve the objectives of the corresponding EGS priority

X..... the OP priority axis does not focus directly on achieving the objectives of the corresponding EGS priority, but indirectly helps to achieve these objectives.

3. 8. 4. National Reform Programme

The National Reform Programme of the Czech Republic 2005 – 2008 is an important political document which should help improve the fulfilment of the objectives of the revised Lisbon Strategy and implement the necessary reforms. The National Reform Programme contains the priorities and measures of the Czech Republic in macroeconomic and microeconomic areas and in its employment policy with regard to the Lisbon Strategy, with the aim of stimulating economic growth and employment in the three-year period 2005 – 2008. In selecting the priorities of the National Reform Programme, an emphasis was placed in particular on their feasibility in the given period, on the set expenditure frameworks of the Czech budget, and on the measurability and mutual synergic effect of individual measures.

The methodological guidance for the preparation of the Czech National Reform came from the Integrated Guidelines for Growth and Jobs, which merge the Broad Economic Policy Guidelines and the EU Employment Guidelines into a single document. This set of 24 guidelines was approved by the European Council in June 2005.

The following table shows how the strategy of the Human Resources and Employment Operational Programme contributes to the fulfilment of individual priority measures of the National Reform Programme 2005 – 2008 in the field of employment.

Table 28 Links between the HREOP strategy and the National Reform Programme 2005-2008

National Reform Programme 2005 – 2008	Priority axes of the Human Resources and Employment Operational Programme				
	P1	P2a, b	P3	P4a, b	P5a, b
Labour market flexibility – priority measures					
1. Expand contractual freedom in labour-law relations	XX	X	X		X
2. Reduce statutory non-wage labour costs					
3. Improve the stimulating effect of direct taxes and benefits with a view to restricting unemployment and increasing motivation to work among low-income groups					
4. Increase area mobility	XX	X	X		X
5. Modernize the employment policy	XX	XXX	XX		X
Labour market integration – priority measures					
1. Reduce unemployment among young people up to the age of 25	X	XXX	XX		X
2. Promote equal opportunities for women and men on the labour market	XX	XX	XXX	XX	X
3. Increase the participation of older persons on the labour market	XX	XXX	XX	X	X
4. Increase occupational mobility with an efficient retraining system	XXX	XX	X	X	X
5. Simplify foreigners' access to the labour market	X	XX	X		X
Education – priority measures					
1. Introduce curricular reform	X			X	X
2. Expand access to further vocational and university education	X			X	X
3. Support cooperation between employers, employees, training establishments and professional institutions	XXX	XX	X	XX	X
4. Improve the interconnection of the system of initial and further education	X	X	X	X	X
5. Promote permeability between the individual levels of tertiary education	X				
6. Encourage further education in companies	XXX	X	X	XX	X
7. Increase informal training	XX	XX	XX	XX	X

Note:

XXX.... the OP priority axis predominantly focuses on achieving the objectives of the corresponding NRP priority;

XX..... the OP priority axis significantly helps achieve the objectives of the corresponding NRP priority;

X..... the OP priority axis does not focus directly on achieving the objectives of the corresponding NRP priority, but indirectly helps to achieve these objectives.

Besides priority measures, the National Reform Programme also lays down employment objectives. The measures adopted under the National Reform Programme must help achieve the following national indicative employment targets by 2008:

- **a total employment rate of 66.4%,**
- **an employment rate among women of 57.6%,**
- **an employment rate among older employers (55-64) of 47.5%.**

3. 8. 5. National Action Plan for Social Inclusion

The following table illustrates the links between the strategy of the Human Resources and Employment Operational Programme and the strategy of the National Action Plan for Social Inclusion 2004 – 2008 (NAPSI). The strategy of the National Action Plan for Social Inclusion is based on the EU's updated Common Objectives for Combating Poverty and Social Exclusion, which were amended in 2006 further to the launch of the process to improve efficiency in the coordination of policies on social protection and social exclusion.

The following objectives were implemented in relation to social exclusion:

- to facilitate access to all resources, rights, goods and services required to participate in society; to prevent the risk of social exclusion and to combat discrimination;
- to ensure the active social inclusion of all;
- to ensure the effective coordination of social inclusion policies in order to involve all levels of government and the relevant entities, including people in poverty, in order to take them into account in all the relevant public policies, including economic and budgetary policies, education and vocational training policies, and programmes under the Structural Funds (especially the European Social Fund).

In its measures, the Human Resources and Employment Operational Programme reflects the NAPSI 2006-2008 strategy and makes a significant contribution to the fulfilment of the set goals.

Table 29 Links between the HREOP strategy and NAPSI 2006-2008

Objectives of the National Action Plan for Social Inclusion 2004 - 2006	Priority axes of the Human Resources and Employment Operational Programme				
	P1	P2	P3	P4	P5
Alleviating regional inequality	X	X	XX	X	X
Facilitating participation in employment	XX	XXX	XXX	XX	X
Facilitating access to resources, rights, goods and services for all	X	X	XX	X	X
Preventing social exclusion		X	XXX		X
Assistance for the most disadvantaged groups of the population	X	XX	XXX		X

Note:

XXX.... the OP priority axis predominantly focuses on achieving the objectives of the corresponding NAPSI priority;

XX..... the OP priority axis significantly helps achieve the objectives of the corresponding NAPSI priority;

X..... the OP priority axis does not focus directly on achieving the objectives of the corresponding NAPSI priority, but indirectly helps to achieve these objectives.

3. 8. 6. Regional Development Strategy of the Czech Republic

The Regional Development Strategy of the Czech Republic is the basic conceptual document for the implementation of the Czech Republic's regional policy and is the basis for the focus of development programmes connected to EU funds. The continuity between the HREOP priority axes and the Regional Development Strategy of the Czech Republic, with regard to the programme focus, can be identified in four priority areas: the European and national economic strategic framework, Regional economy, People and settlement, and Problem territories. The links are illustrated in detail in the following table:

Table 30 Links between the HREOP strategy and the Regional Development Strategy

Priority areas of the Regional Development Strategy	Priority axes of the Human Resources and Employment Operational Programme				
	Adaptability	Active labour market policy	Social integration and equal opportunities	Public administration and public services	Transnational cooperation
PA 1: European and national economic strategic framework				XXX	XX
PA 2: Regional economy	XX	XXX		XX	
PA 3: People and settlement	XXX	XXX	XXX		
PA 4: Infrastructure					
PA 5: Nature, the landscape and the environment					
PA 6: Tourism					
PA 7: Culture					
PA 8: Problem territories	X	XXX	XXX		

Note:

XXX.... the OP priority axis predominantly focuses on achieving the objectives of the corresponding EGS priority

XX..... the OP priority axis significantly helps achieve the objectives of the corresponding EGS priority

X..... the OP priority axis does not focus directly on achieving the objectives of the corresponding EGS priority, but indirectly helps to achieve these objectives.

3. 8. 7. Link to the 2007 – 2013 operational programmes

In keeping with the requirement of a mono-fund approach to the operational programmes, the Human Resources and Employment Operational Programme will be co-financed solely from the European Social Fund. Lesser-scale infrastructure investments required to achieve the objectives of the HREOP will be financed, in accordance with Article 34(2) of the General Regulation of the Council (EC), via the cross-financing institution within the scope of individual priority axes under the programme.

The support of infrastructure investments beyond the scope of cross-financing required for the implementation of the HREOP objectives will be provided under the **Integrated Operational Programme** and **Regional Operational Programmes**, which will be co-financed from the European Regional Development Fund (ERDF).

The support of investments from the ERDF in the infrastructure for the **modernization of public administration** will be provided within the scope of the **Integrated Operational Programme**, priority axis '*Public administration modernization*'. The Ministry of the Interior, as the coordinator of public administration modernization, will implement ERDF investments in the IOP and ESF activities in the HREOP, thus ensuring the necessary cohesion and coordination of these activities. Steps will also be taken to ensure that activities financed by the ESF in this field will be primary, and tangible investments from the ERDF will complement these activities.

The support of investments from the ERDF in the infrastructure for **social integration** will be provided within the scope of the **Integrated Operational Programme**, priority axis '*Improvement in the quality and availability of public services*', and within the scope of **Regional Operational Programmes**, priority axis '*Infrastructure for human resources development*'. The necessary coordination and cohesion with the IOP in this field is ensured by the fact that the same MoLSA service will implement both ESF activities in the HREOP and ERDF activities in the IOP.

The support of investments from the ERDF in the infrastructure for **employment** will be provided within the scope of the **Integrated Operational Programme**, priority axis '*Improvement in the quality and availability of public services*'. The necessary coordination and cohesion with the IOP in this field is ensured by the fact that the same MoLSA service will implement both ESF activities in the HREOP and ERDF activities in the IOP.

Besides the links mentioned above, the HRE Operational Programme is complementary to certain other operational programmes. Together with the **Enterprise and Innovation Operational Programme**, a broader framework to enhance the quality of the human capital of business entities is formed. In this respect, the HREOP – through its '*Adaptability*' priority axis – facilitates the channelling of part of the assistance from the ESF into improving the adaptability of employees and employers by developing and implementing systems and strategies for the vocational education of workers, with the aim of increasing the education investments that enterprises make and increasing the participation of employees in

vocational education. On the other hand, the EIOP, in Priority Axis 5, 'Business and innovation environment', will support steps to ensure a quality background for the implementation, organization and management of training activities, thus increasing the competitiveness of business entities. The joint effect of the HREOP and the Enterprise and Innovation OP results in the cultivation of conditions required for the more efficient application of financial resources from the Structural Funds in the field of business training with a view to achieving economic growth and a rise in employment.

From the aspect of potential links, there is also a key link between the HRE Operational Programme and another programme financed from the ESF in the Convergence Objective – the **Training for Competitiveness Operational Programme**. Activities carried out within the scope of the Training for Competitiveness OP are geared towards the lifelong learning system (including all forms of tertiary education except retraining); pupils and students acquire not only the necessary skills, but also gradually develop their own relationship to education and the motivation to learn throughout their lives. This contribution by educational institutions is a key element in preventing unemployment and also has a significant effect on the sustainability of employment and employability. In contrast, in this field the **Human Resources and Employment Operational Programme** focuses on providing guidance in the selection and change of occupation and retraining, i.e. the acquisition of new skills and an improvement, expansion or deepening of current skills, including the maintenance or renewal of skills. This guidance concentrates on the integration of the unemployed and on increasing employability on the labour market, and on preventive measures for individuals at risk of unemployment. The aim of the activities under the Human Resources and Employment Operational Programme in the field of education is to ensure the continual supplementation and deepening of key knowledge and skills among the economically active population from the aspect of labour market requirements.

Significant synergic effects between the HREOP and the Training for Competitiveness OP can be anticipated in removing the incoherence between labour market qualification requirements and workers' qualifications. Training and retraining will be provided under the HREOP for persons who are already on the labour market; under the TC OP, training activities will be supported that improve the prospects of those entering the labour market. This will ensure that support is available to the widest possible group of persons at all stages of their working life.

The HRE Operational Programme and the Adaptability Operational Programme also complement each other; the Adaptability OP will be co-financed from the ESF on the territory of the objective 'Regional Competitiveness and Employment', i.e. in Prague. With regard to the priority axes that will be financed from the HREOP only in the territory of the Convergence Objective (Adaptability and Social integration and equal opportunities), the implementation of necessary mirror projects in the City of Prague will be supported under the PA OP. The definition of the boundaries of individual priority axes under the HREOP and the PA OP is as follows:

In the context of Priority Axis 1 of the HREOP, activities will be supported for target groups that are connected with the territory of the Convergence Objective, i.e. outside the City of Prague. The financing of activities relating to the adaptability of employees and employers with a link to the City of Prague will be secured under the Prague Adaptability Operational Programme, Priority Axis 1 – Support of the

development of the knowledge economy. In the context of Priority Axis 3 of the HREOP, activities will be supported for target groups that are connected with the territory of the Convergence Objective, i.e. outside the City of Prague. The financing of activities relating to social integration and equal opportunities for target groups with a link to the City of Prague will be secured under the Prague Adaptability Operational Programme, Priority Axis 2 – Support of entry to the labour market.

In the case of multi-objective interventions, i.e. Priority Axes 2a and 2b – Active labour market policies, Priority Axes 4a and 4b – Public administration and public services, and Priority Axes 5a and 5b – Transnational cooperation, Priority Axes 2a, 4a and 5a of the HREOP were complemented with a contribution from the objective 'Regional competitiveness and employment' and therefore will be implemented throughout the Czech Republic. For more details, see 3.4. Projects with this focus will be implemented only under the HREOP for the benefit of the whole of the Czech Republic.

In this respect, necessary mutual coordination will be secured between the two operational programmes and this especially through mutual membership of Managing Authorities representatives in the Monitoring Committees and via appropriate information exchange.

Link of HRE Operational Programme to the activities financed from EAFRD and EFF

Besides the above-mentioned operational programmes, the HREOP, through its interventions, will suitably complement the measures implemented under Axes I and III of the **Rural Development Programme 2007 – 2013**, which is financed from the European Agricultural Fund for Rural Development. The HREOP follows up on measures under Axis III of the National Rural Development Strategic Plan 2007-2013 by promoting skills development in the country, reinforcing the administrative capacity of local public administration, including endangered population groups, and by supporting retraining and improved computer literacy.

The HREOP is then a complementary to the measures in the **Fisheries Operational Programme 2007-2013**, which is financed from the European Fisheries Fund.

The boundary between the HREOP and EAFRD/EFF interventions has been defined in the following manner: In the case of Axis I of the Rural Development Programme 2007-2013, the boundary with the HREOP will be defined on the basis of the focus of the activities supported and the size of the projects. Under Priority Axis III of the Rural Development Programme 2007-2013, the boundary with the HREOP will be defined on the basis of the types of applicants and target groups. The boundary between the Fisheries Operational Programme 2007-2013 and the HREOP will be defined by the focus of the activities supported.

The criteria will be specified in more detail in the first annual report and will be reflected in the relevant calls for projects. The necessary coordination between the two operational programmes will be provided through appropriate exchange of relevant information between the Managing Authorities of the operational programmes.

3. 9. Horizontal themes

The HREOP covers three main horizontal themes:

- Equal opportunities for women and men and the principle of non-discrimination
- Sustainable development

The horizontal themes are cross-sectional policies and instruments used to integrate global and specific objectives of the HREOP throughout the spectrum of the programme's five vertical priority axes. The priority status of these themes is enshrined among the headline objectives in the EC Treaty. The selection of these themes stems from Council Regulation (EC) No 1083/2006, specifically from Article 3 on the goals of structural intervention and Article 16 on equal opportunities for women and men and non-discrimination. The horizontal themes will be respected at the different stages of implementation. Where priority axes have a direct link to some of the horizontal themes, the relevant indicator is selected as part of the set of indicators for that priority axis. Their fulfilment will be monitored in the implementation phase of the project and will be the subject of on-the-spot checks. Their effect on the situation in human resources development will be assessed within the HREOP evaluation system.

3. 9. 1. Equal opportunities

The obligation to promote equal opportunities throughout the implementation period is laid down in Article 6 of Council Regulation (EC) No 1081/2006 on the ESF, and in the Community Strategic Guidelines 2007 – 2013, Chapter 4.3.1. Equal opportunities for all cover possible discrimination on grounds of sex or the negative experience of various social groups on the labour market (e.g. ethnic minorities, disabled persons, higher age groups of citizens).

The situation faced by women on the labour market in the Czech Republic improved slightly in 2005 compared to 2004. The share of women in total employment climbed by 1.2%; compared to previous years, women's pay in 2005 was 80.9% that of men. However, this situation does not correspond to the share of women (60%) in the category of people with full secondary education and vocational higher education. A certain shift in the equal treatment of women is evident, although this needs to be developed further.¹⁶ Stereotypes, barriers and myths persist, which influence social perception. It is necessary to focus on making changes here too.

Considering the falling numbers of economically active persons in the Czech Republic, the integration of socially excluded groups needs to be encouraged as much as possible. The average number of registered unemployed disabled people rose by 1,700 compared to 2004. Their average share in overall unemployment went up by 1%. The share of economically active foreigners on the Czech labour market is expanding; this group is becoming a significant component of the workforce in the Czech Republic, although hidden discrimination, their often lower skills and bureaucratic obstacles reduce their chances of finding a job. Other socially excluded

¹⁶ CZSO, MoLSA, Women and men in data 2005, pp. 42, 58

groups are faced with similar problems. Therefore, the HREOP will help put the principle of non-discrimination into practice.

During programming, management, monitoring and evaluation, the contribution to equal treatment will be taken into account so that all social groups have the same access to ESF resources. Besides Priority axis 3, Social integration and equal opportunities, focusing on the integration of socially excluded groups on the labour market and support for the equality of women and men, it is necessary for the principle of equal opportunities and non-discrimination to be respected in other vertical priorities and measures. In the description of individual priorities, their influence and method of promoting the principle of equal opportunities need to be reflected. In this respect, the projects must be assessed from the aspect of ensuring equal access to the opportunities on offer and accompanying measures, which will help eliminate all barriers to participation in projects for the target groups.

3. 9. 2. Sustainable development

The principles of sustainable development are based on the Lisbon Strategy and the Community Strategic Guidelines 2007 – 2013¹⁷ as part of the main priorities, in conjunction with economic growth. It is necessary to take into account sustainable development in the development of the economy, the environment, transport, tourism, public health, education, employment and social inclusion. Sustainable development is based on finding compromises between current needs and the possibilities of future generations to satisfy their own requirements. Within the scope of programme projects, space must be created to improve understanding of the principles of sustainable development and to increase awareness of – and spread – good sustainable development practice.

A special emphasis is placed on reinforcing synergy between environmental protection and economic growth. Environmental investments could inter alia have a positive impact on job creation and innovation. A key priority was to reduce costs and maximize economic benefits, assisted by the HREOP through precautionary approaches, an increase in environmental awareness, education, guidance and motivation.

Each priority axis under the HREOP will include the anticipated impact on the environment; within the scope of vocational training, participants will be acquainted with the relationship between their field of activity and the environment, and with methods that have a positive effect on sustainability through newly gained knowledge and skills. Care will be taken to ensure that proposals for new employment opportunities are channelled into activities which do not place a burden on the environment. Where possible, attention will concentrate on teaching about internal procedures in the management of organizations which can limit the environmental impact of their activities and develop their socially responsible conduct in accordance with the Lisbon and Göteborg Strategy.

¹⁷ Communication from the Commission – Cohesion Policy in Support of Growth and Jobs – Community Strategic Guidelines, 2007-2013, COM(2005)0299, 5 July 2005, Chapter 4.

3. 10. Environmental impact assessment

Directive 42/2001 of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment is transposed in Czech law by Act No 100/2001 of 20 February 2001 on environmental impact assessment and amending certain related laws (the Environmental Impact Assessment Act), as amended by Act No 93/2004 of 29 January 2004.

According to a statement of 29 May 2006 from the Environmental Impact Assessment and IPPC Department of the Ministry of the Environment of the Czech Republic, the Human Resources and Employment Operational Programme will not be subject to environmental impact assessment because, under Section 10a of Act No 100/2001 on environmental impact assessment, as amended, it is not a subject of such assessment.

3. 11. Summary of the ex-ante evaluation

The ex-ante evaluation of the HREOP was notified by the Ministry of Labour and Social Affairs in accordance with Article 46 of the draft Council Regulation (EC) laying down general provisions for the European Regional Development Funds (ERDF), the European Social Fund (ESF) and the Cohesion Fund. The ex-ante evaluation of the HREOP was drawn up, based on the results of an award procedure, by DHV CR, s.r.o. The company set up a team of in-house experts and external associates, including a foreign expert, for this purpose. The ex-ante evaluation was launched on 1 February 2006 and progressed parallel to the preparation of the HREOP. The suggestions and recommendations of the evaluation team were consistently incorporated into the resultant text of the programme. All the main comments and recommendations of the ex-ante evaluator have been taken into account in the programme.

The process of the programme's ex-ante evaluation can be split into three stages: (1) Evaluation of the quality of context analyses; (2) Assessment of the programme's internal and external coherence; (3) Evaluation of the draft implementation and monitoring system. Within the scope of these phases, individual assessments and recommendations of the evaluator were constantly supplied to the team responsible for preparing the HREOP.

The first phase of the ex-ante evaluation took place in February 2006. In it, the evaluator focused on the assessment of a socio-economic analysis and SWOT analysis. The findings confirmed coverage of all decisive areas, but also brought attention to the uneven standard in the processing of analyses in relation to the different thematic areas.

Further to recommendations, the number of analytical observations was reduced, and the analysis was abridged, especially as regards its applicability for the anticipated HREOP interventions. In March 2006, the first working draft of the HREOP was presented to the ex-ante evaluator as the basis for the second phase of the evaluation, which concentrated on the programme's continuity with the analytical findings and on coherence between the HREOP and the priorities of the Czech Republic's development policy and EU strategic documents. The ex-ante evaluator.

applying a coincidence matrix, identified a certain lack of consistency between the analytical part (in particular the SWOT analysis) and the programme strategy. In the wake of this interim evaluation, the SWOT analysis was significantly revised so that it contained a limited number of findings particularly relevant to the interventions proposed under the HREOP.

The ex-ante evaluator also paid attention to the structure of the global objective and specific objectives. Based on the evaluator's recommendation, the definition of the global objective was made more precise. The original objective was abridged and formulated so that it would be quantifiable. At the same time, there was a reduction in the number of the programme's specific objectives so that the number of objectives corresponded to the number of priority axes.

The preliminary final report on the ex-ante evaluation, drawn up on 28 July 2006, made the following statements as regards the following parts of the HREOP:

Analysis of the baseline situation

'The analysis covers key areas forming the broader context for the development of human resources and employment in the Czech Republic. The analysis is underscored with statistics illustrating development trends. The evaluator considers its parts to be balanced, with a succinct method for the presentation of selected market segments. (...) it can be stated that it provided reasonable support in the setting of the priorities in the programming document.'

SWOT analysis

The problems identified in the SWOT analysis were set out in a clear, justified order, making it possible to formulate a suitable strategic focus for the programme.'

Internal programme consistency

'In terms of the relevance of priorities and areas of support, the ex-ante evaluation explored links between the analytical observations of the SWOT analysis and the priorities and individual areas of support. This examination revealed that the overwhelming majority of analytical observations from the SWOT analysis are reflected in the programme and therefore the proposed programme is suitably consistent with the analytical findings. (...) The priorities and areas of support can be considered consistent and mutually synergic. In the evaluator's opinion, the defined priorities include all areas of the labour market and cover all labour market entities; follow-up actions can therefore help "increase the employment and employability of people in the Czech Republic".'

