



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 649395.

NEGOTIATE

Overcoming job-insecurity in Europe

NEGOTIATE – Negotiating early job-insecurity and labour market exclusion in Europe

Horizon 2020, Societal Challenge 6, H2020-YOUNG-SOCIETY-2014, YOUNG-1-2014, Research and Innovation Action (RIA)

Duration: 01 March 2015 – 28 February 2018

Deliverable 3.4 (D3.4)

Institutional Determinants of early job insecurity in nine European Countries

National report Czech Republic

Deliverable type / Version	Report / Version 1
Dissemination level	Public
Month and date of Delivery	Month 18, August 2016
Associated Work Package (WP)	WP3 - Institutional Determinants of early job insecurity in nine European Countries
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Project URL	www.negotiate-research.eu

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Introduction

In the Czech Republic, the crisis brought GDP decline by nearly 5 % in 2009, recovery in 2010 and 2011, and slight recession again in 2012 and 2013. In consequence unemployment rate (by LFS) increased from 4.4 % in 2008 to 7.3 % in 2010 and has remained at 7 % until 2013 (see Table 1). At the same time the government deficit in 2009 increased to 5.5%. In reaction to such development the Excessive Budget Procedure/EBP for the Czech Republic was opened in December 2009 by the Council (2009) who called for an average annual budgetary effort of at least 1 % of GDP over the 2010-13 period.

In 2013 the deficit dropped to 1.3% thanks to restrictive fiscal policy followed consistently by the government during 2010 – 2013, aiming at simple cuts in public expenditure - although the recommended reforms of pension and health care system did not take place except implementation of out-of-pocket-fees in health care in 2009. In line with the Council's recommendation and the Commission projected the general government gross debt to fall to 44.4 % of GDP in 2014 and to increase to 45.8 % of GDP in 2015, remaining below the EU's 60 % of GDP reference value, the Council concluded that the Czech Republic's deficit has been corrected and halted *excessive deficit procedure/EBP* in 2014 (Council, 2014).

Table 1: Selected macroeconomic indicators (yearly averages in per cent)

	2008	2009	2010	2011	2012	2013
GDP (real growth)	2.7	-4.8	2.3	2.0	-0.8	-0.7
Number of the employed (main job)	1.6	-1.4	-1.0	-0.3	0.4	1.0
Unemployment rate	4.4	6.7	7.3	6.7	7.0	7.0
Long-term un.rate	2.2	2.0	3.0	2.7	3.0	3.0
Registered unemployment rate	5.4	8.0	9.0	8.6	8.6	..
Government deficit	-2.1	-5.5	-4.4	-2.9	-4.0	-1.3
Deficit (cumulative)	24.9	30,0	34,0	37.3	41.2	41.2

Source: Czech Statistical Office <http://www.czso.cz/>

In spite of the above negative trends in GDP growth and labour market performance, the country's economic decline was not so sharp except year 2009 and unemployment has remained among the lowest in the EU. Government deficit was also rather low when compared to the other EU countries, response to EBP was relative fast and effective, although bringing clearly restrictive solutions which have been also felt in active labour market policy, education and social policy in general (see sections below).

Youth unemployment has, however increased more than proportionally when compared to the overall unemployment rate between 2008 and 2013: while general unemployment rate increased from 4,4% to 7%, youth unemployment rate for the age group 15-29 increased from 6.4 to 13% (in EU-28 it increased from 12% to 17.7%). In the age group 15-24 the increase was from 9.9% to 18.9% (in the EU-28 it increased from 15.9% to 23.7%). Still, although amounting to two digit numbers, youth unemployment rate remained below the EU average.¹

The employment rate of young people dropped only slightly: in the group 25-29 from 75.8% to 75% and in the age groups 15-24 from 28.1% to 20.1%. This decrease is remarkable than in the EU-28 in average.

Similarly, NEETs rate has increased less than in the EU- 28 in average and remained below the average figures. In the age group 15-29 it increased from 10.7% to 12.8% (in EU-28 it increased from 13% to 15,8%) and in the age group 20-24 from 10.4% to 11.8% (in EU-28 from 15% to 18%).

Nevertheless, although these figures are not striking, youth unemployment has been about twice as high when compared to the overall unemployment rate, representing thus clearly a serious policy challenge for the Czech Republic.

¹ For all data see Eurostat database.

Section 1: Education

In the following text we try to analyse the key features of the Czech education system and its changes during 2008-2015 in order to show particularly how it matter with the key problems and challenges it is facing both in the long-term perspective as well as in accordance with the economic crisis. We take into account specifically the measures and provisions that contributed to the cooperation between the education system and the business sector and hence affected considerably the transitions of the youth from education to the employment.

A. Basic institutional features and policy substance

1 Education policy objectives

Like in other European countries also in the Czech Republic the goals of education are adopted in the key educational strategic and programme documents linked with the similar materials on the European level (first of all it is the Europe 2020 strategy and Education and Training 2020 strategy). In such documents the goals and principles of education are transfused and adjusted from the European to the national level.

The Strategy of education policy in the Czech Republic till the end of 2020 (MŠMT 2014) identifies four general objectives of education² among which the set up for the job plays an important role. In addition it also specifies three cross-cutting priorities with their fulfilment more specifically defined in the Long-term Plan for education and education policy development in the Czech Republic 2015-2020 (MŠMT 2015). These are as follows:

- to reduce inequality of education (among others the creation of conditions suitable for easier school-to-work transitions and the promotion of individualised counselling services are the main objectives);
- to promote the quality of teaching and teachers respectively as the key prerequisite to achieve it;
- to govern the education system responsibly and efficiently.

The experts and the representatives of various educational institutions suggest these targets are appropriate and reflecting the real challenges the Czech education system is facing to. Particularly the first two of them consider to be needed for the improvement of the state of education in general. According to the empirical evidence and outcomes of international surveys (PISA or TIMSS) inequality in education in the Czech Republic is substantial. Even though it is a factor influenced by the family background at first,

² These goals are as follows: 1) the personal development contributing to the improving of quality of human life, 2) the maintenance and the development of culture as a system of the shared values, 3) the development of the active citizenship creating conditions for a more cohesive society, sustainable development and democratic governance, and 4) set up for jobs (MŠMT 2014: 8).

education system has to react to it (especially in relation to children from the disadvantaged background) (EDUin 2014b). Similarly, the support for the teaching profession, monitoring and ensuring the quality of teachers and their lectures is not yet systematically addressed (neither quality nor personal development of teachers is monitored). Finally, the last objective is linked to the lack of conceptual management and governance of education policy as already mentioned. There has been no comprehensive strategy in education in the last ten years and this is why the education policy was based on the rather isolated and poorly interconnected steps (MŠMT 2014).

The link between education and the business sector (labour market) is clearly mentioned in the Strategy (MŠMT 2014) when it is suggested to create conditions suitable for easier school-to-work transitions. These could be achieved through the following measures: the larger share of practical training in the final stages of vocational education, in accordance to the National Qualification Framework the use of the descriptions of vocational qualifications in updating of higher secondary vocational education programmes, the increasing share of students attending vocational education programmes at universities compared to these in general one, the systematic use of internship in companies or the development of the social partnership between schools and employers.

In the Czech Republic the goals of education are regulated in the legal regulation as well. It is particularly the Education Act novelized in the last year which suggests the final competencies of pupils and students on the various levels of education. The education policy is also connected with the National Plans of Reforms 2016. All these documents are relevant for the curricula policy which could help to define practical tools not only on the national (e.g. National education framework for various levels of education) but also regional level of education (e.g. School education frameworks).

2 Institutional set up/framework

2.1 The structure of the educational and training institutions

The compulsory schooling in the Czech Republic takes 9 years – it starts at 6 years of a child entering the primary education and ends at 14 years of a child by the 9th class of such education. The primary education is divided into two stages. The first stage (grade 1-5) of basic schools attend all children uniformly then the most of them proceeds to the second stage (grade 6-9) (this stage corresponds to the education of ISCED2 level, i.e. the lower secondary education, see the Annex figure 3 in section Education). Some children drop out of the basic school earlier, either in 11 years (grade 5) or 13 years (grade 7) when switching to the so called perennial grammar schools which offer general secondary education on the more or less advanced basis. Many experts from the Czech Republic as well as abroad comprehend this educational track (or so very young people's

selection) critically. They argue it is very early to select children according to their abilities – the selection or redistribution to the various educational tracks seems to be necessary to some extent, but it is on the way what is being tested to choose suitable students and schools and how. While the first selection becomes in 11 years of the child in the Czech Republic, it is 14 years in other European countries.

