



Czech Republic

Trends, Recent Developments, Active Inclusion and Minimum Resources

First Semester Report 2006

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European Commission
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1. Key trends and recent developments

1.1 Information on the baseline social policy situation and trends

Czech society has strong egalitarian roots. Historically, Czech-speaking peoples in Bohemia and Moravia were largely peasants, many of whom joined the expanding working class with the advent of industrialization. The Czechoslovak Republic, established in 1918, began by removing all the privileges belonging to the gentry. The Social Democratic Party – the first political party in the country, established in 1878 – had a strong voice in interwar politics and institutions, which served as model for social legislation in other countries. Finally, the communist regime strengthened many previous features through its politics of social equalization. The level of social protection was always high. The economic and policy changes after 1989 have thus far maintained the protective character of the system.

The country's historical roots largely remain fixed in the institutional framework, policies, and expectations of the people. Obviously, people are very sensitive about social inequality, though they perceive more its extreme manifestations than its everyday forms. Relative financial poverty in the country is the lowest among EU member states, and is rising quite slowly despite the already massive scale of long-term unemployment. Disparities in household income appear to have stagnated since mid-1990s, despite quite significant changes in employment and business. The social system is relatively embracing and generous. Public opinion is rather critical towards the state's performance, however. While access to education and health care is among the best ranked, areas considered the worst are access to housing and family support.

Despite the generally good social situation, supported by economic growth in the last few years, there are significant problems that state policies and civil society need to confront. In terms of the process of social inclusion, the Czech Republic must address several long-term challenges:

1. Since 1990, the distribution of income has been shifting to the disadvantage of children. Only 5% of pensioners lived in households at-risk-of-poverty in 2002, according to the EU relative measure, in contrast to 13% of children. Measure for improving the situation of families are already taken.
2. The share of long-term unemployed in the population is steadily rising. The benefit system seems not to motivate enough to employment, as the long-term unemployed often live in areas where there are available job vacancies, and foreigners replace uninterested locals.
3. Regional disparities in terms of education and job opportunities – and, consequently, in the unemployment rate and poverty – are very high. Unemployment in the structurally weak regions of North Bohemia and North Moravia is more than four times higher than in Prague and in some areas it exceeds 23%.
4. Roma communities face the most challenging problems, as they can be characterized as having a low level of educational attainment and weak employability with clear features of social exclusion. Roma ghettos expand.
5. The population faces rapid ageing while the employment levels among older people remain low. Though political parties have proposed competing solutions to pension reform, significant changes in the pension system have not yet materialized.

1.2 A synthetic overview of the economic, social and demographic context

Since 2000, the Czech economy has seen moderate GDP growth at a rate of about 3% annually, driven mostly by household consumption and significant FDI inflow. In 2005, however, GDP growth increased by a remarkable 6%, which is the highest figure since the establishment of the Czech Republic in 1993. The pace of the Czech economy has been led by export-driven growth, with car manufacturing as the core. In comparison to GDP growth, the increase in the real average wage was only 3.5%, which was the lowest figure during the same period. Wages have risen more in the public sector than in business sector. Household consumption rose by 2.8% in real terms in 2005. Inflation fell from 4% in 2000-2001 to about zero in 2002-2003, and has remained low since that time: 2.8% in 2004 and 1.9% in 2005.

While the economic situation looks good, state debt has reached 36.8% of GDP in 2003 and 2004, and decreased only to 36.2% in 2005. Economic prospects of companies are increasing, while the SME sector is not developing and self-employment is rather on the decline.¹ According to *IMD World Competitiveness Yearbook*, the competitiveness of the country was falling in early 2000s (from 35th to 43rd place among 60 countries between 2002 and 2004) but is improving again (36th place in 2005 and 31st place in 2006). The size of the informal economy is substantial, with estimates of its size varying from 8% and 17% of GDP. In spite of some improvement since 2002, the *Corruption Perception Index* ranks the country at the level of rampant corruption. In 2005, it occupied 47th place (together with Slovakia and Greece) among 159 countries.

The employment rate is at the EU-15 average for the general population aged 15-64 (64% in 2004 and 65% in 2005) and for women (56%), while slightly above for older workers (43% in 2004 but almost 45% in 2005). The last figure stems from the higher level of employment among persons aged 55-59 and the lower level of employment among 60+ persons. A slight decrease in employment levels (by one percentage point) occurred between 1999 and 2004. In 2005, employment increased by 1.8 p.p. while unemployment declined by 0.5 p.p. to 7.9%. The unemployment rate is 2.5 times higher among young persons aged 15-24. The share of long-term unemployed among all unemployed increased from 37% in 1999 to 53.5% in 2005.

While in relative terms the Czech Republic experiences considerably lower levels of immigration than most EU-15 member states, the country has exhibited a clear change in immigration patterns, and is becoming a receiving instead of a transit country. By the end of 2005, there were 278,000 foreigners with long-term residence registered in the country (152,000 employees and 67,000 self-employed), of which 94,000 were from the EU/EFTA countries. Within the MoLSA-managed pilot programme "Active selection of skilled foreign workers," 340 persons were selected, most of them from Bulgaria (171) and Belarus (65).²

Public expenditure on education amounts to 4.5% of GDP, and only 0.6% of GDP on research and development. Formal education level is high on the secondary level but rather low on tertiary level. According to PISA results, the Czech Republic is located among the lower half of countries in terms of reading literacy performance of 15-year-old pupils but ranks among the upper half in the natural sciences and mathematics. The educational system is highly selective as a result of its three-track

¹ Statistics on self-employment in early 2000s are controversial. While LFS has reported a decrease in the number of self-employed, social insurance statistics have reported an increase. The argument against the decreased number is that it does not include registered self-employed who have not been performing any work and were deregistered after the mandatory minimum tax was introduced.

² However, according to the Czech Ombudsman's 2005 Annual Report, the poor conduct of the Foreigner's Police towards immigrants and the lack of adequate information provided to them have been key barriers preventing foreigners from seeking work opportunities in the Czech Republic.

system of secondary education, which makes the transition from technical schools to tertiary education difficult. The high degree of selectivity in secondary and tertiary education has led the educational system to reproduce socio-economic inequalities. Regarding further education, the last (2003) CSO survey reported that 11% of the population 15 years and older attended school (and/or study through distance learning), 11% had been involved in training and courses over the previous 12 months, and 21% had educated themselves on their own.³

Expenditure on the social security system slightly decreased in 2005 and currently reaches 11.3% of GDP. This was in contrast to the increase in 2004, when one-off compensatory benefits were paid to pensioners and children in view of price increases related to the country's accession to the EU. Expenditure on health care had been rising until 2003, reaching 7.5% of GDP, but decreased in 2004 to 7.2% of GDP.⁴ Expenditures on the state employment policy remained at about 0.4% GDP, while the share of ALMP of those employment expenditures rose negligibly from 33.5% to 33.7%. The minimum wage systematically improved its relative position to the average wage, as it equalled 38% of the average wage in 2005. Due to the long-term stability of the minimum subsistence amount (valorisation conditions were not met), the corresponding ratio has improved even more, as the minimum wage has exceeded the minimum subsistence amount for a single person by 35%.

The population had been declining until 2002 but has since increased due to international migration. The fertility rate remains the lowest in Europe: 1.23 children per woman in 2004 against the EU average of 1.50. This indicator has recently increased slightly, due to the high fertility rate among immigrants (the estimate for 2005 is 1.26-1.28). While the percentage of persons 65+ in the population is currently not very high (14%), it is forecast to double by 2050 to reach one-third of the population. The percentage of persons 85+ will even increase fivefold. Life expectancy has improved in 2004 after three years of stagnation (males 72.6, females 79.2) but probably stagnated again in 2005; it still remains below the EU-25 average (males 75.1, females 81.2).

1.3 Major trends, new and emerging challenges, key immediate and long-term risk factors and the main groups at risk

In the near-term, the situation of the country with regard to tackling poverty and social exclusion is generally good due to favourable overall conditions: improving economic performance, enduring social peace, traditionally weak levels of social inequality and a comprehensive and solidly efficient social system. On the other hand, however, poverty has been increasing since the early 1990s, albeit only slightly, and has been fuelled by new sources, long-term unemployment in particular. Unlike the past, it is also becoming visible in its extreme forms (homelessness, beggary). The Roma population, which has steadily grown due to high fertility and immigration from Slovakia, continues to challenge inclusion policies.

Indeed, the figures for those at risk of poverty are very low in the Czech Republic, reaching only 8% in 2002 according to EU criteria (0.5 % more than in 1996). According to the criteria of the official poverty line (minimum subsistence amount), 4% of people are poor and thus entitled to benefits of social assistance, following Microcensus 2002 data. MoLSA evidence of those in need (entitled for social assistance benefits) reported 206,000 poor households at the end of 2005, which equals 5% of Czech households. According to both poverty measurements, the two groups with the greatest propensity to

³ The new survey on further education in 2005, which conforms to Eurostat's *Continuing Vocational Training Survey 3*, is currently under launch by the CSO.

⁴ Data for 2005 are not yet available from the Ministry of Health.

fall in poverty are single parents and families with three and more children. Older people are only rarely poor in official terms but sometimes poor according to the EU poverty line (4% of persons 65 and older).

The strongest single risk factor of poverty is long-term unemployment. Among 410,000 persons who were unemployed in 2005, 298,000 were unemployed for more than 6 months, 220,000 for more than one year, 135,000 for more than two years and 63,000 for more than four years (LFS 2005). From 510,000 job seekers registered by the end of 2005, 213,000 were for more than one year (MoLSA statistics). Long-term unemployment occurs more frequently among young and middle aged men, and particularly among older women. The bulk of the long-term unemployed suffer from low qualifications and poor employability. There is also a significant correspondence between long-term unemployment and the localities with large Roma communities.

Furthermore, low-quality jobs and low salaries also lead to poverty, particularly among families with three and more children (Vecernik 2004; Sirovatka et al. 2005). The survey on social exclusion made by the RILSA-Brno in 2004 on 2,500 respondents (quota sample where criteria were set according to the structure of social assistance claimants) revealed that those deprived in income see no or little chance to escape their poor financial situation, regardless of their current employment status (Mares and Sirovatka 2006). Both being dependent on social benefits and having a low-paying job have an important effect on financial deprivation (Table 1).

According to different sources, the size of the Roma community in the Czech Republic is estimated to be between 150,000 and 300,000. Roma often experience extreme long-term unemployment, caused by low or absent skills and by a weak work commitment, which discourages employers from hiring them. The exclusion of Roma has a cumulative character, as it starts with a lack of cultural and social acceptance and necessarily results in spatial segregation, poor educational prospects and decreasing chances of finding a permanent job. Such a bundle of factors shapes the life strategies of the excluded, which serves to strengthen exclusion even further. This is eventually manifested in growing number of excluded localities where unemployment, welfare dependency and usury go hand in hand.

After 1989, homelessness expanded in cities and in Prague in particular. The overall estimate is that there are 4500 homeless people in Prague. 27 organizations focus on homeless people there. Most of them are active in advisory activities, and only six institutions provide shelter. During the extreme 2005/2006 winter, heated tents with hundreds of beds were set up in a large Prague park. Attitudes towards homeless people are ambivalent. On the one hand, City of Prague officials (and most citizens) consider them to be newcomers from the countryside and make them responsible for being in the situation they are in. On the other hand, NGO representatives believe that it is necessary to offer assistance to all homeless people, regardless of their original place of residence.

The RILSA-Brno analyzed the 2004 LFS data with attention to four risk groups: persons aged 50 and over (26.2% of the labour force), single parents (2.6%), unskilled persons (7.7%) and disabled persons (2.6%). The analysis has shown that the most vulnerable groups are unskilled persons (without training) and disabled persons. Single mothers have half the level of risk of unemployment, while people over 50 have a more "negative" risk. Persons belonging to both of the most vulnerable categories work much more frequently in part-time jobs and fixed-term contracts. Also, older persons often only have fixed-term contracts, but half of that group engage in that kind of work as a voluntary arrangement (Table 2). The standard recommendations to address these problems include better working time arrangements, and the need for more assistance and a more individualized approach by the labour office (Vyhlidal and Mares 2006).

Despite Czech sensitivities to social inequality, there has been generally little public awareness about the concept of social inclusion and possible ways of achieving it. In response to this problem, Czech NGOs focusing on the issue have aimed their work at increasing public awareness about the concept and improving the role of NGOs as stakeholders in policy dialogue. The project “STOP Social Exclusion,” initiated by a network of NGOs in 2005 as part of the *European Social Inclusion Strategy*, has led to the dissemination of over a hundred articles on social exclusion in the magazine *Grantis* (circulation of 650 copies) in particular. Several websites are used for the dissemination of documents and information about relevant events. NGOs have also sought to increase public awareness by commenting on the current NAPs/inclusion. However, there is little evidence of whether these activities have increased public awareness more broadly.

Some important changes in public opinion took place during the last decade: the public’s evaluation of access to jobs became less favourable, their evaluation of old-age security also considerably deteriorated, while people’s view of access to health care slightly improved, and their view of access to housing improved substantially (Table 3). In a special CVVM March 2006 survey on social issues, 65-70% of respondents agreed that substantial reforms are needed in the fields of pensions, taxes and social benefits. However, when asked more specifically, most of the respondents would like to only see the system of social protection expanded and better financed, without any systemic change.