From the perspective of the justification and balance of the strategy in relation to the support of economic growth and competitiveness, social cohesion and long-term sustainability, the evaluator states that the 'strategy is economically justified and is appropriately balanced in relation to the support of the factors cited'.

External programme coherence

'In relation to EU strategic documents, a study was conducted to assess the programme's coherence with the Community Strategic Guidelines and the Lisbon Strategy, implemented in the Czech Republic via the National Reform Programme. In connection with the priorities of the Czech Republic's development policy, the coherence of the programme with the National Strategic Reference Framework, the

Economic Growth Strategy and the Regional Development Strategy of the Czech Republic was assessed. The study reveals a high degree of coincidence between the proposed activities of the HREOP and the above-mentioned strategic documents. Therefore, in its proposed areas of support, the programme evidently complies with the priorities of the relevant strategic documents. In the programme, the HREOP's continuity with the relevant 2007 – 2013 operational programmes is suitably expressed.'

Estimated results and impacts

'The implementation of the HREOP will increase employment in institutions contributing to the implementation of the OP, and push up employment as a whole; unemployment – especially long-term unemployment – should fall. The number and quality of employed persons will go up and will correspond better to demand. The overall economic activity rate will increase, in particular through higher employment among the young and those approaching retirement age. A network of organizations will be formed that will systematically work with citizens at risk of social exclusion; the number of socio-pathological phenomena in society will diminish. The proposed indicators at the level of programme priorities are clearly related to the global objective and specific objectives contained in the draft programme.'

Implementation system

'Powers, responsibilities, management methods and procedures are clearly defined in the implementation system. Adequate structures for the management, monitoring and evaluation, and publicity of the Operational Programme have also been proposed. The implementation system is described lucidly, and the Operational Programme's implementation capacities appear to be sufficient. Financial resources are earmarked for the support of management and implementation within the scope of Priority 6 'Technical assistance'. Also, from the aspect of the relative cost, the provision of co-financing and financial flows, the implementation system seems to be generally well-structured.'

Financial framework

'The financial framework has been prepared lucidly, in the form of tables, and the relevant provisions and recommendations of the Commission have been respected. (..) Based on experience from the results of implementing the 2004 – 2006 HRD OP and the drawdown of financial resources to date, we do not expect any significant problems with the absorption capacity.'

4. DESCRIPTION OF THE PRIORITY AXES

4.1. Priority axis 1 Adaptability

Operations (projects) supported under this priority axis will contribute to the fulfilment of the first specific objective of the HREOP. This priority axis aims to **prevent unemployment** by encouraging investment in human resources development by undertakings and organizations, the development of the professional knowledge, skills and competences of employees and employers, an expansion in opportunities for the application of more flexible forms of employment and the implementation of modern systems for the management and development of human resources. The priority axis will also support the development of specific services in employment, vocational training and support of employees in connection with the restructuring of enterprises and sectors. Training modules will be promoted and continuity with initial education will be taken into consideration. Not least, the system for human resources evaluation and management will be strengthened and support will be channelled into the creation of conditions, structures and processes for the recognition of the results of further education and skills acquired outside the formal education system, i.e. skills gained through informal education and informal teaching. Priority axis 1 will also support interventions aimed at increasing the availability and quality of the range of further education by promoting educational and training programmes for the economically active population with regard to the needs of the labour market and the knowledge society. Besides the support of training, programmes focusing on the application of flexible forms of the organization of work will be promoted. The support of flexible forms of the organization of work will contribute to the needs and possibilities of employers and their employees; the application of such forms is an integral part of the modernization of the labour market.

During the planning of the specific focus of the support programme under this priority axis, the results of sectoral analyses will be applied; these results present a comprehensive coherent overview of the situation and needs of the economy from the aspect of the requirements of human resources development in relation to the labour market, the structure of labour force supply and demand, and the future development of employment in individual regions and sectors of the national economy. Further to the Training for Competitiveness Operational Programme, this area of aid will deal in particular with the support of corporate training and retraining in order to maintain employment and reinforce the employability and occupational mobility of the workforce.

This priority axis concentrates on the following categories of intervention areas:

Code	Area of intervention
62	Development of life-long learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation
63	Design and dissemination of innovative and more productive ways of organizing work
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and

	skills
73	Measures to increase participation in education and training throughout the life-cycle, including through action to achieve a reduction in early school leaving, gender-based segregation of subjects and increased access to and quality of initial vocational and tertiary education and training

Description of the current situation and justification of the priority axis focus

The competitiveness of enterprises requires a skilled, adaptable and mobile workforce. The Czech Republic's economic strategy concentrates on economic activities based on a highly educated workforce, attractiveness for domestic and foreign investors, and products and services of high quality and value added. In the Czech Republic there is a high share of employees with secondary education, especially in the secondary sector. A prerequisite in maintaining employment and occupational mobility will be the ability to work with information and with modern information and communication technology, and to communicate in foreign languages in the relevant field of specialization. Employees with upper secondary and higher education will have to improve their managerial skills.

Although the Czech Republic is currently enjoying a period of economic growth, many existing economic entities will be forced to adopt and implement the necessary **restructuring measures** to maintain or increase their competitiveness. ***This does not apply solely to individual firms; the changes affect whole sectors.*** In certain sectors, there has been a downturn and/or structural changes are taking place that are reflected in requirements related to the labour force structure in terms of both worker numbers and skill needs. The industrial and service sectors are being affected by myriad structural changes, e.g. restructuring of the chemical and textile industry, metallurgy, and mining. At the same time, medium-sized and large enterprises are being permanently reorganized, which entails the release of workers in professions which are no longer required on the labour market. As part of the restructuring, reorganization, implementation of new technology, changes in the production range and innovations, skilled workers remain at enterprises, but many of them must add to or change the skills to cope with new jobs or professions. In this respect, employers and employees need support as they seek to enhance their knowledge and skills in line with labour market requirements in individual sectors. The whole of the service sector is experiencing radical development. As the demands placed on service quality and the client approach to service provision increase, and as new technical resources and procedures emerge, the need for staff expertise rises and the way services are provided needs to change.

Of those workers gradually made redundant, only some find that their current skills are acceptable to other employers, and their switch to emerging or new sectors is generally conditional on new or supplementary qualifications. For employees at risk of losing their job, the employment offices try to mediate employment either directly or via professional guidance and retraining. Many of these people have skills that are not required on the labour market, or they have low or no skills, often combined with other handicaps which prevent them from fully realizing their potential on the labour market (disability, childcare, care for other family members, young people up to the age of 25, or people more than 50 years old, etc.). For these target groups, measures and instruments will be prepared and implemented which will result in the specific

employment of these people, with maximum exploitation of their work and life experience, including the recognition of informal education. These measures will include support for flexible forms of work organization (in particular part-time employment), where the existing legislative framework needs to be complemented with specific instruments to motivate employers and employees to take up these forms of employment.

Therefore, this priority axis will be geared towards enhancing expert knowledge, skills and competences among employees and employers, and towards creating auxiliary services for the expansion, deepening and development of qualifications. By deepening and expanding their knowledge and skills, employees will have greater prospects with their current employers and, potentially, on the labour market in general. At the same time, occupational mobility and workforce flexibility will be encouraged so that appropriate responses can be made to the changing requirements of the labour market. Individuals – employers – who have launched independent business activities and employees who remain at an enterprise after restructuring and complement and develop the knowledge and skills required for their work at the new-look enterprise will also be supported. Another target group will be employees who gradually leave their current enterprise, where they complement, develop, deepen or gain other necessary knowledge and skills to further their prospects on the labour market, or who are directly prepared for another employer, or for a profession which is sought after or anticipated on the labour market based on labour market monitoring.

The organization, focus and forms of further education at enterprises and organizations which is supported under this priority axis will target:

- the optimization of the qualification structure of employees at an enterprise, including support for their further career, occupational mobility and flexibility,
- the preparation of employees at risk of unemployment to cope with labour market changes, to increase their occupational mobility and flexibility.

This policy of encouraging adaptability will cultivate conditions for the conceptual management of human resources development at enterprises, including the building and implementation of modern forms of systems for the management and development of human resources and the necessary 'soft' corporate infrastructure. One of the anticipated results is that employees will identify with the enterprise's objectives as they have a feeling of stable employment and the feeling that the employer will support employees at risk of unemployment to find a new job. This process will also encompass employees of business entities that are being wound up, either through the discontinuance of operations or based on bankruptcy proceedings (approximately 4,000 per year), and the employees and employers of enterprises in structural difficulties, with the aim of fostering conditions for employees at risk of unemployment to change their occupation and succeed on the labour market, including possible training to set up business on their own.

The further education of employees is not currently a priority of the management of enterprises, although this approach is slowly changing under the influence of globalization. The numbers of those participating in further education is consistently rising, but the percentage of the working-age population involved in training activities

as part of lifelong learning remains low (5.9% compared to 10.8% in EU-25 countries, or 11.9% in EU-15 countries).

Further education is provided within the education system of the Czech Republic; it is available in part in schools (especially for those seeking to complete a particular level of education), but is mainly provided at adult education institutions which operate outside the system of initial education. In the Czech Republic, 4% of the population over the age of 15 takes part in further education; this is a significant means of increasing expertise and is one of the main pillars in the development of the lifelong learning system.

Further education (adult education) is attended in particular by citizens who have achieved a secondary or higher level of education, i.e. those with a *maturita* or university degree. The current education system is mainly used by people with a high level of skills and therefore, paradoxically, widens the differences in the standard of education wielded by the individual groups of the population. This priority axis will therefore encourage the more intensive involvement in further education of economically active citizens without a *maturita* (with primary education or secondary vocational education without a *maturita*), who make much less use of the opportunity to improve their knowledge and skills than university graduates.

The range of further education available for employees will be improved through cooperation between employers and educational institutions and vocational institutions. Closer cooperation between all those entities involved will help close the gaps between the outputs of educational institutions and employers' demand for the labour force. The priority axis will concentrate on improving quality and expanding the range of further education through interventions promoting the further education of unskilled persons or persons with low skills that are not suited to the labour market. An expansion in the capacity of all types of educational institutions will be promoted in order to facilitate the creation and range of programmes in the field of new technology, especially ICT, which respond to specific labour market requirements. A special emphasis will be placed on the support of business systems. In the implementation of this priority axis, the outputs of measures to anticipate skills requirements – implemented within the scope of priority axes 2a and 2b – will be used.

Global objective

The global objective of the priority axis is '***To increase the adaptability of employees and employers***'.

Specific objectives

- To increase the level of expert knowledge, skills and competences of employees and employers
- To increase the adaptability of employees at risk of unemployment and employers of restructured enterprises

Strategy to achieve the objectives

It is expected that Priority axis 1 will be implemented through two relatively independent complementary areas of support. The **first area of support** will focus in particular on creating and implementing modern corporate systems for human resources management and development, on developing, deepening and expanding the knowledge and skills of employees, on creating modular programmes facilitating gradual professional growth, on stimulating cooperation between employers and training organizations, developing networks and partnerships of employers with a view to ensuring the education of employees and sharing examples of good practice in the field of human resources development.

A **second area of support** will target the support of policies, instruments and corporate systems, increasing the prevention of unemployment at restructured enterprises with the following aims:

- to keep current employees in their existing – often modified – or in newly created jobs, including the use of flexible forms of work organization,
- to create conditions – through the training of current employees at risk of unemployment – for transfer to another employer or for success on the labour market, i.e. to increase their employability.

With a view to achieving the objectives of Priority axis 1, and in accordance with Article 5(3) of Council Regulation (EC) No 1081/2006 on the ESF, in the context of this Priority Axis activities will be supported that focus on building the capacities of social partners. These activities will encompass vocational training, networking measures, the reinforcement of social dialogue, and activities carried out jointly by social partners, especially in the field of the adaptability of employees and enterprises.

Framework of areas of support

Increase in the adaptability of the employees and the competitiveness of enterprises (62,63,64)

The **target group** of these areas of support is **employers** (business and non-business entities except for public administration institutions) and their employees. Support will be provided to organizations in sectors and branches with growth potential, as well as sectors, branches and companies undergoing structural change, whose employees are at risk of unemployment. Support will also be granted to startup enterprises.

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

- Further education supported by employers
- Support and guidance in the creation and implementation of modern systems of human resources management and development at enterprises, culminating in the motivation and activation of employees
- The creation of new (innovative) training programmes for employees and individual groups, including the preparation of company lecturers and instructors

- The application of all forms of staff training in line with the specific requirements of employers, including preparation for the specific job descriptions of specific positions
- The provision of support services to facilitate access to and the completion of activities in the field of further education and guidance in finding employment
- Support of the sustainability of jobs through company adaptation programmes and support for the training of workers to fill new jobs
- Development and innovation of training programmes for the economically active population from the aspect of the needs of the labour market and the knowledge society
- Support of partnerships with employers and workers' representatives, or professional associations, in the field of further education
- The application of various forms of work organization
- The reinforcement of social dialogue
- Support in maintaining a healthy labour force

Type and form of aid

This priority axis will be implemented through regional global grants notified by regions, central global grants notified by the MoLSA and the MIT (non-repayable financial assistance, such as grants) and individual projects of a supra-regional, regional or sectoral nature.

Innovation

Under Priority 1, attention will also focus on the support and application of innovative approaches and activities. In accordance with Article 7 of the Regulation on the ESF, suitable themes for proposed innovative procedures and their verification through the implementation of pilot projects are identified (proposed) as follows: (1) support for the emergence of company systems of further education; (2) company adaptation programmes to activate and motivate employers and employees to organize and participate in further education, and to improve their stance towards further education; (3) development of the networks of adult education institutions and the creation of educational and training programmes; (4) training programmes for those receiving extra care from employment services.

Transnational cooperation

Transnational cooperation will be promoted on a cross-sectional basis for individual projects where the nature of the project makes this appropriate. This approach will facilitate better project results at local, regional and supra-regional level thanks to the incorporation of the experience and professional knowledge of foreign partners, will make it possible to improve the efficiency of expenditure thanks to the acquisition of solutions already discovered abroad, international comparisons and the spread of good practice. Cooperation between groups of actors in the field of further education will be encouraged, especially between social partners and educational institutions during the creation of networks of partner cooperation.

Partnership

In accordance with Article 5 of the Regulation on the ESF, the preparation and implementation of the priority axis and individual projects will include the organization and support of participation by all social partners and all entities affected by the

implementation of the relevant operations (projects). Potential partners are part of the target groups on which the priority axis is focused. Partnership is also a horizontal activity supported in projects and will be taken into account when setting project selection criteria.

The promotion of partnership through the creation of networks of suitable partners in further education, based on labour market requirements, is one of the activities supported. The projects financed should take into account the creation of networks of partner cooperation in the field of further education linked to the requirements of the labour market and knowledge society, and in accordance with the priority measure in the National Reform Programme – to support the cooperation of employers, employees and educational and professional institutions. Regional human resources councils, based on the tripartite, are up and running in individual regions. These councils focus on the interaction of employment and training, with the aim to further the strategic orientation of activities carried out in the network of stakeholders involved in the development of human resources, their interconnection and coordination. Employment offices are also represented in these councils in accordance with Act No 435/2004 on employment.

Regional dimension

An important instrument that will be used in stressing the regional dimension in the planning and implementation of specific interventions under Priority axis 1 'Adaptability', is the **sector analyses** which are being processed. Analyses of eleven sectors of key importance for the Czech Republic in terms of employment offer a comprehensive, coherent overview of the state and needs of the economy from the aspect of human resources development requirements in relation to the labour market, the structure of workforce supply and demand, and future developments in employment. Within the scope of this priority axis, the drafting of the specific focus of support programmes will rely on information about the distribution of employment by sector in the individual regions, anticipated future developments in employment in the sectors and regions, with an emphasis on the regions worst hit by structural unemployment, i.e. especially the NUTS II regions Moravskoslezsko and Severozápad. These two regions will be supported not only with a higher allocation of resources compared to other regions, but also by means of regionally focused projects and projects focusing on sectors which are being restructured or are in decline, with regard to the fact that these regions have the highest concentration of such sectors. Another important instrument to target the interventions of this priority axis more precisely will be the creation of a **system to predict changes on the labour market** and manage both gradual and sudden changes in employment, the creation and implementation of which will be supported under Priority axis 2 of the HREOP.

Institutional guarantees

Priority axis 1 will be implemented primarily by services of the MoLSA and MIT, their organizations, and the regions.

4. 2. Priority axis 2a Active labour market policy (Convergence)

4. 3. Priority axis 2b Active labour market policies (Regional competitiveness and employment objective)

Bearing in mind that the activities described are de facto inextricable from each other from the geographical aspect (i.e. from the perspective of the objectives referred to in Article 3 of Regulation 1083/2006) and always impact the whole of the Czech Republic, both priority axes have identical content.

Priority Axis 2a covers the share of programme activities supported in the Convergence regions.

Priority Axis 2b covers the share of programme activities supported in the Regional competitiveness and employment regions.

The calculation method for the proportion of the Convergence objective and the Regional competitiveness and employment objective in the performance of all activities (projects) under these priority axes is provided at the end of the chapter; it has been selected so that the principle of Article 22 (1083/2006) on the non-transferability of allocations for individual objectives is respected at the level of the priority axes.

Measures and operations supported under these priority axes will contribute to the fulfilment of the second specific objective of the HREOP. These priority axes aim to improve access to employment, ensure the enduring inclusion of job-seekers, prevent unemployment, in particular long-term unemployment and unemployment among groups disadvantaged on the labour market, including pro-active measures to prevent or lessen exclusion as a result of health handicaps. An individual client approach and the selection of adequate instruments and measures that will best support the integration of disadvantaged individuals into sustainable employment will be promoted. In this respect, under these priority axes it is necessary to ensure complementary support for interventions to increase the quality of information, consulting, training, intermediary and other services provided by institutions on the labour market. An integral area will be the creation of systems to predict changes on the labour market, both in relation to entering the European Economic Area and due to the impact of globalization on the handling of gradual and sudden changes in employment, i.e. anticipated future working and qualification requirements.

These priority axes concentrate on the following categories of intervention areas:

Code	Area of intervention
64	Development of specific services for employment, training and support in connection with restructuring of sectors and firms, and development of systems for anticipating economic changes and future requirements in terms of jobs and

	skills
65	Modernization and strengthening of labour market institutions
66	Implementing active and preventive measures on the labour market

Description of the current situation and justification of the priority axis focus

Active employment policy

In the inclusion of people in the labour market, the state active employment policy and its instruments play a significant role. In 2004, a new Employment Act was adopted which contributed to the development of active and preventive measures for the unemployed and for inactive persons. The law contains a number of new measures and instruments in the active employment policy, such as an expansion in the allowances for employers, an expansion in the entities that can take part in retraining, and individual plans as a new instrument of consulting and mediating activities within the policy for the prevention of long-term unemployment designed for groups receiving greater attention in the intermediation of employment. The law also expands the opportunities to purchase consulting services and introduces the possibility of purchasing services in order to implement a new measure – work rehabilitation. Under this law, public employment services strive to ensure that all job-seekers, while still in the early stages of unemployment, can formulate their requirements by drawing on consulting and individual action plans for mediation. Measures and operations supported under these priority axes will use and develop opportunities created under the law to expand the range and quality of active and preventive measures and services on the labour market.

Since 2004, the state active employment policy has been complemented with measures implemented in accordance with the Human Resources Development Operational Programme, co-financed from the ESF. These measures complement the active employment policy with a broader scale of activities and by targeting these activities at a wider range of people. An emphasis is placed on an individual approach to the client. This approach has proven its worth, and one of the essential elements of the implementation strategy is the reuse of ESF resources to expand and apply instruments of the active employment policy. Most areas of support will be implemented via individual projects (of a national or systemic nature), and employment offices will contribute to their implementation. The implementation of these projects will contribute to the maximum harmonization of the use of national resources allocated to the active employment policy and ESF resources.

In January 2004, the Ministry of Labour and Social Affairs began implementing a programme to prevent long-term unemployment, '**First Chance**', at all employment offices; this programme is intended for all **job-seekers up to the age of 25 who have not been registered unemployed for more than six months** (including school-leavers). The aim of the programme is to offer all young unemployed people the chance to have their own 'Individual Action Plan' drawn up; this is a schedule of consulting, training and employment activities culminating in employment or increased employability. At the same time, it is possible to expand the 'New Start' programme for **job-seekers over the age of 25 who have not been registered unemployed for more than 12 months**, which has already been put into trial

operation. Priority axes 2a and 2b will support the implementation of both these national programmes for the prevention of long-term unemployment.

The implementation of Priority axes 2a and 2b will help expand the access that **long-term unemployed job-seekers** have to the programmes of the active employment policy, in particular by participating in consulting activities, in training and in retraining, in the form of work experience, by being assigned short-term jobs and through other measures to support employability. These programmes will be complemented with incentive measures and accompanying activities as required.

Despite the increase in the employment of older persons, the share of older job-seekers in the total unemployment rate is rising. **Job-seekers over the age of 50** currently account for more than 22% of all job-seekers. Therefore, this priority axis will reinforce measures targeting this group, especially consultancy services and the preparation of individual action plans, with subsequent retraining where required. Retraining will concentrate on expanding the knowledge and skills required to maintain employment in the relevant field, long-term speciality courses on work adaptability and specific retraining courses to gain the work skills needed for a particular job.

The basic instrument in **increasing occupational mobility** will be retraining, which addresses imbalances between the qualification structure of **job-seekers and persons interested in employment** (persons registered with employment offices as persons interested in employment or persons who are looking for work but are not registered at an employment office as an interested person, with an emphasis on groups disadvantaged on the labour market) and the skill requirements on the labour market. Employment offices will focus on standard instruments and measures, based on the workforce qualification requirements of employers identified by monitoring employers, in particular consulting services and programmes and retraining, especially courses which complement, expand and deepen skills. These activities should culminate in employment or better chances of success on the labour market.

Modernization of public employment services

Improvements in the availability and quality of information, consulting, training and intermediary services for job-seekers and persons interested in employment are conditional on the **modernization of public employment services**. The current structure and technical, organizational, personnel and financial standards of these services are incapable of facilitating the improvements required. Experience of implementing the HRD OP and its Priority 1 in the current programming period, especially problems implementing certain measures and some forms of assistance under these measures, has revealed that the set tasks were too much for the capacity of the current structures of public employment services.

Therefore, an effective solution to the current labour market problems and the efficient use of assistance from the ESF for this purpose will be possible only if the structure for the training of employment service staff, the development of independent labour market institutions and their broader involvement in addressing employment problems is reinforced. Considering the restricted budgetary resources, employment services also face limitations as regards the material and technical equipment available to them.