The most of young people aged 15 passes themselves for the upper secondary vocational or general education; just about 5% of young population enter the labour market with the education only at the ISCED level 2 or below (according to OECD data more than 94% of 25-34 years olds in the Czech Republic reached the educational level of ISCED 3 at least compared to the OECD average of 82%, see the Annex figure 1 in section Education). The proportion of general education compared to the vocational education is in favour of vocational one in the long-term perspective. As empirical evidence shows the share of students in vocational education in the Czech Republic is one of the highest among the EU countries (see the Annex figure 2 in section Education). However, it is necessary to be careful when interpreting such numbers. On the one hand, the concept of vocational education in the Czech Republic (compared to other European countries) is very specific and includes the high share of general education whereas the share has been rising steadily (it exceeds 50% in some field of study ending by leaving exam/graduation while in the expanding group of professional lyceum it reaches over 70%, MŠMT 2008). Therefore, having the vocational education in the Czech Republic does not mean to have all the technical and professional knowledge and skills needed to the job performance. On the other hand, some studies indicate also the insufficient supply of the general education on the upper secondary level leading to the large number of young people entering the vocational track involuntarily (Münich 2006, Santiago et al. 2012). Moreover, the transmittance in educational system is in the Czech Republic very low thus the graduates of apprenticeships and vocational school have only limited opportunities to continue studying at higher level of education (EDUin 2014a).

The upper secondary education is currently facing two key problems: 1) as a result of the demographic change there is a sustained decline in the number of students of upper secondary and higher vocational education, and 2) the vocational as well as general education is of relatively low quality and does not help young people to adapt on the rapidly changing labour market needs. This is why the sector of upper secondary education in particular is undergoing the series of changes currently (see the part 3 of the text below).

Only a person who passed the leaving/graduation exam on the upper secondary level of education and/or set up the entrance exam may enter into the tertiary education. Recently, the first substitutes the entrance exam in some cases, especially in the case of

technical or scientific fields of study for which there is less interest. Now, the nature of the entrance exams is in hands (power) of the tertiary education institutions themselves. However, sometimes the debates about the uniform use of leaving/graduation exam as a criterion to student's selection are under way. Till the end of 2015 there were 67 high schools and universities in the Czech Republic of which 41 was private and 26 public (MŠMT 2016). They were attended nearly by 327 thousands of young people, the ratio of entering/completing was 0,63 in favour to the students actually completed tertiary education (MŠMT 2016).

The form and the structure of the Czech education system is illustrated in the figure 3 (in section Education in Annex). According to the data of the Ministry of Education there were 5.085 kindergartens, 4.095 primary and lower secondary schools, 1.036 upper secondary vocational schools, 366 grammar schools and 174 higher vocational schools (MŠMT 2016).

The common educational institutions like upper secondary and high schools and universities offer also the further learning possibilities for the adults. This type of education comes also under the provisions of the active labour market policy: training programmes (requalifications) seem to be a key measure of the labour market policy when on average 10% of unemployed and 0,1% of the labour force attend them . Unfortunately, these numbers are however very low compared to other European countries. Moreover, the difficulties with the suitable targeting of requalifications is obvious in the long term (it is evident that especially the share of the low qualified, the disabled and the older people is really low). Despite the fact that formally some options to the continuous two-way transitions between education and the labour market exist they are very difficult for many people. It is a variety of barriers that prevent the returns to education later in life: for example it is the necessity to meet the formal requirements for admission, the small variety and scope of programmes alternating the full-time studies, insufficient coordination between education and labour market policy, the lack of individual's motivation for study or the lack of provisions for systematic education-work-family balance (MŠMT 2014).

The traditional low rate of drop-outs from initial education as well as the high level of completion of upper secondary education in the last decade and also the open access to the tertiary education can be generally classified as the main strengths of the Czech education system. On the other hand, weak points of it are associated with the poor quality and throughput of education. Due to the Strategy (MŠMT 2014) the most important system threats are on the borders of various levels of education as well as the initial and further education and training.

2.2 Governance and financing of education

The Ministry of Education, Youth and Sports (the Ministry hereinafter) plays a key role in education policy in the Czech Republic. It sets the state education policy framework and the long-term political objectives binding for the governance of educational system at all levels of education. In addition, the final form of education policy is resulting from the cooperation between various other actors (for example the Czech School Inspection monitors and analyses the education system and its quality; the National Institute for Further Learning is focused on the teacher's training; the National Institute for Education is responsible for the continuous monitoring of information from the primary and secondary level of education; the Centre for Tertiary Education develops the policy of higher educational institutions). The Ministry cooperates also with other departments (such as the Ministry of Labour and Social Affairs as well as the Ministry of Industry and Trade) especially in the labour market issues and professional and vocational counselling. Consultation with the advisory bodies (education or labour unions) are required to do some certain things such as the negotiation process of a national curriculum or educational programmes as well as the long-term plans of educational policy at regional or local level (OECD 2013).

In the Czech Republic the education is still managed by the public sector to a large extent. At all levels of education it is therefore the largest share of schools run by the state: the highest ratio of state schools is at primary level of compulsory education with the increasing share of private educational institutions at the upper secondary and higher educational levels. For example, 18.3% of grammar schools are private, like 24.6% of upper secondary vocational schools and 26.4% of higher vocational schools/colleges (MŠMT 2016).

The Czech education system is hardly decentralised. Pre-schools, primary, lower secondary and upper secondary school are governed at the regional level: regions or municipalities are fully responsible for their management and financing. They act in accordance with national rules and translate them into the regional conditions. From 2013 schools also have the high degree of autonomy in decision making about their curricula and educational programmes. The school heads are responsible for the staff as well as the financing and governance of education. According to the OECD (2012: 500) 68% of decisions were made at the school level in 2011, while 28% had been taken at the local or regional level and only 4% at the national level (the Annex figure 4 in section Education).

Funding of education is one of the weak points of education policy in the Czech Republic (as in other post-communist countries, except Poland). The expenditure of educational institutions at all levels of education are around 3.5% of GDP and just under 9% of all

public spending in the long term (see Annex table 1 in section Education). These values ranks the Czech Republic to the countries with the least financial effort of education systems in Europe. A large part of fund comes from the public sources while the rest is private: in 2012 87% of all expenditure comes from public and 13% from private resources (OECD 2015). In recent years, nevertheless, the expenditure grew especially in upper secondary vocational education and tertiary education in accordance with the increasing numbers of new entrants. On the other hand, the economic recession did not allow further growth of necessary expenditure on education, in some cases spending have been stagnated or even declined (this is especially the case of salaries of teaching and non-teaching staff and expenditure on some school supplies) (MŠMT 2015).

Financial resources are redistributed in accordance with the so-called normative funding. Regions and municipalities receive the education funding according to the state/national normative (a lump sum of finance per student in a particular age at the particular level of education) and reallocate it due to its own priorities and needs. The Ministry sets the normative every year taking into account the recent demographic structure of population. The regions and municipalities are allowed to contribute to the funding with another resources resulting in creating the regional normative. These are the final sums individual public schools and educational institutions receive. The advantage of this method of allocating funds is in flexibility and autonomy municipalities and regions have to take account the regional circumstances and priorities. In contrast, the large disadvantage is in a disproportion in the financial contributions individual schools and educational institutions in different regions receive (according to the Minister's statement, the difference between the subsidy for the same school with the same number of students in various regions can count some thousand crowns per student and around some hundred thousand per school). The upcoming general reform of funding structure is aimed to stop this unsuitable state of art (it presents a new mode of financing education on regional level, the so-called normative-cost financing, which takes into account not only the number of pupils but also the teaching effort).

Private schools are enabled to obtain the state subsidy on teachers and common educational expenditure: in the case of pre-schools and primary schools this subsidy may count 100%, in the case of upper secondary schools up to 90% of all relevant expenditure. It appears, nevertheless, that the share of the publicly funded educational institutions has been slightly decreasing in recent years while the proportion of privately funded schools and grammar schools has been rather increasing. The schools governed by the church are fully supported by the state.