1.4 New legislation and policy development

In the sphere of social benefits, the MoLSA completed its long-term work in mid-2005 on making complex changes to the social system. This reform observed the principle of reconciling social protection and employment, while also preserving the role of social protection systems in alleviating poverty. New legislation, valid as of January 2007, is guided by the principle of “making work pay” and is therefore designed to motivate citizens to actively search for jobs and to also accept lower paid employment. The new social legislation is aimed at enhancing work motivation while continuing to protect people against poverty, but on a lower level in the case of non-cooperation.

In concrete terms, the system is newly shaped by the *Act on Minimum Subsistence and Existential Amounts* and the *Act on Assistance in Material Need*, approved by Parliament on March 14, 2006, which should be in force as of January 2007. People in need will be assisted by social workers to help them find a job, and for this purpose “Individual Activation Plans” will be introduced. These are similar to the “Individual Action Plans” (IAPs) in the sphere of employment. However, experience with IAPs has not yet been summarized and evaluated, and only the numbers of their application can be found in official documents.

Newly, the *minimum subsistence amount* has been reconstructed so that only personal costs will be considered and housing support will be treated separately. In terms of the previous minimum subsistence amount, so-called “existential minimum amount” will be introduced on a lower level addressed to those who avoid employment (2020 CZK). In extreme cases of non-cooperation, even this benefit could be withdrawn. The current system of additional social benefits will be simplified by reconstructing various former benefits into three new benefits: contributions to well-being, extraordinary immediate assistance and housing support.

Regarding support for housing costs, in addition to the already existing (state) housing benefit, there is a new (municipal) housing supplement to cover the different costs of housing in various regions and localities. Socially acceptable housing costs are set at 30% of personal or household income (35% in

Prague). The housing supplement should be fully financed from the state budget, but municipalities are reluctant to distribute it, arguing that the state imposes a steadily growing burden on municipal self-governments without adequate compensation.

In the sphere of social services, the *Act on Social Services* was approved by the Parliament in March 2006 and is expected to come into effect in January 2007. Following the Act, everybody will be entitled to social consultancy – that is, an assessment of his/her disadvantaged social situation. The Act will enable disabled and elderly persons to select from various forms of care more freely. Service provision will be established on the basis of a contractual relationship in which the client will play an active role, voicing his/her needs and will. A special new benefit (contribution for personal assistance) will be established, instead of the former pension supplement for disability and contributions to relatives providing care, but on a much higher (triple) level. For the first time, people living in socially excluded communities are identified as vulnerable groups to be addressed with social assistance.

The new Act also calls for the registration of providers of social services, the introduction of quality standards and the establishment of abilities required for performing social work. Monitoring of these conditions is to be ensured by the *Inspection of Social Services*. Regions and municipalities are obliged to support the necessary network of social services on their territories, regulated together with the providers and subsidized financially by the state. Currently, social services are used by almost half million people, of which 100,000 would otherwise face significant life and health risks. 70,000 persons are employed in the social services sector. Personnel assistance to the disabled does not receive sufficient compensation reflecting the skills and demands of the work involved.

In the labour sphere, the new *Act on Employment*, which is intended to help reduce unemployment, has been in force since October 2004. The Act made the criteria for qualifying for registered unemployment and benefits entitlement stricter, instituted partial unemployment, and introduced job creation support schemes in regions with high unemployment rates. The new *Labour Code* was finally approved by the House of Deputies in May 2006 and will come into force in January 2007.⁵ The Code is declared by its proponents as modern and supportive of employment, applying the principle of “what is not forbidden is allowed”, in opposite to the previous Code. However, it does not bring about significant changes in EPL. The bill did provoke significant disagreements between social partners and between political parties and is still on the agenda.

In the sphere of the family, the parental benefit will be nearly doubled by setting it on the level of 40% of the public sector average wage (7600 CZK as of January 2007 from the current 3696 CZK). Recipients of the parental benefit can earn it regardless of their income or work status. Any parent caring fully on at least one child up to four years old can be entitled (seven years if the child is disabled). However, even if the parent is not “fully” carrying for their child (for example, if a grandparent helps in childcare when the parent is at work) that parent can still receive the benefit. A key condition of the benefit is that the child cannot make use of preschools or similar facilities for more than three days each month.

Parents of children born after 1st April 2006 also receive a higher birth contribution (also not a means-tested benefit) in the amount of 17,500 CZK, which is double the previous amount of 8,750 CZK (ten times the minimum subsistence amount for a child). The contribution is even more for cases of twins or triplets. Pupils entering the first years of elementary school will also receive a 1,000 CZK benefit for

⁵ The process of approving the Labour Code was quite drawn out. It was approved by the House of Deputies for the second time in April 2006, overriding the Senate, which rejected the bill. It was approved again by the House of Deputies but vetoed by the President on 11 May 2006. Finally, Social Democratic deputies and the Communist party overruled the President’s veto and approved the bill on 23 May 2006. During that time, CMKOS expressed its readiness to demonstrate again for its implementation.

learning aids. To avoid income insufficiency for people in default, not all amounts of social support benefits (such as the parental benefit) could be seized since April 2006, as it was the case previously.

In the sphere of finance, a new schedule for personal income tax (PIT) was approved by the government in June 2005, which favours lower income categories. The lowest tax bracket was reduced from 15% to 12% (and widened), and the second bracket was reduced from 20% to 19%. Instead of tax allowances, tax credits were introduced for taxpayers and their spouses (these were already introduced for children in 2005). The change is estimated to have a positive impact on the disposable income of 94% of taxpayers (low- and middle-income groups in particular) and strengthen employment incentives and the family. For the lowest categories PIT is close to zero or is even a negative figure, provided that the taxpayer is an economically active person. This is intended to provide an advantage to being a working as opposed to a non-working individual.

Beginning with the 2005 tax year, couples are now able to file joint tax returns (by the end of March 2006). Joint taxation is beneficial for couples with children where differences between earnings are high, in particular if one of parents has no earned income. Parental and unemployment benefits are not involved in the calculation of household income. According to recent data, almost 350,000 couples filed joint tax returns for 2005, much more than originally expected by the Ministry of Finance.

In the sphere of housing, after a three-year long legal vacuum, the *Act on the Unilateral Increase of Rents from Apartments* was prepared and approved by the Parliament in March 2006. If not agreed otherwise between the owner and tenant, rent should rise by an average of 14.2% (differently based on the size of the municipality) each year for four years beginning in January 2007. The goal of the policy is to end the long-lasting system of rent regulation in former state-owned apartments (750,000 apartments in total, of which 300,000 are in private hands) so that the rents conform to market prices. The government believes the Act will help to eliminate the black market in housing and improve overall functioning of the rental market.

In the sphere of discrimination, various measures were collected in 2004 in a new, special act on banning discrimination. Though it was anticipated to be in force by 2005, it is still on the agenda of the Parliament. Since it was rejected by the Senate, the House of Deputies was set to vote on it again in April, but the debate on the bill was postponed (the House can still pass the bill if an absolute majority of all Deputies support it). Also in April 2006, the government approved the new *Concept for Roma Integration*.⁶ Formerly established tools of positive discrimination such as so-called “zero classes” for Roma pupils to learn Czech, Roma teaching assistants or stipends for Roma secondary school students should continue for at least next twenty years. *The National Training Fund* carried out a one-year project on the “Legal Aspects of Various Kinds of Discrimination in the CR and the EU,” aimed at spreading information among state officials and the general public. A series of seminars also took place.

In the sphere of health care, the new *Act on Sick Pay* was conclusively approved by the Parliament and will be in force as of January 2007. New arrangements make the employer responsible for paying the first two weeks of sickness pay (working days only) in exchange for a reduction in employers’ social contribution from 3.3% to 1.4%. According to its calculations, the MoLSA expects that employers will spend only one half of economies in payments. The aim of the Act was to reduce the frequent abuse of sick pay, as previously employers had little incentive to control employees. There have also be suspicions that firms in financial distress often agree with employees to “get sick” to avoid wage

⁶ While daily press has been informed about the new Concept of Roma Integration, approved by the government on 12 April 2006, the information desk of the Council of the Government for Issues of Roma Community currently only supplies its previous (2005) version.

payment. There is, however, concern that the new arrangement will affect selection in hiring to the disfavour of older workers and other persons expected to be sick more often.

1.5 Progress in relation to challenges identified in the Joint Report on Social Protection and Social Inclusion

In the “Annex to the Joint Report on Social Protection and Social Inclusion (Country Profiles)” of March 2005, challenges facing the Czech Republic were established as follows:

- To ensure that necessary efforts to redress the fiscal balance do not weaken the role of the Czech system of social protection in redistributing income and alleviating poverty.
- To develop more comprehensive strategies for disadvantaged regions facing a combination of structural handicaps;
- To improve the situation of the Roma at risk of social exclusion;
- To improve the situation of other vulnerable groups such as the homeless;
 - To encourage the creation and the take-up of jobs for older workers so as to facilitate the balancing of financial sustainability and pension adequacy.

In the “Annex to the Joint Report on Social Protection and Social Inclusion (Country Profiles)” of March 2006, challenges facing the Czech Republic were established as follows:

- To support the implementation of social inclusion policies at regional and local level;
- To improve the situation of vulnerable groups (for example the Roma) and support disadvantaged regions;
- To encourage the creation and take-up of jobs for older workers so as to help balance financial sustainability and pension adequacy;
- To improve access to long-term care services, and ensure general quality of health and long-term care services while promoting system efficiency.

In the “Joint Opinion of the Social Protection Committee and the Economic Policy Committee on the Commission Communication on *Working together, working better: proposals for a new framework for the open co-ordination of social protection and inclusion policies*,” the section on social inclusion stresses:

- access for all to the resources, rights and services needed for participation in society, preventing and addressing exclusion, and fighting all forms of discrimination leading to exclusion;
- the active social inclusion of all, both by promoting participation in the labour market and by fighting poverty and exclusion;
- that social inclusion policies are well-coordinated and involve all levels of government and relevant actors, including people experiencing poverty,
- that they are efficient and effective and mainstreamed into all relevant public policies, including economic, budgetary, education and training policies and structural fund (notably ESF) programmes.

All of these tasks are long term in character and are thus still applicable as problems to be addressed. However, a current assessment of the outcomes and efficiency of policies is rather difficult for several reasons:

1. Many, if not the most of policies are incipient, either only recently introduced or ready to be launched.
2. Though legislation is important, so is its application and enforcement. In this sense, the performance of Czech administration cannot be considered particularly high.
3. The first Czech NAPs/inclusion developed and described objectives and enumerated various bodies and legislative documents, but it failed to set specific targets in individual areas.
4. There were also few direct links between the measures adopted or planned and indicators. Neither the Laeken indicators, nor national indicators were applied to set quantified targets.
5. Administrative statistics are not well suited and timely for surveying change over time (particularly in a short time frame). They are also not suited to identify and measure the specific impact of individual policies.
6. There are hidden factors which prevent the realisation of intended effects of formally applied policies, particularly the role of the informal economy in its various manifestations and corresponding personal strategies.

As a result, we can proceed only verbally and rather speculatively.

In some areas there has been evident progress:

Social legislation has been substantially developed with regard to reconciling the agendas of social and employment policy, while preserving the role of social protection systems in alleviating poverty. The new social legislation is aimed at enhancing work motivation while continuing to protect people against poverty. The *Act on Minimum Subsistence and Existential Amounts* and the *Act on Assistance in*

Material Need should both be supportive for employment. People in need will be assisted through social work to help them find a job, and for this purpose *Individual Activation Plans* might be helpful.

The new system of taxes and benefits, which should be in effect from January 2007, is expected to support work motivation by increasing the gap between welfare and working status. In the sphere of taxation, measures have already been enacted that advantage working persons over those not working, such as tax credits. Joint taxation of couples is already in force and largely used. In the sphere of social benefits, some workfare measures have been incorporated, such as the possibility to reduce or even withdraw benefits in the case of the lack of activity or non-cooperative behaviour on the part of recipients. Simultaneously, those working for minimum wage will be further entitled for social benefits. For calculating benefits, only 70% of earnings will be counted for consideration of material need.

The implementation of the *Act on Social Services* could have an important effect on social inclusion through personal benefits, by giving all providers of social care equal status, by supporting social services in the field, through quality control of services provided, through better financing, etc. Persons assisting the disabled should be better trained and rewarded. For the first time people living in socially excluded communities are identified as vulnerable groups to be addressed with social assistance. Providers of social services are to be registered and quality control is to be ensured by the Inspection of Social Services. In this connection, the MoLSA is also preparing a system of life long education for workers in the field, including unified conditions for accreditation of educational programmes and setting competencies.

However, the Act has been strongly criticized by the NGO sector. According to SKOK (an association of Czech NGOs active in social assistance and social health care), some groups of people will not be entitled to decide about their care, such as the mentally ill, people with combined handicaps and seniors. The contribution for personal assistance (ranging from 2,000 CZK for persons with a minor degree of dependency to 11,000 CZK for completely dependent persons) is not sufficient to finance social services and has no correlation with the supply, accessibility and quality of social services. While senior homes are supported, in-house care is underfinanced.

SKOK also argues that many of the problems of the Act are due to the fact that regional governments both administer their own social service facilities while also managing the entire network of social services in their region. First, NGOs providing social services will likely be disadvantaged in comparison with providers established by regions, since the regional governments will decide about the registration, financing and control of social service providers. Second, the system of financing is likely to benefit large institutional social service providers, even though the Act is supposed to promote the provision of individualized services in domestic settings. Third, the Inspection of Social Services is subordinated to the regional government rather than to independent bodies, which can lead to further conflicts of interest.