The proposed activities should reinforce and develop the provision of these services, which have so far mainly been provided to the necessary extent with national resources; they have major development potential. Therefore, in its systemic part Priority Axes 2a and 2b will concentrate on developing the employment policy and its instruments, and on strengthening the implementation structure – employment services. Preventive services, as well as active measures culminating in employment and the prevention of unemployment, will be developed for the clients of employment offices. Improvements in the quality of employment services will not be possible without the necessary investment plans (it is expected that there will be a possibility of co-financing from the ERDF via the Integrated Operational Programme), which will be interconnected with non-capital activities carried out under these priority axes. Here, the MoLSA will use the possibility of combined (cross) financing, where selected investment activities and projects of the ERDF type will be financed from the ESF.

By virtue of the country's expected economic growth, there should be a shift of many of the tasks under employment services into the support of employers as they search for and provide further training for the qualified workforce, especially in progressive branches of production and the sphere of services, including public services. There is also a need for further, continual adaptation of employment services, the creation of new instruments and support for the development of labour market institutions, which through their activity complement tasks secured under state employment services. An important part of this strategy is the institutional and methodological safeguarding of activities to predict changes on the labour market and manage both gradual and sudden changes.

In the implementation of this area, the basis will also be the approved plan to create a National Office for Employment and Social Governance, establishing conditions for the cohesion of social policy and employment policy, including the institutional framework. In the implementation of this plan, experience and results from all relevant system projects co-financed by the ESF in the 2004-2006 programming period will be used.

Global objective

The global objective of the priority axes is ***'To improve access to employment and prevent unemployment'***.

Specific objectives

- To enhance the employability of unemployed persons or persons at risk on the labour market through the efficient and targeted use of instruments and measures under the active employment policy
- To increase the capacity, comprehensiveness and quality of services provided by employment service institutions

Strategy to achieve the objectives

It is expected that Priority axes 2a and 2b will be implemented through two relatively independent, but complementary, areas of support. The first area of support will focus on the support of target groups of individuals disadvantaged on the labour

market. The second area of support will concentrate on strengthening the capacity and quality of employment services. Constituent elements of the strategy for the implementation of this priority axis are:

- (1) the area of support focusing on assistance for individuals, which will be implemented primarily through individual projects concentrating on instruments and measures of the active employment policy suitable for financing from the ESF and implemented within the scope of state employment services and the network of employment offices in accordance with the rules and procedures for the state active employment policy;
- (2) the complementarity of the area support focusing on assistance for individuals disadvantaged on the labour market with the system measure supporting a reinforcement in the capacity and modernization of labour market institutions, in particular public employment services and the network of cooperating institutions – the implementation of the system measure is an important condition for the successful implementation of the area of support focusing on assistance for individuals via the active employment policy.

Framework of areas of support

1) Reinforcement of active employment policies (66)

The **target group** for this area of support is ***job-seekers and persons interested in employment***. Support will mainly target people who receive extra attention in the mediation of employment and who are at risk of long-term unemployment or are already long-term unemployed.

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

- Employment mediation
- Consultancy services and programmes
- Balancing and work diagnostics
- Retraining
- Support for the creation of new and earmarked jobs in the form of an allowance to cover wage costs
- Support of community work and short-term jobs, organization of work experience
- Support for new forms of employment as a method of cultivating conditions for women and young people to realize their potential on the labour market (part-time employment, job rotation or job sharing, etc.)
- Support for the self-employed as they start pursuing this path
- Accompanying measures to acquire and maintain employability

Type and form of aid

This part of the priority axes will mainly be implemented through individual projects (of a national or regional nature) based on the direct allocation of financial resources. Part of these priority axes may also be implemented through the allocation of non-repayable direct aid under centrally notified global grants. As individuals are supported within the scope of the priority axis, this will not be State aid.

2) Modernization of institutions and the implementation of a system of employment service quality and development (64,65)

The **target groups** of these areas of support are public employment service institutions and their employees, cooperating organizations and their staff, and social partners, their organizations and their employees.

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

Employee training

- an expansion in the specific training and consulting programme for effective cooperation with employment entities on the labour market
- the development and application of educational programmes to increase professional skills for work with vulnerable groups
- the development and application of training programmes for the workers of cooperating organizations
- the development of special advanced training programmes for workers in the network of balancing and diagnostic centres for the requirements of employment services
- the development and application of training programmes for employment service workers in the field of preventive measures and information services for clients, including publicity for services provided by employment offices
- the development and application of an educational system of employment services and the training capacities of employment service training centres

Development of instruments and measures

- the elimination of barriers and the cultivation of conditions conducive to the adequate employment of persons who receive enhanced care in job mediation
- programmes for job-seekers at risk of long-term unemployment
- the implementation and support of new instruments and measures of the active employment policy in keeping with the National Reform Programme of the Czech Republic
- the production, implementation and expansion of specific integrated training programmes for the social (work) integration of job-seekers at risk of social exclusion
- an individual approach to the long-term unemployed, i.e. people up to the age of 25 who have been registered unemployed for more than six months, and people over the age of 25 who have been registered unemployed for more than twelve months
- the development and implementation of a programme for the application and evaluation of individual action plans based on an individual approach and the

activation of job-seekers for the preparation of regional trainers and the training of individual employment service workers

Development of employment service institutions

- cooperation and partnership in the implementation of the employment policy on a national and regional scale
- support for the analytical and monitoring activities of the MoLSA and employment offices via surveys (including 'monitoring studies') and evaluations of the implementation of employment policy instruments in order to improve the channelling of resources into these measures of the active employment policy in particular
- cooperation with social partners, local authorities, non-profit organizations and others to ensure the use of their expert capacity in favour of the unemployed
- services culminating in higher employment, a workforce supply for perspective employers and for the reinforcement of the interactive impact of social partners, employers and employers on the national, regional and local labour market;
- support of institutional and methodological facilities for the development of systems to anticipate changes on the labour market and to cope with both gradual and sudden changes in employment
- the development and implementation of a system for the management of public employment services, including the streamlining of the internal coordination of all the relevant components
- the adaptation and modernization of information, monitoring and evaluation systems and services provided technologically to the unemployed and employers seeking a skilled labour force; support of new labour methods in the search for employment, or for quality staff by employers, by creating high-capacity online information systems for technical assistance;
- system support for specialized regional sectoral centres preparing a skilled workforce for forward-looking industrial areas and services

Type and form of aid

This part of the priority axes will be implemented through systemic individual projects based on the direct allocation of financial resources.

Innovation

Under Priority axes 2a and 2b, attention will also focus on the support and application of innovative approaches and activities. In accordance with Article 7 of the Regulation on the ESF, suitable themes for proposed innovative procedures and their verification through the implementation of pilot projects are identified (proposed) as follows: (1) development of preventive instruments and measures of the active employment policy for specific target groups; (2) employment pacts; (3) social economy; (4) incentive instruments to use flexible forms of work organization.

Transnational cooperation

Transnational cooperation can be used on a cross-sectional basis for individual projects where the nature of the project makes this appropriate. The aim is to exploit foreign partners' existing experience and knowledge regarding work the target groups of the priority axes and to spread good practice. Support will also be provided for cooperation with partner institutions responsible for implementing the employment policy or employment services in EU Member States.

Partnership

In accordance with Article 5 of the Regulation on the ESF, the preparation and implementation of the priority axes and individual projects will include the organization and support of participation by social partners and the main entities affected by the implementation of the relevant operations (projects). The main potential partners are institutions specializing in the problems of the target groups on which the priority axis is focused. Partnership is also a horizontal activity supported in projects and will be taken into account when setting project selection criteria. In the part of the priority axes concentrating on the modernization of employment services, the involvement of social partners and representatives of service providers and target groups is expected in the preparation and implementation of projects.

Regional dimension

Under these priority axes, the main instruments to reinforce the regional dimension of planned interventions are **sectoral analyses** and a **system to predict changes on the labour market** and manage both gradual and sudden changes in employment, the creation and implementation of which will be supported under Priority axes 2a and 2b of the HREOP. This capacity will make it possible to predict changes on the labour market throughout the Czech Republic and in the individual regions and sectors. Thanks to this information, it will be possible to make the targeting of interventions under these priority axes more precise. A special emphasis will be placed on interventions in the regions hit worst by structural unemployment, i.e. in the NUTS II regions of Moravskoslezsko and Severozápad. These two regions will be supported with a higher allocation of resources compared to other regions, and also by means of regionally focused projects and by a special emphasis on those regions in cases of national projects. To ensure the most effective instruments and areas of intervention are selected in a **given region**, the principle of the partnership of all actors on the labour market will reinforce the advisory bodies of employment offices, which are composed primarily of the representatives of social partners, organizations for the disabled, and territorial self-governing units. This will culminate in the correct targeting of interventions by labour market institutions based on the requirements of the region.

Institutional guarantees

Priority axes 2a and 2b will be implemented in particular by MoLSA services or an organization set up by the MoLSA in conjunction with the network of employment offices and cooperating organizations.

Multiple-objectiveness

Intervention in active labour market policies will be financed by the HREOP throughout the Czech Republic. Priority axis 2a of the HREOP is complemented with a financial contribution from the envelope of the Objective 'Regional competitiveness and employment', representing Priority axis 2b.

The amount of contribution from the envelope of Objective 'Regional Competitiveness and Employment' is separately enumerated in the HREOP financial table (see chapter 5.3). The ratio of financial allocations to Priority axes 2a and 2b is 1:77. The pro rata reasons are as follows:

- In the case of activities geared to towards the achievement of the first specific objective under Priority Axes 2a and 2b, in determining the ratio (1:77) the Czech Republic draws on data regarding the use of resources in the national active employment policy in individual regions over the eight-year period from 1999 to 2006¹⁸. Even in such a long period, the share of the City of Prague in the use of active employment policy resources is less than 1.4% and is essentially consistent with Prague's share in capacities for the implementation of the AEP, i.e. the number of employment offices. The average annual share of expenditure on the active employment policy in Prague in the said period is 1.30%, i.e. exactly 1:77.
- In the Czech Republic, in accordance with Act No 435/2004 on employment there are 77 employment offices implementing an active employment policy. Of the total number, the one employment office is the body for the City of Prague, i.e. the Regional competitiveness and employment objective. The other 76 employment offices have administrative districts in regions in the territory of the Convergence Objective. In view of the above, the logical ratio of contributions from both objectives to the activities to achieve the other specific objective of Priority Axes 2a and 2b is 1:77.

If the basis of the pro rata calculation changes significantly, the pro rata ratio may be reviewed to ensure that the principle of the non-transferability of resources (Article 22, Regulation 1083/2006) remains in place.

¹⁸ http://portal.mpsv.cz/sz/politikazamest/trh_prace

4. 4. Priority axis 3 Social integration and equal opportunities

This priority axis will fulfil the third specific objective of the HREOP and focuses primarily on providing assistance to persons at risk of social exclusion or socially excluded persons via direct support for these persons and by increasing the quality and accessibility of social services for these persons, including the reinforcement of local partnerships. Specific support will focus on measures culminating in the increased employability of these people. Under this priority axis, activities to promote the equal opportunities of women and men on the labour market, as well as measures to improve the reconciliation of family and working life, will also be supported. Special attention will be paid to members of Roma communities and immigrants, as well as other groups from a different socio-cultural environment. The social inclusion of disadvantaged groups of the population will be promoted primarily through the support of entities providing social and consulting/information services culminating in integration into the labour market and society. An emphasis will also be placed on the development of the system of social services, in particular through the further education of social workers and workers involved in social and consulting/information services culminating in employment or greater employability.

This priority axis concentrates on the following categories of intervention areas:

Code	Area of intervention
69	Measures to improve access to employment and increase sustainable participation and progress of women in employment to reduce gender-based segregation in the labour market and to reconcile work and private life, such as facilitating access to childcare and care for dependent persons
70	Specific action to increase participation of migrants in employment and thereby strengthen their social integration
71	Pathways to integration and re-entry into employment for disadvantaged people; combating discrimination in accessing and progressing in the labour market and promoting acceptance of diversity at the workplace

Description of the current situation and justification of the priority axis focus

Social integration

Integration of socially excluded persons or persons at risk of social exclusion

Besides activities carried out within the scope of the employment policy, the configuration of the social service system is a key factor in ensuring social integration. This system is undergoing significant changes directly influenced by the new Social Services Act. Local and regional actors, especially regions, municipalities and nongovernmental organizations, are awarded the most significant role in the provision of services culminating in social integration. In keeping with shifts in competence, regions and municipalities are making visible efforts to streamline the network of services by applying modern management and planning methods. At the same time, it is necessary to support entities providing social services in their drive to streamline their own operations in accordance with the goals of social integration. This includes efforts to provide services in the natural environment of the service users. At present, effective instruments for suitable social integration are still not

developed enough. It is necessary to concentrate on encouraging individual activities in accordance with the objectives of the National Action Plan for Social Inclusion. Support for a coherent system of vocational training for individual actors operating primarily in social services is a key factor in safeguarding all the objectives of social integration.

Integration of socially excluded Roma localities

The Roma, or socially excluded Roma communities, are labelled as the group most at risk of social exclusion. Members of Roma communities in the Czech Republic are estimated to number some 200,000 people. Excluded Roma localities can be found in towns throughout the Czech Republic; the largest proportion of Roma communities is in the industrial areas of north-western Bohemia and north Moravia worst hit by high unemployment, in particular the Moravskoslezsko and Ústecko Regions.

Social exclusion is currently viewed as the most pressing issue as regards the situation of the Roma in the Czech Republic. The situation of the Roma on the labour market can be characterized as long-term, repeated unemployment, with access solely to poorly paid jobs. The unemployment rate among the Roma is 45% to 50%. Approximately 75% of all unemployed Roma are classified as long-term unemployed; approximately 45% of unemployed Roma have been unemployed on repeated occasions. The greatest handicap faced by the Roma on the labour market, besides discrimination on the grounds of their ethnicity, is their lack of formal education and low or no skills.

Roma communities require a specific approach and special consideration in the formation of policies at all levels to ensure their education and employability so that they can be socially integrated into society and the labour market. Therefore, the issue of addressing socially excluded Roma communities will be handled separately from other target groups.

Within the scope of the separate area of support focusing on the issues of socially excluded Roma communities, instruments which have already proven their worth in the Czech Republic will be promoted. One of these instruments is the support of field social work and other related services (e.g. guidance) in socially excluded Roma localities. It is essential to create instruments for the cooperation of all relevant partners (e.g. the state, municipalities, employment offices) in addressing individual aspects of this group's social exclusion.

The objective of this separate area of support is to ensure a uniform, adequate approach to quality and available services for members of socially excluded Roma communities, which will enable this target group to be repatriated into society, to return to the labour market, and to remain on the labour market. Another aim of this area of support will be to prevent the rising incidence of social exclusion in Roma communities in the form of preventive measures and improvements in the stance taken by majority society towards this issue. At national level, systemic measures will be adopted to address the problems of socially excluded Roma communities with a view to streamlining and stabilizing service provision and carrying out other activities for this target group.

In order to obtain basic information about the situation of socially excluded Roma localities and communities in the Czech Republic, the '**Analysis of Socially Excluded Roma Localities and Communities and the Absorption Capacity of Subjects Operating in the Field**' ('analysis') was carried out. The analysis centred on mapping Roma localities and communities that are socially excluded or at risk of social exclusion, and on mapping the relevant entities operating in this area (in particular nongovernmental organizations, organizations set up by municipalities and regions, municipalities, regions, employment offices, business entities) and their absorption capacity with a view to ensuring the correct and effective configuration of the system for the absorption of funds in the 2007-2013 programming period in relation to that issue. Activities focusing on socially excluded Roma communities under Priority Axis 3 of the HREOP follow up on the results of this analysis in terms of both the strategic changes recommended by the analysis and the support of projects dealing with the problems of those localities which were identified and described in the analysis.

Four main activity groups will be implemented under the part of the priority axis concentrating on **social integration**:

The **first group** responds to the need to reinforce the professional knowledge and skills of contracting authorities and service providers by training their workers. Educational programmes in individual areas have started being implemented to a limited degree in the Czech Republic; nevertheless, it is advisable to promote the systematic training of individual actors with regard to the new requirements stemming from the Social Services Act. An emphasis will be placed on enhancing the quality of social work through training. Another significant area of support will be the training of the actual service users in order to reinforce their abilities and skills, culminating in greater opportunities for their integration and in their chances of success on the labour market.

The **second group** of activities concentrates on the implementation of specific activities culminating in the social integration of vulnerable persons. The proposed activities are based on identified problematic phenomena and the needs of service users at risk of social exclusion or socially excluded. This covers a whole range of operations, primarily in social services with an emphasis on the provision of services in these persons' natural environment.

The **third group** concentrates on the development of the actual process for the provision of services promoting social integration and is based on the need to develop cooperation between entities contributing to activities in individual areas. Another factor in relation to this group is the process of developing the quality and control of the services rendered. At the same time, it seems advisable here to support transformation processes enabling users to live in their natural environment.

The **fourth group** concentrates on systemic measures culminating in social integration; this group is the de facto umbrella for the three groups above. The proposed activities stem from the insufficiently developed and cohesive system of services aiding the social integration of vulnerable persons, or socially excluded persons, and will be carried out in the Czech Republic outside Prague. Additional activities in the City of Prague will be supported either from the Czech national

budget or via mirror or additional projects under the Prague Adaptability Operational Programme. The main activities respond to the support of the system of insufficiently developed training and innovative measures for new forms of support that will result in social integration. This group will also be used for the creation of instruments to evaluate the state and effectiveness of activities at local and supra-regional level. It is advisable to promote adequate cooperation between local, regional and national entities involved in social policy as they configure suitable measures culminating in social integration.

Integration on the labour market

The Employment Act defines groups of job-seekers who receive greater attention under employment services owing to their various, generally combined, handicaps, e.g. their state of health, age, sex, social maladjustment, etc. Of these groups, based on the long-running experience of employment services, it is possible to determine those groups that, through their – often accumulated – handicaps, belong among the groups excluded from the labour market long term. These groups primarily include the disabled, the older generation, young people, people with low skills, persons from a different socio-cultural environment, persons caring for a dependent member of the family, persons dependent on addictive substances, persons released from prison, immigrants and refugees. A common feature is their long-term unemployment and their absolute and relative rise among registered job-seekers. Economic growth, and the constantly increasing productivity and living standards of most of the Czech Republic's population, as well as the existing intervention programmes, have done little to diminish the size of this group, and therefore it requires greater attention. Employment is a key means of reintegrating them into society. The state employment policy applies instruments which facilitate the participation of these vulnerable groups in employment and combat discrimination on the labour market; this priority axis will encourage the further development of these instruments and measures and expand the opportunities for their implementation.

Equal opportunities of women and men on the labour market and reconciliation of family and working life

This part of Priority axis 3 will help eliminate persistent gender inequality, especially the inequality suffered by women, on the labour market. The main obstacle in promoting and implementing the principle of gender equality in practice is a lack of knowledge or understanding of the problem, and the related lack of interest in addressing this problem. The priority axis will therefore focus on promoting awareness of, and generating publicity for, the principle of equal opportunities, improving women's access to education and employment, increasing the participation of women in entrepreneurship, and motivating employers to apply new forms of employment.

The analytical part of the programme revealed problems related to the reconciliation of work and the family; these problems can generally be attributed to the low social recognition and appreciation of parenthood compared to professional activities. Specifically, these problems are connected primarily with the insufficient application of flexible forms of work, parents' low awareness of employee rights connected with the reconciliation of working and family life and the lack of employer involvement in enabling their employees to reconcile their work and private lives. Therefore, flexible forms of work and training for employees and employers, as well as other entities, will

be promoted and developed so that they are motivated to improve the conditions for the reconciliation of working and family life.

As regards services for families, the Czech Republic mainly suffers from an absence of affordable, locally available childcare services for children up to the age of three. A characteristic feature of the Czech Republic compared to most countries in Western Europe is its extensive network of preschool facilities, although the diversity of the services in offer is starting to lag behind the standard of certain EU facilities. In this respect, the further development of services for children will not only concentrate on maintaining the current range of services for preschool childcare, but also on developing alternative facilities for children of both preschool and school age and their parents. These facilities would respond more flexibly to the needs and wishes of families with children and would thus facilitate an improvement in conditions for the reconciliation of work and the family.

The reconciliation of working and family life should also be facilitated through support for the development of partnerships of family policy actors at local and regional level. At present, family policy at the level of municipalities and regions has been insufficiently developed – including the reconciliation of working and family life.

Global objective

The global objective of this priority axis is ***‘to reinforce the integration of persons who are at risk of social exclusion or socially excluded’***.

Specific objectives

- The **social inclusion of socially excluded persons** and persons at risk of social exclusion, including the elimination of barriers hindering their access to education and employment, by safeguarding and increasing the availability, quality and control of services
- The **social inclusion of members of socially excluded Roma communities** by ensuring the availability, quality and control of services, including the elimination of barriers hindering their access to education and employment, and access to investment support
- The promotion of targeted measures for the **fulfilment of the principle of the equal opportunities of women and men** on the labour market and the cultivation of conditions for the **reconciliation of family and working life**
- The reinforcement of the **work integration of persons at risk of social exclusion** by eliminating barriers hindering their equal access to the labour market

Strategy to achieve the objectives

It is expected that the fulfilment of each of the four specific objectives under Priority axis 3 will be realized through a separate area of support. A basic description of the areas of support is provided below.

Framework of areas of support

1) Support of social integration (70,71)

The **target group** of this area of support is persons socially excluded or at risk of social exclusion, in particular the disabled, children, young people and young adults, ethnic minorities and persons from another socio-cultural environment, immigrants and refugees, the homeless, persons dependent on addictive substances, persons leaving facilities designed for institutional or protective care and persons completing prison sentences, victims of crime or domestic violence, victims of human trafficking, persons commercially abused, persons caring for a relative and persons from socially excluded Roma communities.

The **target group** also encompasses *organizations and other entities* in the position of the contracting authorities of social services, the providers of social services and other entities providing services which facilitate social integration of the target groups, and public administration authorities active in the field of social integration.

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

I. The education of members of the target groups and other entities active in social inclusion, including the creation and development of educational programmes. Support will be provided for operations (projects) that focus on training in the planning of social service availability, the implementation and control of quality standards, management training, occupational training, and the training of social service providers in other areas that will facilitate the provision of services focusing on returning users to the labour market and society, on the training of users and persons caring for a relative, with a view to reinforcing their abilities and skills ready for a return to society and the labour market.

II. The provision of social services and promotion of other instruments that will culminate in the social inclusion of target groups of persons and the prevention of their social exclusion. The following three areas will be supported:

- The provision of social services for target groups of persons, in accordance with the Social Services Act, with a focus on returning members of the target groups to society, the labour market, or keeping them on the labour market, and providing access to services facilitating a return to the labour market.
- Support for other activities facilitating the prevention of social exclusion or direct assistance for target groups.