The special issue of education is the governance, funding and the quality of tertiary education. All three areas are considered to be crucial in terms of educational policy and

its benefits. Recently, the public high schools and universities are fully autonomous in their decision making although there were some tendencies to mitigate their autonomy in the past decade (during the process of negotiation of the new Higher Education Act there were the proposal to set up new subject partially made of ministerial candidates who was afraid to be the political lobby rather than independent advisory board, Povolný 2012). Public high schools and universities are funded in the form of subsidies for education and research directly from the Ministry. Regardless, in the area of financing there are also some challenges linked with the frequently changing and fragmented rules of funding of science and research. Last but not least is the question of the quality of tertiary education. During the past decade it was guaranteed and controlled by the process of accreditation which was considered not to be always transparent and bring unambiguous results. Today, the amended Higher Education Act (no 137/2016) change the accreditation process conditions: the new independent body of the National Accreditation Authority will be eligible for the accreditation permission for individual fields of study. The aim of such reform is to improve the quality of tertiary education as well as to bring it closer to labour market needs.

3 Policy content/substance: special focus on vocational and further education³

As mentioned above, the system of vocational education in the Czech Republic is well developed including the majority of students at the upper secondary education level. About three out of four upper secondary students enrol in vocational education and training (VET), one of the highest proportions in OECD countries. These programmes include apprenticeships and also a technical pathway that leads to a school-leaving/graduation examination. As statistical data show employment rates for VET graduates are higher than for general upper secondary graduates in the long term (concretely it was 75% of employed vocational education graduates compared to 72% of general education graduates in 2011 (OECD 2013)). It seems to be the vocational education graduates are more successful in transition from education to employment. Regardless, some research found that students who opted for the apprenticeship track do not feel well prepared for the labour market due to a lack of general transferable skills. The apprenticeship track contains 30% general education, while the technical track has 60%. According to government sources, the dropout rate in apprenticeships is high, and the government is concerned that occupations that used to be covered by this track will not find sufficient numbers of skilled workers in the future (OECD 2013).

³ Whereas the content/substance of education in general is also discussed in the previous sections, in this part we focus particularly on the issues of vocational education more in depth as well as on lifelong (further) learning.

Currently, vocational education is one of the most discussed issue in the Czech Republic. It seems to be four key relevant questions in this respect: (a) the availability of upper secondary vocational education in relation to fluctuating development of the number of pupils (it has been declined since 2009 but it is expected to increase since 2017 accordingly to the demographic change); (b) the quality of upper secondary education and the balance between general and specific (vocational) skills and knowledge of graduates which is close related to (c) the issue of better linking labour market needs with the content and character of education, and (d) the funding of education taking into account quality outcomes rather than simple inputs.

The system of further education of adults is not very developed in the Czech Republic, although the principles of lifelong learning are in the centre of the educational policy today. There is a significant lack of the demand for this education as well as the relatively low and not very diversified supply of educational programmes. Despite the significant ship in the participation rate which increased from 7.5% of adults in further learning and training programmes in 2010 to 11.4% in 2011, the subsequent decline to 9.4% during the 2012-2014 period was evident. The Czech Republic is now below the EU-28 average again (it was 10.6% in 2014) (MŠMT 2015).

B. Key institutional and policy changes during 2007-2015

1 Education policy objectives

In accordance to the education objectives and relevant actor's competencies the education policy in the Czech Republic seems to be rather fragmented. Following the comprehensive strategy of education was succeeded by the large number of documents partial in nature. Their design and implementation was not coordinated sufficiently and it proved also in the formation of the objectives. They were not linked to each other and perceived and promoted by different actors uniformly (MŠMT 2014: 4). Since 2012 the process of redefining and updating of education policy objectives has been started by the many of experts discussions (they included experts from schools, governance, the Ministry of Education, employers and others). The Strategy 2014 and the Long-term Plan 2015 are the results of such debates.

Some of the objectives have been taken from the original document of 2002 (The White Paper of education and education policy) because they remain relevant today. It is for example the need to stress strategies leading to the equal opportunities at all levels of education or the strengthening of the individualised counselling inside the schools. Nevertheless, it was essential to bring some innovative targets reflecting the social, economic and particularly technological development. The modernization and innovation

of the teaching approaches as well as the provisions for the smoother transitions of young people from education to the employment belong to such examples.

2 Institutional set up/framework

2.1 The structure of the educational and training institutions

The structure of the Czech education system is stable over time. Since 1989 when the current form of the system began to shape its high level of selectivity and differentiation is still debated. In particular it is the early differentiation of educational tracks on the level of compulsory education which has been regarded as socially and psychologically inappropriate. It is however legitimated in public as opposed to the uniform education in the socialist era (Straková 2010). Periodically there has been debates about the need to abolish perennial grammar schools which are considered as something like “half-way house” between primary, lower and upper secondary education intended even for the elite. Every year almost 11% pupils aged 11 years go to the perennial grammar schools whereas the vast majority of them with the high socio-economic background (OECD 2013). On the other hand, the question of the necessity of special schools is often discussed. The existence of such schools goes across the general trend of inclusive education in the Czech Republic – indeed, these schools are attended primarily by the children from the disadvantaged environment rather than students with objective special educational needs.

Currently, many discussions on extending the length of compulsory education to ten years are also lead. The minister of education presented in 2015 the proposal of the last year of pre-school education to be mandatory from January 2017. Due to this the compulsory education will start at 5 years of children as it is common in many other European countries. This measure is especially aimed on the education of children from the disadvantage environment. Another purpose is to reduce the rate of school attendance delay which is being the highest in all the Europe (the share of pupils aged 6 years admitted to the first grade of the primary school from the 7-year population in total was around 19% in 2014/2015 school year in the Czech Republic, MŠMT 2015: 15).

2.2 Governance and financing of education

The high degree of decentralisation and autonomy of the Czech educational system has been frequently discussed in the last years, especially in terms of quality and accessibility of education. Current ministerial proposals to introduce compulsory leaving/graduation exam from math as well as the nationwide centrally managed school curriculum are the steps towards more centralised approach in the education policy today. They are motivated by the desire to ensure relevant standard of educational quality for all

students as well as regions. Regional disparities in the quality of education which is reflected in different skills and knowledge of the student are in fact very great in the Czech Republic (Annex figure 5 in section Education). As many national studies as well as international surveys (like PISA or TIMSS) show, the regional differences in educational outcomes in the Czech Republic are large and increasing over time (according to some presumptions the average difference in students outcomes in different regions in the Czech Republic counts around 1.5 year of education and are caused by the socio-economic background of regions for one third, Palečková et al. 2012). These results reflect two key problems of the governance of education at the regional level: first, it is the low capacity of some (often small local) schools to control sufficiently the quality of education provided, the second is the increasing concentration of students with similar socio-economic background in similar schools (thus educational system considered to be very selective and diversified) (Palečková et al. 2012).

Also the ongoing reform of funding of education at the regional and local level is accompanied with the effort to improve the quality of education as well as reduce the regional disparities. Indeed, it is evident that the differences in financial support for the similar schools in various regions may translate into the different quality of educational outcomes and different rates of employment/unemployment of graduates respectively. The reform of financing education has two key aspects. The first is the general change of the funding structure of education from the normative financing to the more complex and equitable normative-cost financing. Not only the number of pupils but also the teaching effort assessed according to the number of lectures will continue to be included into the state normative since 2019. This will prevent the current problems when the upper secondary schools dependent on the fulfilment of their capacity accepted the entrance of the students with insufficient learning assumptions who faced problems in the study as well as in the process of transition from school to work. The second reform of financing education is focused on the specific financial support of vocational education. It is expected to be put into the practice in 2017 and will be managed by the financial bonus for the vocational schools and apprenticeships required by the labour market. Both reforms have been widely discussed since 2011, the real changes, however, have not been evident due to the unstable political environment at the Ministry and the rapid alternating of governments.

The expenditures on education in the Czech Republic are in general significantly lower than the OECD average, despite the increased investments in upper secondary vocational education and tertiary education. In addition, budget cuts which occurred due to the economic recession have contributed to the pressure to ensure the right conditions for reaching the high quality and accessibility of the education system. This applies particularly to the second stage of the primary schools considered to be the weakest part

of the Czech educational system in the term of its quality (this is, however, associated with the low legitimacy of teaching profession in general as well as the outflow of pupils to the perennial grammar schools). Moreover, cuts in public spending affected mainly small schools whose share prevails in the Czech Republic (according to the OECD (2013) there were 54% of schools with less than 150 pupils in 2010). They had to face the problem of insufficient funding and declining salaries of non-teaching staff. Since 2014 the partial changes in financing education have been introduced in order to make it more equitable: the variable coefficient for allocation the resources has been introduced to distinguish teaching and non-teaching staff and various types of schools (OECD 2013).