In other areas there have been fewer changes:

Czech society continues to experience highly selective access to education and little attention is paid to educational inequalities by governmental bodies. Children are channelled into various educational tracks too early, and some of them even leave the educational system prematurely. The system is not oriented to motivate pupils from disadvantaged backgrounds or minorities, establish a general background for lifelong learning and cultivate general, transferable competencies. When secondary school students apply for college, applicants from low-income class families fair much worse than applicants from wealthier households. Social mobility is further hindered by the fact that college

applicants whose parents do not have a secondary-school diploma have only a 37% chance of getting into college, whereas applicants whose parents have a university education have a 61% chance.⁷

According to Mateju and Strakova (2006), the effort of the Ministry of Education to introduce standardized testing at the elementary level and universal “matura” (school-leaving) exams at the end of the secondary level could make the situation even worse. In the Czech Republic, ISCED 3A education is provided by schools that differ greatly in terms of the amount of general education they provide (40-100% of curricular content). There is no common curricular core that could serve as a basis for an integrated examination. As a result, many secondary technical schools will not be able to prepare their students sufficiently for a standardized exam. Moreover, while gymnasias students often come from families with high socio-economic backgrounds, technical students can not rely on the help of their parents. There is also a serious danger that schools at both the basic and secondary level will tend to get rid of poorly achieving students because they would lower their test results. The task of institutions of tertiary education to ensure equal access of all and take all possible measures for equalizing opportunities is thus rather declaratory.

Here, we have to mention the new measure launched by the Ministry of Education in support of students coming from lower social strata. By governmental decree, valid since March 2006, all tertiary students in difficult material situations are entitled to a stipend, which has been set at twice the amount of the child allowance at its higher level. This is certainly a positive step but it cannot change anything to the system.

Developments with regard to the social inclusion of the Roma population face information barriers. The state administration complains that it cannot solve the Roma problem straightforward because, officially, there is no Roma minority and their identification is discriminatory. Since many Roma households identified themselves as “Czech” in the 2001 census and other surveys, little reliable data is available. To deal with the problem, the MoLSA launched the project “Analysis of socially excluded Roma localities and communities and the absorption capacities of subjects active in the area,” co-financed by the ESF. The project is being carried out between November 2005 and July 2006, and results are planned to be published in September 2006. Living conditions in about 330 Roma “ghettoes” should be studied, together with the possibilities of NGOs, municipalities and schools to improve the situation.⁸

However, the situation of the Roma in the Czech Republic is considered much better than in other CEE countries.⁹ Roma organizations are gaining increasing public support, and dialogue between them and the state has developed considerably. So-called “special schools” have been renamed as schools with special programmes, zero preparatory classes continue in an effort to help improve the situation of Roma children, and Roma students at secondary schools are already six years provided by special stipends for commuting and teaching aids (up to 7,000 CZK, with 1,400 recipients). Moreover, in the new *Concept of Roma Integration*, the aim is to reach “substantially more equal participation of Roma among the most influential categories of the society” (without further specification). Quotas for

⁷ This issue is systematically studied and analyzed on the basis of national and comparative data (in opposition to the Ministry of Education) by Petr Mateju and his colleagues in the Institute of Sociology, Academy of Sciences and the ISEA think-tank (Institute for Social and Economic Analyses). See Mateju and Strakova eds., 2005, Mateju, Strakova et al., 2006, Simonova and Mateju, 2005.

⁸ The project is managed for the MoLSA by the agency *Gabal Analysis & Consulting* in cooperation with the NGO *New School*. Roma organizations were invited to its preparation. The data collection is fully anonymous and no personal data are used.

⁹ According to the UNDP survey collected among 760 Roma households, Roma living in the Czech Republic are wealthier and healthier than in other CEE countries, partially because of easier access to social benefits. Unemployment among them is estimated as the lowest (40-45%). However, such figures may be underestimated - Roma organizations report that there is 90% unemployment of Roma people in some regions.

participation of Roma in the state administration or Roma firms applying for state public tenders are also discussed but currently not planned. The majority population's hostile attitude against Roma has attenuated somewhat during the time, according to CVVM surveys.

1.6 Preparation and consultation of the NAPs/Inclusion

NAPs/inclusion is one of the three strategic plans to be submitted within the *National Report on Strategies for Social Protection and Social Inclusion*. So far, the following steps were made:

- Two regional conferences of the "Forum on Social Inclusion" were organized: 28-29 November 2005 in Prague and 1-2 December 2005 in Zlin.
- "LAPs & RAPs. Developing a methodological framework for developing local and regional plans for social inclusion" workshop was held on 8-11 February 2006 in Prague.
- *The Committee for the Elaboration of the Joint Inclusion Memorandum and the National Action Plan on Social Inclusion* (newly renamed *Committee for Social Inclusion*) was convened 15 February 2006 in Prague.
- *Guidelines for preparing National Reports on Strategies for Social Protection and Social Inclusion* were translated into Czech and distributed to the Committee for Social Inclusion together with the overall plan and schedule of its elaboration.
- *Report on implementation of the NAPs/inclusion for 2004-2006* is collected and to be accomplished by mid-May.
- Priorities of the strategic section of the *NAPs/inclusion for 2006-2008* that were drafted by mid-May are set the following way:
 - 1) to strengthen the integration of persons excluded or at risk of exclusion, and to remove barriers to entering and remaining in the labour market;
 - 2) to support the family, protect children's rights and remove disadvantages of children leaving institutional care;
 - 3) to support the role of decision-making on the local level and partnerships in social inclusion policy.

To support dissemination and cooperation of stakeholders involved in NAPs/inclusion, other activities were developed:

- Seminar of the project *Stop Social Exclusion* titled "Social inclusion in the context of preparation for new programming period" was held in February 2006.
- The conference "Social services as a tool for social inclusion" in February 2006 contributed to mobilization and improvement the exchange of knowledge between public administration, local politicians and local NGOs about the problems in tackling social exclusion.
- Seminar on "volunteer activities as protection against social exclusion" was organized on 15/16 May 2006 in Kromeriz.

- A course on NAPs/inclusion was organized on 25/26 May 2006 for interested NGO workers and administrators in social departments of regional and municipal offices.

Equal opportunities of men and women: are gender issues given sufficient attention?

Though the labour law fulfils all major requirements of European law in terms of equality and non-discrimination in employment relations, major gaps still exist between the letter of the law and the *de facto* situation of gender inequality in the workforce. The 1992 *Act on Wage* stipulates the principle of equal pay for the same work and work of equal value. Women's salaries in 2004 reached 75% of men's, a ratio that has remained relatively constant over the last decade. The wage gap crosses all levels of education, occupational categories and age cohorts. It increases with education and is most extreme in the highest paid jobs. The wage gap also impacts old-age pensions, as women on average receive only 81% of men's pensions. No significant measures have been taken in recent years to reduce the gender pay gap.

Current protections against discrimination in Czech law do not cover all situations in which discrimination occurs. A new anti-discrimination act was proposed by the government in 2004, which would protect against discrimination within and in access to employment and occupation, self-employment (which is not yet regulated in this regard), education, social protection (social security, medical care) and access to goods and services, including housing. The bill would bring Czech law in full accordance with the relevant Council Directives. NGOs have actively lobbied for the approval of the act. However, though it was anticipated to be in force by 2005, it is still on the agenda of the Parliament.

One positive change in gender policy concerns the increase of the parental benefit, which will nearly double in January 2007. The benefit is neither dependent on the income nor working status of the parent receiving it. The increase of the parental benefit will likely assist poorer, single parent households the most, which are also households that face high risks of social exclusion. On the other hand, parental leave in the Czech Republic has been maintained at four years, which is the longest period in the EU. According to the NGO *ProFem*, the length of parental leave can serve as a trap to mothers who are on leave for long periods of time, since it has the potential to reduce their ability to maintain employable skills and to re-enter the labour force. The NGO thus recommends that a shorter parental leave (to 2-3 years) coupled with a high parental benefit would help ensure parents maintain employable skills while also compensating for the real costs of childcare.

Government initiatives aimed at gender equality have been generally ineffective and invisible to the public. In 2001, the Government established the *Government Council for Equal Opportunities for Men and Women*, which is an advisory body to the government. One of its most significant achievements was the recommendation in 2003 that all materials used in governmental discussions differentiate all relevant statistical data by gender (the practice went into effect in November 2004). In 2005, the Council met only three times, and did not propose a single legislative amendment or a report to the government. Its main output was three recommendations to the government, such as relating to an information campaign about equal opportunities.

The main government document in the area is the *Priorities and Procedures of the Czech Government in Promoting the Equality of Men and Women*. Among other things, the document sets out, as part of government policy, to promote legal support for gender equality, to eliminate violence against women, and to monitor and assess the effectiveness of promoting the principle of equal treatment. Each of the many policy areas either have a target deadline or are to be carried out continuously. However, some of the target deadlines have been repeatedly postponed, and it is not clear whether the activities that are

to be carried out “continuously” have been carried out at all or have had a material impact on actual equal opportunities. At the same time, significant policy attention still needs to be paid to a number of areas, such as support for self-employed female workers and support of flexible working arrangements.

Mainstreaming: is social inclusion policy being mainstreamed in other decision-making?

The Czech NAPs/inclusion defines well the mainstreaming of social inclusion policy as “a process which incorporates the issues of poverty and social inclusion, including a gender equality perspective, into all areas of public and state policy and which is promoted through partnership at all levels between public bodies, social partners, NGOs and other parties involved.” However, the process is only incipient in the country. To enhance this understanding, the Czech Republic participated in the transnational project “Mainstreaming social inclusion” under the direction of the Irish *Combat Poverty Agency* (Better Policies 2006). In reality, it is still difficult to find any significant effort in this direction, in spite of the existence of many “horizontal” committees across ministries and civic organizations. In the draft *National Development Plan (NDP)* of January 2006, the situation was correctly assessed in the following way:

“In the Czech Republic, social inclusion policy is typically a description of the activities of individual ministries, and no joint collaboration takes place that would involve all levels of public administration and other interested partners seeking complex solutions to the problem. Activities are thus partial and do not measure the impact of individual policies, projects or measures. Another problem is the absence of relevant informational sources and statistics for monitoring the development of vulnerable social groups, including measuring the degree to which those groups are actually disadvantaged. In the legislative process, proposed measures lack analyses of the impact of those measures on persons exposed to social exclusion” (NDP, p. 63).

One area where these trends are prominent is the attempt to mainstream gender issues in individual ministries as the Government Resolution No. 456 of 2001 requires. According to Havelkova (2005), many state institutions do not understand that mainstreaming means integrating a gender perspective into all policy-making, and thus believe that they are “mainstreaming” by simply offering seminars on gender. Some ministries (for example Foreign Affairs, Justice and Agriculture) see gender mainstreaming as a part of the human resources agenda only and consider the task fulfilled when non-discriminatory conditions for employment of men and women are ensured. On the other hand, one potential source of change is that a new government resolution requires the inclusion of statistical and other information segmented by gender in all materials subject to the government’s deliberation. Since the resolution went into effect in 2005, it is still not possible to measure its impact on governmental deliberations or on gender mainstreaming in ministerial work.

The role of regional and local interests in social inclusion policy

Czech Republic is a highly urbanized, densely populated country with a high degree of municipal fragmentation. There are 6,257 municipalities in the Czech Republic, with 26% of the Czech population living in municipalities with less than 2,000 people. In the late 1990s, the regional divisions were reformed to create a new arrangement of regional administrative units: 77 districts (NUTS level 4) form 14 administrative regions (NUTS Level 3). For EU-related issues, administrative regions (kraj) are grouped into 8 cohesion regions (NUTS level 2): Prague, Central Bohemia, Southwest, Northwest, Northeast, Southeast, Central Moravia and Moravia/Silesia. The mismatch of NUTS2 level and administrative regions probably complicates the distribution of EU funds.

The previous regime developed an intensive regional equalization policy, involving huge support particularly for the mining, metallurgy and heavy machinery industries and corresponding regions. After 1989, when economic restructuring and other economic priorities were introduced, large disparities appeared (see Maps 1 and 2).¹⁰ According to *2005 OECD Employment Outlook*, the distance in the unemployment rate between the worse and better performing regions was 4.7 in the Czech Republic (among 8 regions), which is similar to Poland (among its 16 regions), but greater than in Austria, Hungary or France. However, even greater disparities in regional unemployment were identified in Italy, Spain and Germany.

The most recent draft of the *Strategy for the Regional Development of the Czech Republic* was released in July 2005. In March 2006, a new version was submitted to public debate, stressing the impact on the environment. The document also includes one chapter on “problem territories,” that is, regions of the Czech Republic facing long-term economic problems. The document highlighted the following priorities for dealing with those problematic regions:

1. Enhancing the economic performance of problem territories and attenuating undeserved disparities between territories with an inadequate economic structure and performance to bring them closer to the Czech average.
2. Intervention in the labour market in territories with extreme unemployment. Reducing large regional differences in the rate and structure of unemployment.
3. Supporting solutions to the specific problems of the countryside, the regeneration of the way of life and housing in villages, the development of the off-production functions of agriculture, recreation and travel services.
4. Regeneration of city centres. Enhancing the quality of life in cities and towns, revitalizing urban centres, harmonizing cultural heritage protection with modern business. Special attention should be given to former industrial localities hit by restructuring (Ostrava, Karvina, Most).

Social inclusion strategies have not only focused on regional differences in unemployment and economic conditions. Regional bodies also participate in shaping social inclusion strategy and documents. Regional Offices play an active role in implementing standards and creating a network of social services in the given region, as well as by coordinating community planning in that area. According to the *Act on Social Services*, regions expressly have the responsibility of developing a stable network of social services that corresponds to the real needs of the region, particularly by providing assistance to municipalities in community planning and improving social services at the local level. Currently, the project “Ensuring the accessibility of social services by locality and type” is under development, which also includes the establishment of an educational system for all participants involved. Regions also play a significant role in carrying out inspections of quality assurance and in fostering NGO participation in social inclusion policy through the use of grants.