Support will be channelled primarily into support programmes for the prevention of socio-pathological phenomena, programmes for persons leaving institutional facilities, for persons leaving prison, for persons in prison in order to prepare them for their return to society and the labour market, for drug addicts, for persons caring for a relative, programmes to acquire basic socio-professional and social skills, programmes for motivation, work and social rehabilitation and, in the case of the target group of persons from socially excluded Roma localities, programmes to prevent the economic instability of

families and individuals, and into assistance in the implementation of investment projects.

- The promotion of innovative measures for the integration of target groups into the labour market. Primarily at issue here is direct action on the labour market and the support and expansion of social economy instruments in the field of social integration.

III. Transformation of accommodation facilities for target groups, implementation of a process to improve the quality, control and availability of social services, including the development of partnerships at local and regional level. The support will focus on training in the processes of planning the availability of social services and the production of plans for the development of social services, on support for the formation of other forms of partnership, on support for the management of entities operating in the field of social integration, on the implementation of a process for the quality and control of social service provision, and on support for the creation of project documentation related to the integration of socially excluded Roma communities.

IV. Systemic measures in favour of target groups facilitating the application of the Social Services Act and other legislative provisions, facilitating the development of a system of social services, including evaluations of efficiency.

Type and form of aid

This part of the priority axis will be implemented in the form of global grants notified from the position of the MoLSA, and in the form of individual projects from the position of the MoLSA and the position of the regions. The provision of assistance in the form of direct non-repayable aid is anticipated.

2) Integration of socially excluded groups on the labour market (70,71)

The **target group** of this area of support is persons excluded long term from the labour market. For direct intervention aimed at increasing employability or finding suitable employment, the recipients will mainly be persons up to the age of 25 with no or low skills, older persons (over 50), members of minorities, the disabled, immigrants and refugees. The target groups of persons 'after social integration' will include persons caring for dependent people, persons leaving prison, persons up to 26 growing up without a family, and persons dependent on addictive substances.

The **target group** for activities aimed at the creation of comprehensive programmes of the 'pathway to employment' type and their application is *implementing organizations* - self-governing authorities (regions, towns, municipalities) and the organizations they set up, local initiatives, nongovernmental organizations, training and consultancy organizations, the organizations of social partners, and employers (legal and natural persons).

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

- participation in educational programmes, courses, vocational education

- consultancy services, guidance programmes culminating in activation and motivation to find work
- accompanying measures eliminating barriers hindering participation in consulting and training programmes
- support of job creation
- the implementation of individual employment programmes
- the creation of programmes and their application with the use of new, unconventional methods and services culminating in success on the labour market
- support of self-employment
- the application of flexible forms of work

Type and form of aid

This part of the priority axis will be implemented through centrally notified global grants (non-repayable financial assistance, such as grants) and individual projects involving regional partners and institutions, while respecting needs and features specific to the region.

3) Equal opportunities of women and men on the labour market and reconciliation of family and working life (69)

The **target group of individuals** for this area of support is women vulnerable on the labour market, men in a similar situation to women with young children, parents with children, single parents, persons caring for other dependent family members.

The **target group of organizations** is employers, training and consulting organizations specializing in the gender equality policy, organizations promoting the equality of women and men, organizations specializing in the reconciliation of working and family life, public administration authorities active in the reconciliation of working and family life, and providers of childcare services.

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

- the promotion of activities eliminating barriers hindering equal access to education and employment
- increasing the availability of further education, retraining and skills development for women, the development of distance learning
- the implementation of flexible forms of work organization and their validation in practice, monitoring of their impact on the employment of persons disadvantaged on the labour market as a result of care for the family or for a dependent family member
- consulting for employers in the field of unconventional employment for women – a non-discriminatory approach to principles of equal treatment
- analysis of models for the comparable remuneration of women and men, especially older women
- development of retraining and programmes to acquire working skills in unconventional branches for women

- the creation and development of programmes to eliminate manifestations of discrimination on the labour market on the grounds of sex
- analyses and monitoring of the labour market from the aspect of equal opportunities
- the promotion and raising of awareness of the significance of equal opportunities on the labour market, the motivation of employers to introduce flexible forms of work organization and the elimination of the causes of the unequal status of persons caring for dependent family members
- accompanying measures culminating in the promotion of the equal opportunities of women and men on the labour market (a commuting allowance from the employer etc.)
- development of the training of employers, employees and other entities active in the reconciliation of working and family life or intending to operate in this field
- awareness and guidance in the field of employees' rights concerning the reconciliation of working and family life
- the support and development of childcare services with a view to reconciling the parents' working and family lives
- the development of innovative programmes and measures to reconcile working and family life
- the development of partnerships at local and regional level with a view to the reconciliation of family and working life

Type and form of aid

This part of the priority axis will be implemented in the form of allocations of non-repayable financial assistance through nationally notified global grants and in the form of individual projects.

Innovation

Under Priority axis 3, attention will also focus on the support and application of innovative approaches and activities. This principle will be implemented in the field of social innovations, specifically innovations which promote new, unconventional approaches and solutions in comprehensive programmes for persons socially excluded or at risk of social exclusion. In accordance with Article 7 of the Regulation on the ESF, suitable themes for proposed innovative procedures and their verification through the implementation of pilot projects are identified (proposed) as follows: (1) the development of instruments for the integration of the target groups of socially excluded persons into the labour market; (2) the development of instruments and measures for the reconciliation of working and family life; (3) the social economy.

Transnational cooperation

Transnational cooperation can be used on a cross-sectional basis for individual projects where the nature of the project makes this appropriate. The aim is to exploit foreign partners' existing experience and knowledge regarding work the target groups of the priority axis and to spread good practice. In the integration of specific groups and support for the implementation of new strategies and approaches within the scope of systemic measures, the following models of transnational cooperation may be promoted:

- between groups of actors specializing in specific issues,

- between actors from a shared regional area with actors in other areas
- between projects in different EU Member States.

Partnership

In accordance with Article 5 of the Regulation on the ESF, the preparation and implementation of the priority axis and individual projects will include the organization and support of participation by social partners and the main entities affected by the implementation of the relevant operations (projects). The main potential partners are institutions specializing in the problems of the target groups on which the priority axis is focused. Partnership is also a horizontal activity supported in projects and will be taken into account when setting project selection criteria.

The principle of partnership will be promoted through support for the development of partnerships at local and regional level, including the processes involved in the planning of the availability of social services for specific target groups, and for the creation of other forms of partnership between entities active in the integration of the target groups. The projects financed should take into account the creation of networks of partner cooperation.

Regional dimension

Under this priority axis, the regional dimension will be accented through activities aimed at supporting social service providers, primarily with a view to enhancing the quality and availability of social services for users. Support will also be provided for the development of partnerships at local and regional level between entities active in the integration of social groups. Activities carried out within the scope of this priority axis to promote the integration of socially excluded Roma localities will also have a significant regional impact.

Institutional guarantees

Priority axis 3 will be implemented primarily by the services of the MoLSA and where appropriate by an organization set up by the MoLSA.

4. 5. Priority axis 4a Public administration and public services (Convergence)

4. 6. Priority axis 4b Public administration and public services (Regional competitiveness and employment)

Bearing in mind that the activities described are de facto inextricable from each other from the geographical aspect (i.e. from the perspective of the objectives referred to in Article 3 of Regulation 1083/2006) and always impact the whole of the Czech Republic, both priority axes have identical content.

Priority Axis 4a covers the share of programme activities supported in the Convergence regions.

Priority Axis 4b covers the share of programme activities supported in the Regional competitiveness and employment regions.

The calculation method for the proportion of the Convergence objective and the Regional competitiveness and employment objective in the performance of all activities (projects) under these priority axes is provided at the end of the chapter; it has been selected so that the principle of Article 22 (1083/2006) on the non-transferability of allocations for individual objectives is respected at the level of the priority axes.

These priority axis focus on the implementation of the fourth specific objective of the HREOP and will be implemented via interventions aimed at increasing the institutional capacity, quality, efficiency and transparency of the activities of public administration institutions and increasing the quality and availability of public services. Support will focus on the modernization of public administration, i.e. state administration and self-government, and public services. These priority axes will encourage the management and development of human resources in public administration and, on the part of public service providers, training, improvements in the quality of regulation, the implementation of modern management instruments, with a stress on the management of quality and performance, strategic management of community planning, etc. The modernization of public administration will require the application of information and communication technologies for the production and implementation of eGovernment projects. Under this priority axis, attention will also focus on the implementation of activities and the application of instruments enhancing the quality and accessibility of public services, the participation of citizens in local public life, and, not least, ethical standards in public administration, including a clampdown on corruption. Based on detailed analyses, areas of public administration in which the support of administrative capacity is most desirable from the aspect of the positive impact on economic growth and employment throughout the Czech Republic will be identified.

Interventions supported in the context of these priority axes will be based on the basic conceptual document relating to the public administration reform, i.e. 'Efficient public administration and friendly public services – strategy for the implementation of Smart Administration in 2007-2015'¹⁹. The priority axes will contribute to the implementation of these objectives of the strategy Efficient public administration and friendly public services, which, given their focus, are suitable for co-financing by the ESF. The following objectives in particular at issue:

- Enhance the quality of policy making and implementation:
 - Rationalize administrative procedures to ensure their greater efficiency and transparency, minimize bureaucratic elements within public administration (organizational re-engineering, including a review of existing structures and agendas and the re-designing of competences and functions);
 - Introduce a system of strategic planning in state administration and ensure its interaction with financial management.
- Improve and simplify the regulatory environment and create an attractive environment for enterprises, domestic and foreign investors:
 - Analyse the current regulations in order to identify and remove excessive regulation;
 - Reform the legislative process with a view to making the creation of regulations transparent, introduce regulatory impact assessments.
- Streamline the activities of public administration authorities, reduce the financial cost of running administration and ensure the transparent performance of public administration:
 - Introduce systems to manage quality and monitor performance at public authorities;
 - Improve vertical and horizontal communication in public administration, ensure the synergy of various levels of public administration;
 - Introduce a uniform system of human resources management in public administration, clearly set motivational elements and the responsibility of officials, promote a modern training and recruitment policy;
 - Rigorously push for preventive and repressive measures in the fight against corruption;
 - Modernize and restructure tax and customs administration by improving efficiency in legislative, organizational and personnel areas, by enhancing the quality of governance at tax administration authorities and by reinforcing the transparency and openness of tax and customs administration authorities.
- Improve the quality of the judiciary:
 - Introduce an e-justice system, including all related projects leading to more efficient work by the judiciary and improved communications between the judiciary and the professional and lay public.
- Bring public services closer to citizens, ensure their maximum availability and quality:

¹⁹ This document was approved under Resolution of the Government of the Czech Republic No 757 of 11 July 2007 on the strategy of Efficient public administration and friendly public services.

- Promote eGovernment with an emphasis on the safe and easy access to public services via the Internet, prepare legislation for electronic procedures in public administration, make paper and electronic forms of equal value, facilitate safe communication between authorities and the public, and optimize internal public administration processes with the application of information and communication technology;
- Introduce the continuous monitoring of the quality of public services, including ensuring customer satisfaction;
- Promote principles of competition in public services while guaranteeing minimum standards.

Activities co-financed by the ESF will also be completed with the corresponding tangible investments from the ERDF to create the necessary infrastructure for the stated objectives. The necessary coordination and cohesion of ESF interventions with ERDF activities financed under the IOP will be ensured by the Ministry of the Interior which, as the coordinator of public administration modernization, will implement ERDF investments under the IOP and ESF activities under the HREOP.

These priority axes concentrate in particular on the following categories of intervention areas:

Code	Area of intervention
81	Mechanisms for the improved formation, monitoring and evaluation of policies and programmes at national, regional and local level, capacity building for the implementation of policies and programmes

Description of the current situation and justification of the priority axis focus

The analytical part of the HREOP identified the efficiency of public administration as one of the key factors for the development of competitiveness and employment in the Czech Republic. Efficient, transparent and well-performing public administration is a prerequisite for the feasibility of government policies in general. A prerequisite for an efficient modernization process is its long-term nature and ability to cope with distortions on a political level. The SWOT analysis of the HREOP thus identified the safeguarding of the continuity of the reform and modernization process, through its connection to assistance from the Structural Funds, as a key opportunity in this field.

The SWOT analysis clearly identifies the following areas on which public administration interventions should focus in the 2007-2013 programming period:

- The implementation of modern methods to enhance the performance of public administration organizations
- Human resources management
- The quality of regulation from the aspect of capacity and instruments to improve it
- The quality of management (senior staff)
- Interdepartmental cooperation, communication and coordination between state administration, territorial public administration and citizens
- Information and communication technology (ICT), eGovernment
- The improved efficiency and transparency of public administration
- Quality, available public services

In improving the quality of regulation, we respect the recommendations of the European Commission, the National Lisbon Programme and the Economic Growth Strategy of the Czech Republic in areas where the objective is to eliminate barriers hindering economic growth and competitiveness. Measurements of the administrative burden on entrepreneurs and impact assessments of legislation being prepared by the government have been commenced; in the upcoming years, this activity should be expanded. Nevertheless, the corresponding capacity and institutional guarantees for improvements in the quality of regulation have not been finalized. This situation is compounded in the Czech Republic by the incomplete reform of public administration, in particular state administration requires many unavoidable changes. The first conclusions from the organization, financial, process and information audits that have been conducted confirm that there are large reserves in the management and development of state administration human resources, in particular as regards management and the quality of control. The development of training, motivation and the skills of managers in particular need to be reported better. It is evident that in state administration there is no appropriate system of evaluation and motivation that picks up on the quality of outputs and performance. More significant progress in development has been achieved in territorial public administration. This is evidenced not only by the frequency at which modern management methods are implemented, but also (and in particular) by the faster implementation of quality control instruments in municipalities and regions. In this respect, state administration is developing very slowly. The very high degree of public administration politicization and the frequent changes influencing the high fluctuation among younger employees are long-term problems. With regard to the circumstances mentioned above, this priority axis will support activities to configure processes and implement instruments aimed at improving the process of creating new regulation and reviewing existing regulation, with an emphasis on simplifying the business environment; on making lasting improvements among managerial and other staff and reinforcing current training capacities; on improving the performance and quality of the administrative authorities by applying modern management methods and instruments to control quality and performance; and on reinforcing communication and coordination within state administration and self-government, and developing dialogue with citizens with the aim of ensuring the more effective creation and implementation of government policies.

In the Czech Republic, there are regional disparities in the standard of social and economic development. The quality of territorial public administration is one of the most significant factors influencing the elimination of these disparities and speeding up economic development in those regions lagging furthest behind. An improvement in this situation can be achieved by making administrative processes simpler and more transparent, by improving the quality of the public services provided and the broader scope of services for the public, and by coming closer to the citizen (the concept of public administration primarily as a service to citizens). Methods originally developed for private sector requirements, e.g. the implementation of modern management methods and instruments to enhance the quality and availability of services, will be used to a much greater degree in this area (including specific eGovernment projects). For the correct implementation of these methods, senior employees, project team managers and members, methodologists, advisers and lecturers will be trained with assistance from the ESF. Public administration activities

culminating in the transparency of public administration performance will also be supported. The fragmented settlement structure typical of rural Czech Republic has a generally negative impact on the quality of human resources in territorial public administration, especially in small rural municipalities (accounting for approximately 90% of the municipalities in the Czech Republic). Therefore, this priority axis will support an improvement in the quality of methodological assistance for territorial public administration, focusing in particular on small rural municipalities in order to reinforce their institutional capacity, administration and management. One of the priorities of methodological assistance will be improved communication between public administration authorities and communication with the public.

One of the appropriate instruments in eliminating regional disparities will be support for the exchange of experience and the sharing of good practice, not only between neighbouring areas, but also with partners from EU Member States.

The safeguarding of acceptable availability and quality of public services for citizens will be supported on the basis of set public service standards and their regular monitoring via systemic instruments for the monitoring, measurement, evaluation and improvement of territorial public administration. In this respect, it will be possible to identify regions or municipalities with lower quality and lower availability of public services. For these areas, development projects will be created to remedy or apply the CAF method, the Local Agenda 21, community planning, benchmarking, methodological assistance or the vocational training of the workers concerned. The development and topicality of the public service information system will be ensured through the training of the system's users.

At the same time, the scope and quality of services related to the further vocational training of officials will be reinforced; this area generally falls short of the prospective needs of authorities and the labour market and requires effective, systematic support. The support of progressive forms of training (including distance learning) will be supported, along with the promotion of training for providers of further vocational education – lecturers, trainers, advisers, and where necessary managerial and administrative staff active in the field of training.

A current problem of public administration is its capacity, behaviour and restoration of its original state in the event of extraordinary events (natural disasters etc.). Analyses of risks, instruments and prevention methodology, and solutions to emergency situations from the aspect of public administration will be drawn up to address this problem. New educational programmes for public administration employees will be created and existing programmes will be streamlined.

The observance of ethical principles, the moral integrity of public administration staff and the suppression of corruption are key conditions in increasing the transparency of public administration and reinforcing citizens' confidence in public administration. The training and development of public administration staff in ethics and moral integrity will be expanded and instruments will be created for the evaluation and monitoring of measures geared towards raising ethical standards in public administration. The implementation of activities to reinforce transparency, modernize managerial instruments, simplify regulation and introduce e-government will reduce and eliminate the opportunities for corruption.

Within the scope of interventions focusing on central state administration an analysis will be conducted of the judiciary with a view to defining key problems, requirements and solutions in the reform of the judiciary in order to reduce the inordinately long duration of judicial proceedings.

Activities culminating in the implementation of e-justice will be supported, procedural audits will be conducted at individual entities within the Ministry of Justice, and the possibilities of streamlining judicial activities by training judges and court officers will be analysed.

Global objective

The global objective of the priority axis is the '***Reinforcement of the institutional capacity and efficiency of public administration and public services***'.

Specific objectives

- To increase the quality of regulation and management at administrative authorities, including an increase in their transparency and openness
- To increase the quality of management at the authorities of territorial self-governing units, including an increase in their efficiency, transparency and openness

Strategy to achieve the objectives

It is expected that Priority axes 4a and 4b will be implemented through two areas of support (for administrative authorities and the authorities of territorial self-governing units).

Framework of areas of support

The ***target group*** of the priority axis is administrative authorities and the authorities of territorial self-governing units, the employees of these authorities, and organizations set up by these authorities, and the providers of public services. Another target group is politicians, including elected representatives of territorial self-governing units.

Human resources development will focus on the employees of administrative authorities and territorial self-governing units and on the elected representatives of territorial self-governing units, especially in the form of training (including training in eGovernment issues) and partner cooperation. Those parts of the priority axis aimed at implementing quality management methods in administrative authorities and areas supporting more efficient communication and coordination between authorities will focus on administrative authorities as system structures. In the field of support for the more transparent and more efficient creation of policies, another target group will be think tanks.

Those parts of the support area intended to put new systemic instruments into operation, introduce methods to improve the performance of public administration, and the quality and availability of public services, as well as the improved transparency of public administration, etc., will focus on the authorities of territorial self-governing units and the organizations they set up.

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

- the streamlining of human resources management in public administration, including the training of employees from public administration authorities, politicians, including the representatives of territorial self-governing units, methodologists and trainers in the field of public administration;
- the development of educational programmes, including distance learning (plus eLearning);
- the application of modern methods to enhance the performance, quality and transparency of public administration and public services, including the implementation of the monitoring of public administration authority performance, and analytical activities to identify areas for improvement and to propose solutions;
- the performance of public administration analyses to propose procedures and activities that will improve efficiency, quality and transparency, and rationalization of the distribution of powers within the scope of public administration authorities, with an emphasis on effectiveness;
- the performance of procedural audits to identify development opportunities and weaknesses at the Ministry of Justice;
- the support of the communication and coordination of entities at the Ministry of Justice;
- support for the application of instruments to improve the quality and efficiency of public administration;
- support of coordination between individual ministries, aimed at territorial self-governing units and dialogue between the relevant public and private entities;
- improvements in the quality of the system of methodological assistance throughout public administration, in particular in relation to territorial public administration and its specific requirements;
- capacity building and instruments for the creation, monitoring and evaluation of policies²⁰;
- the development of regulatory impact assessments and the implementation of further instruments to enhance the quality of regulation (alternative forms of solution, simplification of legal provisions, consultations);
- the creation and application of instruments to support the participation of citizens in the decision-making process regarding local public life;
- the reinforcement of ethical standards in public administration;
- cooperation with partners from the Czech Republic and from EU Member States;
- an expansion in modern ICT and the application of eGovernment in public administration;
- the rigorous application of a feedback system with users of public services and public administration services, e.g. analyses, surveys, trends, their availability and quality;
- the creation and operation of an information system on public services, public administration services and other aspects of public administration, which will be run as an extension to existing public administration information systems .

²⁰ The term 'policy' in this context means a specific measure, i.e. a strategy, concept, regulation (legal provisions).

Type and form of aid

Priority axes 4a and 4b will be implemented in the form of individual projects and global grants.

Assistance will be provided in the form of non-repayable financial assistance, e.g. grants.

Innovation

Under Priority axes 4a and 4b, attention will also focus on the support and application of innovative approaches and activities. In accordance with Article 7 of the Regulation on the ESF, suitable themes for proposed innovative procedures and their verification through the implementation of pilot projects are identified (proposed) as follows: (1) innovative methods of management, with a stress on eGovernment applications; (2) instruments for the creation, monitoring and evaluation of policies; (3) instruments for regulatory impact assessment and improvements in the quality thereof.

Transnational cooperation

Transnational cooperation will be promoted at the level of individual projects where the nature of the priority axis makes this appropriate. It will primarily cover improvements in the quality of public administration performance, including regulation, through the exchange of best practices, twinning projects and placements, and consultations with foreign experts.

Partnership

In accordance with Article 5 of the Regulation on the ESF, the preparation and implementation of these priority axes and individual projects will include the organization and support of participation by all social partners and all entities affected by the implementation of the relevant operations (projects).

The plan of support areas, in its results, fulfils the partnership principle in several fields. In terms of improving the quality of regulation, mechanisms will be built for the consultation of new legal provisions with the entities of the private and civil sector concerned.

In support for the creation of development strategies, mechanisms will be built and implemented for the general public's involvement in the process of preparing strategies and programmes. Within the scope of activities geared towards the streamlining and improved transparency of policy creation, think tanks will be supported. In the field of support for small municipalities, their performance will be made more efficient through the development of cooperation based on local partnership. A partnership will also be used to acquire and exchange examples of best practices, which will then be applied with a view to enhancing the efficiency, transparency and quality of territorial public administration. A partnership will also be created in the implementation of support for the participation of citizens in local public life.