In general, the need to bring funding of education closer to its quality and outcomes is widely discussed yet. Especially the effort to link financing of education with the success of the graduates on the labour market is evident. In addition to the above mentioned plans and reforms this effort is evident also in changes in the tertiary education which are, however, very slow. Since 2006 the new Higher Education Act have been widely discussed with many adjustments and changes. Despite this only partial reforms linked with the funding of science and research were made during the last ten years: financing is much closer to using research outputs in practice but the difficulties with interdisciplinary differences remain.

3 Substance of policy measures: special focus on vocational and further education

Structural changes after 1989 led to the growing influence of the state in the field of vocational education and to the changing role of social partners within it. The effects of such reform are still visible today: many apprenticeships traditionally coordinated by the companies were transferred to the administration of the state. The school model of vocational education system began to dominate characterized by the greater emphasis on general education. Currently, there is a relatively wide range of vocational education programmes with rather high proportion of practical training in which, however, the role of other social partners (employers and companies in particular) is limited (MŠMT 2008). The quality of vocational education is rather low because of the lack of updating training programmes according to the labour market needs. The poor quality of such educational sector (as well as other) is supported also by the unsuitable structure of financing (as mentioned above). Thus, the reforms required by the vocational education are as follows:

- (a) Reforms towards availability and optimization of structure of vocational education programmes – the supply of such programmes should be more affected by the situation on the labour market since 2016: the programmes demanded by the labour market with the high share of employed graduates should be supported. To do that the labour market needs predictions will be used (they will be made in

cooperation between labour market offices and other social partners coordinated by the Ministry of Education, Youth and Sports as well as the Ministry for Labour and Social Affairs). The system of carrier counselling plays also an important role (it has been developed since 2006 and realised in the schools at the primary and secondary level in particular).

- (b) Reforms towards quality and the balance between general and professional (vocational) skills – in order to improve the quality of education upper secondary schools are now encouraged to strengthen cooperation not only with employers but also with the labour market offices and to assess the effects of practical training for students more in detail.
- (c) Changes towards the strengthening the linkage between education and the labour market – this step has been steadily fulfilled through the implementation of the National Qualification Framework and National Occupation Framework since 2007. Both of the processes are in accordance with the European Qualification Framework and help to define the key competencies (not to say educational needs) of graduates. Furthermore, since 2014 the role of employers in the vocational education has been emphasised also by the larger proportion of professional training realised directly on the workplace. It is expected that employers cooperated with the schools will receive the tax advantage in the next years (MŠMT 2015). The important issue in this respect is also the process of verification skills and knowledge of the graduates (the form of the school-leaving exam and its certification). Exit certificates from all the relevant programmes (whether general or vocational, initial or further) are considered to be more “readable for the employers”. For this purpose the single assignment of the school-leaving exam in apprenticeships was introduced in 2015 as well as the greater inclusion of practitioners and employers into the process of leaving examination (MŠMT 2015). Also changes in the funding arrangement are expected to bring the educational offer closer to the business needs.
- (d) Reforms towards the general change of the financing rules taking into account quality and outcomes indicators rather than simple inputs – according to the Strategy (MŠMT 2014) and the Long-term Plan (MŠMT 2015) since 2017 only perspective study programmes will be supported from the state. The “hopefulness” of the programmes and schools will be assessed through the indicator of graduates employability as well as the labour market predictions. Schools will be constrained to assign themselves in the school register in a certain periodicity (the so-called “re-registration” every three or five years) (Valachová 2015). This may help to recognise good-quality programmes which are in

compliance with the regional and local labour market needs as well as the overall national concept of vocational education development.

From the perspective of lifelong learning the introduction of the so-called „Foreman Exam” appears to be an important change. It should be piloted in 2017-2018 period and put fully into the practice during 2019. The aim of this measure is to confirm the highest possible level of professional skills of apprenticeship graduates without the need to have the prior formal education levels required for the practice. Another asset of such measure is to create a new path into the education system of vocational oriented tertiary education (MŠMT 2015).

C. Assessment of the changes and their impacts

In the Czech Republic economic crisis affected the position of the youth on the labour market to a relatively large extent, the access to employment is now more difficult for them and they are often pushed into the precarious jobs. The share of unemployed graduates and young people in general is still above the national average and in the number of segments it is increasing steadily (it is particularly the case of the apprenticeship´s graduates). In April 2014 almost 12 thousand of new upper secondary vocational graduates were unemployed, the unemployment rate was nevertheless differentiated regionally (MŠMT 2015). Regardless the overall economic recession did not affected the education policy on its own (exceptions are the funding restrictions). Czech education policy considers to be rather faced the long-term problems and challenges decreasing its efficiency and the quality of education. These are particularly: the longstanding non-conceptuality of education, the ambiguity of educational tools and their different perception of relevant actors, the lack of relationships between education system and the business sector, decreasing quality of education in general (and on the second stage of the primary education and in apprenticeship in particular), the stagnated and even worsening results of the Czech pupils and students in the international surveys, the lack of appreciation of the teaching profession in the society, unresolved and even deepening inequalities in education and many others. Thus these problems affected directly the process of school to labour market transitions of the youth.

In recent years, the outcomes of debates over the above mentioned themes have been reflected in two major conceptual and strategic documents: the first is The Strategy of education policy in the Czech Republic till the end of 2020 (this was adopted in mid-2013 and in force since 2014), the second is The Long-term Plan for education and education policy development in the Czech Republic 2015-2020 (it was adopted in 2015 and it is used in practice since this year). The value of the both is in the potential to change the

face of the education policy in the Czech Republic in the following years, to make the education system more transparent, coherent and effective. Indeed, the documents consistently emphasise the importance of education and training for individual's success on the labour market and they offer some measures to facilitate the smooth school-to-work transitions of young people.

Not only the education policy but also educational programmes have been changed during the last ten years. The reforms were particularly focused on how to increase the quality and the effectiveness of education system and its accessibility and how to simplify the permeability of various levels and forms of education. Among others the aim is to make the transition from school to work as well as the "yo-yo transitions" in Walther's terminology (Walther 2006) easier and faster. Generally, although the Czech education system is prepared to the improvement it tends to the strong path-dependency. Moreover, the goals of education are considered to be hardly put through the practice although they are formulated adequately on the basis of many relevant data and empirical evidence. It is a common practice in the Czech Republic that measures are implemented in a changing (and often counteractive) way they were adopted. The question of employment/unemployment of graduates and young people in general is discussed but not tackled systematically (there is a weak link between the traditional education system and the provisions of the active labour market policy for example). The steps to encourage the young people's transitions from school to work are slow and consist complementary solution rather than the new specific or innovative instruments.

When considering three key questions given for the analysis, the following conclusions may be provided. First, educational policy in its current form in the Czech Republic fails to protect young people adequately from entering into precarious and insecure jobs. Although the unemployment rate of the youth (15-29 year-olds) in the Czech Republic is still below the EU-28 average, it shows relatively rapid increase during 2008-2013 (from 6.4% to 13%) and in the number of segments it is increasing steadily (apprenticeship's graduates). However, some of the recent reforms in the Czech educational system aimed to favour the labour market prospects. This is the case of changing rules for financing education at regional and local level in general (towards more performance-based funding) and the starting process of stronger cooperation between educational institutions and business. These reforms are, nevertheless, on the beginning and their evaluation is not on the agenda now. The emphasis put on the stronger role of training in the process of vocational education, close cooperation with employers in all of the learning phases (including the final school-leaving examination) and several measures aimed to improve the quality of education are considered to be the unambiguous and suitable steps to achieve the objective of protecting young people when entering into the labour market.

Second, the educational system in the Czech Republic is very selective and that is why it cannot provide adequate protection of some vulnerable groups of young people (people with disabilities, ethnic minorities or the low skilled) from the risk of social exclusion. In this respect the role of the perennial grammar schools on the one hand and the wide placing of children from the disadvantage background to the special schools on the other is discussed. The social inclusion process in education has been started since 2010 when the National Action Plan for Inclusive Education was set up. Conversely, the Czech educational system is comprehensive and rather vocational oriented and thus the transition of youth from education to the labour market in the Czech Republic is not as difficult as in some other European countries.