Importantly, during the 2007-2013 period, the regions will prepare their own programming documents in which social inclusion policies should have a prominent place, particularly in the educational area. Key policy areas include the implementation of systems of, and infrastructure for, further and professional education at the regional level; support for career counselling; activities aimed at fostering long-term communication and cooperation between specific schools and employers; and the implementation of a system of educational certifications and professional qualifications. Community planning of social

¹⁰ Maps are based on author’s computations on Microcensus 2002.

services is being developed further.¹¹ The transnational project “LAPs & RAPs. Developing a methodological framework for developing local and regional plans for social inclusion” aims to prepare a methodology for developing local and regional NAPSs/inclusion. In the area of education, the programme “Equalizing discrepancies in the supply of education in regions” is being implemented.

Municipalities, in terms of competencies delegated to them by the state administration, are responsible for implementing a number of aspects of social assistance in accordance with local conditions and customs. Social assistance benefits are paid by local authorities, which receive the relevant funds from the state. Municipalities also participate in the construction of new apartments for low income families, which is made possible by grants from the *Ministry for Regional Development* and the *State Fund of Housing Development*. Municipalities can also offer no-interest loans to targeted groups or provide funds for the integration of minorities. They may also prepare and implement projects through the ESF aimed at education, employment and human resources development.

Unfortunately, the role of municipalities in the implementation of social inclusion policy is significantly limited by the amount of financial resources made available to them by the state. On the other hand, as social assistance benefits are fully compensated by the state in amounts required, municipalities themselves do not have incentives to improve the efficiency of the assistance. In terms of the independent budgets of municipalities, approximately 50% is derived from various income and property taxes (a portion of which is transferred to municipalities based on their population and relative size) and 35% is derived from grants.

Since the Czech Republic has a large number of small municipalities, many municipalities have difficulties allocating sufficient resources towards social services. There have been numerous instances in which municipalities have had to close pre-schools or day care centres not only in case of the lack of interest, but also in cases of lack of funding. The inability of some municipalities to provide such social services has the greatest negative impact on low income families and on Roma children in need of exposure to the Czech language early on in life.

2. Active inclusion and minimum resources

2.1 A review of Minimum Income schemes to help people escape extreme poverty

The Czech system of social protection was conceived in early 1990s as threefold. Employment-related social insurance was designed to accommodate foreseeable situations, such as unemployment, illness, and old age. Family benefits under the State Social Support scheme were re-designed and simplified to address situations of financial need associated with maternity, child rearing and disability. Social assistance was designed to address individual situations of material need, administered by local authorities. The official threshold of social assistance is the minimum subsistence amount.¹²

¹¹ No MoLSA reports are available in the area of community planning of social services for 2004 and 2005.

¹² Here I use the official translation of the term used by the MoLSA. However, I consider “Living Minimum Amount” as corresponding better to its overall character and how it is termed in Czech. The lower threshold introduced recently should be titled as “Minimum Subsistence Amount” as it is the lowest possible minimum income. The official translation of the term “subsistence” (“existential” in Czech) has not been established yet. Another possibility is to use terms “Minimum Living Standard” and the “Minimum Subsistence Standard.” OECD documents use the term “Minimum Living Allowances.”

The *minimum subsistence amount* was enacted in 1991 by the *Act on Living Minimum Standard* and the concrete amounts are valorised following the price index (Table 4). If the income of a household, after claiming all the income tested benefits of State Social Support, does not reach the given threshold, the household is entitled to request from the municipality “benefits for reason of social need” (which are income and means tested). The minimum subsistence income consisted of amounts for individuals (specified for children according to their age) and a lump-sum amount for households depending on their size.

Another tool of income maintenance is the *unemployment benefit*, which was instituted in 1990. According to the current arrangement, which has been in effect since October 1999, a jobseeker shall receive 50% of previous earnings during the first three months and 40% for the second three months (60% during retraining). The ceiling of financial support has also increased since then and is now 2.5 times the corresponding minimum subsistence amount in general (compared to 1.5 times previously) and 2.8 times for job seekers in retraining (1.8 times previously). For older job seekers, a longer period of entitlement for unemployment benefits has been set by the new Employment Act.

The *minimum wage* was first established in 1991 but remained frozen for many years (Table 5). It was not until January 2001 that it came to exceed the minimum subsistence amount for a single adult. It has increased further since then, having reached the level of 38% of the average wage in 2005. In January 2006, the monthly minimum wage was increased to CZK 7,570 and is expected to rise to CZK 7,955 in July 2006, which should bring the minimum wage to about 40% of the average wage. There are no reliable statistics for minimum wage recipients because wage surveys do not cover firms with less than 20 employees, which is where the minimum wage is most often applied. Wage surveys indicate that only 0.6% of employees were paid at its level in the 4th quarter 2005. Estimates indicate that at most 2% of employees in large companies receive the minimum wage, but it could reach 10% of employees in small firms.

In order to reconcile social and employment policies, the minimum subsistence amount was reconstructed so that as of January 2007, only personal costs will be considered in its calculation, and housing support will be treated separately (see the new calculation formula in the note to Table 4). Along the previous “living minimum income” amount, a so-called “*existential minimum income amount*” was introduced on a lower level (currently 2,020 CZK monthly for a single person). Unemployed persons deemed uncooperative (in terms of job seeking and temporarily taking a worse job) are expected to receive the support at the “existential” level only and in extreme cases even deprived of any support.

While many countries witnessed a rapid increase in poverty during the economic transition, in the Czech Republic financial poverty has changed its face rather than its rate. While before 1990, poverty largely affected the elderly (mostly single pensioner households), their share in the figure has sunk close to zero according to the official measurement, and reached one-quarter of the original figure in the EU at-risk-of-poverty rate. Instead, the percentage of poor families has quadrupled and the percentage of single-parent families has also increased significantly. This data is based on the results of our computations of Microcensus surveys, which we made in conformity with the CSO (Table 6). Unfortunately, there has been no summary evidence since that time.¹³

Unemployment is the strongest single factor of financial poverty. However, there are also many working poor in the country. In the analysis of the survey “Social Situation of Households 2001,” Vecernik found that among households with no pensioners, 47% were identified as at risk of poverty according to EU

¹³ The CSO survey on *Living Conditions of Households* (within the programme EU-SILC) was implemented in early 2005 and 2006 on a random sample but the data are available so far only for the EUROSTAT. In 2006, besides the 4,286 households already surveyed in 2005, 5,750 additional households were surveyed between 25 February and 23 April.

measurement if there was no active earner, but also 31% were identified as at risk of poverty if there was one active earner but two or more children and at least one unemployed person. The corresponding figures for “legal poverty” (according to the minimum subsistence amount) were 33% and 27% (Vecernik 2004, Table 9).

MoLSA evidence of those in need (entitled to social assistance benefits) reported that there were 206,000 poor households by the end of 2005 (22,000 less than the year before), which equals 5% of Czech households. Social need and unemployment are significantly correlated, as well as vary by region. Two-thirds of needy households are childless (almost all singles), as well as 22% of single parents. Due to the exclusion of school graduates from the unemployment support introduced in 2005, the number of recipients of unemployment benefits has decreased, while the average unemployment benefit has increased.

Unfortunately, the database of recipients of state assistance, collected by the state social administration, is not suitable for surveying trends and analyzing social structures. A special survey among social administration offices was carried out in selected localities by RILSA-Brno in 2004, which involved 36,000 benefit recipients all together. It found that some important benefits are not monitored, as well as the overall period of receiving benefits. Although the benefits of State Social Support are income tested, household incomes are not surveyed in the database of the social administration in their full extent and structure. Moreover, corresponding evidence is not unified across individual offices.

The survey observed that recipient households constituted about 6% of all households in both 2002 and 2003. Two-thirds are childless households (almost all singles) and 21% are single parents. Only 12% are couples with children, but nearly a half of those couples are headed by young persons 19-25 years old. Unemployment occurs the most frequently in households of persons living alone (81%), and to a lesser degree among single parents (47%). In terms of the age profile, most recipients are in the 19-35 age category, which constitutes 61% of the total population surveyed. The average time of staying in the social safety net was 19 months in 2002 and 16 months in 2003. 62% of recipients receive benefits for more than half a year, while singles and young adults receive benefits for short time periods.

The income of benefit recipients is derived mostly from transfers. Their main income sources are benefits from the State Social Support scheme (53%), followed by benefits of the social assistance scheme (24%). The remaining income sources are unemployment benefits (4.5%), followed by pension benefits, sickness allowances and alimony – but only 4% is from earned income. While in households with children, income from State Social Support and social assistance are about balanced, social assistance is strongly prevalent in childless households. The association between unemployment (particularly long-term), economic inactivity and welfare dependency is quite striking (Sirovatka et al. 2005).

2.2 Income support schemes and the presence of financial and non financial incentives to increase labour market participation of welfare recipients of working age

The Czech Republic is among the countries where the reduction of the at-risk-of poverty rate calculated before and after transfers for 2003 (expressed as a percentage of the “before transfers” rate) is the highest, together with Denmark, Sweden, and Finland, whereas Greece, Spain, Italy and Cyprus are at the bottom of the list (Eurostat 2005a). All transfers taken together reduce poverty on the basis of the EU indicator by 80%, with non-pension transfers reducing poverty by 62%. The reduction is even greater if the “legal poverty” indicator (measured by the minimum subsistence amount) is taken into account.

Computations of the Microcensus 2002 data indicate that the ability of social transfers to reduce poverty is high if they are accompanied by pension benefits or earned income, as opposed to when transfers replace the former income completely (Table 7). The poverty rate remains high among those who are solely reliant on non-pension transfers, such as the unemployed, single parent households living on the parental benefit, and families with four or more children receiving social benefits (Trbola and Sirovatka 2006).

As the minimum subsistence amounts have remained stable between 2001 and 2004 (due to very low inflation, and thus the legal conditions for its increase were not met), their levels relative to the average wage have sharply decreased over time (see Table 5). In spite of that, the replacement rate of wages by social benefits remains on a decent level: in 2004, it was between 64% and 74% for couples with two children on the level of 100% of APW in the initial phase of unemployment, and between 55% and 68% for couples with two children on the level of 100% of APW in the case of long-term unemployment. For single parent households and one-earner married couples on the level of 67% of APW, the conditions of replacement are better in the case of long-term unemployment (OECD Tax-Benefit Models).

In the last several years, efforts aimed at making social support more efficient have been developed. The *Concept of Public Budget Reform* (June 2003) required benefits to be better targeted, proposed the termination of the special social allowance and the establishment of the new housing allowance in its place. It criticized the fact that, under the new administrative arrangements, poverty relief benefits are paid by local authorities, which receive relevant funds from the state and thus do not have any interest in improving efficiency. Systemic and organizational changes regarding the division of tasks between the state and municipalities are thus considered necessary.

The new system, which should take effect from January 2007, is expected to support work motivation by increasing the gap between welfare and working status. On the one hand, some workfare measures are incorporated into the system: the threat to reduce or even withdraw social benefits if the recipient demonstrates a lack of activity or non-cooperative behaviour. Uncooperative unemployed persons will receive support at a reduced "existential" level set as a fraction of the current minimum subsistence amount (and in extreme cases even deprived of any support). On the other hand, new incentives are built in: for calculating benefits, only 70% of earnings will be counted for consideration of material need (by 80% in the case of replacement income). Those working for minimum wage will be further entitled to social benefits.

The preliminary *ex ante* analysis concludes that "... the new system appears to be a step forward in terms of incentives for unemployed persons to find work. The new system not only decreases the spread of benefits across family types but also distinguishes between short-term and long-term unemployment, leading to a strong incentive to avoid long-term unemployment. The pro-work effects of the new system are strongest for low-wage families. While there are likely to be significant labour-demand barriers to the employability of those socially excluded, the new proposed system does apparently lower the labour-supply incentive barriers (Jurajda and Zubricky 2005, pp. 29-30).

To put the new rules into practice and ensure their efficiency will be not easy, however. Formal rules for receiving unemployment benefits are already strict. Any person who refuses to take a suitable job or undergo a medical examination, or who refuses to cooperate with the labour office (attending regular consultations or meet conditions of the *Individual Action Plan*) must be de-registered. Nevertheless, the enforcement of rules is rather weak and informal avenues are frequently employed. The efficiency of *IAPs* was not assessed so far. Both the weaknesses in rules enforcement and application of activation measures can undermine the effect of the formally well-suited system.

While the new system expands the competencies of labour offices, some MoLSA's comments draw attention to limited capacity to implement these new powers. Labour offices do not have staff and time capacities to consider individual cases, following the requirements of the current *Act on Material Need*. With regard to re-employment, "personal activation plans" are to be introduced, even though there has not been an assessment of the experience of the "personal action plans" that have already been implemented in the employment field. Although since April 2004, labour offices serve as contact sites for payment of State Social Support benefits, the opportunity to address people in need by a comprehensive way is not widely used.

The motivating function of the minimum wage is questionable. For employees, it surely establishes the guaranteed minimum earnings for participation in the labour market. However, given the quite generous social security scheme and other factors, the reservation wage of the long-term unemployed remains closer to the economy's average wage than to the minimum wage. Even if in 2000 the minimum wage exceeded the minimum subsistence amount for a single person, and is currently 35 percentage points above it, the difference is still not a sufficient stimulus. Families headed by a minimum-wage earner need contributions through social benefits, unless more active earners are present.