Regional dimension

Under these priority axes, the regional impact lies primarily in the implementation of activities aimed at increasing the quality and efficiency of territorial public administration, which will focus on the authorities of territorial self-governing units.

Further, activities to enhance the quality and availability of public services will have a significant regional impact; their aim will be to close regional gaps in the provision of public services and to ensure their adequate availability, especially in rural areas.

Institutional guarantees

Priority axes 4a and 4b will be implemented in particular by the Ministry of the Interior of the Czech Republic and the Ministry of Labour and Social Affairs of the Czech Republic.

Multiple-objectiveness

Intervention in the modernization of public administration and public services will be financed by the HREOP throughout the Czech Republic. Priority axis 4a of the HREOP is complemented with a financial contribution from the envelope of the Objective 'Regional competitiveness and employment', representing Priority axis 4b.

The amount of contribution from the envelope of the Objective 'Regional Competitiveness and Employment' is separately enumerated in the HREOP financial table (see chapter 5. 3). The ratio of financial allocations for Priority Axes 4a and 4b is 1:14. The pro rata reasons are as follows:

The Czech Republic is divided into 14 NUTS III regions for administrative purposes. Of the total number of regions, one (the City of Prague) falls under the Regional competitiveness and employment objective. The remaining 13 regions are classified under the Convergence Objective. In this light, the Czech Republic proposed the distribution of financial allocations between Priority Axes 4a and 4b of the HREOP at a ratio of 1:14.

4. 7. Priority axis 5a Transnational Cooperation (Convergence)

4. 8. Priority axis 5b Transnational Cooperation (Regional competitiveness and employment)

Bearing in mind that the activities described are de facto inextricable from each other from the geographical aspect (i.e. from the perspective of the objectives referred to in Article 3 of Regulation 1083/2006) and always impact the whole of the Czech Republic, both priority axes have identical content.

Priority Axis 5a covers the share of programme activities supported in the Convergence regions.

Priority Axis 5b covers the share of programme activities supported in the Regional competitiveness and employment regions.

The calculation method for the proportion of the Convergence objective and the Regional competitiveness and employment objective in the performance of all activities (projects) under these priority axes is provided at the end of the chapter; it has been selected so that the principle of Article 22 (1083/2006) on the non-transferability of allocations for individual objectives is respected at the level of the priority axes.

Projects supported under these priority axes will contribute to the fulfilment of the fifth specific objective of the HREOP. These priority axes, in accordance with Article 8 of the Regulation on the European Social Fund, focus on promoting transnational cooperation within the scope of human resources development. According to research studies²¹ transnational cooperation offers many benefits. In particular, there is direct support for innovations through exchanges of experience and skills; this is a cost-effective way of checking draft policies and of disseminating experience, which forms the basis for transnational comparisons, facilitates stimuli and contacts in transnational networks for individual participants, and helps build the capacities of participating organizations and bodies at regional and national level. Through transnational cooperation, it will be possible to increase the impact of projects and make the implementation of the European Social Fund more efficient at local, regional and national level thanks to the incorporation of the experience, credit and professional knowledge of foreign partners, make an improvement in the effectiveness of expenditure by applying solutions already discovered abroad, and facilitate transnational comparisons and the spread of good practice.

Within the scope of these priority axes, activities will be financed that focus on the promotion of transnational cooperation between projects in different EU Member

²¹ E.g. 'An investment in Europe's present and future: The added value of Transnational Co-operation at project level under EQUAL', Ruth Santos, ECOTEC, 2005

States, between groups of actors specializing in specific areas, between actors from a joint regional area and actors from other areas, and between national organizations in several EU Member States.

These priority axes concentrate in particular on the following categories of intervention areas:

Code	Area of intervention
80	Promoting partnerships, pacts and initiatives through networking of national, regional and local actors
81	Mechanisms for the improved formation, monitoring and evaluation of policies and programmes at national, regional and local level, capacity building for the implementation of policies and programmes

Description of the current situation and justification of the priority axis focus

Transnational cooperation was encouraged in the 2004 – 2006 programming period primarily through the EQUAL Community Initiative, which is not supported in the 2007 – 2013 programming period; under the ESF Regulation, good experience and the principles of the EQUAL Community Initiative are to be transferred to individual operational programmes. One of these experiences is transnational cooperation. Transnational evaluation studies²² and the experience of the Czech Republic indicate that transnational cooperation is a highly valuable source of information, experience and know-how which facilitates the more efficient implementation of projects and makes a significant contribution to the achievement of quality outputs of these projects.

Twinning, an instrument implemented via the EU's pre-accession instrument Phare, has had very positive effects in transnational cooperation. It is a specific form of aid in the field of reinforcing institutions, where cooperating partner institutions of public administration from EU Member States posted their experts to recipient similar institutions in candidate/new EU Member States; these experts acted as long-term or short-term advisers who ensured the transfer of experience and examples of good practice in the implementation of the EU acquis in the legislative systems of candidate/new Member States of the EU. This aid entailed the preparation and implementation of training, seminars, and study trips for the staff of the recipient institutions, support in the processing of expert analysis and the provision of assistance in the transformation of European legislation, and a general increase in the administrative capacity of the recipient institutions.

As good experience of transnational cooperation should not be forgotten, the ESF Regulation facilitates and requires the support and transfer of this principle in individual operational programmes financed from the ESF. Specific forms of transnational cooperation were outlined by the European Commission and, during 2005, were developed by the Transnationality Policy Group of the ESF Committee into three versions. These variants include transnational cooperation as (i) a separate priority axis of the operational programme, (ii) a cross-sectional theme, i.e. eligible expenditure in all priority axes of the programme, and (iii) a combination of both the mentioned variants, i.e. a separate priority axis and eligible expenditure in other priority axes. The HREOP MA is inclined towards the third variant, which eliminates

²² Ibid.

the weaknesses of the previous alternatives and offers the following benefits in particular:

- It combines the flexibility of a cross-sectional theme with the opportunity to increase the contribution from the ESF by 10 bps in the case of a separate priority axis;
- It facilitates the use of transnational cooperation in all the programme's priority axes;
- It provides all project promoters with the chance to achieve resources intended for transnational cooperation;
- It facilitates the concentration of a significant amount of resources in the field of transnational cooperation and allows due emphasis to be placed on activities in the field of transnational cooperation;
- It provides an opportunity to follow up on successful elements of transnational cooperation in the EQUAL Community Initiative Programme;
- It reinforces the principles of cooperation in the achievement of the Lisbon Strategy objectives;
- It offers the chance to continue cooperation, transnational comparisons and capacity building particularly beneficial for poorer regions and new EU Member States.

This comprehensive concept of transnational cooperation provides the greatest degree of flexibility for the Czech Republic and for project promoters, encourages mutual cooperation, and supports the experience and skills of those whose outputs can be enriched through transnational cooperation.

Global objective

The global objective of the priority axes is '**Intensification of transnational cooperation in human resources development and employment**'.

Specific objectives

- To increase the efficiency of strategies and policies in the field of human resources and employment;
- To develop partnership, pacts and initiatives in the field of human resources and employment.

With regard to the focus of the activities supported, in the context of these priority axes, in accordance with Article 1(e) and Article 3(6) of Council Regulation (EC) No 1081/2006 on the European Social Fund, projects focusing on support for the achievement of the objectives under other HREOP priority axes will be supported.

Activities supporting the achievement of the objective under Priority Axis 1 in the field of transnational cooperation will include activities for the transfer of the foreign experience and expertise of foreign partners, the acquisition and acceptance of

existing functional solutions and approaches, and the networking of important stakeholders, e.g. social partners and nongovernmental organizations at transnational level with the aim of triggering reform in employment and labour market inclusion. For example, cooperation between stakeholders in the field of further education will be encouraged, especially between social partners and educational institutions during the creation of networks of partner cooperation or stakeholder cooperation in streamlining employment programmes.

Activities supporting the achievement of the objective under Priority Axes 2a and 2b in the field of transnational cooperation, besides the networking of important stakeholders, will include stakeholder cooperation in the transfer of good practice related to active labour market policies and cooperation between employment services in EU Member States, the preparation of analyses focusing on the exchange of experience with other EU Member States, and the organization of seminars on foreign experience related to the labour market.

Activities supporting the achievement of the objective under Priority Axis 3 in the field of transnational experience will include activities focusing on stakeholder cooperation in the acquisition of information about foreign experience with the use of various approaches to the inclusion of socially excluded persons or persons at risk of social exclusion, with a view to drawing them back into society and the labour market, and activities related to the networking of important stakeholders, such as social partners and nongovernmental organizations at transnational level, with the aim of streamlining approaches used for the social inclusion of the target group or of enhancing the efficiency of costs due to the acquisition of already thought-up and applicable solutions from abroad, and of facilitating the spread of good practice. In addition, projects will be supported that focus on the networking of important shareholders and the transfer of experience and good practices related to the reconciliation of family and working life.

Activities supporting the achievement of the objective under Priority Axes 4a and 4b in the field of transnational cooperation will include activities for the transfer of the foreign experience and expertise of foreign partners, the acquisition and acceptance of existing functional solutions and approaches, and the networking of important stakeholders, e.g. administrative authorities and organizational units of the state or local authorities of the Czech Republic with foreign entities which, based on their competences, are at the level of self-governing units in the Czech Republic.

The **target group** in Priority axes 5a and 5b is (1) institutions responsible for the relevant policies and institutions contributing to the implementation of the HREOP and their employees; (2) Others: in particular central state administration authorities, employment offices, regions, municipalities, associations of local authorities, NGOs, social partners, research and educational institutions, and local partnerships.

For these target groups, the following **areas of activity** (this is an indicative list) will be carried out within the scope of individual operations (projects):

- the exchange of experience and transfer of good practice between EU Member States in matters concerning the management and administration of

the ESF (the active employment policy, the handling of problems concerning the social inclusion of specific groups of the population, further education, the modernization of public administration, etc.), and the implementation of the ESF;

- support for the establishment and development of local partnerships;
- the exchange of experience and transfer of good experience between local partnerships in a matters concerning the building and management of partnerships, specific activities of local partnerships, etc.;
- cooperation between projects in various EU Member States with the aim of improving the results of their own projects or achieving joint results;
- the formation of thematic networks to address a specific problem.

The specific outputs of these activities will be, for example, joint projects, transnational networks, conferences, policy forums, training and seminars, study trips, placements, consulting organized via short-term experts.

Type and form of aid

These priority axes will be implemented through a centrally notified global grant (non-repayable financial assistance, such as grants) and individual projects (direct allocation).

Innovation

Under Priority axes 5a and 5b, considerable attention will be paid to the support and application of innovative approaches and activities horizontally across projects and in the form of projects directly focusing on the creation and dissemination of innovations in the field of policies supported by the HREOP and in the field of the management of programmes co-financed from the ESF.

Transnational cooperation

Considering the direct focus of these priority axes on transnational cooperation, the principle of transnational cooperation will be supported within the scope of all projects as a prerequisite of their eligibility for financing.

Partnership

In accordance with Article 5 of the Regulation on the ESF, the preparation and implementation of these priority axes and individual projects will include the organization and support of participation by social partners and all entities affected by the implementation of the relevant projects. Potential partners are part of the target groups on which the priority axis is focused. The priority axes are directly based on the principle of partnership; partnership here is essentially a necessary condition for the preparation and implementation of projects.

Institutional guarantees

Priority axes 5a and 5b will be implemented in particular by the MoLSA, via its HREOP MA department.

Multiple-objectiveness

Interventions in the field of transnational cooperation will be financed by the HREOP throughout the Czech Republic. Priority axis 5a of the HREOP is complemented with a financial contribution from the envelope of the Objective 'Regional Competitiveness and Employment', representing Priority Axis 5b.

The amount of contribution from the envelope of the Objective 'Regional Competitiveness and Employment' is separately enumerated in the HREOP financial table (see chapter 5.3). The ratio of financial allocations for Priority Axes 5a and 5b is 1:14. The pro rata reasons are as follows:

The Czech Republic is divided into 14 NUTS III regions for administrative purposes. Of the total number of regions, one (the City of Prague) falls under the Regional competitiveness and employment objective. The remaining 13 regions are classified under the Convergence Objective. In this light, the Czech Republic proposed the distribution of financial allocations between Priority Axes 5a and 5b of the HREOP at a ratio of 1:14.

4. 9. Priority axis 6a Technical assistance (Convergence)

4. 10. Priority axis 6b Technical assistance (Regional competitiveness and employment)

Bearing in mind that the activities described are de facto inextricable from each other from the geographical aspect (i.e. from the perspective of the objectives referred to in Article 3 of Regulation 1083/2006) and always impact the whole of the Czech Republic, both priority axes have identical content.

Priority Axis 6a covers the share of programme activities supported in the Convergence regions.

Priority Axis 6b covers the share of programme activities supported in the Regional competitiveness and employment regions.

The calculation method for the proportion of the Convergence objective and the Regional competitiveness and employment objective in the performance of all activities (projects) under these priority axes is provided at the end of the chapter; it has been selected so that the principle of Article 22 (1083/2006) on the non-transferability of allocations for individual objectives is respected at the level of the priority axes.

These priority axes, in line with Article 46 of the General Regulation of the Council (EC) on the Structural Funds, focus on supporting the management and implementation of the HREOP. Within the technical assistance priority axes, the main projects financed will be those for the support of the management, implementation, control, monitoring, evaluation and publicity of the Operational Programme. Activities to reinforce the administrative capacity of HREOP implementing bodies, the absorption capacity of project promoters, and the preparation of programming documents for the next programming period will also be financed.

These priority axes concentrate in particular on the following categories of intervention areas:

Code	Area of intervention
85	Preparation, implementation, monitoring and control
86	Evaluations and studies; awareness and communication

Global objective

To ensure the due implementation of the HREOP through the provision of reliable and effective services for management and administration

Specific objectives

- To support the implementation of the programme by reinforcing the administrative structures which contribute to programme management at the level of the Managing Authority and intermediate bodies
- Technical assistance for the implementation of the programme, the dissemination of information about its preparation and results, evaluation of the programme

Indicative list of activities

The following activities will be supported to fulfil the individual specific objectives within the scope of the priority axes:

- assistance in the preparation and selection of projects, contracting, monitoring, evaluations, awareness and publicity within the scope of the programme in a uniform, coherent manner;
- training and seminars for the staff of implementing bodies;
- support in the process of evaluating and selecting projects;
- guidance for applicants seeking assistance from the HREOP in the preparation of their projects;
- auditing and control of projects conducted on the spot;
- support of the Monitoring Committee secretariat;
- the production of draft reports for committee meetings;
- programme publicity, seminars, information events, the implementation of the HREOP Communication Plan;
- research studies and surveys focusing in the further development of the programme;
- evaluations, monitoring studies;
- the operation, maintenance and further development of the monitoring and information system;
- studies and exchanges of experience with a leverage effect;
- the preparation of programming documents for the next programming period, including ex-ante evaluations.

Target groups:

- Managing Authority
- Intermediate bodies
- Project promoters
- Monitoring Committee
- Public

Type and form of aid

These priority axes will be implemented via individual projects (direct allocation).

Institutional guarantees

Priority axes 6a and 6b will be implemented in particular by the MoLSA, via its HREOP MA department.

Multiple-objectiveness

Activities in the field of technical assistance financed by the Convergence Objective envelope (Priority Axis 6a) are complemented with a financial contribution from the envelope of the Objective 'Regional Competitiveness and Employment' (Priority Axis 6b) so that the technical assistance could be provided for administration of all HREOP resources, i.e. including the administration of the allocation from the Objective 'Regional competitiveness and employment'.

The amount of contribution from the envelope of the Objective 'Regional Competitiveness and Employment' is separately enumerated in the HRE OP financial table (see chapter 5.3). The amount of the contribution corresponds to 4 % of the allocation from the envelope of the Objective 'Regional Competitiveness and Employment', which was transferred to the HREOP budget to finance Priority Axes 2b, 4b and 5b. The contribution pro rata represents 1.34 % of the allocation for Priority axes 6a and 6b.

4. 11. Cross financing

In accordance with Article 34(2) of the General Council Regulation (EC), in the framework of all HREOP priority axes it will be possible, at the level of individual projects, to use ESF resources to finance the necessary complementary activities and costs of a 'capital' nature which are otherwise costs eligible for financing from the ERDF, such being up to 10% of the resources allocated to the priority axis.

Priority axis 3: With regard to activities in the field of social integration under Article 3(1)(c)(i) of Council Regulation (EC) No 1081/2006 on the ESF, the limit for cross financing is determined in accordance with Article 3(7) of Council Regulation (EC) No 1081/2006 on the ESF at 15% of the funds allocated to those activities. For other activities under the priority axis, the cross financing limit is 10%. The Managing Authority will monitor and keep records of interventions in accordance with Article 3(1)(c)(i) of Council Regulation (EC) No 1081/2006 on the ESF and other interventions so that it is possible to identify which actions are subject to the 15% limit and which are subject to the 10% limit.

A condition for the possibility of financing activities in the context of cross financing is that these activities are needed to achieve the objectives of the supported HREOP projects and that they must be directly linked to those projects. For the monitoring of the amount of resources expended on cross financing, the MSC2007 information system will be used.

The Managing Authority will monitor and keep records of the use of cross financing so that expenditure here can be retrieved and identified (an audit trail).

4. 12. Information on State aid planned within the scope of the OP

The provision of assistance within the scope of the Human Resources and Employment Operational Programme is in keeping with State aid rules, which are fully regulated by Community law. The Managing Authority will ensure that the granting of State aid under the HREOP complies with procedural and substantive rules on State aid at the time the relevant State aid is granted.

4. 13. Monitoring indicators and quantified objectives

4. 13. 1. Description of the methodology for the creation of indicators and data collection

In accordance with Article 37 of Council Regulation (EC) No 1083/2006, a system of monitoring indicators was designed to measure the fulfilment of the overall objectives of the HREOP. The system has been created on the principle of determining quantifiable indicators so that programme implementation can be monitored and programme performance evaluated according to the set objectives. The indicators are set for individual priority axes and for the programme as a whole.

Structure of monitoring indicators

In accordance with the requirements of the Commission Methodological Working Document – Monitoring and Evaluation Indicators, indicators at the level of the programme and priority axes include four types of indicators: input, output, result and impact indicators. Contextual indicators have been set for the programme as a whole.

Input indicators express the amount allocated to the programme and individual priority axes. Financial resources will be monitored broken down into national resources (of which private and public) and resources from the ESF.

Output indicators provide information about the direct effects of projects supported under the Operational Programme and its priority axes. They express the numbers of persons, organizations and projects supported under the given budget, and the products (training, consulting products) that have been created. The data required to monitor result indicators will be collected via project monitoring reports on an ongoing basis.

Result indicators express the immediate positive effects of assistance which occur during project implementation. These indicators are expressed as the numbers of successfully trained persons, and the number of jobs created. The gross effects of individual aid are monitored as the share of persons in respect of whom granted aid has directly fulfilled a predefined purpose. The data required to monitor result indicators will be collected either on an ongoing basis via project monitoring reports, or via evaluation studies (as a rule twice every programming period²³).

Impact indicators quantify the ramifications of the Operational Programme beyond the scope of its immediate effects. They are designed to prove the sustainability and extent of the net effects of aid in the longer term after the winding-up of the project (at least 12 months). Impact indicators will be obtained based on monitoring studies or will be approximated based on specific calculations of sample surveys of the workforce. Where data are collated via evaluation studies, the studies will usually be carried out twice over the programming period.

Detailed structure of indicators

²³ The frequency of evaluation studies may be adjusted by agreement with the Monitoring Committee.

In accordance with implementing Commission Regulation (EC) No 1828/2006, Annex XXIII, output indicators – assisted persons (individuals) – will be structured in detailed in the following manner:

- detailed breakdown by sex (men, women)
- detailed breakdown by position on the labour market (employees, self-employed, long-term unemployed, other unemployed, inactive persons in education, other inactive persons)
- detailed breakdown by age (15-24, 55-64, others)
- detailed breakdown by handicap (minorities, immigrants, the disabled, other disadvantaged people)
- detailed breakdown by education completed (primary, secondary, tertiary)

Contextual indicators

Contextual indicators have also been set for the programme as a whole; these indicators characterize the environment in which programme activities take place. Contextual indicators have been defined for the economic and demographic spheres, for education and for employment. The baseline values of contextual indicators will be compared, at the end of the programming period, with the new values in order to determine changes in the socio-economic environment.

Table 31 Contextual indicators for the HREOP

Code (from national code list)	Indicator	Unit of measurement and definition	Baseline value ²⁴ (2005) ²⁵	Source
01.09.00	GDP per capita (purchasing power parity)	EU 25 = 100	72.9	CZSO
05.04.00	Population age structure	Share of the population of the given age structure in the total population (%)		CZSO
05.04.01	• 0 – 14		14.6	
05.04.02	• 15 – 64		71.1	
05.04.03	• 65 +		14.2	
07.12.00	Economic activity rate of the population	Share of the workforce in the total population 15+ (%)		CZSO (sample survey of the workforce)
07.12.01	• total		59.4	
07.12.02	• men		68.7	
	• women		50.6	
07.22.00	Employment rate 15-64	Share of employees aged 15-64 in the total population aged 15-64 (%)		CZSO (sample survey of the workforce)
07.22.01	• total		65.3	
07.22.02	• men		73.9	
	• women		56.7	
	Employment rate of	Share of employees aged 55-		CZSO

²⁴ Data for the Czech Republic less Prague

²⁵ Unless specified otherwise

07.22.20 07.22.21 07.22.22	older workers <ul style="list-style-type: none"> • <u>total</u> • <u>men</u> • <u>women</u> 	64 in the total population aged 55-64 (%)	<u>44.5</u> 59.3 30.9	(sample survey of the workforce)
07.23.00 07.23.02	General unemployment rate <ul style="list-style-type: none"> • <u>total</u> • <u>women</u> 	Share of unemployed persons in the total number of economically active inhabitants (%)	<u>7.9</u> 9.8	CZSO
06..39..00 06.39.10 06.39.20 06.39.30	Population structure by education <ul style="list-style-type: none"> • <u>primary</u> • <u>secondary</u> • <u>tertiary</u> 	Share of persons in individual education groups in the total population 15+ (%)	20.0 69.6 10.4	CZSO (sample survey of the workforce)
06.38.00	Share of public budget expenditure on education in GDP	Expenditure of national budget, regional and local budgets in relation to GDP generated, in current prices (%)	(2004) 4.3	CZSO Eurostat
07.07.00 07.07.01 07.07.02 07.07.05. 07.07.06 07.07.07 04.07.08	Employment structure by sector <ul style="list-style-type: none"> • <u>primary of which women</u> • <u>secondary of which women</u> • <u>tertiary of which women</u> 	Share of the total number of employees (%) (of which women)	<u>4.0</u> 2.8 <u>39.5</u> 26.5 <u>56.5</u> 70.7	CZSO (sample survey of the workforce)
07.07.10 07.07.12	Share of entrepreneurs in total employment <ul style="list-style-type: none"> • of which women 	Share of employers and own-account workers in the total number of employed persons (%)	(2004) <u>15.3</u> 9.2	CZSO (sample survey of the workforce)

Quantification of programme objectives

The quantification of objectives was made for the programme as a whole and for the priority axes (see subchapters 4.8.2 and 4.8.3). The quantification of objectives represents expert estimates based on a detailed analysis of progress in the implementation of HRD OP 2004 – 2006. Quantifications at programme level are derived from the global objective and the specific objectives defined by the operational programme. They are divided into input and output indicators, which are the sum of these indicators at the level of priority axes, and into indicators of global impacts of a macroeconomic nature. The global impacts will be reported in values characterizing the initial state and the actual state in 2015. The change in the value of these indicators will document the success in fulfilling the defined programme objectives, even if the shift in their values will be affected not only by the programme, but also by a number of other conditions.