Third, recent reforms in the Czech skills formation system have been established both to generate flexibility of young people as well as to promote flexicurity, but it is difficult to assess how they contribute to the flexibility (flexicurity) in practice. The educational system is build up to support functional flexibility of (young) people in particular, although the quality of educational programmes is sometimes debatable (mainly at the secondary level of education). The functional flexibility of students is promoted in accordance with the widely use of National Qualification Framework as well as with the relatively well developed system of carrier counselling at schools and educational institutions. Furthermore, the principles of lifelong learning are in the centre of the Czech educational policy today, regardless the system of further education is less developed. There is a significant lack of the demand for this education as well as the relatively low and not very diversified supply of educational programmes. The share of people attending some form of further learning increased firstly in 2011, then decreased below the value common for the EU-28 average. In summary, there are some options to improve flexibility and thus flexicurity of the youth in the Czech educational system (i.e. measures to enable adults to gain suitable qualification in various ways, sometimes without returning to the school), they are unfortunately not sufficiently used.

Section 2: Employment protection

Employment protection (EPL) includes all measures that set conditions of employment relationships which can influence its objective conditions (quality of work) as well as feeling of subjective insecurity among young workers. Flek et al. (2010) define EPL as standardisation of work contracts. Usually in discussion of EPL two basic principles are balanced: flexibility and security (Bukovjan and Šubrt 2011, Kotíková et al. 2012).

Flexibility is usually connected with expectations about positive effect on the labour market (productivity, competitiveness) (Kotíková et al. 2012). Economists connect EPL to saving costs, willingness of employers to create jobs and total employment level (reduction of structural employment) (see Flek et al. 2010).

There are several ideal situations typical for flexibility approach connected to the ideas on numerical and time and space flexibility: work at various sites and agency work, work on fixed-term contract, work with short end notice period and with no severance pay, part-time work and underemployment, overtime work, work at atypical times and work without work contract (see Kotíková et al. 2012). Only part of these measures will be discussed in this report (see note)⁴.

Flexibility can bring negative consequences for the labour force: it can increase insecurity of the workers and produce isolated segment of the labour market with low job quality and low paid precarious jobs (VÚPSV 2004, Kotíková et al. 2012). This is the reason why employees in the Czech Republic are usually not interested in other than fulltime and permanent jobs (VÚPVS 2004, Formánková et al. 2011). From macroeconomic perspective EPL provides protection from "spill over" effects (see Flek et al. 2010).

A. Basic institutional features and policy substance

Governance of employment protection

There are many stakeholders in the process of EPL creation, modification and implementation including government, ministries, courts, employers, trade unions, lawyers etc. We can state that workers are one of few exceptions from the direct influence on EPL.

The role of creating changes to Labour law usually lies in executive (ministry and government).

⁴ We will discuss rules for probation period, ending of work contract, fixed-term contracts, agency work and work without employment relationship in this report. We don't focus here on part-time work, overtime work, work at atypical times and work from home in this report.

Parliament, senate and president: propose, approve and sign the laws regulating the field of employment protection. Following laws have been connected to the field of employment protection since 2004.

Labour Law:

- Labour Law No. 65/1965 (Amendments: Law No. 188/1988, Law No. 74/1994 Sb., Law No. 46/2004 sb., Law No. 436/2004 Sb.)
- Labour Law No. 262/2006 Sb (Amendments: Law No. 365/2011 Sb., Law No. 155/2013 Sb)
- Law about work inspection: No. 251/2005 Sb.
- Inner agreements between employers and trade unions or special employers' inner regulations.

Specific Laws defining different conditions for some groups:

- Law about Universities: No. 111/1998 Sb.
- Law about municipal officers: No. 312/2002 Sb.
- Law about pedagogical workers: No. 563/2004 Sb.
- Law about courts and judges: No. 6/2002 Sb.,
- Law about prosecutors: No 283/1993 Sb.

Courts: play very important role in applying law in the Czech Republic. Employer and employee can ask court to consider if the law conditions were fulfilled in concrete case (MLSA) and they have also "right to moderate sanctions". Courts decisions in many concrete important cases specified conditions of application of Labour Laws.

Employment office: Employment office controls register of work agencies since April 2011 (Stádník 2012). Ministry of the Interior is also part of the process can give negative statement to the licence.

Ministry of Labour and Social Affairs (MLSA): MLSA can be active in cases of unsuccessful negotiations between employers and Trade Unions (see Flek et al. 2010).

Work Inspection (Inspektorát práce): is responsible for control of concrete work conditions, this was in competence of Employment offices before 2012.

Employers and Trade Unions: They are part of national negotiations about EPL. They also set organisational collective agreements which can further specify employment protection conditions (Flek et al. 2010). There is also independent association called "Asociace pro rozvoj kolektivního vyjednávání a pracovních vztahů" that helps to interpret work law.

⁵ In praxis, there are at many Czech high court decisions about the conditions of fixed term contracts: e. g. SZ 21 Cdo 1990/2000, SZ 21 Cdo 2080/2001, SZ 21 Cdo 2372/2002, SZ 21 Cdo 2923/2008, SZ 21 Cdo 1611/2012. There are also decisions of The Court of Justice of the European Communities at the EU level: e. g. c – 144/04 (§ 51, 52) and c – 212/04 (§ 69, 70) (see Komendová 2009).

Policy objectives in the field of EPL

The opinion on the EPL is provided in European Union Green Paper (2006) "Modernising labour law to meet the challenges of the 21st century". The Green Paper (2006) asked to "promote a skilled, trained and adaptable workforce and labour market responsive to the challenges stemming from the combined impact of globalisation and of the ageing of European societies" (p. 3). The report sees flexibility as the solution for part of the workforce who is unemployed or working in grey area of precarious and informal work (see p. 3 and 6). "The traditional model of the employment relationship may not prove well suited to all workers on regular contracts facing the challenge of adapting to change and seizing the opportunities that globalisation offers" (p. 5). Opportunities for security are seen mainly outside of the employment contract in training, active labour market policy and high but conditional unemployment benefits (see p. 10). "Responsibility for safeguarding working conditions and improving quality of work in the Member states primarily rests on national legislation and on the efficacy of enforcement and control measures at national level" (p. 6).

Council Directive 1999/70/ES

For fixed-term contracts the law in the Czech Republic should be in accordance with Council Directive 1999/70/ES (European Commission 1999)⁶. The laws including Council directive 1999/70/ES and labour law in the Czech Republic prefer permanent contracts before temporary contracts (Komendová 2009). Directive is based upon three basic principles (Council Directive 1999, Komendová 2009):

Principle of non-discrimination: Workers on fixed-term contracts cannot be treated in less favourable manner than comparable permanent workers solely because they have a fixed-term contract unless different treatment is justified on objective grounds. *Pro rata temporis* principle is supported. Period of service qualifications for work conditions should be the same for both types of contract.

Principle of prevention of abuse: In application it can be based on one or more of following basic measures:

- a) Setting objective reasons for justifying temporary contracts⁷,
- b) Setting maximum total duration of successive fixed term employment contracts
- c) Setting the number of renewals of temporary contracts

⁶ For more information about the directive and the process of its creation see Komendová (2009).

⁷ Usually there two possible way of application: definition of professions where fixed term work is allowed and requirement to specify objective reasons for fixed term contract in concrete cases.

Member states should also determine conditions under which fixed-term contracts shall be regarded as successive and conditions under which fixed term contracts shall be deemed to be contracts of indefinite duration.

Principle of information and employment opportunities: Employers shall inform fixed-term workers about vacancies which become available to ensure that they have the same opportunity to secure permanent position as other workers. As far as possible, employers should facilitate access to appropriate training opportunities for fixed term workers.

Council Directive 1999/70/ES sets possibility (after negotiations at the national level) not to apply the rules of the directive on (a) initial vocational training relationships, apprenticeship schemes and (b) public or publicly supported training, integration and vocational retraining contracts (European Commission 1999, Komendová 2009). This is used also in the Czech Republic.

The directive sets minimum standards in the field of temporary work (from the perspective of workers protection) and member countries can provide more generous protection (Komendová 2009). Nekolová (2010) showed how the three basic principles are applied in selected EU countries.