For employers, once the minimum wage amount increases substantially, their payroll tax will also rise, which has an adverse effect on formal employment. As the OECD and experts often repeat, non-wage labour costs in the Czech Republic are considered high. In fact, employers attempt to avoid them, e.g. using the minimum wage as the official salary for employees who are in reality compensated with unregistered remuneration. This trend is particularly prevalent in the services and catering sectors. Nevertheless, after repeated increases of the minimum wage, such employers are tempted to two possibilities: either maintain the job but as fully informal, or reduce/terminate the activity and dismiss the employee completely.¹⁴

According to an analysis carried out by RILSA, the priority of economic and social policy between 1998 and 2004 was the creation of conditions for restoring and strengthening the protective a criteria-based function of the minimum wage. As its relative level against the minimum subsistence amount has increased sufficiently, any further increases should be reconsidered. If the minimum wage should continue to increase at its current rate, the ratio of the minimum wage to the average wage in small firms could reach 57-58%, and the percent of employees on the minimum wage would be 12-13%, with the prospect of 2-3% additional yearly growth. This may harm legal entrepreneurial activities and shift some firms to the shadow economy either fully or partly. Consequently, formal employment would be reduced (Bastyr 2005:29-30).

There are various practices in use that make it possible to receive benefits while at the same time working informally, even abroad. Moreover, it is practicable also formally now. The new *Act on Employment* introduced the possibility of performing an earned activity (up to half the minimum wage) while receiving unemployment benefits. Therefore, benefit recipients who combine an official part-time job with unofficial work paid in cash could potentially receive unemployment benefits that they should not be entitled to, and easily avoid control. It is next to impossible for anyone to monitor the earnings of unemployed persons in reality.

It should also be mentioned here another important reason why the protection of the domestic unskilled labour force may not work well: the illegal employment of foreigners. Many Czech firms employ workers from post-Soviet (Ukraine in particular) and increasingly also from Asia (Vietnam, China, Mongolia).

¹⁴ The fact that an increase in the minimum wage could have an adverse effect on employment was demonstrated in a study on the Hungarian situation. See Kertesi and Köllö, 2004.

Those people perform unskilled jobs in construction and agriculture, in supermarkets and in textile manufacturing for less than the minimum wage, moreover under slavery conditions. Employers avoid the Labour Code and wage tariffs via the client system, which the IOM described as "... the world governed by informal rules generated in the environment of black economy of former USSR with all the techniques and criminal practices" (IOM 2005).

2.3 The degree of take up

In the Czech Republic, the coverage of those in need of social benefits appears to be quite high. Of respondents in the social exclusion survey conducted by RILSA-Brno, about a half of those financially deprived" (both "objectively" and "subjectively") have received social assistance benefits – 30% in fully employed households and 70% in households of unemployed or inactive persons (Mares and Sirovatka 2006). Nonetheless, those authors considered that the non-take up of benefits was not particularly exceptional; however, they were not more specific about the number or extent of non-take up.

Data on take up are based on estimates rather than observations. According to the above survey, a portion of respondents did not ask for benefits, even though their income placed them on the same level as the income of benefit recipients. The declared reasons for not taking benefits are that the procedure is seen as too complicated (46%) and that the probability of being refused benefits is too high (also 46%). One-third of respondents feared being stigmatized by taking benefits and declared that they would hide this fact from their friends. The probability of non-take up of benefits is higher among households in which one parent is employed, as the amount finally received is not that significant in light of the negative effects mentioned above.

However, unlike frequent discussions about people drawing on social benefits who are not entitled to them, the non-take up of social benefits does not attract greater attention in the Czech Republic. The only focused study on the take up of benefits is that of Mares (2001) that refers to some previous estimates and a 1999 public opinion survey. He concluded that the percentage of people not applying for benefits they deserve might be 10-30% depending on the kind of benefit. In many cases the non-take up of benefits had a cumulative effect for would-be recipients.

The survey found that people are not well informed about social benefits and often apply for them late or sometimes never. This behaviour can be linked to the potential recipients' low aspirations and fatalistic attitudes towards one's own fate. Social competencies, and thus the ability to communicate with the state administration, are low. At the same time, however, the problem also is that the system is rather complex, the forms required to be filled out are complicated and the administrative staff is overburdened. These factors prevent social workers from adopting a more cooperative approach towards less informed clients. The level of stigmatization of welfare dependency is not considered high, however (Mares 2001).

Social assistance benefits (defined by the minimum subsistence amount and provided after all entitlements for State Social Support benefits were used, and after a means-test) are considered by most respondents as low. In the March 2005 CVVM survey, 61% of respondents considered the minimum subsistence income amounts as insufficient for covering the needs of poor households (22% considered them sufficient, 17% had no opinion). The poorer the household (objectively and subjectively), the stricter its assessment of the insufficiency of welfare benefits (Vecernik 2006).

2.4 A review of existing active labour market policies and social services targeted to individuals furthest from the labour market

Standard ALMP measures included the following:

- *Public works* (creation of new jobs for long-term unemployed and disadvantaged people) which managed to place 18,246 persons in 2004 and 16,846 persons in 2005;
- *Subsidised employment* (creation of socially effective jobs) which undertook 25,010 persons in 2004 and 25,129 persons in 2005;
- *Youth training programmes* (subsidy of new jobs for school leavers) which undertook 1,170 young workers in 2004 but only 28 in 2005 (due to the removal of unemployment status for young people leaving school and never working);
- *Sheltered workshops* (for disabled workers) which undertook 1,636 persons in 2004 and 1,592 persons in 2005;
- *Training programmes* (taking into account the existing disparity between skill structure and labour market needs) in which 44,089 were registered persons in 2004 and 38,438 persons in 2005.

On the basis of the *Employment Act*, the standard ALMP measures are complemented with investment incentives. Support is given to employers who create new jobs in districts where the registered unemployment rate was at or below the national average during the last six months. The government establishes the amount of compensation it will give to the employer for each new job created. Currently, employers can receive 200,000 CZK in districts where the unemployment rate is at least 50% higher than the national average; 100,000 CZK if the rate is at least 25% higher than the national average; and 80,000 CZK if the rate is at least at the average level. The amount is increased by 50,000 CZK (25,000 CZK in the latter case) if the person hired is disabled or has been unemployed longer than three months.

In addition, employers are also provided with special investment incentives by means of a partial reimbursement of their retraining costs. The specific amounts of reimbursement are the following: 35% of summary costs in districts where the unemployment rate is at least 50% higher than the national average; 35% of summary costs if the unemployment rate is at least 25% higher; and 25% of summary costs if the unemployment rate is at least at the national average. If targeted categories of workers participate on retraining, the amount granted increases by 10% considering the share of such persons.

Regarding self-employment, the introduction of compulsory minimum payments and some regulatory measures might affect a decrease in the number of self-employed. However, recent data on the number of self-employed are equivocal. LFS data reported an increase of self-employed until 2003, and a decrease since that time (together with employers it was 778,100 in 2003, 760,700 in 2004 and 728,200 in 2005). Evidence from the Czech Administration of Social Security also reports a decrease in total numbers but an increase of those obliged to pay the advance for pension insurance, i.e. persons having self-employment as their main job (651,177 in September 2003, 758,861 in September 2004 and 739,912 in September 2005). This suggests that the change in tax legislation has led to more frequent terminations of part-time self-employment or other self-employment that people use only occasionally.

The self-employed should experience some relief in terms of both accounting and the tax burden as a result of the *Amendment to the Act on Income Taxes* that was passed by Parliament in December 2005 and which went into effect on January 2006. The amendment increases the amount of lump-sum (i.e.

standardised) tax deductions for income from self-employment, and can be even applied to the 2005 tax year. Before the amendment, only about one-fifth of the self-employed used lump-sum tax deductions, given that they were set at a very low level. The previous self-employment deduction of 25% for many professions has been doubled to 50%. Even higher deductions have been established for craft-based professions (now 60%, up from 25%) and farmers (now 80%, up from 50%), but lower for legal and administrative services (now 40%, up from 25%). It is too early to tell whether the amendment will have an impact on the number of active self-employed.

Regarding education and training, the new Act on Employment expanded access to training for all interested persons. Labour offices can also pay the course for people other than registered job seekers. In April 2005, the government approved the substantial framework of the *Act on the Verification and Recognition of the Results of Further Education*, which will come into force on August 1, 2007. The Act mainly concerns the recognition of professional qualifications without regard to the form of their achievement. This should enable the evaluation of all forms of education in a transparent and objective manner (the standardization of certificates) and thus enhance employability. However, against expectations, the Act does not establish a systematic approach to further education. According to an April 2006 report of the National Training Fund, the Czech Republic ranks 21st among the EU-25 in terms of participation in further education programmes (30% of the population participates in such programmes compared to the 42% EU average). The unemployed and people with low qualifications fare the worst in terms of access to further education programmes.

Supportive mechanisms for further education have been created with regard to information, consultation and subsidies for those who are unable to finance their courses. In addition to the Ministry of Education, other ministries can, on their own accord, also establish the recognition of professional qualifications. For the time being, secondary schools will be involved in the process, unlike universities. Regarding further professional education, the framework has been established under measure 3.3 OP HRD, but the projects targeting the key components of the system have not yet been launched. There has been little systemic effort to remove the barriers in access to education for disadvantaged groups, and the only methods developed take place under EQUAL (see below).

According to the *Strategy for Economic Growth*, the current ALMP system is not sufficiently motivating for the unemployed. Approximately a third of state resources are directed to the job creation scheme, which is probably the least efficient form of the ALMP (training being the most efficient). The ALMP system needs to better coordinate its policies with social protection measures – in particular public works – and programmes for complex and targeted retraining need to be supported. Further, an efficiency assessment needs to be developed by independent bodies and based on statistical methods (Strategy, pp. 110-111).

This statement is at odds with findings of the RILSA-Brno analysis on the effectiveness of ALMP programmes based on data from 2003 and 2004 (Sirovatka et al. 2006). The short- and long-term effects of ALMP programmes on specific groups of unemployed were compared, distinguishing the prospects of participants and non-participants of ALMP programmes. In 2004, 96,151 persons participated in ALMP programmes, representing approximately 18% of all unemployed in the country and close to the goal of 20% participation expressed in the *European Employment Strategy*. Overall, the ALMP measures have a relatively significant impact on helping the unemployed integrate back into the labour market. The impact differs by categories of unemployed.

Unemployed women most frequently participated in re-training programmes. Of the 23,530 women who finished such programmes in 2004, 10,364 of them entered the workforce. The evidence also indicates that women who participate in ALMP programmes remain in unemployment for shorter periods than

non-participants (for example, women who participate in retraining remain in unemployment for a 14% shorter period than non-ALMP participants). While women use the ALMP programmes for longer periods than men, they are also more likely than men to be able to find work after completion of their respective programme.

In terms of age, younger workers (particularly those 20-35 years old) participate in ALMP programmes more frequently than workers older than 50. Older workers on average participate in ALMP programmes for much shorter periods than younger unemployed persons: 40 days for those 50 years and older, compared to 114 days for job seekers 25 years and younger. However, even though ALMP does not target older workers sufficiently, older participants are nonetheless more likely to successfully enter the workforce. For example, while ALMP participants 50 years and older in re-training are likely to remain unemployed for a 13% shorter duration than non-participants in the same age cohort (and 36% shorter duration in relation to job creation programmes), younger workers remain unemployed for only a 9% shorter duration compared to non-participants in the same age cohort.

The same pattern of ALMP participation can be observed in terms of educational attainment. While unemployed persons with a secondary school diploma participate in ALMP programmes more frequently than unemployed persons with only a basic education, ALMP programmes are more effective at finding employment for the later group than the former. Persons with only a basic education who participate in an ALMP re-training programme are likely to remain unemployed for a 10% shorter period compared to non-participants, which is more effective than the 5% shorter period among the secondary school graduates.

The effectiveness of ALMP also differs according to the type of programme. The most effective type of programme is the job creation measures (such as public works and sheltered workshops), followed by re-training and Individual Action Plans. For those who participated in a job creation programme a year earlier, their incidence of being unemployed is 24% less than non-participants. This compares to a 9% decline among those participating in the re-training programmes. Job creation measures are also most effective among both short-term and long-term unemployed. Overall, the participants who complete ALMP programmes experience a much lower incidence of unemployment (measured in terms of the duration one remains unemployed) than non-participants. Participants also fare better than non-participants in terms of their chances of not falling back into unemployment.

However, the efficiency of ALMP programmes is diminished by the fact that they most frequently serve unemployed persons with relatively “positive” social characteristics from the point of view of future job prospects. That is, the programmes most frequently “take in” short-term unemployed, those without health problems, those with a secondary school diploma, and those who are mid-aged. The share of short-term unemployed in ALMP programmes is over 10% more than the long-term unemployed, which is even the case for the lengthier job creation programmes originally aimed at the long-term unemployed. This represents a major flaw in the design of ALMP programmes. Targeting programmes towards unemployed persons with less positive social characteristics, particularly the elderly and the long-term unemployed, would align ALMP participants with the groups most in need of unemployment support.