4. 13. 2. Indicators at priority axis level and their quantification

Table 32 Monitoring indicators of Priority Axis 1 – Adaptability

Code (from national code list)	Type of indicator	Indicator name	Unit of measurement and definition	Quantification		Source of data
				Opening balance (2005)	Target value (2015)	
	Input	Total budget for the priority axis	EUR	---	618 159 145 €	HREOP
	Input	Total amount of resources refunded	EUR	---	---	MoLSA
07.51.01	Output Core	Number of projects assisted	Number of projects assisted	---	1 900	MoLSA - (HREOP)
07.41.00	Output	Number of persons assisted	Number of persons (classified according to 4.13.1)	---	150 000	MoLSA - (HREOP)
07.57.00	Output	Number of newly created/innovated products	Number of products created through supported projects (studies, analyses, training programmes)	---	600	MoLSA - (HREOP)
	Result	Business expenditure on staff training	Amount of business expenditure on training adjusted per participant, based on the size of the enterprise (comparison with EU-25, EUR in PPS) <ul style="list-style-type: none"> • 10-49 employees • 50-249 employees • 250 or more employees 	43 % 42 % 46 %	increase by 20% i.e. by 8.6 bps 8.4 bps 9.2 bps	Eurostat (monitoring twice per programming period)
	Result	Number of successful course graduates	Number of persons supported who gained a qualification/certificate of qualification (service clients)	---	120 000	MoLSA - (HREOP)
	Result	Share of persons successfully assisted	Share of supported persons in employment or further training 6 months after the end of support (service clients)	---	75 % ²⁶	Evaluation study, at least twice per period
06.41.00	Impact	Participation rate in further education	Share of persons aged 25-64 in the corresponding population who participated in training four weeks before the investigation of which women	5,9 % 6,4 %	10 %	CZSO/Eurostat

²⁶ As some of the interventions under Priority Axis 1 are focused on persons employed but seriously at risk of unemployment, the target value of the indicator is lower than 100%.

Table 33 Monitoring indicators of Priority Axes 2a and 2b – Activity labour market policy

Code (from national code list)	Type of indicator	Indicator name	Unit of measurement and definition	Quantification		Source of data
				Opening balance (2005)	Target value (2015)	
	Input	Total budget for the priority axis	EUR	---	712 678 036 € of which 9 255 559€ RC&E	HREOP
	Input	Total amount of resources refunded	EUR	---	---	MoLSA
07.51.01	Output Core	Number of projects assisted	Number of projects assisted	---	800 of which 10 RC&E	MoLSA - (HREOP)
07.41.00	Output	Number of persons assisted	Number of persons (classified according to 4.13.1), breakdown – clients/providers of services	---	500 000 of which 6,494 RC&E	MoLSA - (HREOP)
07.01.00 07.03.00	Result CORE 01 CORE 03	Number of new jobs created - <u>total</u> of which for women	Number of jobs created within the scope of the HREOP	---	30 000 of which 390 RC&E 16 000 of which 208 RC&E	MoLSA - (HREOP)
	Result	Number of successful course graduates	Number of persons supported who gained a qualification/certificate of qualification (breakdown – clients/providers of services)	---	400 000 of which 5,195 RC&E	MoLSA - (HREOP)
	Result	Share of persons successfully assisted	Share of supported persons in employment or further training 6 months after the end of support (service clients)	---	60 %	Evaluation study, at least twice per period
	Result	Share of applicants placed via the active employment policy	Average share of job-seekers placed via all AEP instruments in the total number of job-seekers	17,5 %	43 %	MoLSA, inf. system OK-work
07.29.00 07.29.02 07.28.00 07.28.02	Impact	Registered unemployment rate of <u>specific groups</u>	Groups 15-24 of which women 50+ of which women	<u>19,4</u> 20,2 9,2 10,0	Reduction by 20 %, i.e. by 3,88 bps 4,04 bps 1,84 bps 2 bps	MoLSA CZSO

Note: The quantification is divided between the Convergence Objective and the Regional competitiveness and employment objective regions at a ratio of 1:77.

Table 34 Monitoring indicators of Priority Axis 3 – Social integration and equal opportunities

Code (from national code list)	Type of indicator	Indicator name	Unit of measurement and definition	Quantification		Source of data
				Opening balance (2005)	Target value (2015)	
	Input	Total priority axis budget	EUR	---	468 948 317 €	HREOP
	Input	Total resources paid	EUR	---	---	MoLSA
07.51.01	Output Core	Number of projects supported	Number of projects supported	---	2 200	MoLSA – (HREOP)
07.41.00	Output	Number of persons supported	Number of persons (classified according to 4.13.1), breakdown – clients/providers of services	---	140 000	MoLSA – (HREOP)
07.02.00 07.02.01	Result Core	Total number of new jobs created for disadvantaged groups of which for women	Number of jobs created under HREOP for socially disadvantaged groups	---	$\frac{5\,000}{3\,000}$	MoLSA (HREOP)
	Result	Number of successful course graduates	Number of persons supported, who gained a qualification, certificate of qualification (breakdown - clients/providers of services)	---	60 000	MoLSA – (HREOP)
	Result	Share of successfully supported persons	Share of supported persons in employment or further training 6 months after the end of support (service clients)	---	45 %	Evaluation study at least twice per period
	Result	Improved conditions for the reconciliation of family and working life	Number of supported institutions in which flexible forms of work organization introduced (monitoring 6 months after end of support)	---	50	Evaluation study at least twice per period
07.16.01	Impact	Relation of wage levels between men and women	Share of women's wage median to men's wage median (%)	(2004) 80,9	85,0	CZSO
07.30.00 07.30.02 07.28.00 07.28.02	Impact	Long-term unemployment of specific groups	Share of long-term unemployed in the total number of unemployed in the age group: <u>15 -24 total</u> of which women <u>50+ total</u> of which women	$\frac{12\%}{11\%}$ $\frac{13\%}{18\%}$	Reduction by 20 %, i.e. by 2,4 bps 2,2 bps 2,6 bps 3,6 bps	MoLSA CZSO

Table 35 Monitoring indicators of Priority Axes 4a and 4b – Public administration and public services

Code (from national code list)	Type of indicator	Indicator name	Unit of measurement and definition	Quantification		Source of data
				Opening balance (2005)	Target value (2015)	
	Input	Total priority axis budget	EUR	---	229 555 120 € of which 16 396 794 € RC&E	HREOP
	Input	Total resources paid	EUR	---	---	MoLSA
07.51.01	Output Core	Number of projects supported	Number of projects supported	---	300 of which 21 RC&E	MoLSA - (HREOP)
07.41.00	Output	Number of persons supported	Number of persons (classified according to 4.13.1)	---	80 000 of which 5 714 RC&E	MoLSA - (HREOP)
07.57.00	Output	Number of newly created/innovated products	Number of products created under supported projects (studies, analyses, training programmes)	---	100 of which 7 RC&E	MoLSA - (HREOP)
	Result	Number of successful course graduates	Number of persons supported, who gained a qualification, certificate of qualification (service providers)	---	70 000 of which 5 000 RC&E	MoLSA - (HREOP)
	Result	Development of regulatory impact assessment	<ul style="list-style-type: none"> - Share of legal regulations approved by the government in respect of which RIA conducted - Share of RIA published remotely (allowing access for all stakeholders) 	---	100% 90%	Ministry of the Interior
	Result	Use of e-government by public administration	Share of state administration authorities providing services online (complete electronic submissions) <ul style="list-style-type: none"> • central state administration • regional authorities • municipalities with more than 500 inhabitants 	16,9 % 53,8 % 10,7 %	Increase by 85 %	CZSO
	Result	Reduction in the duration of judicial proceedings	Average duration of judicial proceedings – civil law agenda (days) <ul style="list-style-type: none"> • Regional courts • District courts 	1057 453	Reduction by 20 %	Ministry of Justice
15.31.00	Impact	Improved quality of regulation	An evaluation conducted within the scope of an evaluation study contains: <ul style="list-style-type: none"> - % reduction of administrative burden, - creation of a functioning system for the management of regulation quality at the level of central state administration 		---	Evaluation study, at least twice per period
	Impact	Public satisfaction with public administration	Share of citizens satisfied with public administration in the Czech Republic	---	---	Public opinion poll, at least twice per period

Note: The quantification is divided between the Convergence Objective and the Regional competitiveness and employment objective regions at a ratio of 1:14.

Table 36 Monitoring indicators of Priority Axes 5a and 5b – Transnational cooperation

Code (from national code list)	Type of indicator	Indicator name	Unit of measurement and definition	Target value (2015)	Source of data
	Input	Total priority axis budget	EUR	41 078 284€ of which 3 934 163 € RC&E	HREOP
	Input	Total resources paid	EUR	---	MoLSA
07.51.01	Output	Number of projects supported	Number of projects supported	200 of which 14 RC&E	MoLSA - (HREOP)
07.41.00	Output	Number of persons supported	Number of persons (classified according to 4.13.1)	6 000 of which 429 RC&E	MoLSA - (HREOP)
43.05.00	Output	Number of partnerships created	Number of partnerships created by virtue of supported projects	50 of which 4 RC&E	MoLSA - (HREOP)
48.19.00	Result	Number of persons trained	Number of persons participating in training activities under supported projects and completing them in the prescribed manner	5 000 of which 357 RC&E	MoLSA - (HREOP)
	Result	Sustainability of partnerships created	Share of partnerships functioning six months after the end of support	20 %	Evaluation study, at least twice per period
43.07.00	Impact	Improved efficiency of strategies and policies in the field of HRE	Evaluation of the improved efficiency of strategies and policies in the field of HRE	---	Evaluation study, at least twice per period

Note: The quantification is divided between the Convergence Objective and the Regional competitiveness and employment objective regions at a ratio of 1:14.

Table 37 Monitoring indicators of Priority Axes 6a and 6b – Technical assistance

Code (from national code list)	Type of indicator	Indicator name	Unit of measurement and definition	Target value (2015)	Source of data
	Input	Total priority axis budget	EUR	86 420 599 € of which 1 157 268 € RC&E	HREOP
	Input	Total resources paid	EUR	---	MoLSA
07.51.01	Output	Number of projects supported	Number of projects supported	150 of which 2 RC&E	MoLSA - (HREOP)
07.57.00	Output	Number of newly created/innovated products	Number of products created (evaluation studies, analyses, publicity measures)	80 of which 1 RC&E	MoLSA – (HREOP)
	Result	Number of successful course graduates	Number of persons supported, who gained a qualification, certificate of qualification	500 of which 7 RC&E	MoLSA - (HREOP)
43.06.00	Result	Level of disbursement of programme resources	Achievement of objectives n+3/n+2	100 %	MoLSA - (HREOP)

4. 13. 3. Indicators at programme level and their quantification

Table 38 Monitoring indicators at HREOP level

Code (from national code list)	Type of indicator	Indicator name	Unit of measurement and definition	Quantification		Source of data
				Opening balance (2005)	Target value (2015)	
	Input	Total programme budget (less TA)	EUR	---	2 075 251 642 €	HREOP
	Input	Total resources paid	EUR	---	---	MoLSA
07.41.00	Output	Number of persons supported	Number of persons (classified according to 4.13.1)	---	876 000	MoLSA - (HREOP)
07.01.00	Result	Number of jobs created of which women	Number of jobs created under the HREOP	---	35 000	MoLSA - (HREOP)
07.01.02	Result	Number of successful course graduates	Number of persons supported, who gained a qualification, certificate of qualification (breakdown - clients/providers of services)	---	19 000	MoLSA - (HREOP)
	Result	Share of successfully supported persons	Share of supported persons in employment or further training 6 months after the end of support (breakdown - clients/providers of services)	---	60 %	Evaluation study
07.22.00 07.22.01 07.22.02	Impact	Unemployment rate 15-64 <ul style="list-style-type: none"> total men women 	Share of employed persons aged 15-64 in the total population 15-64 (%)	65,3 73,9 56,7	Average of 15 best EU Member States	CZSO (sample survey of the workforce)
07.27.00 07.27.01 07.27.02	Impact Lisbon	Long-term unemployment rate <ul style="list-style-type: none"> total men women 	Share of long-term unemployed (12 or more months) in the total number of economically active persons in the age group 15-64 (%)	4,1 3,2 5,2	Reduction by 20 %, i.e. by 0,82 bps 0,65 bps 1,04 bps	MoLSA CZSO Eurostat
07.24.00	Impact	Differentiation of regional unemployment rate	Differentiation measured by the variation coefficient for NUTS 2 regions (%), including Prague	46,9	Reduction of 10 %, i.e. by 4,69 bps	CZSO
06.41.00 06.41.02	Impact	rate of participation in further training <ul style="list-style-type: none"> total women 	Share of employed persons aged 25-64 who participated in training four weeks before the investigation	5,9 6,4	10 %	CZSO/Eurostat

Note: quantification values net of TA projects

5. FINANCIAL FRAMEWORK 2007 – 2013

5.1. Description of financial framework

The financial framework of the Human Resources and Employment Operational Programme 2007 – 2013 draws on the financial framework of the NSRF, which determines the distribution of resources from the Structural Funds and the Cohesion Fund for the individual operational programmes. Seven per cent of resources allocated for the Czech Republic under the Convergence Objective from the Structural Funds and the Cohesion Fund for the 2007 – 2013 period is earmarked for the HREOP.

In keeping with the requirement of a mono-fund approach to the operational programmes, the Human Resources and Employment Operational Programme will be co-financed solely from the European Social Fund. Lesser-scale infrastructure investments required to achieve the objectives of the HREOP will be financed, in accordance with Article 34(2) of the General Regulation of the Council (EC), via the cross-financing institution within the scope of individual priority axes under the programme.

The physical characteristics of the indicative distribution of financial resources into the individual priority axes of the programme stem from chapter 3.4; the basic aspects of this distribution are based on the following:

- the strategy and physical focus of the HREOP priority axes;
- the ESF priorities laid down in the draft Regulation on the European Social Fund;
- the Community Strategic Guidelines;
- the Integrated guidelines for growth and jobs (Lisbon Strategy)
- the Commission's employment recommendations to the Czech Republic;
- the strategy of the MoLSA;
- experience from the current programming period;
- an estimate of the absorption capacity of individual priority axes.

The HREOP co-financing rate from the ESF is 85% of total public expenditure; the remaining 15% of resources will be covered from national public sources. In the case of Priority Axes 5a and 5b, focusing on transnational cooperation, the Czech Republic applies Article 3(6) of Council Regulation (EC) No 1081/2006 on the ESF, which, in relation to the separate priority axes for transnational cooperation, makes it possible to increase the level of co-financing from Community resources by 10% per priority axis. This increase is not included in the limits of maximum co-financing from Community resources at programme level as defined in Article 53 of the General Council Regulation (EC) 1083/2006.

The main source of national public co-financing for the Human Resources and Employment Operational Programme will be the budget heading of the MoLSA, with contributions from the budget heading of the Ministry of the Interior, the Ministry of Industry and Trade, the Ministry of Health, and other ministries, as well as the budgets of the regions and, where appropriate, municipalities.

The contribution from the ESF shall be calculated in relation to the total public expenditure.

5. 2. HREOP budget broken down into individual years

Table 39 **Indicative financing plan of the HREOP broken down into individual years (EUR)**

€, current prices	ESF Convergence objective	ESF Competitiveness objective	Total
	1	2	3=1+2
2007	224 801 428	3 440 228	228 241 656
2008	235 859 105	3 509 033	239 368 138
2009	246 965 120	3 579 214	250 544 334
2010	258 590 464	3 650 798	262 241 262
2011	270 221 113	3 723 814	273 944 927
2012	281 809 486	3 798 290	285 607 776
2013	293 599 056	3 874 256	297 473 312
Total 2007-2013	1 811 845 772	25 575 633	1 837 421 405

5. 3. HREOP budget broken down into individual priority axes

Table 40 Indicative financing plan of the HREOP broken down into individual priority axes (EUR, current prices)

Priority axis number	Priority axis name	Fund / co-financing rate related to	Community contribution	National resources	Indicative distribution of national resources		Total resources	Co-financing rate	For information	
					National public resources	National private resources			EIB	other resources
			a	b(=c+d)	c	d	d=a+b	e=a/d		
4.1	Adaptability	ESF/public/Convergence objective	525 435 274	92 723 872	92 723 872	0	618 159 146	85.0%		
4.2a	Active labour market policy	ESF/public/Convergence objective	597 909 105	105 513 372	105 513 372	0	703 422 477	85.0%		
4.2b	Active labour market policy	ESF/public/Regional Competitiveness and Employment objective	7 867 225	1 388 334	1 388 334	0	9 255 559	85.0%		
4.3	Social integration and equal opportunities	ESF/public/Convergence objective	398 606 070	70 342 248	70 342 248	0	468 948 318	85.0%		
4.4a	Public administration and public services	ESF/public/Convergence objective	181 184 577	31 973 749	31 973 749	0	213 158 326	85.0%		
4.4b	Public administration and public services	ESF/public/Regional Competitiveness and Employment objective	13 937 275	2 459 520	2 459 520	0	16 396 795	85.0%		
4.5a	Transnational cooperation	ESF/public/Convergence objective	36 236 915	1 907 207	1 907 207	0	38 144 122	95.0%		
4.5b	Transnational cooperation	ESF/public/Regional Competitiveness and Employment objective	2 787 455	146 709	146 709	0	2 934 164	95.0%		
4.6a	Technical assistance	ESF/public/Convergence objective	72 473 831	12 789 500	12 789 500	0	85 263 331	85.0%		
4.6b	Technical assistance	ESF/public/Regional Competitiveness and Employment objective	983 678	173 591	173 591	0	1 157 269	85.0%		
Total			1 837 421 405	319 418 102	319 418 102	0	2 156 839 507	85,2%	0.0	0.0
Of which: Convergence objective			1 811 845 772	315 249 948	315 249 948	0	2 127 095 720	85,2%	0.0	0.0
Regional competitiveness and employment objective			25 575 633	4 168 154	4 168 154	0	29 743 787	86,0%	0.0	0.0

Note: the contribution from the ESF shall be calculated in relation to the total public expenditure

The increase in the rate of co-financing of Priority Axes 5a and 5b complies with Article 3(6) of 1081/2006.

The numbering of priority axes in this table (unlike the text of the Operational Programme) corresponds to the numbering in the MSC2007 information system. Number '4' is the serial number of the HREOP in the information system and is automatically generated for each priority axis.

6. IMPLEMENTATION STRUCTURE

In accordance with Article 59 of the General Council Regulation (EC) No 1083/2006, this chapter describes the implementation structure of the programme, the structure of the main authorities, and the basic procedures for the material and financial management of the HREOP. The relevant legal provisions of the Czech Republic, Government Resolutions, experience of the implementation of ESF programmes in the 2004-2006 period described in chapter 2.2.7 and the codes of practice of the NSRF National Focal Point, i.e. the Ministry of Regional Development under Resolution of the Government of the Czech Republic No 198/2006, are also reflected in the description of the programme's implementation structure.

6. 1. Programme management

6. 1. 1. Managing Authority

The Managing Authority is fully responsible for the correct and efficient management of the programme and the implementation of assistance from the HREOP in keeping with European Union and national provisions.

Under Government Resolution No 175/2006 of 22 February 2006, appointing the Ministry of Labour and Social Affairs as the Managing Authority for the Human Resources and Employment Operational Programme, the Minister for Labour and Social Affairs delegated the role of Managing Authority of the HREOP to Department 72 of the MoLSA under Order No 18/2006.

Under Article 60 of Council Regulation (EC) No 1083/2006, the General Regulation, the MA is responsible for the following in particular:

- a) the collection of statistical data about the physical and financial implementation of the HREOP in accordance with requirements placed on programme monitoring and the transfer of the relevant information in accordance with the mechanisms agreed between the Czech Republic and the Commission with the application of information systems determined for this purpose
- b) ensuring that operations are selected for financing in accordance with the criteria for the Operational Programme and that they comply with the relevant Community regulations and national regulations throughout the implementation period;
- c) verifying that the co-financed products and services are delivered and that the expenditure declared by the beneficiaries for operations has actually been incurred and complies with Community and national rules; verifications on-the-spot of individual operations may be carried out on a sample basis in accordance with the detailed rules to be adopted by the Commission in accordance with the procedure referred to in Article 103(3);
- d) ensuring the existence of a system for recording and storing accounting records in computerized form for each operation under the programme, and

for the collection of implementation data required for financial management, monitoring, validation, auditing and evaluation;

- e) ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;
- f) ensuring that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47;
- g) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90;
- h) ensuring that the certifying authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;
- i) guiding the work of the monitoring committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;
- j) drawing up and, after approval by the monitoring committee, submitting to the Commission the annual and final reports on implementation;
- k) ensuring compliance with the information and publicity requirements laid down in Article 69.

The HREOP Managing Authority is methodologically assisted by the NSRF coordinator, who issues guidelines and recommendations for the effective fulfilment of all the required tasks.

The Managing Authority will ensure that awarded public contracts or concessions relating to projects co-financed by the HREOP are in compliance with national legislation in force on public procurement, which conforms to Directives of the European Parliament and of the Council 2004/17/EC and 2004/18/EC, Regulation (EC) 1564/2005 and the principles of the Treaty.

The description of management and control systems in accordance with Article 71(1) of Council Regulation (EC) No 1083/2006 and in accordance with Articles 21, 22 and 23 of Commission Regulation (EC) No 1828/2006 will contain a specification of the department within the management structure responsible for decisions on the eligibility of expenditure.