Council Directive 2008/104/ES

The Czech Republic signed ILO convention 181 from 1997 about Private Employment Agencies in 2000 (Pichrt 2012). There is also EU Council Directive (2008/104/ES) for use of agency work (European Commission 2008). According to preamble *“Temporary agency work meets not only undertakings' needs for flexibility but also the need of employees to reconcile their working and private lives. It thus contributes to job creation and to participation and integration in the labour market”*. Article 5 states that *“The basic working and employment conditions of temporary agency workers shall be, for the duration of their assignment at a user undertaking, at least those that would apply if they had been recruited directly by that undertaking to occupy the same job”*. Article 6 states that *“temporary-work agencies shall not charge workers any fees inexchange for arranging for them to be recruited by a user”*. Member States may, after consulting the social partners, provide that this Directive does not apply to employment contracts or relationships concluded under a specific public or publicly supported vocational training, integration or retraining programme (Article 1).

Objectives of the EPL policy in the Czech Republic

In implementation of the directive to the Czech legal system (Law No 46/2004 Sb., reasoning report) there are two clear overtaken objectives stated:

- To allow employers to fully use fixed-term contracts by the means reflecting branch requirements
- To prevent abuse of fixed term contract by unfounded chaining or prolonging of fixed term contracts

These objectives reflect both flexibility and security principles.

In reasoning report for Law No. 365/2011 Sb. the stated goal is based on program statement of Nečas's government (Vláda 2010) to "release conditions for repeated fixed term contracts to make labour market more flexible". The length of employment contract is manifestation of autonomous will of the both actors. In other passages the reasoning report returns to two points stated above (flexibility, protection from abuse).

Reasoning report for Amendment No. 115/2013 states that "Employers should be able to employ workers flexibly according to the demand on the market"... "Contemporary law without rational reasons in many cases forces employers to release workers from work contracts in cases when both sides have interest in contract prolongation" .

Employers and Employers representatives often welcome more flexibility on the labour market. On the other side, Trade Unions are traditionally reserved towards measures promoting flexibility on the labour market (Nekolová 2010, ČMKOS 2011, Janíčko 2012). They criticised that security principle was neglected in these measures. Using of temporary contracts must not lead to misuse of dominant position of the employer towards the employee (see e. g. ČMKOS 2011).

Description of the basic institutional features and policy substance

In this part we describe basic institutional features and policy substance in the field of employment protection in the Czech Republic by the end of 2015. Stakeholders (constituents) in the field of employment protection are described in governance section above.

Probation period

- Included in §35 of Labour law
- Probation period can be voluntarily arranged as part of labour contract or other written contract
- During probation period can both employer and employee cancel the work contract without stating the reason (it has to be written document)
- Probation period is three following months since the beginning of the contract
- Probation period is six following months for management positions
- Probation period cannot be longer than half of length of the contract.
- Probation period cannot be prolonged.

Ending of permanent contract

- Notice period is set at minimum of two months (it can be longer)
- The severance pay (§ 52a) is based on the duration of previous employment. It is one monthly pay if employment lasted less than one year, two monthly pays if employment lasted between one and two years and three monthly pays if the employment lasted more than two years.

The notice period is institute protecting employee from devastating impact of dismissal, giving both sides of the employment contract time to deal with the situation and providing employee time to find another work (Fialová 2008). Unemployment benefits are paid only after end of severance pay (ČMKOS 2011, Janíčko 2012).

Temporary contracts

There are many reasons (usually connected to end of the contract) why are temporary contracts in the Czech Republic very different from permanent contracts (compare Komendová 2009).

- Temporary contracts are included § 39 of Labour law
- Temporary contract in the Czech Republic can be arranged up to concrete date, for specific duration, by completing task, or up to specific event (according to High court SZ 21 Cdo 1990/2000). The events cannot be directly dependent on the will of employer or the employee (Komendová 2009). In such cases the period cannot be longer than three years (see Bukovjan a Šubrt 2011).
- The maximum period of temporary contract is three years
- The temporary contract can be prolonged as temporary twice (three contracts maximum)
- The contract ends without the entitlement to severance pay
- The maximum duration of work on temporary contracts is nine years
- The employer cannot employ worker on temporary contract for three years after reaching maximum allowed period (prolongation)
- In the case that workers continues to work after the end of temporary period without change of the contract and with the notion of the employer the contract converts to permanent contract
- In the case that temporary contract is not arranged due to law conditions can employee ask employer to convert it to permanent contract.

There are generally two types of exceptions from general rules. The rules can be different for groups of workers who are covered by specific laws (e. g. university teachers, other teachers, officers...) (see Bukovjan and Šubrt 2011). These specific laws have precedence over the general law (see also beginning of this chapter). The second group include

workers who are covered by the exceptions within the labour code. The rules for temporary contracts can be different in specific cases due to severe operational reasons (e. g. seasonal work, agriculture, building industry, agency work, research) (§ 39 art. 4)⁸. The high court decision (21 Cdo 1611/2012) decided that conditions that allow using § 39 art. 4 include not only character of work but also outer conditions (such as financing of the institution etc.). One of the key concerns in EPL topic which is in accordance to Council directive 1999/70/ES is that exceptions shouldn't be misused in cases when their application is not defensible by serious reasons (Komendová 2009, Daňková 2013).

The share of men and women working on temporary contracts is relatively equal (Kotíková et al. 2012). Temporary work is much more prevalent in some ISCO classes (see graph 2.2, for data 2006-2010 see Kotíková et al. 2012). During the years of economic recession (2008-2010) on average about 28 percent of all people (both men and women) who lost their jobs became unemployed due to the end of temporary contract. It was 13 percent in previous period before 2007 (Křížková a Formánková 2011). In some cases were the permanent contracts were converted to temporary contracts to prevent lowering of unemployment insurance benefits (Bukovjan 2012)⁹.

Agency work

Work agencies on agreement temporarily allocate workers for work in other firms (VÚPSV 2004, Nekolová 2010, Kotíková et al. 2012). Agency remains employer of the allocated worker. This means that usual roles of employer are divided between two organisations. Providing of agency work is permitted only for registered subjects – with permission of Employment office.

- Agency work is legalised in § 307, 308, 309 of Labour law
- Providing agency work can be for profit activity but cannot be paid by placed workers.
- Usually maximum length of temporary placement is 12 months, with stated exceptions
- Working and pay conditions should be the same as for core employees
- Agency work can be reduced by collective agreement
- The number and length of temporary contracts is not limited for agency work (§ 39 of Labour law)

⁸ These different rules have to be included in written agreement with trade unions or (in case of nonexistence of trade unions in the organisation) they have to be written in separate document (MLSA).

⁹ This praxis was reaction to the novel of employment law which stated that employees who end their contract with employers without serious reason are provided only reduced benefit payments at the 45 percent level (compare Bukovjan 2012).

In praxis, the length of the contract is usually the same as the duration of temporary placement. Agency workers are not covered (and thus protected) by Council Directive 1999/70/ES (Komendová 2009). The institute of “temporary placement” also returned to the Czech Labour law in 2012. Any employer (not only employment agency) can temporary place its long-term employees to other employer¹⁰. For the key differences between agency work and temporary placement see Pichrt (2012).

The number of work agencies and workers under work agency contract is provided in table 2.2. The number of placed people was probably influenced by economic situation in recent years. It is important to note that when calculated in WTE the scope of agency work is much lower (see Kotíková et al. 2012). Kotíková et al. (2012) and ČMKOS (2012) stated that agency workers constituted about 0.7 percent of the workforce in the Czech Republic in 2011. The length of placement was less than one month in 27 percent of the cases, one month to three months in 38 percent of the cases and more than three months in 35 percent of the cases (Kotíková et al. 2012, ČMKOS 2012). The evidence from six important Czech firms showed that about 10-20 percent of their workers are agency workers. SUIP (2015) declared they considered “hidden agency work” to be important problem. They also stated they had found some problems in about half of the controls of agencies, but only part these problems had been severe (see SUIP 2013, SUIP 2014, SUIP 2015). According to SUIP (2014) important problem seems to be *“that the conditions of preliminary ending of the contract are not defined. It is common in the praxis that the user stops to give work to the agency worker, tells this to agency and the agency preliminary ends also the work contract. Very often this situation is realised in case of the illness of the employee”*¹¹. Another important issue is existence of pseudo agencies owned by foreign firms and trying to avoid legal enforcement of Czech legal system (see SUIP 2013).