2.5 A description of the providers of services implementing these policies, of the financial resources used and of the role of social partners and NGOs

As a relatively autonomous division of the MoLSA, the Administration of Employment Service operatively administers labour offices and manages active labour market policies. More concretely, it develops and implements policies related to labour market participation and social inclusion by developing ALMPs, particularly by reaching agreements with employers on the provision of material support to create new jobs, material support for retraining as part of investment incentives, and the implementation of national-level target programmes.¹⁵

All resources for ALMP measures, including investment incentives provided by the MoLSA, amounted to 4,028 million CZK in 2005, which is slightly more than in 2004 (3,938 million CZK). The main items of the ALMP budget are subsidised employment (1,184 million CZK), public works (839 million CZK) and investment incentives (793 million CZK plus an additional 200 million CZK). Since the amount allocated for 2006 is lower by 335 million CZK, the MoLSA will receive additional 450 million CZK be taken either from money for social assistance benefits and from resources allocated for flood damages, due to a connection between some ALMP measures and compensation for flood damages. The new *Act on Social Services* will also increase relevant state expenditures to approximately four billion CZK a year, largely in the form of transfers to service providers.

Labour offices are the main implementers of employment-related services in the Czech Republic. There are 77 district labour offices in the country, which are responsible for job placement and retraining and for control compliance with employment regulations by employers. Each of the labour offices has a number of additional branch offices to serve local clients. Labour offices also process requests for and pay unemployment support, implement active labour market policies, and provide other job placement services for physically handicapped persons and others. Since April 2004, district labour offices also serve as contact sites for providing benefits of the State Social Support scheme.

Trade unions enjoy a significant right of control over compliance with labour law by the employer and the right to carry out checks on health and safety issues.¹⁶ The Fourth Assembly of the main union CMKOS (Czech/Moravian Confederation of Trade Unions) held in April 2006 stated that its main aims are to safeguard decent work conditions, to ensure that employees receive a just share of their company's economic results, and to support the harmonisation of better work and family life. CMKOS rejected the reduction of the statutory retirement age and supported the possibility of early retirement without a substantial decrease in the retirees' standard of living.

The main conflict (if not the only important) between social partners concerned the new Labour Code. *The Union of Industry and Transport* (the largest employer union) refused to participate in its preparation, arguing that it restricts the flexibility of the labour market, increases labour costs and gives too much power to trade union organizations. On the other hand, a number of trade unions actively participated in the drafting of the Act. In November 2005, CMKOS organized a demonstration in support of it. CMKOS has argued that the bill would bring Czech legislation in line with European norms, such as providing trade unions the ability to block overtime and night work if it would threaten the health or safety of employees.

¹⁵ However, there is a weakness in the current institutional arrangement as there is no MoLSA department responsible for the conceptual issues of the labour market, which would be able to cooperate on a strategic framework and linkages with related fields.

¹⁶ Though membership in trade unions has been declining, about 33% of all workers in dependent employment belong to a trade union. The number of members sheltered by CMKOS has decreased from 900 to 610 thousand between 2001 and 2005.

Municipalities, through competencies transferred to them from the state, administer the provision of social assistance benefits. Those are additional benefits to benefits of the State Social Support, which react to the individual situation of citizens related to age, health status or other relevant reasons. The financial resources for these benefits are transferred from the state budget. In addition, no-interest loans and specific monetary contributions are provided from municipal resources.

While the increased involvement of municipalities in service provision enables policy implementation to be contoured to local conditions, it has also led to uneven access to social services across different regions, largely due to local budgetary constraints. For example, municipalities generally have insufficient resources to develop non-barrier public spaces for handicapped residents, despite their legal obligation to do so. However, plans of social care could help resolve some of the discrepancies in service provision.

Perhaps the most important area of policy development for municipalities concerns social housing. The *Programme for the construction of supported apartments* and the *Programme for the construction of rental apartments* have been developed (561 apartments were constructed in 2005 within the first programme). Since 2006, the *Act on the support of construction of cooperative apartments* has been in force, which helps middle-income families to attain cooperative housing. Nonetheless, homeless persons still face significant barriers to re-integration into society due to the non-availability of social housing. Participants in integration programmes have little chance of finding affordable rental housing on a contractual basis. The state housing subsidy only provides for a bed in institutions of social care, which does not address the needs of social excluded persons in municipalities where there are no such institutions.

Municipal housing policies are not very consistently designed. The privatization or sale of municipal-owned flats often takes place without regard for the socio-economic condition of their tenants. Also, in many towns and villages, social housing remains taboo or is degraded to “naked apartments,” a very low-category flat in which tenants often do not have statutory health and other safeguards. People whose rent is in arrears are often evicted to a “naked apartment,” which can result in the formation of ghettos for municipalities with high levels of unemployment.¹⁷ A project on the possibilities of preventing spatial segregation was conducted in 2005, which should result in a concise publication that would discuss methods of prevention and be addressed to the larger public.

NGOs participate in policies relating to employment and social exclusion more as service providers than as partners in policy development. Nonetheless, the decentralization of service provision from municipal and state institutions to non-state actors has been very gradual and significantly relies on limited NGO funding from the MoLSA. The new *Act on Social Services*, which will go into effect January 2007, gives more discretion to disabled and elderly persons to select from various forms of care and could thus increase the participation of NGOs in service provision. They will also play a more active role in services to the homeless.¹⁸ The Act defines four types of services that could be provided by NGOs for the benefit of socially excluded persons:

- Low threshold day centres, which provide outpatient or terrain services to people without a shelter;
- Hostels, which provide outpatient services to persons without a shelter who wish to use their sanitary facilities and stay overnight;

¹⁷ According to the NGO Nadeje, the provision of such facilities do not prevent homelessness, but lead to a kind of masked homelessness given the difficulty of their tenants to return to normal housing conditions.

¹⁸ There are currently 120 service providers to the homeless in the Czech Republic, many of which are non-state.

- Shelters, which provide temporary accommodation to persons in an adverse social situation connected with the loss of housing;
- Half way houses, which provide accommodation in particular to persons under the age of 26 years who, on reaching the legal age, leave educational facilities for institutional upbringing.

While these services are designed to be tailored to the specific needs of these persons, unresolved problem areas of service provision include the insufficient development of a network of such social services across regions of the Czech Republic (i.e. to ensure coordination and common quality standards); the lack of transparent, long-term funding for social prevention services so that NGOs can make necessary investments; and the lack of coordination between services for socially excluded persons and drug addicts (both groups overlap to a degree).

Lastly, the European Union plays a significant role in social inclusion policy through the OMC in the field of social protection. The process is indeed very helpful in outlining the framework and generating incentives in social inclusion, but it does not establish real driving force so far in the Czech Republic. This is witnessed e.g. by the lack of interest of the Parliament, reluctance of the Ministry of Finance, the governmental documents not familiarized with the vocabulary, and also a certain apathy of relevant bodies. In a sense, the process is somewhat “lost in translation” and assumed to be a special business agenda, instead of its wide communication among the professional and general public.

An important channel and incentive to develop the process is the provision of the Structural Funds (SF). Here again, however, the Czech Republic’s activity has not been altogether successful, as it has tapped only five percent of the SF total by the end of February 2006. Regarding programmes administered by the MoLSA, the situation to date is the following:

- *Operational Programme, Human Resources Development (OP HRD)* – of 5,603 million CZK allocated for 2004 and 2005, 3,764 million CZK was already contracted, but only 63 million CZK was required from the EC; the largest project, “Institute of the Labour Market” prepared in partnership with the Economic Chamber was not yet submitted;
- *Single Programming Document for Prague, Objective 3 (SPD3)* – of 1,180 million CZK allocated for 2004 and 2005, 800 million CZK was already contracted, but only 0.6 million CZK was required from the EC; within SPD3, the support of ALMP is the least interesting area for potential applicants, while the development of primary education is the most popular;
- *The Community Initiative Programme EQUAL* – the amount of contracted resources (791 million CZK) exceeds the amount allocated for 2004 and 2005 (576 million CZK), but only 0.12 million CZK was required from the EC; the actual use of funds has remained low.

At a session held on 20 April 2006, the Labour Minister stated that the slow pace at which funds were being drawn upon was problematic (in OP HRD in particular) and adopted measures to improve the situation and speed up the process. He also said that there should be greater motivation to focus on activities relating to neglected priorities. Despite these problems, experts are quite optimistic, assessing the whole process of drawing on Structural Funds in the Czech Republic:

“Based on our analysis it is clear that the authorised organisations have not underestimated the matters leading towards the preparation and submission of projects. A closer look shows that the process of approving and concluding the contracts is starting to lag behind. Due to the time sequence of the project implementation, it is too soon to withdraw the funds in the case of a number of projects; many projects have not been finished yet and thus it is too soon to draw on the funds. However, in some other cases

an unjustified delay is piling up and this problem is inexcusable. However, we believe that proportionately to how the phases of the current programming period terminated in 2006 approach their end, the volume of finances drawn on the fund after its expiration will increase substantially" (*EU New Monthly Journal of Ceska sporitelna*, April 2006, p. 17).

2.6 The degree to which such policies are aimed at empowering individuals by improving their life conditions and opportunities

There are several programmes developed and applied to improve chances of people to take a job and retain it, mostly designed within the *National Action Plan of Employment (NAPE)*. The "Report on accomplishment of the NAPE measures" summarizes the results reached in the 1st half 2005¹⁹:

- *Individual Action Plans (IAP)*, which were (within the programme "First Opportunity") offered to 36,768 jobseekers up to 25, of which 28% accepted and 20% of them used retraining or another ALMP instrument.
- Within the programme "New Start," 15,232 IAPs with long-term but committed unemployed were concluded. IAPs are offered also to asylum applicants.
- The accomplishment of the 20% share of long-term unemployed placed in ALMP programmes is expected to be announced in the final 2005 report.
- 38 projects were selected within supra-regional grant scheme "Inclusion of groups at risk of social exclusion."
- The Model programme "Preparation for work" was elaborated on the regional level for concrete use in individual regions; 13 national projects were already approved.
- On the local level, 38 projects were selected that are directed to jobseekers from another cultural environment (Roma, asylum seekers and foreigners residing in the Czech Republic).

The "Analysis of development of employment and unemployment in 2005" provides information about two national programmes applied for within the Objective 1.1, and adopted to concrete conditions and requirements of the local labour market:

- "Return to work," aimed to increase the efficiency of APLM measures and support new forms of employment;
- "Do find a job," aimed to assist job seekers to quickly return to the labour market.

Within the Objective 2.1, the above mentioned programme "Preparation for work" is ready to be applied, aiming to equalize opportunities in access to education, employment and further social and work fulfilment of particularly vulnerable social groups.

The main objectives of these projects include support for removing barriers to the labour market, for gaining employment, and for expanding the set of employment services for clients. The projects are intended to help improve the utilisation of current methods of integrating the workforce in the labour

¹⁹ The Report for the entire year of 2005 is not available by the end of May.

market and to emphasize a more individualised approach to clients, particularly for disadvantaged groups. Individualised assistance will be carried out through the implementation of educational and consulting activities. The projects also seek to motivate employers to make use of flexible forms of work organisation in order to facilitate the employment of at-risk groups in the labour market.

A special "Programme for supporting the creation of new jobs in regions most hit by unemployment" was launched in June 2004 as an additional investment incentives programme. In regions with over 14% unemployment rate, up to CZK 200,000 could be granted for creation of a new job and up to CZK 30,000 for training. So far, 1081 jobs were created (total costs 250 million CZK) and another 1750 jobs are expected to be created (350 million CZK). In average, 60% of the new jobs were occupied by registered job seekers. The government intends to extend the programme until 2007. Experts criticize the programme for its low efficiency, as well as that the benefit goes to large firms only, since the incentives stipulate that the firm invest at least 10 million CZK over three years.

The investment incentives programme is also the main focus of the *MoLSA Commission for Solving Issues Related to Citizens with Difficulties in the Labour Market with Special Regard to the Roma Community*, established in 2001. Employment services are to implement special retraining programmes and apply preferential treatment to the Roma when creating public works and socially useful job opportunities.

A number of aspects of social exclusion, such as long-term unemployment and the social conditions of the Roma minority, vary significantly by region. It is therefore important to consider whether regional and local interests, particularly through the relevant administrative units, play a significant role in the development and implementation of policies of social inclusion. In 2005, 12 regional targeted programmes were launched that addressed disadvantaged groups served by 9 district labour offices and, in addition, two regional programmes. 1,015 jobs were created in this way. In 2006, 41 regional programmes were already launched, which targeted not only the "standard" disadvantaged groups like the young, the elderly and the Roma, but also explicitly on persons on the margins of society (see overview in Table 8).

2.7 The recent policy debate at the national level on active inclusion policies

Policy debate on inclusion policies taken in their entirety has been relatively absent in the Czech Republic. However, concrete issues are discussed individually, such as problems of Roma, support for the family, social housing, pension and social benefits and, in particular, unemployment. The requirements of active inclusion were also stressed in relation to the set of new social legislation (*Act on Minimum Subsistence and Existential Amounts* and the *Act on Assistance in Material Need*). In addition to some workfare measures, people in need will be assisted by social workers to help them find a job. For this purpose "Individual Activation Plans" will be introduced.

The year 2005 witnessed a surge in expertise in the socio-economic area. However, this basically involved economists who were invited produce basic strategic documents. A team focusing on pension reform was established, and other expert teams have worked on comprehensive documents such as the *Strategy for Economic Growth*, the *National Development Plan 2007-2013* and the *National Reforms Programme*. Each of these documents includes also a section on the social sphere, which stresses the need to create a more efficient and motivating system. Social inclusion has only a marginal interest while social activation is completely absent. Unlike active labour market participation and the active

ageing, social activation was not mentioned in the last version of the *National Reforms Programme* either.

Some developments took place in social research, generously financed by the state. In early 2004, the MoLSA launched the research programme “Modern Society and its Changes” with one of the two proposed sub-programmes entitled “Social cohesion, social differentiation and national identity.” That research was rather vaguely designed in relation to the main EU objectives in the social area. Projects carried out by a wide range of research teams are expected to be conducted for 2-4 years. So far, two volumes were published by the MoLSA (Mechanisms 2004) and a working paper series was launched by the CESES. The articles overview literature and present some available evidence. However, a large survey on social stratification has already been conducted.