6. 1. 2. Intermediate bodies

An intermediate body is a public or private entity to which the Managing Authority delegates some of its activities. The scope of the delegated tasks and activities will be laid down in a written agreement between the Managing Authority and the intermediate body. Intermediate bodies prove their readiness to fulfil delegated tasks, in particular their administrative capacity, the functionality of the necessary information systems, etc. The MA mainly delegates intermediate bodies with the process of project selection, monitoring (including the collection of data on projects

and their entry in MSSF), project control, verification of payment applications, and publicity within the scope of its competence. The delegation of these activities will not affect the Managing Authority's overall responsibility for the implementation of the HREOP. The role of the HREOP intermediate bodies will be played primarily by services within the MoLSA, the Ministry of the Interior, the Ministry of Industry and Trade, any relevant organizations they have set up, and the regions.

In the implementation of the HREOP (especially Priority Axis 3 and others), the implementation of part of the programme from the position of the intermediate body may be facilitated in the form of a simplified mechanism for the distribution of resources (similar to a global grant within the meaning of Article 9(i) of Council Regulation (EC) 1260/1990). This entity will be selected in tendering procedure.

6. 1. 3. Paying and Certifying Authority

For the implementation of assistance from the Structural Funds and the Cohesion Fund, a single Paying and Certifying Authority (PCA) has been appointed in the Czech Republic in accordance with Government Resolution No 198 of 22 February 2006; the PCA is the Ministry of Finance. Pursuant to a decision of the Minister for Finance, the role of Paying and Certifying Authority was delegated to the **National Fund Department of the Ministry of Finance**.

Under Article 61 of Council Regulation (EC) No 1083/2006, the General Regulation, the Paying and Certifying Authority is responsible for the following tasks in particular:

- a) it manages resources provided from the SF and CF in accounts opened at the CNB;
- b) it draws up and submits applications for interim payments and final payments to the European Commission for all programmes based on statements of expenditure presented by the Managing Authority;
- c) it receives payments from the European Commission;
- d) based on a check of cumulative applications submitted by the managing authorities, it transfers SF and CF resources to the relevant budget headings;
- e) it records accounting cases related to PCA resources within the scope of the Ministry of Finance as the accounting entity;
- f) it maintains a system of financial reporting for PCA resources;
- g) it certifies expenditure incurred and prepares a certificate of expenditure, which it sends, together with a request for an interim payment or final payment, to the European Commission;
- h) for the purposes of certification, it examines the due functioning of the management and control system at all levels of implementation;
- i) it conducts on-the-spot checks;
- j) it draws up and updates methodological guidelines for the certification of SF and CF expenditure and for financial flows and the control of SF and CF resources;

- k) it refunds expenditure paid out without authorization, including interest, to the European Commission, unless a decision is made, in accordance with Community rules, on the reallocation of such expenditure in the scope of the programme in which the unauthorized drawdown of resources occurred;
- l) it refunds unused resources to the European Commission;
- m) based on estimates drawn up by managing authorities, it submits updated estimates related to payment requests (expenditure perspectives) to the European Commission for the current and subsequent year by 30 April;
- n) it proceeds in accordance with the rules of financial management and control;
- o) it responds to comments and recommendations of the European Commission;
- p) it is responsible for the concept and methodology applied in the development of the VIOLA IS for the performance of the PCA's role, including data communication with the SF monitoring system;
- q) it evaluates the drawdown of SF and CF allocations, and monitors the implementation of the n+2 (n+3) rule;
- r) it cooperates with the European Commission in verifying mid-term and ex-post additionality.

6. 1. 4. HREOP audit authority

Under Resolution of the Government of the Czech Republic No 198 of 22 February 2006, the Ministry of Finance was commissioned with the role of the audit authority, set up within the meaning of Article 59 of Council Regulation (EC) 1083/2006. Under a decision of the Minister for Finance, this role was entrusted to the **Central Harmonization Unit for Financial Control**, which is functionally independent of the HREOP Managing Authority and the Paying and Certifying Authority.

In keeping with the requirements of the relevant Community legislation and Czech national law, the audit authority carries out the following activities in particular:

- a) it is responsible for auditing the preparedness of the HREOP's management and control system;
- b) prior to the submission of the request for the first payment, and no later than 12 months as of approval of the programme, it presents the European Commission with a report assessing the settings of the management and control systems of the Operational Programme, including an opinion on their compliance with the relevant provisions of Community regulations;
- c) within nine months of the approval of the HREOP, it presents the Commission with an audit strategy, including the entities that will perform the audits;
- d) it is responsible for conducting audits in public administration with a view to verifying the effective functioning of the programme's management and control system;
- e) every year, it presents the Commission with the updated strategy for auditing the sampling method for audits of operations and the indicative audit planning;

- this method ensures auditing takes place at the principal entities and that audits are conducted evenly throughout the programming period;
- f) it presents the Commission with a consolidated plan for the auditing of resources granted from EU funds every year;
 - g) it conducts quarterly checks of the implementation of the consolidated audit plan and provides information about this implementation to the Paying and Certifying Authority ;
 - h) it is responsible for conducting public administration audits on a suitable sample of operations to verify the expenditure reported to the European Commission;
 - i) it is responsible for the methodological management of other auditing entities involved in audits related to the public administration of the Operational Programme;
 - j) it supervises the quality of public administration auditing conducted by other auditing entities in relation to projects co-financed from HREOP resources;
 - k) it contributes to the creation and updating of the methodological guidelines for auditing in the public administration of resources from the Operational Programme;
 - l) every year, in the period from 2008 to 2015, it will present the Commission with an annual inspection report containing its findings from audits conducted during the previous year in accordance with the Operational Programme's audit strategy, along with deficiencies identified in the programme's management and control systems. Information concerning audits conducted after 1 June 2015 will be included in the final control report, which is the basis for the closure declaration;
 - m) every year, it issues an opinion to the Commission on whether the functioning of the management and control system provides a reasonable guarantee that the statements of expenditure submitted to the Commission are correct and that the related transactions are proper and legal;
 - n) it presents a declaration for partial closure, in which it assesses the legality and regularity of the relevant expenditure in accordance with Article 88 of the General Council Regulation (EC) No 1083/2006;
 - o) it will present the Commission, by 31 March 2017, with a closure declaration, in which it will assess the validity of the request for the final payment and the validity and regularity of the related transactions included in the final statement of expenditure;
 - p) it ensures that during auditing activities internationally acknowledged auditing standards are applied;
 - q) it conducts analyses of reported irregularities in order to draw up a closure declaration or a declaration on partial closure;
 - r) it draws up an annual report on the results of financial checks under the HREOP for the Czech government;

- s) it takes part in the European Commission's audit missions to examine aspects of the management and control system stemming from the annual inspection report;
- t) it cooperates with the European Commission in the coordination of audit plans and auditing methods and exchanges the results of audits with the European Commission.

The audit authority is responsible for ensuring the above-mentioned activities; it may – while not relinquishing responsibility – delegate other audit bodies to carry out selected activities. Only one level of delegation is possible in relation to these activities (i.e. an intermediate body cannot delegate another entity to carry out these activities), and such delegation is subject to a contract governed by public law in accordance with the Rules of Administrative Procedure.

The Paying and Certifying Authority receives, for certification purposes, the results of all audits carried out by or under the responsibility of the audit authority.

6. 1. 5. HREOP Financial Service

Under Order of the Minister for Labour and Social Affairs No 31 of 14 December 2006, the department for the financing and record-keeping of assets was set up, which carries out the activities of a financial service so that the condition of the segregation of the paying, management and control functions is met.

The financial service mainly carries out activities resulting from the Financial Flows Methodology – on receipt of a payment application from the MA or IB, it makes payments to beneficiaries from national budget resources for the prefinancing of expenditure to be covered from EU budget resources, and from national budget resources earmarked for national financing, and keeps exact, complete records thereof. The financial service also keeps records of income from ESF sent from the MoF pursuant to a cumulative application.

6. 1. 6. National Focal Point

Under a decision of the Government of the Czech Republic of 22 February 2006 (Resolution No 198) the Ministry of Regional Development was appointed as the NSRF National Focal Point (NFP).

The NFP, as the central coordinator, creates a coherent framework for the implementation of the OP by managing authorities. It manages managing authorities in order to ensure efficiency and legal validity in the management of operational programmes. The NSRF National Focal Point exercises the following powers:

- it issues instructions and methodology relating to management, evaluations, data collation and electronic exchange, the establishment and activities of monitoring committees; it controls and supervises all activities which feature among the tasks of OP managing authorities;

- it monitors the implementation of the NSRF and operational programmes and proposes system solutions in cases of the slow implementation of programmes, objective obstacles hampering implementation or in case of an infringement of the obligations arising from regulations;
- it ensures the compatibility of NSRF and OP implementation with national policies and EU priorities, and the compliance of interventions with national and Community legislation, especially in the field of competition, public contracts, environmental protection, the reduction of disparities, equal opportunities and the principle of non-discrimination, and proposes suitable means for their effective implementation;
- it is responsible for setting a framework for the functioning of the NSRF monitoring committee;
- it draws up expenditure eligibility rules in liaison with the PCA;
- it coordinates and prepares reports for submission to the Commission;
- it is responsible for drawing up other reports, including the NRP, relating to the co-financing of the Lisbon Strategy by the SF and the CF;
- it submits strategic progress reports in accordance with Article 29 of the General Regulation;
- it is also responsible for setting basic criteria for the selection of projects to achieve the four strategic objectives of the NSRF;
- it establishes and ensures the functioning of an integrated monitoring information system which will be used by the managing authorities of all OP, the paying and certifying authority, and the auditor, and is responsible for the electronic exchange of documents and data;
- it carries out tasks connected with general awareness and the promotion of the implementation of policies on economic and social cohesion; it is responsible for planning, implementing and coordinating activities to promote general awareness, and coordinates the activities of managing authorities in this field;
- it creates a communication strategy at national level to ensure the transparency and full dissemination of information about the allocation of aid from the SF and CF, in view of the objectives of the Lisbon Strategy;
- it ensures the proper performance of activities by the evaluation working party, whose members, besides the national coordinator, are staff from operational programme managing authorities;
- it guarantees the flow of information from the Commission to all managing authorities and vice versa;
- it creates conditions for evaluations of the effectiveness of control mechanisms;

- it supervises observance of rules on State aid (and regional aid) regulated by the relevant European and national regulations;
- it creates methodology to set indicators and monitor their fulfilment;
- it monitors fulfilment of the obligations of additionality and provides the Commission with information for verification purposes, as laid down in Article 15 of the General Regulation;
- it attends the annual meetings of operational programme managing authorities and of the Commission, as follows from Article 68 of the General Regulation;
- it is responsible for ensuring that the priorities in Article 9(3) of General Regulation 1083/2006 are reflected in the implementation of NSRF operational programmes, and monitors progress in their fulfilment.

6. 1. 7. Coordinating mechanisms of ESF programmes

For the 2007-2013 programming period, financial assistance from the European Social Fund will be disbursed via three Operational Programmes – the HREOP, TC OP and PA OP, i.e. implementation will be ensured via three managing authorities – the Ministry of Labour and Social Affairs, the Ministry of Education, Youth and Sports, and the City of Prague. The mutual cohesion and synergy of the Operational Programmes co-financed by the ESF, in terms of both content and time, will be ensured throughout their implementation based on cooperation and the mutual coordination of activities, in particular by means of the following mechanisms:

- the monitoring committees of the individual ESF programmes will, where appropriate, be interconnected via representatives of identical member organizations;
- the managing authorities of the other two ESF programmes will also be represented in individual monitoring committees;
- in order to identify and address common problems, a coordinating team of ESF programme managing authorities will be set up;
- the central part of the MSC2007 monitoring system for all three operational programmes will be made accessible to the managing authorities for perusal so that they are mutually aware of the projects being implemented;
- the communication strategy of the individual operational programmes will incorporate common topics, e.g. uniform elements of visual identity (the ESF logo), the continuing administration of the joint ESF website in the Czech Republic (www.esfcr.cz), set up during the previous programming period, etc.;
- already established common working groups set up during the previous programming period will continue their activities, e.g. the Working Group on Roma Community Affairs (this party is common to the Monitoring Committees of the HRD OP, the SPD 3 and EQUAL CI), and the Working Group on Evaluation.

Under Government Resolution No 159/1998, the ESF coordinating role has been delegated to the MoLSA. Given the competence of the MoLSA, a representative of the HREOP managing authority will be a member of the ESF Committee on behalf of the Czech Republic. In the next term of office, this member will be replaced by a representative of the TC OP steering committee.

The coordination mechanisms for the ESF will be implemented by means of joint preparation at meetings of the ESF Committee, by the coordination of preparations for supporting documentation, and subsequent dissemination of information about the results, including the implementation of duties arising from the meetings. Matters which directly influence ESF issues in the Czech Republic will be addressed by the coordinating group of TC OP, HREOP, and PA OP managing authorities.

The managing authorities of ESF and ERDF programmes, where appropriate, will cooperate in order to coordinate the preparation, implementation and monitoring of training activities, which will complement investments in infrastructure supported under ERDF programmes beyond the scope of cross financing.

6. 2. Programme monitoring

6. 2. 1. Monitoring process

The Managing Authority and the Monitoring Committee shall ensure the effective implementation of the operational programme. The Managing Authority and the Monitoring Committee carry out monitoring based on financial indicators and monitoring indicators specified in chapter 4.8. With regards to the efficient management of programme implementation, the Managing Authority will monitor the HREOP implementation procedure at the level of individual projects, priority axes and the programme as a whole in relation to the fulfilment of the global objective and specific objectives.

6. 2. 2. Information system

The monitoring of the HREOP has been configured in accordance with Council Regulation (EC) No 1083/2006 and respects Czech and European legislation relating to the Structural Funds. The information system for the monitoring of the Structural Funds is used at all levels of programme implementation. The monitoring system will also provide data for the HREOP Monitoring Committee, for the central monitoring of EU aid within the Czech Republic in keeping with the methodology for the management and monitoring of the NCPF, and for the European Commission. The Central Monitoring System (MSC2007) will be used as a means of programme management. This system, based on web access, will be operated by the Managing Authority. For project administration and operative management of the programme, the Monit2007 level will be used. Beneficiaries will have access to the system via a web interface for the submission of applications for financial assistance, payment applications, and the submission of monitoring reports (Benefit 7+).

Data will regularly be forwarded between all system levels. At MSC2007 level, a link to payment systems (e.g. the Viola management and accounting system) and to other national information systems will be secured. The overall coordination of the concept, development and methodology of the information system for the monitoring of Structural Funds in the Czech Republic is the responsibility of the Ministry of Regional Development of the Czech Republic under Government Resolution No 198/2006.

Preparation and provision of an information system

For the first stage of the monitoring information system, i.e. from 1 January 2007 to 31 December 2008, an integrated system has been set up which is used for monitoring at all levels of implementation (central, IB, beneficiary). The system provides full support for the management, monitoring, evaluation and administration of programmes and projects. The system respects the European Commission's requirements and provides the required data collation function; these data are then forwarded to the European Commission and to the Paying and Certifying Authority.

In 2007, the Ministry of Regional Development will advertise a public tender for a new system that will reflect the true state of implementation of the operational programmes and will take into account the possibility of using ICT corresponding to the architecture of the operational programmes for the 2007-2013 period. The public tender is being prepared by a working team of the Ministry of Regional Development in cooperation with individual managing authorities.

6. 2. 3. Annual and final reports

The Managing Authority is responsible for the preparation of annual reports and the final report. The annual reports on programme implementation for the previous calendar year are sent to the European Commission by 30 June of each year, as of 2008. The final report is sent to the Commission by 31 December 2017. Prior to submission to the European Commission, annual reports and the final report are subject to assessment and approval by the HREOP Monitoring Committee.

The European Commission informs the Member State of the acceptability of the relevant report within ten working days of receiving the report. The Commission delivers a general opinion on presented annual reports within two months, and an opinion on the presented final report within five months of submission by the Member State. If no reply is received in this time, the reports are considered to be approved.

In order to provide an overview of the implementation of the Operational Programme, the annual reports and final report contain the following information in particular:

- a) information about the progress made in the implementation of the Operational Programme and the priority axes in relation to specific and verifiable objectives, with a quantification, wherever possible, of physical indicators and indicators regarding the implementation, results and impact on the priority axis;
- b) information about the financial implementation of the Operational Programme, where the following is detailed for each priority axis: (i) expenditure paid to the

beneficiary of aid and the corresponding public contribution, (ii) total payments received from the Commission and a quantification of financial indicators in accordance with Article 66(2), (iii) expenditure paid by the body responsible for making payments to beneficiaries;

- c) information about financial implementation by area of support accepted by the Commission in accordance with the procedure laid down in Article 103(3);
- d) steps taken by the Managing Authority and the Monitoring Committee to ensure the quality and effectiveness of implementation, in particular:
 - i. monitoring and evaluation measures, including data collection arrangements;
 - ii. an overview of significant problems in the implementation of the Operational Programme and all measures adopted, including the response to the suggestions made in accordance with Article 68(2);
 - iii. the use made of technical assistance;
- e) measures adopted to ensure the information and publicity of the Operational Programme;
- f) information about serious problems related to compliance with Community law in the implementation of the Operational Programme and measures to address them;
- g) the use of assistance refunded to the Managing Authority or another public authority during the period of implementation of the Operational Programme.

6. 2. 4. HREOP Monitoring Committee

At the MA's proposal, the HREOP Monitoring Committee shall be set up within three months of approval of aid.

The Monitoring Committee (MC) is created on the partnership principle and is composed of representatives of partner ministries, regions, social partners and nongovernmental organizations. The number of MC members and its competence are laid down in its Statutes and Rules of Procedure; when appointing the members of the individual bodies represented, where possible the equal representation of men and women will be respected. MC members are appointed by the Minister for Labour and Social Affairs based on nominations from the individual bodies and social partners. The chair of the MC is an MA manager appointed by the Minister for Labour and Social Affairs.

In accordance with Article 65 of the General Council Regulation (EC) No 1083/2006, the Monitoring Committee studies the effectiveness and quality of aid implementation within the scope of the HREOP and performs the following activities in particular:

- a) it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;
- b) it shall periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Managing Authority;

- c) it shall examine the results of implementation, particularly the achievement of the objectives set for each priority axis, and the evaluations referred to in Article 48(3);
- d) it shall consider and approve the annual and final reports on implementation referred to in Article 67;
- e) it shall be informed of the annual control report, or of the part of the report referring to the operational programme concerned, and of any relevant comments the Commission may make after examining that report or relating to that part of the report;
- f) it may propose to the Managing Authority any revision or examination of the operational programme likely to make possible the attainment of the Funds' objectives referred to in Article 3 or to improve its management, including its financial management;
- g) it shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the Funds.

6. 3. Programme evaluation

The evaluation of the programme is a process which examines the management of public funds with a view to increasing efficiency and effectiveness. The evaluation systematically applies the methodology of social and economic research. The subject of evaluation may be an examination of the configuration and fulfilment of the role of the individual in the system and the functioning of the whole system. The results of evaluations will reflect developments in programmes and generate proposals for essential changes in the programmes and policies.

The evaluation of the HREOP will be conducted in accordance with the requirements of the General Council Regulation (EC) No 1083/2006 (Articles 47-49) and in accordance with the methodological guidelines of the NSRF evaluation centre, and the guidelines of the European Commission. The Managing Authority is responsible for organizing the whole evaluation process. To ensure the effective implementation of aid, an indicative list of evaluation activities (an evaluation plan) will be composed for the HREOP, which will be regularly updated. The MA will implement the HREOP evaluation activities and will be responsible for formulating the evaluation requirements, for selecting independent external evaluators and for monitoring the fulfilment of tasks within the scope of the evaluation. The results of individual evaluations will be publicly accessible to ensure the transparency of programme implementation and the transfer of the experience gained.

6. 3. 1. Organization of evaluations

The HREOP Managing Authority will be responsible for organizing the evaluation process at programme level. The Managing Authority will use the organizational units below, which will facilitate systematic access, a quality standard of evaluation and the formation of expert capacities for evaluation purposes.

Evaluation Working Group (EWG)

The evaluation working group forms an environment conducive to the dissemination of evaluation experience, information sharing, mutual comments on significant

materials concerning an evaluation, and the discussion of methodological and organizational matters in the evaluation process. The EWG, in its activities, will be bound by the relevant European and national legislation, by the methodological documentation of the Commission (Guides, Guidelines, Working Papers, Notes, etc.), and by other materials created directly for the purposes of evaluating programmes co-financed from the ESF. The evaluation working group will be accountable to the HREOP Monitoring Committee. In order to ensure the preparation, implementation, application and assessment of evaluation results, and the optimization of the expert capacity for evaluation requirements, the EWG will carry out activities in the fields of evaluation preparation and methodology, the assessment of evaluation results, the dissemination and sharing of information about the preparation, course and results of evaluations, and communication with other bodies. Within the scope of its activities, the evaluation working group will set up expert thematic examining subgroups for specific evaluation activities.

Evaluation centres – internal evaluation capacity

Article 48(1) of the General Regulation requires the cultivation of conditions for the performance of evaluations. In particular, this anticipates the establishment of evaluation centres in the implementation structure of operational programmes and gradual improvements in their quality.

With regard to the HREOP, evaluation tasks will be carried out by an evaluation centre of individual employees with due knowledge of the programming cycle and evaluation procedures, and who are capable of arranging the preparatory phases of evaluations (plans and preparation of requirements) and organizing activities in the implementation stages of evaluations, including the application of a debating functioning involving expert groups, and the publication of evaluation results.

The evaluation centre will be responsible for the following:

- draft evaluation activities (plans), and reviews and updates thereof
- the implementation of evaluation activities, including:
 - the preparation of evaluation themes and terms of reference for the selection of external evaluators in cases of external evaluations
 - the holding of award procedures for the implementation of evaluation projects
 - the contracting of evaluations in cases of external evaluations
 - the cultivation of optimal conditions for the implementation of evaluation projects, their coordination via the use of expert thematic groups – communication with evaluators, communication with the relevant thematic members of staff, data collection and transfer; communication with the evaluation working party (EWP), the NSRF evaluation working party, communication with partner evaluation centres (including other EU Member States); the organization of meetings of the EWP and expert thematic groups, comments and suggestions regarding the evaluation outputs
- the evaluation, assessment and dissemination of evaluation results

The Managing Authority shall ensure the optimal development of the internal evaluation capacity. Depending on the capacity of the evaluation centre, analyses of monitoring outputs and analyses of procedural processes and operations may be conducted internally with the application of participation methods. The evaluation centre of the Operational Programme's Managing Authority also encourages the activities of the NSRF evaluation body by having its representatives participate in the activities of the working and advisory bodies of the NSRF evaluation body (WP and OS) and vice versa.