Occasional legal work without labour contract

Occasional work can be characterised as work for short period of specific task with low intensity or scope. These types of contract are traditional in the Czech legal system (see Kostadinovová 2012). This work is done on the basis of written agreement without

¹⁰ In praxis this should be used in cases when employer doesn't have enough work for its employees, in cases that firms in the same concern switch workers between divisions or in cases when lengthy consultation in client's organisation is necessary (for example installing new machines). According to statement of Polák et al. (2012) this should help employers who had had to ask for permission for agency work despite the fact they hadn't really realised any agency work other than lending their own employees within the concern. This was also one of the reasons for renewal of temporary placement in MLSA perspective (see MLSA press report 29/3/2011, Pichrt 2012).

¹¹ Pichrt (2012) commented that the law allowed agencies to be only mediator of the work for very uncertain period.

employment contract. There two allowed types of such contract in the Czech Republic: Agreement on work activity (Dohoda o pracovní činnosti) and Agreement on specific task (Dohoda o provedení práce)

Agreement on work activity

- is written agreement between employer and employee
- is allowed when work time is less than 50 percent of normal week hours for the whole time of the contract (usually 20 hours a week in 52 weeks)
- can be both permanent and fixed term
- there is 15 days' notice period before ending of the contract (or on agreement)
- Income is liable to social and health insurance in case of earning at least 10 000 CZK per month.
- there is the same minimum wage as for work contract

Agreement on specific task

- is written agreement between employer and employee
- maximum allowed working time is 300 hours a year and more agreements of this in one year are not allowed
- there is 15 days' notice period before ending of the contract (or on agreement)
- Income is liable to social and health insurance in case of earning at least 2 500 CZK per month.
- there is the same minimum wage as for work contract

Wage protection

- The minimum wage was set at 9 200 CZK in the Czech Republic in 2015
- Minimum wage for handicapped people with invalidity pensions was 8 000 CZK

The paid wage level was 15 percent lower than average for people aged 20 – 29 years and it was especially low (by about 45 percent) for young people up 20 years of age (Janíčko 2012).

Measures used to prevent misuse of labour market regulation

From the numerous evidence it clear that some employers tend to break law conditions about work contracts. Usually this means illegal behaviour or attempts to avoid the law (to be at the edge of the law). There are several complementary typical cases of sub protection (see also Nekolová 2010):

Undeclared work, work in grey economy: Situation when people work without work contract (despite their other work conditions which may be similar to other jobs). In such a case they are paid in cash and they are not covered by social insurance. They are also

practically excluded from employment and labour law protection (Nekolová 2010). Illegal work is defined by Employment law 435/2004.

Partially undeclared work: Usually only part of the contract is legal e. g. at the minimum wage level (Nekolová 2010). This situation includes also cases when people work on occasional jobs (despite the fact that their position should be due to conditions covered by other types of contract) (see e.g. ČMKOS 2011). Partial legality of the contract provides “protection” from potential control of Labour Inspection.

Civil Law contracts (agency work and bogus work and specific civil law contracts): This includes the situation when people work on contract based on civil law although the work contract would be appropriate and situation when combination of labour law and civil law is allowed (Nekolová 2010, SUIP 2013). This is also sometimes defined as covering of work contract by other type of contract. Such behaviour is considered illegal. The main reason for using of bogus work is seen in “saving” costs by reducing insurance payments and reducing other employees’ rights – e. g. no enforcement of pay, no holidays and no coverage in the case of work accident (Kostadinovová 2012).

Low job quality and insecurity: The situation when people work on permanent or temporary contract but the other legal work conditions are violated. Another similar problem is if the agency and bogus workers don’t have the same working conditions as other workers (Nekolová 2010).

Dependent work and its crucial features as well as other aspects of work contracts are defined in labour law. Usually the work contract has to be in written form and has to be written before start of the work. Work Inspection controls such conditions (since 2012) and the Employers and employees are obliged to prove existence of work contract at the workplace. There has been OP LZZ Project for control of illegal work realised in years 2012-2014¹² (SUIP 2015). There are also possible penalties for both sides of illegal work contract. The data about work inspection in the Czech Republic shows relatively high share of found illegal work (see table 1.3. based on data of SUIP 2013, SUIP 2014, SUIP 2015). These data shows first findings (evidence based suspicions) and not all of them are proven latter (this is because the case of illegal work is sometimes assessed during long term process including taking to court). SUIP declared in year reports that they hadn’t found many cases of bogus work (Švarc system) during their controls. We have to note here that these data not representative for the whole Czech labour market, because controls are targeted to jobs and sectors where illegal work seems to be more probable

¹² „Efektivní systém rozvoje zaměstnanosti, výkonu komplexních kontrol a potírání nelegálního zaměstnávání v ČR“ CZ 1.04/2.2.00/11.00013.

(see SUIP 2015). Still the praxis in the Czech Republic shows that the role of Work inspection in proving illegal work is very difficult e.g. because it is not possible to get evidence (prove) during inspection all aspects needed for work contracts (e. g. longevity, payments) are fulfilled¹³.

B. Key institutional and policy changes during 2004-2015

The changes of EPL were quite often in the Czech Republic in period in focus. Kostadinovová (2012) stated that often changes in the Czech employment law can themselves contribute to insecurity for employees. (We would like to add that for employers as well).

During the socialist period (Labour Law No. 65/1965) the temporary contracts were allowed but permanent contracts were preferred. By amendment No. 188/1988 the maximum period of temporary contract was set to three years (maximum number of prolongations was not set). Specific categories of workers (such as adolescents, school graduates and workers on collective agreements) were protected by ban of temporary contract. After 1989 was this regulation cancelled but clause about protected groups was kept in place (VÚPSV 2004).

After 2004 "Euro amendment" temporary work could be arranged up to maximum period of two years while the number of prolongations was not limited. It was possible to sign new temporary work contract six months after the end of previous contract (§ 30, art. 2 law No. 65/1965 Sb. and 262/2006 Sb.). There were exceptions in cases such as replacement of temporary absent workers and in situation where there were specific operational reasons (Komendová 2009). The condition of temporary employment of maximum duration for one year was required for old age pensions claimants (Komendová 2009).

There were also other two changes in 2004. Temporary placement was cancelled. Agency work was introduced to the Czech Legal system, also in reaction to ILO 181 convention (Pichrt 2012). Agency work was realised in the Czech Republic outside the legal system before 2004.

The rules for temporary employment were completely changed by the major novel of employment law since 1st of January 2012 (see table). The novel of labour law No. 365/2011 was motivated by comments of European commission focused on keeping of the rules defined by Council Directive 1999/70/ES based on Common agreement of organisations EOK, UNICE and CEEP about the temporary work contracts (Reasoning report for Law No. 365/2011, Bukovjan and Šubrt 2011). The novel of labour law 365/2011 abolished almost all exceptions for specific reasons that allowed unlimited chaining of temporary work. Latter amendment initiated by Senate of the Czech Republic

¹³ See High court decision SZ 6 Ads 46/2013, Stádník 2012, SUIP 2014, SUIP 2015.

No. 115/2013 returned these exceptions in similar scope as before 2012¹⁴. This amendment was based on agreement of representatives of Employers (Svazu průmyslu a dopravy České republiky, Konfederace zaměstnavatelských a podnikatelských svazů) and Unions (Českomoravské konfederace odborových svazů).

The definition of dependent work was changed to prevent use of bogus work (Kostadinovová 2012). Changes in rules (implemented since 2012) against illegal work (Švarc system) and agency work were proposed and supported by the Trade Unions (Janičko 2012).

The severance pay was changed since 1st of January 2012 so that the severance pay is based on the length of employment contract. This in practice means a decrease in severance pay for younger employees (Janičko 2012). The number of maximum hours in "Agreement on specific task" was prolonged from 150 to 300 hours (Janičko 2012).

The control of illegal work was transferred from Employment offices to Work Inspection since 2012 and the control process was intensified. There were also very high sanctions for illegal work (this was partly changed by Constitutional court decision sp. zn. Pl. ÚS 52/13). There was also coincidence of the change of the labour law and the control process. SUIP year reports 2014 and 2015 stated that during these years the situation has improved because the employers were more aware of their duties and became more used to the changed legislation.

Agency work of handicapped people and foreigners was forbidden since 2012. Agencies for agency work have to be insured since 2011. This provides basic security for agency workers in the cases that they agency would go bankrupt (MLSA press report 25/3/2011, Kotíková et al. 2012). Agency work of handicapped people was allowed again in 2015. Pichrt (2012) stated that there was a collision between the law about the agency work and the law about the mandatory employment of share of handicapped people.