In 2006, the Ministry of Education launched the second round of the research programme “Modern Society and its Changes”. Here, social inclusion was itself defined in terms of “new approaches leading to the minimalization of negative consequences of the excessive social differentiation and marginalization.” Again, the research design does not seem to reflect the debate on social problems in the EU regarding its conceptual framework and objectives. Active social inclusion is not an issue.

The parliamentary elections of June 2-3, 2006 represented an important animating factor for activity in the social field. The issue of improving the living conditions of citizens – families and pensioners in particular – was at the centre of public debate, fuelled by the presentation of political parties’ electoral programmes. Social inclusion was not tackled in the debate, however. Rather, leading governmental politicians stressed the Czech Republic’s good position in terms of the unemployment rate, poverty level, the standard of living and a stable social peace. The preferred issues of the electoral debates have been the reform of the tax system and support for the family.

2.8 Two case studies of best practice at the local level in terms of the implementation of active inclusion policies

Local implementation of active inclusion policies is particularly important in the Czech Republic given the strong regional variations in unemployment and market conditions. As a result of these differences local labour offices vary in terms of both the amount of resources available to them to tackle social exclusion as well as the type of programs they focus on. As examples of local best practice, we will focus on two cases, one from South Moravia and the other from the city of Zlin district.

1. Occasional Registered Work Programme

In three South Moravian labour offices (Znojmo, Vyskov, Hodonin), occasional registered work programmes, already applied in various countries, were tested as a pilot programme from October 2005 to February 2006. The MoLSA project, financially supported by the EU, was administered by the company *Sodexo Pass CR*. Of the 560 mostly long-term unemployed persons contacted, almost all decided to participate in the programme and 118 of them subsequently were able to find a job. Participants in the programme could earn up to half of the minimum wage while keeping the unemployment benefit. 350 employers were contacted and 47 of them responded by offering a suitable job for the participant. The result was better than expected, and thus the expansion of the programme is being considered, including the participation of small entrepreneurs instead of only firms.

Before launching this pilot programme, a survey was made in 11 administrative districts (selected appropriately to cover economic and labour market diversity) and involving 1,414 registered unemployed. It showed that about one-third of respondents would be willing to accept occasional work, one-third would refuse it and the rest would accept it upon further conditions. While people unemployed 6-12 months were more open to such an opportunity, long-term unemployed (one year and more) were mostly not interested (Kotikova and Nekolova 2005).

2. The Effects of Family Upbringing

In the city of Zlin, a project entitled "The Effects of Family Upbringing" was implemented, focused on providing work opportunities to people coming from dysfunctional families. Often, adults coming from such families face greater prospects of becoming unemployed and often have problems in rearing their own children. The aim of the project was to actively use opportunities in public works (after consulting with the local labour office) to find jobs for unemployed persons from such families. The project was also established due to the need for social work for individual families unable to get assistance from the municipal social workers due to the lack of capacity.

Beginning in June 2004, the pilot project made use of three social workers who were each dedicated to group of clients who they would provide both social assistance as well as employment consulting. The benefit of the programme, according to city of Zlin representatives, is to better target the needs of socially excluded families by tackling two of their needs at the same time (unemployment and family problems), which other state programs cannot do. The project has also been able to provide more individualized assistance to these families, particularly to adults with health problems. Though the project is still in development, and thus results are not available, local officials have considered the programme successful enough that they sought to continue it by applying for ESF funding.

Annex: New legislation and key documents

New Acts approved:

Act on Subsistence and Existential Income Amounts (approved by the Parliament in March 2006, in force as of January 2007).

Act on Assistance in Material Need (approved by the Parliament in March 2006, in force as of January 2007).

Act on Social Services (approved by the Parliament in March 2006, in force as of January 2007).

Act on Unilateral Increase of Rents from Apartments (approved by the Parliament in March 2006).

Act on Sick Pay (approved by the Parliament in April 2006, in force as of January 2007).

Act on the Verification and Recognition of the Results of Further Education (approved by the Parliament in April 2006, in force as of August 2007).

Act on the Support of Construction of Cooperative Apartments (in force as of January 2007).

Labour Code (approved by the Parliament in May 2006, in force as of January 2007).

Act on the agenda:

Act on Equal Treatment and Legal Instruments of Protection against Discrimination (it should be debated in the May 2006 session of the House of Deputies).

Abbreviations:

APW	Average Production Worker
ALMP	Active Labour Market Policies
CESES	Centre for Social and Economic Strategies of Charles University, Prague
CMKOS	Czech-Moravian Confederation of Trade Unions
CSO	Czech Statistical Office
CVVM	Centre for Public Opinion Research (division of the Institute of Sociology, AS)
NROS	Foundation of the Development of Civic Society
MoLSA	Ministry of Labour and Social Affairs
RILSA	Research Institute of Labour and Social Affairs (affiliated to MoLSA with headquarter in Prague and separate branch in Brno)

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3. EU, EC, Eurostat and OECD documents

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4. Websites

a. NGO Websites

Social issues

<http://www.nros.cz> – Foundation for Civil Society Development
<http://www.neziskovsky.cz> – Information Centre of Non-profit Organizations
<http://diskriminace.cz> – Counselling Centre for Citizenship, Civil and Human Rights
<http://www.clovekvtisni.cz> - People in Need Foundation
<http://socialnirevue.cz> – Magazine of Social Work and Social Issues
<http://www.socialdialogue.net> – Social Dialogue Portal
<http://www.skok.biz> – Association of NGOs in the Areas of Social Assistance and Social Health Care
<http://www.nadeje.cz> – Nadeje Missionary and Charity Association
<http://www.streetwork.ecn.cz> – Czech Association of Streetwork
<http://www.unie-pz.cz> – Czech Union for Supported Employment
<http://www.fod.cz> – The Fund for Children in Need

Roma, minorities, disabled

<http://www.athinganoi.cz> – Athinganoi Romani
<http://www.dzeno.cz> – Dzeno Association
<http://www.llp.cz> – League of Human Rights
<http://www.romea.cz> – Romea Civic Association
<http://www.romadecade.org> – Decade of Roma Inclusion
<http://www.nrzp.cz> – National Council for the Physically Handicapped
<http://www.fokus-praha.cz> – Fokus Prague (support for the mentally disabled)
<http://www.romanohangos.cz> – Romani information server
<http://www.infoposel.cz> – Information System for the Physically Handicapped
<http://www.dobromysl.cz/> - Information site on mentally disabled

Gender issues

<http://www.feminismus.cz> – Center for Gender Studies
<http://www.profem.cz> – Profem – Consultation Centre for Women’s Projects
<http://www.rovneprilezitosti.cz> – Gender Studies Portal on Equal Opportunities
<http://www.strada.cz> – La Strada Czech Republic
<http://www.zenyaveda.cz> – National Contact Centre for Women and Science
<http://zenskaprava.ecn.cz> – NESEHNUTI association
<http://www.rosa-os.cz> – Rosa NGO (support for victims of domestic violence)

Foreigners, immigration

<http://www.domavCR.cz> – International Organization for Migration, Prague
<http://www.imigracecz.org> – Legal Migration – Open Chance
<http://www.migrationonline.cz> – Migration Online
<http://www.unhcr.cz> – UN Refugee Agency in the Czech Republic
<http://www.helcom.cz> – Helsinki Committee Czech Republic
<http://www.opu.cz> – Organization for Aid to Refugees
<http://www.mkc.cz> – Multicultural Centre Prague

Regional issues

<http://www.epusa.cz> – Portal of Czech local administration
<http://mesta.obce.cz> – Public Administration Online
<http://www.ceskaghetta.cz> – Czech Ghettos (website of People in Need Foundation)
<http://www.mepco.cz> – International Advisory Centre of Municipalities
<http://www.Topregion.cz> – Website on human resource development in the regions
<http://www.smocr.cz> – Union of Towns and Municipalities in the Czech Republic
<http://www.kr-urady.cz> – Association of Regions of the Czech Republic
<http://www.praha-mesto.cz> – Official website of the City of Prague
<http://www.cpkp.cz/regiony> - Civic Associations and Regional Development

b. Structural Funds

<http://www.esfcr.cz> – European Social Fund in the Czech Republic
<http://www.strukturalni-fondy.cz> – Funds of the European Union
<http://www.strukturalnifondy.info> – Structural Funds of the European Union
<http://www.vokac.cz/sop-lidskezdroje.html> - OP HRD

c. Strategic documents

<http://www.hospodarskastrategie.org> - Strategy for Economic Growth
<http://www.reccr.cz> - National Development Plan
<http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/cardiff.html> - Cardiff Report
http://portal.mpsv.cz/sz/politikazamest/narodni_akcni_plan/narodni_lisabonsky_program_2005-2008.pdf
- National Programme of Reforms

d. State organizations, social partners

<http://www.vlada.cz> – Website of the Czech Government
<http://www.mpsv.cz> – Ministry of Labour and Social Affairs
<http://www.mmr.cz> – Ministry for Regional Development
<http://www.mfcr.cz> – Ministry of Finance
<http://www.msmt.cz> – Ministry of Education, Youth and Sport
<http://www.cmkos.cz> – Czech-Moravian Confederation of Trade Unions
<http://www.spcr.cz> – Confederation of Industry of the Czech Republic
<http://portal.gov.cz> – Portal of Czech Public Administration
<http://www.cizinci.cz> – Website of the MoLSA on Foreigners in the Czech Republic

e. Statistics and research

<http://www.czso.cz> – Czech Statistical Office (CSO)
<http://www.nvf.cz> – National Training Fund (NVF)
<http://www.vupsv.cz> – Research Institute for Labour and Social Affairs (RILSA)
<http://ceses.cuni.cz> – Centre for Social and Economic Strategies (CESES)
<http://www.genderonline.cz> – Gender and Sociology, Institute of Sociology, Academy of Sciences
<http://www.ineko.sk> – Institute for Economic and Social Reforms
<http://www.uiv.cz> – Institute for Information in Education (UIV)
<http://web.pedf.cuni.cz/uvrv> - Institute for Research and Development of Education

f. EU gates

<http://www.ngo-eu.cz> – European Gateway for Czech NGOs and the EU
<http://www.euractiv.cz> – Gateway to the EU
<http://www.evropska-unie.cz> – Representation of the European Commission in the Czech Republic
<http://www.euroskop.cz> – Official Website on Czech Membership in the European Union

<http://www.europeum.org> – Institute for European Policy

<http://www.peer-review-social-inclusion.net> – Peer Review in the Field of Social Inclusion Policies

<http://www.europemsi.org/> - Mainstreaming Social Inclusion

<http://lisabon.naseevropa.cz>

<http://www.naseevropa.cz/naseevropa.htm>

Table 1 Financially deprived by employment status (percent)

Category	Open-ended employment	Temporary employment	Unemployed short term	Unemployed long term or repeated	Inactive	Total
<i>Total percent</i>	38.6	15.9	8.4	27.7	9.4	100.0
Men	50.9	46.6	31.4	50.2	8.3	44.4
Women	49.1	53.4	68.6	49.8	91.7	55.6
<i>Age category:</i>						
up to 29	28.4	38.2	45.7	41.6	59.8	38.0
30-44	47.7	40.2	31.4	38.6	34.0	40.8
45 and over	23.9	21.5	22.9	21.8	6.2	21.2
<i>Education:</i>						
elementary	7.5	13.0	21.3	24.5	29.7	16.3
lower secondary	52.4	59.2	45.7	50.5	46.4	51.8
secondary	31.8	22.1	28.2	21.8	22.5	26.3
tertiary	8.4	5.7	4.8	3.2	1.4	5.6
<i>Family type:</i>						
couple with children	43.3	32.3	27.8	24.8	46.4	35.4
lone parent	30.3	33.7	42.8	27.4	48.3	32.7
couple without children	15.9	18.1	18.7	28.2	2.9	18.7
lone single	10.6	15.9	10.7	19.6	2.4	13.2
<i>Declare health problems that limit work capacities</i>	6.6	8.0	27.6	16.8	9.2	11.6
<i>Declare Roma ethnicity</i>	4.7	4.0	7.4	10.5	18.7	7.7

Source: RILSA-Brno survey on social exclusion (Mares and Sirovatka, 2006).

Table 2 Characteristics of four risk groups (odds ratios and percent)

Risk group	Be unemployed		Work in part-time job	Fixed-term contract	The non-standard arrangement is voluntary
	Odds ratios	Specific rate (%)	Odds ratios	%	%
Total					
age 50 and over	0.68	6.2	1.18	11.0	52.2
lonely parent	2.52	17.7	2.37	7.7	4.9
unskilled	5.15	26.7	4.18	14.0	30.0
disabled	5.18	29.8	8.45	16.4	39.5
Men					
age 50 and over	0.68	5.2			
lonely parent	0.44	3.1			
unskilled	7.22	29.5			
disabled	5.94	28.4			
Women					
age 50 and over	0.69	7.6			
lonely parent	2.43	20.0			
unskilled	5.15	24.9			
disabled	4.48	31.3			

Source: Vyhlidal and Mares, 2006.