6. 3. 2. Types of evaluation

Under the General Council Regulation (EC) No 1083/2006 (Articles 47 to 49), evaluations of a strategic nature may be conducted to assess developments in a given programme or group of programmes in relation to the priorities of the state or Community. Evaluations should be conducted before, during and after the programming period (Article 47(2)).

Article 47(3) provides that evaluations are to be conducted by internal or external experts or bodies functionally independent of the certifying and audit authorities²⁷. The results of evaluations will be presented to the Monitoring Committee and the European Commission and will be published in accordance with the relevant rules valid for access to information.

Individual forms and structures of evaluations will reflect the time and purpose in respect of which they were conducted. The Managing Authority arranges for at least the following types of evaluations:

- **Ex-ante evaluation of the Operational Programme.** The ex-ante evaluation of the Operational Programme will aim to optimize the allocation of resources and the quality of programming, and must identify and assess the medium-term and long-term needs, the objectives which need to be fulfilled, the expected results, quantifiable targets, consistency/coherence, the value added of the Community, the extent to which Community priorities are taken into account, experience from the previous programming period and the quality of implementation mechanisms, monitoring, evaluation and financial management.
- **Evaluations during the implementation period** – ad hoc and ongoing evaluations. In relation to the monitoring of the Operational Programme, the Managing Authority shall arrange for ongoing evaluations, especially if programme monitoring identifies a significant derogation from the originally set objectives or if the Operational Programme needs to be reviewed. The evaluation results will be presented to the Monitoring Committee and the European Commission.

Ongoing evaluations will be of a formative nature and summary nature. **Formative** evaluations will be evaluations conducted in support of programme

²⁷ Article 59(b) and (c)

actors (i.e. managers and direct actors). The aim of these evaluations will be to improve the formation and adoption of decisions and performance. **Summary** evaluations will be evaluations to assess whether the programme is meeting or has met its objectives and whether it is or has been beneficial for everyone it was designed for. By the end of 2010, the Managing Authority will arrange for an ongoing summary evaluation of progress made in the Operational Programme.

- **Ex-post evaluations** will be conducted by the European Commission for each objective in close cooperation with the Member State and managing authorities. The ex post evaluation shall be completed by 31 December 2015.

At the level of implementation partners, and aid recipients, **self-appraisals** may be conducted on an ongoing basis with the use of monitoring reports in order to provide initial information for the evaluation at programme level. Self-appraisals will be of both a formative and summary nature. Self-appraisals will provide summaries of how and to what extent projects have met their targets compared to the original expectations, what problems and obstacles have emerged, and how the results can be used in other areas, etc.

6. 4. HREOP financial management

The European Commission will send resources from the Structural Funds and the Cohesion Fund to the account of the Paying and Certifying Authority. Within the Paying Authority and Certifying Body, the financial resources from the Structural Funds and the Cohesion Fund are governed by the Unit of Methodology of Financial Management and Payments, which will also make transfers of resources from the Structural Funds and the Cohesion Fund to the national budget.

The system of financial flows generated by the resources of the HREOP will be secured by means of financial flow via the national budget. The resources of Structural Funds will be pre-financed from the national budget for beneficiaries based on submitted applications. Beneficiaries' applications will be submitted solely in CZK. On receipt of a cumulative application, the Paying and Certifying Authority will release resources from Structural Funds to the heading of the national budget which provided pre-financing of the resources from the Structural Funds.

System of SF/CF financial flows – description

Payments to beneficiaries take place in the form of ex-ante payments (advances provided to beneficiaries from the national budget for project implementation) or in the form of ex-ante payments (reimbursement to beneficiaries of expenditures already made).

- 1) The beneficiary issues a claim for reimbursement from the national budget²⁸ (corresponding to the European and national share); the application is presented to the Managing Authority or the intermediate body for inspection and approval;

²⁸ In cases where beneficiaries receive ex-ante payments, the beneficiary presented an overview of expenditure from granted national budget resources as part of the claim for reimbursement from the national budget.

- 2) The managing authority approves the beneficiary's application and instructs the financial department to make the payment to the beneficiary's account;
- 3) The financial department of the MoLSA makes the payment from the national budget to the beneficiary's account;
- 4) The Managing Authority, based on payments from the national budget, issues a cumulative application for the transfer of the resources of the Structural Funds to the relevant heading of the national budget;
- 5) The Paying and Certifying Authority conducts a check of the submitted summary application, its clearance (the decisive date for determining the exchange rate for the translation of resources from CZK to EUR is the date of clearance by the Paying and Certifying Authority), and subsequently the payment of the resources of the Structural Funds and the Cohesion Fund to the relevant heading of the national budget;
- 6) After certification, the Paying and Certifying Authority requests the European Commission for the addition of resources to its account;
- 7) The European Commission approves the application and sends the resources to the account of the Paying and Certifying Authority.

The system of financial flows will be described in detail by the **Methodology of Financial Flows and the Control of Structural Funds and the Cohesion Fund for the 2007-2013 Period**, as published by the Ministry of Finance.

6. 5. HREOP financial control

Financial control of the HREOP will be conducted in accordance with Article 60 of General Council Regulation (EC) No 1083/2006 and Article 13 of the implementing Commission Regulation (EC) No 1828/2006 and the relevant national provisions, i.e. Act No 320/2001 on financial control in public administration and amending certain laws (the Financial Control Act) and Act No 552/1991 on state control, and in accordance with the methodological guideline for financial flows and the control of Structural Funds adopted by the government of the Czech Republic, and a methodological guideline issued by the Ministry of Finance.

In the control system, the system for control in public administration and FM/C must be clearly separated from the system for internal audit and public administration audit.

6. 5. 1. Financial control at the level of the Ministry of Finance

The Ministry of Finance, as the central administrative authority for financial control in accordance with the relevant provisions of Act No 2/1969 on the establishment of ministries and other central authorities of state administration of the Czech Republic, as amended, methodically manages, coordinates and is responsible for financial control under the Operational Programme. The basic starting point for the issue of methodological guidelines, consulted with the competent bodies of the European Commission, is the current Czech and Community legislation in force.

6. 5. 2. Controls in public administration (primary system)

In accordance with Article 60 of the General Council Regulation (EC) No 1083/2006 and Article 13 of the implementing Commission Regulation (EC) No 1828/2006, the Managing Authority is responsible for the management and implementation of the HREOP in accordance with the principle of due financial management, and therefore it ensures that operations are selected for financing in accordance with the criteria for the Operational Programme and that, throughout the implementation period, they comply with the relevant Community and national regulations. The Managing Authority is responsible for public administration checks; it verifies the delivery of co-financed products and services and actual expenditure on operations as reported by the beneficiaries. The Managing Authority is responsible for the existence of a system to register and store accounting records electronically for each operation and for the gathering of data required for auditing. The Managing Authority's task is also to ensure that procedures and all documents concerning expenditure and audits of the Operational Programme are available to the European Commission and the Court of Auditors for a period of three years as of the winding-up of the Operational Programme.

6. 5. 3. Internal control system

All bodies contributing to the implementation of the HREOP have established the necessary management and control system in accordance with Act No 320/2001 on financial control in public administration so that it is possible to identify administrative, systemic or intentional errors and irregularities and cultivate conditions to prevent them from occurring.

HREOP financial management and control

Financial management and control of the HREOP is carried out by the responsible managerial employees and forms part of the internal management of all entities involved in the implementation of the HREOP during the preparation of operations before their approval, during the ongoing monitoring of operations until their final settlement, and subsequent examination of selected operations as part of the evaluation of the results achieved and the correctness of the financial management.

Taking into consideration the principles of an effective and efficient management and control system during the implementation of the programme, checks will be run to ensure that:

- a) all entities involved in the management and control of the HREOP have clearly set specific functions, both in the scope of the whole implementation system and in the scope of each entity separately;
- b) the principle of the separation of payment, management and control functions between the individual entities involved in the implementation of the programme and in the scope of the entities themselves is respected;
- c) clear procedures are set to ensure the correctness and eligibility of expenditure reported in the programme;
- d) reliable accounting systems, monitoring systems and financial reporting systems are implemented;

- e) a system is implemented for the submission of reports on the implementation of the programme and projects and on monitoring;
- f) measures are adopted to eliminate deficiencies discovered in audits of the way the management and control system functions;
- g) systems are introduced and procedures are set which secure the documentation required for auditing (an audit trail);
- h) procedures are set for reporting and monitoring irregularities and for the recovery of amounts paid without authorization.

For each level of HREOP management and implementation, a manual will be drawn up in the form of controlled documentation, which will contain a detailed description of workflow procedure for the activities to be carried out.

Internal Audit

The Internal Audit Department is functionally independent and organizationally separate from the managing and executive structures and is subordinate to the competent head of the public administration authority. Internal Audit Departments check the internal control system at regular intervals. Their activities include examinations of the fulfilment of requirements placed on the internal control system. A significant element is also the presentation of recommendations to improve the quality of the internal control system, to prevent or reduce risks, to adopt measures to rectify ascertained deficiencies, and consulting. Reports of internal audits regularly conducted at individual levels of implementation are presented to the competent head of the public administration authority. Reports of internal audits at intermediate bodies are presented to the Managing Authority's Internal Audit Department. A uniform approach to auditing at all levels of implementation and the reporting of audit findings forms the basis for risk management at the level of the Managing Authority.

6. 5. 4. Auditing in public administration (secondary and central system)

Auditing in public administration at all levels of implementation of the HREOP's financial resources in accordance with Articles 59 and 62 of the General Council Regulation (EC) No 1083/2006 and Act No 320/2001 on financial control in public administration and amending certain laws, as amended, is the responsibility of the Audit Authority. In the secondary system, it examines the effectiveness of the financial management and control system and subsequently tests the accuracy of risk transactions in accordance with the level of acceptable risk for the primary system. Within the scope of the central system, the Audit Authority, based on the residual risk, examines and evaluates the adequacy and effectiveness of the functioning of the primary and secondary systems, and conducts an audit on a sample of operations. The functions of the Audit Authority are described in part 6.1.4.

6. 5. 5. Controls by the Supreme Audit Office

The Supreme Audit Office is authorized to carry out independent inspections in accordance with the relevant provisions of Act No 166/1993 on the Supreme Audit Office, as amended.

6. 5. 6. Auditing carried out by the Commission and the European Court of Auditors

The European Commission satisfies itself of the existence and due operation of management and control systems within the scope of the HREOP in accordance with Article 72(1) of the General Council Regulation (EC) No 1083/2006. This audit is conducted by the European Commission based on annual control reports, the opinion of the Audit Authority on these reports, and its own audits.

Separate and independent controls are performed by the European Court of Auditors within the scope of its competence.

The European Anti-Fraud Office conducts on-the-spot checks as part of the protection of the European Union's financial interests and as part of the combating of fraud and corruption and any other unlawful activities.

6. 5. 7. Irregularities

All implementation structure entities which are providers of grants are obliged to assess the substantiality of suspected irregularities, investigate these irregularities, and pass on confirmed irregularities to the physically competent bodies for the commencement of administrative or judicial proceedings, and report them to the Managing Authority.

All other bodies contributing to the implementation of the Operational Programme are obliged to report any suspicions of irregularities to the Managing Authority; the Managing Authority assesses the substantiality of these suspicions. Unless provided otherwise in the contract with the relevant implementation structure entity, the Managing Authority investigates suspicions and passes on confirmed irregularities to the physically competent authorities for the initiation of administrative or judicial proceedings. The reports of inspection bodies must always be considered justified.

Within a month, the Managing Authority also notifies confirmed irregularities and progress in the investigation to the Paying and Certifying Authority, the Central Harmonization Unit for Financial Control and a member of staff from the AFCOS network. Within fifteen days of the end of the quarter, the Managing Authority sends a quarterly summary of irregularities to the Paying and Certifying Authority, the Central Harmonization Unit for Financial Control and a member of staff from the AFCOS network.

6. 6. Electronic data interchange with the European Commission

The Czech Republic has opted to forward data to the European Commission's SFC2007 system via a technical interface and Internet services. Electronic data interchange is arranged by transmitting data from the Czech MSC2007 database to the European Commission's SFC2007 database. This requires the preparation of the required data and subsequent transmission within the scope of the General Regulation and Regulation No 1198/2006 and the relevant implementing regulations in the Czech MSC2007 database. A special module has been created in this

database that is used to authorize data by entities responsible for the management and coordination of EU fund programmes. This module ensures the creation and export of the validated data of the Managing Authority, the Paying and Certifying Authority and the National Cohesion Policy Framework via Internet services to the European Commission's SFC2007 database. The module complies with the European Commission's eGovernment requirement.

6. 7. Information and publicity

The Managing Authority is responsible under Article 69 of the General Council Regulation (EC) No 1083/2006 for ensuring publicity and information about the financial opportunities provided by the European Community through the Human Resources and Employment Operational Programme in accordance with the implementing Commission Regulation (EC) No 1828/2006, Section I Information and communication. All information about aid drawn from the ESF will be transmitted to citizens of the European Union and beneficiaries of aid, with an emphasis on the role of the European Community and with a view to ensuring the transparency of aid.

HREOP publicity and information will be provided in coordination with other programmes drawing on assistance from the Structural Funds on the territory of the Czech Republic and in cooperation with the European Commission, which, through annual reports on HREOP implementation, will be kept regularly informed of measures adopted to this end.

Communication plan

Information and publicity will be implemented in accordance with the Communication Plan prepared by the Managing Authority in cooperation with the programme's main partners in accordance with Article 2 of the implementing Commission Regulation (EC) No 1828/2006. The Communication Plan will describe the communication strategy for assistance from the European Social Fund and will contain information about the objectives, target groups, content, strategy and instruments of information and publicity activities, financing, management and implementation, evaluations and entities contributing to its management. The Managing Authority will use all suitable forms of communication, with a focus on achieving the broadest possible media coverage. The cost of implementing the Communication Plan will be co-financed within the scope of the Technical Assistance priority axis.

Publicity for potential beneficiaries

The Managing Authority is responsible for arranging HREOP publicity and in particular for ensuring that potential beneficiaries of the aid are informed clearly and in detail about:

- the rules of eligibility applicable to the HREOP;
- the procedure for assessing aid applications and time limits;
- the criteria for the selection and evaluation of aid applications;
- contact points providing information about the HREOP at national, regional and local level.

The Managing Authority cooperates with other entities in its information activities and publicity operations; these entities include: local and regional public administration

bodies, trade unions, economic and social partners, nongovernmental organizations, representatives of the business sector, EU information centres and the Delegation of the European Commission to the Czech Republic.

The Managing Authority also arranges for the disclosure of aid beneficiaries, project names and the amount of financial assistance granted. At the same time, it informs beneficiaries that the acceptance of assistance is conditional on their approval of the disclosure of the above-mentioned information.

Public information

The Managing Authority and beneficiaries provide information to the public about projects supported under the HREOP, their implementation, and the use of resources from the European Social Fund in a suitable manner in keeping with the implementing Commission Regulation (EC) No 1828/2006. The Managing Authority will strive to ensure the broadest possible media coverage; in accordance with Article 7 of implementing Commission Regulation (EC) No 1828/2006 it will at least arrange the following:

- information about the launch of HREOP implementation;
- information about the interim results of the HREOP (once a year);
- the publication of a list of beneficiaries, including a specification of the names of the operations supported and the amount of public co-financing.

Further to Article 8 of the implementing Commission Regulation (EC) No 1828/2006, beneficiaries will be obliged to provide information about assistance received from the European Social Fund in the manner specified in Articles 8 and 9 of the regulation.

6. 7. 1. Distribution of allocations by category of intervention area

In accordance with Article 11 of the implementing Commission Regulation (EC) No 1828/2006, for information purposes the HREOP contains an indicative distribution of ESF resources into individual categories of intervention areas, which are defined in Annex II to the regulation.

Table 41 Indicative allocation by categorization of intervention areas

(EUR)		(EUR)		(EUR)	
Area 1		Area 2		Area 3	
Priority theme		Form of financing		Territory	
Code *	Amount **	Code *	Amount **	Code *	Amount **
62	231 010 336	1	1 837 421 405	1	1 378 066 054
63	48 013 913			5	459 355 351
64	209 268 187				
65	91 784 293				
66	513 992 037				
69	54 355 373				
70	6 341 460				
71	337 909 237				
73	37 142 838				
80	23 414 622				
81	210 731 600				
85	49 216 531				
86	24 240 978				
Total	1 837 421 405	Total	1 837 421 405	Total	1 837 421 405

* category codes as per implementing Commission Regulation (EC) No 1828/2006

** Estimated amount of the ESF contribution for individual categories

7. CONSULTING PROCESS

In the preparation of the Human Resources and Employment Operational Programme, the partnership principle was fully respected in accordance with Article 11 of the General Council Regulation (EC) No 1083/2006. The process of preparing the HREOP began in July 2005, when the working party of the MoLSA for the creation of ESF programme strategies was set up. In the initial phases of HREOP preparation, this working party also played the role of consulting body. The model for its composition was the working parties set up by the Ministry of Regional Development of the Czech Republic to oversee the consulting process in the preparation of the Czech Republic's overarching programming documents.

With effect as of 15 February 2006, the Minister for Labour and Social Affairs set up the *working party for the preparation of MoLSA programming documents for the use of the European Social Fund in the 2007 – 2013 programming period*. The main mission of this working party is to create expert facilities and the platform required to provide a consulting process with social partners in the preparation and finalization of the Human Resources and Employment Operational Programme, and the production of any further related documents. In keeping with the partnership principle, members of the working party include representatives of those institutions that will subsequently contribute to the actual implementation of the programme, and relevant partners in accordance with Article 11(1) of General Council Regulation (EC) No 1083/2006. The partnership principle was fully respected when the working party was set up. The working party is chaired by a representative of the MoLSA and, besides representatives of regions and partner ministries, its meetings are also attended by social partners, an NGO representative, a representative of the Inter-Ministerial Commission for Roma Community Affairs, and other experts. To ensure coordination in the preparation of the programming document within the scope of the Objective 'Regional competitiveness and employment' another member of the working party is a representative of Prague City Hall. All the versions of the HREOP are presented to the above-mentioned partners for their comments as they become available.

Within the scope of the consulting process, a number of actions have already taken place, such as the preparation of documentation and comments on the outputs of the National Development Plan (analytical part, SWOT analysis and strategy) within the MoLSA working party for the creation of ESF programme strategies in August and September 2005, the discussion and approval of the basic structure of the objectives and priority axes of the HREOP in October 2005, the preparation of documentation and comments on the outputs of the National Development Plan (strategy, OP focus, financial framework, implementation) within the MoLSA working party for the creation of ESF programme strategies in November and December 2005, a meeting of this MoLSA working party to prepare a description of HREOP measures, including objectives, in February 2006, and a discussion and preparation of draft analytical chapters of the HREOP within this working party in February and March 2006.

The first version of the Human Resources and Employment Operational Programme was discussed by the *working party for the preparation of MoLSA programming documents for ESF use in the 2007 – 2013 programming period* at a meeting held on 28 March 2006. Another meeting of this working party, to discuss progress in the preparation of the Human Resources and Employment Operational Programme, was

held on 3 May 2006. One of the main items on the agenda was information about the incorporation of partners' comments and suggestions on the first version of the HREOP and about the results of the ex-ante evaluation; this was followed by a discussion on this information. In May, the up-to-date version of the HREOP was posted on the website at www.esfcr.cz so that the general public had the opportunity to make comments and suggestions. In May the Operational Programme was distributed for internal and external comment procedure prior to discussion by the Czech government. The comments and recommendations of the ministries and other sources of comments were discussed and incorporated. The HREOP was then presented to the government, which took due note of it on 28 June 2006 under Resolution No 821/2006. At the beginning of July 2006, the Operational Programme was informally submitted to the European Commission by the Ministry of Regional Development. In October 2006, the Operational Programme was distributed for external comment procedure prior to discussion by the Czech government. The comments and recommendations of the ministries and other sources of comments were discussed and incorporated. The programme was officially submitted to the European Commission in March 2007.

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LIST OF BASIC LEGAL PROVISIONS

The following Community and national legal provisions are particularly significant for the implementation of the HREOP.

Community legislation:

- Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) No 1260/1999
- Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999
- Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund

Czech legislation:

- Act No 137/2006 on public procurement, as amended;
- Act No 320/2001 on financial control in public administration and amending certain laws, as amended;
- Decree of the Ministry of Finance No 416/2004 implementing Act No 320/2001 on financial control, as amended;
- Act No 552/1991 on state control, as amended;
- Act No 218/2000 on budgetary rules and amending certain related laws, as amended;
- Act No 250/2000 on the budgetary rules of district budgets, as amended.

LIST OF ABBREVIATIONS

AEP	active employment policy
CAF	Common Assessment Framework
CIP	Community Initiative programme
CZSO	Czech Statistical Office
EA	economic activity
EIB	European Investment Bank
Commission	European Commission

EQUAL	Community initiative in the field of equal opportunities
ERDF	European Regional Development Fund
EC	European Communities
ESF	European Social Fund
EU	European Union
EUROSTAT	Statistical Office of the European Communities
FB	Final beneficiary
FR	Final recipient
GDP	gross domestic product
IB	intermediate body
ICT	information and communication technology
ILO	International Labour Organization
IOP	Integrated Operational Programme
SDP 3	Single Programming Document for Objective 3
KZAM	employment classification
MoF	Ministry of Finance
MoRD	Ministry of Regional Development
MIT	Ministry of Industry and Trade
MoLSA	Ministry of Labour and Social Affairs
SME	small and medium-sized enterprises
MoEYS	Ministry of Education, Youth and Sports
Mol	Ministry of the Interior
MC	Monitoring Committee
NAPSI	National Action Plan for Social Inclusion
NAPE	National Action Plan for Employment
NGO	nongovernmental organizations
NDP	National Development Plan
NSRF	National Strategic Reference Framework
NUTS	Nomenclature of Territorial Statistical Units
OECD	Organization for Economic Cooperation and Development
OKEČ	Industrial Classification of Economic Activities
HREOP	Human Resources and Employment Operational Programme
HRD OP	Human Resources Development Operational Programme
OP	Operational Programme
PAOP	Prague Adaptability Operational Programme
EIOP	Enterprise and Innovation Operational Programme
OZP	registered disabled people
PCA	Paying and Certifying Authority
PHARE	European Union pre-accession aid programme
RIA	regulatory impact assessment
MA	Managing Authority
SF/CF	Structural Funds/Cohesion Fund
EGS	Economic Growth Strategy
SOŠ	secondary vocational school
JROP	Joint Regional Operational Programme
SSZ	Employment Services Administration
ÚP	employment office
ÚV	Office of the Government
VŠPS	sample survey of the workforce