Table 3 Evaluation of the situation in various areas (percent)

Area	2000	2001	2002	March 2003	Octob. 2003	Febr. 2004	Octob. 2004	May 2005	Octob. 2005	April 2006
Good										
Access to education	67	65	71	80	72	71	77	75	80	77
Health care	59	58	66	68	63	63	65	64	65	66
Access to employment	12	24	27	23	22	14	20	24	30	24
Old-age security	19	21	20	22	22	15	18	22	23	21
Family support	16	14	22	17	16	19	17	17	23	20
Access to housing	5	4	7	7	11	9	12	16	23	19
Bad										
Access to education	22	26	22	14	21	19	18	19	13	14
Health care	36	37	31	29	34	34	33	34	33	31
Access to employment	57	58	63	62	60	65	62	65	67	73
Old-age security	84	72	70	74	76	83	78	74	67	71
Family support	73	77	68	74	76	72	74	75	67	76
Access to housing	90	92	90	90	85	87	83	80	74	76

Source: CVVM Surveys.

Table 4 Subsistence minimum income amounts (CZK monthly)

	XI/91	III/93	II/94	I/95	I/96	X/96	VII/97	IV/98	IV/00	X/01	I/05	I/06
Amounts for persons:												
child up to 6	900	1020	1120	1230	1320	1410	1480	1560	1600	1690	1720	1750
child 6-10	1000	1130	1240	1360	1460	1560	1640	1730	1780	1890	1920	1950
child 10-15	1200	1360	1500	1620	1730	1850	1940	2050	2110	2230	2270	2310
child 15-26	1300	1470	1620	1780	1900	2030	2130	2250	2310	2450	2490	2530
other	1200	1360	1500	1680	1800	1920	2020	2130	2190	2320	2360	2400
Plus shared costs of household:												
1 person	500	600	600	760	860	970	1020	1300	1580	1780	1940	2020
2 persons	650	780	860	1000	1130	1270	1330	1700	2060	2320	2530	2630
3-4 persons	800	960	1060	1240	1400	1570	1650	2110	2560	2880	3140	3260
5 and more	950	1140	1260	1400	1580	1770	1860	2370	2870	3230	3520	3660

Source: Ministry of Labour and Social Affairs.

Since January 2007, the calculation will be the following:

first adult CZK 2,880, second adult CZK 2,600, child up to 6 CZK 1,600, 6-15 CZK 1,960, 15-26 CZK 2,250.

Table 5 Wage and benefits levels (CZK monthly and percent)

Indicator	1990	1992	1994	1996 **	1998	2000 **	2002	2003	2004	2005
<i>In CZK monthly:</i>										
Gross average wage	3356	4644	6894	9676	11693	13490	15711	16769	18035	19030
Net average wage	2726	3563	5351	7520	9090	10447	12082	12807	14031	14786
Minimum wage	2000	2200	2200	2500	2650	4000 4500	5700	6200	6700	7185
Net minimum wage					2319	3412 3784	4715	5087	5457	5806
Unemployment benefit	x	1404	1839	2306	2335	2781	3164	3324	3562	4215
Subsistence amounts for single adult	x	1700	2100	2660 2890	3040	3770	4100	4100	4100	4300
Subsistence amounts for family of four*	x	5600	6400	8460 9110	10470	10660	11160	11160	11160	12400
Average pension benefit	1731	2413	3059	4213	5367	5962	6830	7071	7280	7755
<i>In percent of the net (gross) average wage:***</i>										
Minimum wage	60.9	47.4	31.9	25.8	22.7	29.6 42.6	36.3	36.6	37.0	37.8
Unemployment benefit	59.6	39.4	34.4	30.7	25.7	33.3	26.2	26.0	25.4	28.5
Subsistence amounts for single adult	x	47.7	39.2	35.4	33.4	36.1	33.9	32.0	29.2	29.1
Subsistence amounts for family of four***	x	157.2	119.6	112.5 121.1	115.2	102.0	92.4	87.1	79.5	83.9
Average pension benefit		67.7	57.2	56.0	59.0	57.1	56.5	55.2	51.9	52.4
Net minimum wage in % of subsistence amount for single					76.3	90.5 100.4	115.0	124.1	133.1	135.0

Sources: Statistical Yearbooks of the Czech Republic, Ministry of Labour and Social Affairs.

* Two adults and two children 10-15 years old.

** In those years, the minimum wage or subsistence amounts were increased twice.

*** Only the minimum wage is related to gross average wage, all other items are related to the estimated net wage. The estimate is made on family expenditures data by the Ministry of Labour and Social Affairs.

Following the January 2006 increase, the monthly minimum wage is currently CZK 7,570 and will rise again to CZK 7,955 in July 2006. This will bring the minimum wage to about 40% of the average wage (assuming the average wage in 2006 to be about CZK 20,000). According to OECD data, the minimum wage was only about 22% of the median wage in the late 1990s but this had already risen to 37% of the median by 2004.

Table 6 Poor households and persons by family status between 1988 and 2002 (percent)

Family status	Legal poverty line				EU risk-of-poverty line			
	1988	1992	1996	2002	1988	1992	1996	2002
<i>Households:</i>								
Couple with children	1.1	3.4	2.7	4.4	1.1	3.2	5.8	7.3
One parent with children	9.7	19.5	16.8	16.4	11.0	17.8	26.4	27.4
One person household	13.5	1.4	1.0	2.5	45.5	4.0	5.3	9.9
Other	1.8	1.4	0.6	1.3	6.9	1.7	1.7	2.6
Average	4.5	2.8	2.1	3.3	13.7	3.3	5.0	7.2
<i>Persons:</i>								
Couple with children	1.1	3.7	3.2	4.8	1.4	4.0	7.5	8.9
One parent with children	10.7	21.1	18.6	16.8	12.0	21.2	29.8	31.5
One person household	13.5	1.4	1.0	2.5	48.5	6.0	6.3	13.0
Other	1.7	1.6	0.7	1.4	7.0	2.2	2.1	3.1
Average	2.7	3.4	2.7	3.9	7.5	4.1	6.4	8.3

Source: Microcensus 1988, 1992, 1996 and 2002, household files, author's computations.

Note: *Legal poverty line*: the percentage of households (persons) below the official living minimum.

EU poverty line: the percentage of households (persons) below the 60% median equivalent income (the first adult is computed as 1.0, each other adult as 0.5 and each child as 0.3).

Table 7 Poverty reduction by social transfers (percent)

Category of persons	Legal poverty line			EU risk-of-poverty line		
	<i>before</i>	<i>after</i>	<i>% reduction</i>	<i>before</i>	<i>after</i>	<i>% reduction</i>
<i>Total</i>	31.9	3.6	89	38.7	8.1	79
up to 15	28.0	8.0	71	35.4	14.6	59
16-24	17.4	3.9	78	24.8	8.9	64
25-34	18.2	4.0	78	26.2	7.8	70
35-49	16.3	3.6	78	22.3	8.0	64
50-64	35.4	1.3	96	43.3	4.7	89
65-74	87.2	0.3	100	90.0	3.0	97
75 and more	84.2	0.6	99	88.3	6.6	93
<i>Economic activity:</i>						
employed	8.3	0.9	89	14.8	2.8	81
unemployed	61.8	17.9	71	71.2	36.0	49
pensioner	78.8	0.8	99	83.8	5.1	94
on parental benefit	35.1	8.8	75	48.2	19.0	61
<i>Number of children:</i>						
0	42.5	0.9	98	48.4	4.3	91
1	20.6	5.1	75	28.2	9.8	65
2	18.6	4.7	75	26.8	10.0	63
3	41.8	8.3	80	44.7	13.5	70
4 and more	69.4	27.6	60	79.9	45.1	44

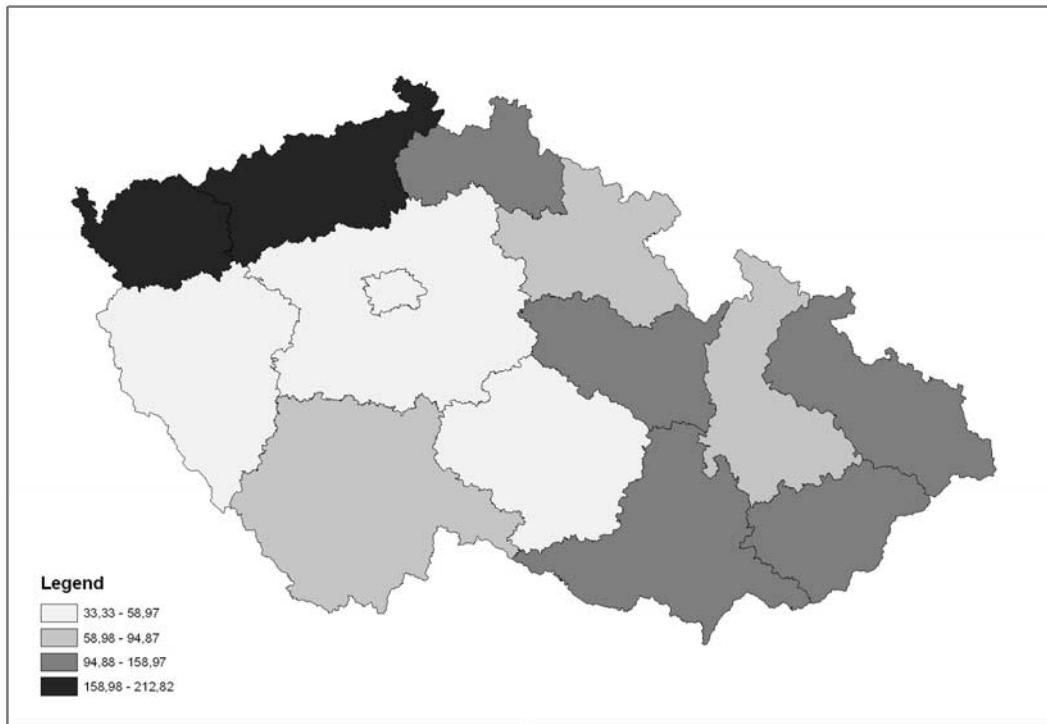
Source: Trbola and Sirovatka, 2006 (computations on Microcensus 2002).

Table 8 Regional targeted employment programmes

Title of the programme	District labour office	Target category
Memento II	Most	Roma, persons of different cultural backgrounds
Support of social and work resocialization	Rychnov nad Kneznou	Persons on the margins of society
Reintegra	Prachatice	Persons on the margins of society
Creation of jobs for the disabled	Trutnov	Disabled
Ready to work	Melnik	Job seekers up to 25 years old without experience
Family and work	Melnik	Women after maternal leave and caring over children up to 15 years
50 plus	Melnik	Persons 50 years of age and over
Renewed chance	Melnik	Registered long-term unemployed taking only welfare benefits
Help to start	Sumperk	Job seekers up to 25 without experience
Chance for the long-term unemployed and disabled	Olomouc Jeseník Sumperk Prerov Prostějov	Persons not being economically activity for more than 2 years, disabled and those of over 50 not economically active for more than one year
Helping hand	Vyskov	Jobs for assistant services in municipalities
Together for a more attractive Nachod district	Nachod	Job seekers who are difficult to be placed
Step from evidence	Ceské Budejovice	Persons up to 25 and persons 50 years and over
First job after finishing secondary school	Pardubice	Special jobs for school leavers
Part-time jobs	Pardubice	Persons of disadvantaged groups
Personal assistants	Jihlava	Jobs for personal assistants for integrated pupils and students
Perspective	Třebíč	Persons 50 years of age and over – personal consultancy, training in social and work abilities
Experience – road to employment	Kromeriz	Job seekers difficult to be placed up to 25 years having only little or no experience
Start	Louny	Job seekers requiring special assistance in mediating the job search
The way (cesta)	Plzeň-South	Persons 50 years of age and over
Programme for school leavers without experience	Karvina	Jobs created by agencies, subsidized jobs in state organizations and firms
Chance for 50 plus	Plzeň	Persons 50 and over who have difficulty with job placement
Programme for 50+ and disabled	Karvina	
Jobs for school leavers in public administration	Ústí nad Labem	Creation of jobs, getting experience and support of social and work integration
Programme for disabled long-term unemployed	Bruntal	
Getting experience and a job – objective for young people	Jeseník	Support of getting experience and work abilities for persons up to 25
Return II	Decín	Work and re-socialization of people unemployed more than 3 years
Opportunity	Decín	Work and re-socialization of people unemployed aged 55 and over
Alternative	Most	Support for the integration of young persons (15-18) with elementary or incomplete secondary education
School leaver	Most	Support for school leavers to gain experience and work abilities who do not have experience
Presenium	Most	Persons 50 years of age and over and other disadvantaged
Enable me to work	Hradec Králové	1. Disabled; 2. Taking care of a child up to 15 years; 3. Requiring special assistance
Opportunity	Jablonec nad Nisou	Work and re-socialization of people unemployed for more than 2 years
Chance for unemployed and integrated children	Zdar nad Sázavou	Jobs for personal assistants for integrated pupils in schools
Chance for disabled	Ostrava	Creation of jobs for disabled persons who are difficult to be placed
Our opportunity	Nový Jičín	Work and re-socialization of persons unemployed more than 2 years
Active	Frydek-Místek	Job placement support for persons over 45 years
Programme for filling jobs of mechanics	Bruntal	Motivation and training/re-training of mechanics
Return without barriers	Prachatice	Job placement support for persons taking care of child up to 15 years
New chance 2006	Písek	Job seekers difficult to be placed and persons who cannot be registered for various reasons
Opportunity for long-term unemployed	Prachatice	Placement of persons unemployed for more than 1 year

Source: Administration of Employment Services, Ministry of Labour and Social Affairs.

Map 1 Persons poor by legal poverty threshold in percent of the average by regions in 2002 (quartiles)



Map 2 Persons at-risk-of-poverty by EU measurement in percent of the average by regions in 2002 (quartiles)