Table of changes in employment protection 2004-2015

Novel	valid since	Main changes
novel of Labour Law No. 46/2004		<ul style="list-style-type: none"> • Implementation of Council Directive 1999/70/ES • Maximum duration of temporary contract was set to two years (number of prolongations was not limited) • Another temporary contract could be started only after six months since end of previous maximum fixed-term contract duration • There were set exceptions from the general rules
novel of Labour Law No. 436/2004		<ul style="list-style-type: none"> • Change of Labour Law in connection to Employment Law 435/2004 Sb. (conditions of Agency Work)

¹⁴ Some people interpret the formulation of new conditions as a bit more strict.

	1 st January 2011 (1 st of April)	<ul style="list-style-type: none"> Agencies for agency work have to be insured. Legal contracts for occasional work has to have written form¹⁵
novel of Labour Law No. 365/2011	1 st of January 2012	<p>Temporary employment:</p> <ul style="list-style-type: none"> The maximum duration of temporary contract was prolonged to nine years. The maximum number of contract prolongation was set to two (maximum of three temporary contracts) The minimum period between the end of maximum allowed contracts and new contracts was prolonged from six months to three years The exceptions for specific professions and reasons were cancelled This included cancelling of specific condition for university teachers in Law about Universities: No. 111/1998 Sb. <p>Agency work:</p> <ul style="list-style-type: none"> Agency work of foreigners and handicapped people was forbidden <p>Definition of „dependent work“</p> <ul style="list-style-type: none"> Definition of dependent work was changed to prevent using of bogus work <p>Occasional Work</p> <ul style="list-style-type: none"> The maximum limit for agreement on specific task was raised from 150 to 300 hours When the earned amount is more than 10 000 CZK social and health insurance has to be paid <p>Trial period</p> <ul style="list-style-type: none"> Trial (probation) period for managers can be prolonged to six months <p>Severance pay</p> <ul style="list-style-type: none"> The amount of severance pay is newly based on duration of the work contract
Gov. d. 246/2012 Sb	1 st of January 2013	<ul style="list-style-type: none"> Specific minimum wages for young people and handicapped were cancelled (with exception of people with invalidity pension)
novel of Labour Law No. 155/2013	1 st of August 2013	<p>Temporary employment:</p> <ul style="list-style-type: none"> The rules for temporary contracts can be different for specific professions and reasons (seasonal work, agriculture, building industry, agency work)
	2015	<p>Agency work:</p> <ul style="list-style-type: none"> Agency work of handicapped people was again allowed

Important are also changes in conditions for specific professions defined in separate laws. The specific conditions for university teachers were cancelled since 1st of January 2012, while the conditions for municipal officers stayed the same as before (Bukovjan a Šubrt 2011). There was a recent reform that forbade praxis of ten month work contracts for pedagogical workers (teachers)¹⁶. According to data about 4 000 teachers (approx. 4 percent) were forced to register as unemployed every summer.

¹⁵ see Kolaříková (2012)

¹⁶ This problem lasted for more than 10 years. It was identified e. g. in analysis of VÚPSV (2004).

The minimum wage was set to 8 000 CZK in 2007 and it didn't change until 2012, constituting 32.9 percent of average wage in 2012 (Janíčko 2012). Still for some categories (especially young and disabled), the minimum wages were set at lower level in 2012 (Janíčko 2012).

C. Assessment of the changes and their impacts

Most authors argue that EPL conditions are about the balance between flexibility for employers and security for employees (European Commission 2006, Bukovjan and Šubrť 2011). The game is about the ability of actors to foresee the future. Most national reforms in the period in focus were aimed to more flexibility of the labour market. Employers often argue that without flexible conditions on the labour market they would be forced to dismiss the workers or transfer them to agency work (Vystrčil 2013). Employment contract was always preferred type of work contract in the Czech Republic as it was defined by both labour laws (see Kostadinovová 2012). Other types of the contract should be rather rare and supplementary. In this perspective e. g. widening of possibilities for legal occasional work can motivate employees to avoid employment contracts (Kostadinovová 2012).

The nature of the temporary and other sub-protected contracts is not easy to uncover in the Czech Republic. E. g. university students often use these contracts during their studies in the Czech Republic¹⁷.

From the employees point of view is temporary work connected with the notion of law (in) security. Duration of temporary contracts is logically much shorter than for permanent contracts (see Graphs 2.3 and 2.4). Application of Council directive 1999/70/ES has led to increasing of employment protection for employees in the Czech Republic (Nekolová 2010). We could see that generally the level of temporary employment remained low in 2004-2011 periods. There is also a widespread opinion that some changes (such as prolongation of maximum period for temporary contracts and reduction of possible work contact prolongations) can lead to strengthening security of the workers (Bielesz 2012). From all these objectives we can conclude the multiple prolongation of fixed-term contract is perceived as more serious problem than long duration of such a contract. Similar problem is identified also in the agency work where agencies can (and do) avoid the limited duration of placement by using exceptions defined by the law (see Pichrt 2012). Worker can be placed to user many times if he asks for it or in cases when his/her work is replacement for employee who is on maternity/parental leave. This praxis is in opposition with supposed temporal character of temporary work (Pichrt 2012). There is important clause included in European law that

¹⁷ There are generally two such situations: working in the field of their future job (making praxis) and working in other fields (often in low qualification service jobs) to "make money".

specific conditions for defined groups of workers has to be always based on important objective and specified reasons (Komendová 2009). This praxis should lead to reduction of risk of misuse of EPL legislation.

Security of the workers is nevertheless influenced also by other key factors. One of them is interaction of EPL with unemployment protection system. We should note here that the unemployment protection in the Czech Republic is postponed, conditional, selective, short term (see chapter 4). We should also mention that not only regulation is important but also habits of employers and employees i.e. their willingness to follow possibilities that were given by them by law or their effort to avoid these rules. Rules can be flexible but employers and employees may not be willing to use them (opposite situation is also possible of course). In this context often only the most vulnerable are affected.

The argumentation of the relationship between EPL and work in grey economy is quite common. On one side, there is argumentation that when the labour market is not flexible enough there is higher chance of undeclared work¹⁸. On the other side there is substantial risk that the flexible labour measures help to cover various kind of undeclared work. This is also reflected in newest year reports of Labour Inspection (see SUIP 2014, SUIP 2015). Others argue that the key cause of misuse of non-employment contracts lies in too different conditions for various types of contract (see e. g. Kostadinovová 2012). The relationship between flexible contract and work in the grey economy seems to be very important and should be put under serious investigation in the future. Potential misuse of flexible contracts for illegal work should be avoided because it leads to reduced security of the workers and also distorts free fair competition of subjects on the labour market (SUIP 2015).

¹⁸ This "instrumental" possibility is mentioned e. g. by Fialová (2008), Kotíková et al. (2012) and Kuchár and Burkovič (2015).

Section 3: Active labour market policies and activation

A Basic institutional features and policy substance

1 Policy objectives

Traditionally, Czech Republic does not put much emphasis on active labour market policies. Rather the main objective was to prevent mass unemployment since early 1990s: unemployment never reached two digit level, even in times of transformation to market economy. Such an approach still continued during the crisis times (compare Clasen et al. 2011). Consequently, active labour market policies and employment services are less developed when compared to the EU or OECD standards (see table 2 and 3 in annex). At the same time the emphasis in the ALMP measures is put on disadvantaged groups in the labour market, young people among them. *The Czech National reform programme* from 2011 (Government office 2011) sets as an objective to diminish unemployment of young people (- 25 years) by one third until 2020, this is from 18.4% in 2010 to 12.3% in 2020. Similarly, the *Employment policy strategy until 2020* adopted on October 15, 2014 by the government (MLSA 2014a) and *The Activization package* measures from November 2014 (MLSA 2014b) emphasized targeting on the disadvantaged groups as well as the *Normative instruction by the Employment Office no 15 from 2014* which mentions the following groups of the unemployed as more vulnerable: the disabled, school graduates without work experience, young people below 30 years, people above 50 and parents, especially those re-entering the labour market after parental leave (which may last in the Czech Republic until 4 years of a child). Although the focus on the disadvantaged groups was never too strong in practice, young people were also practically more prioritised, in particular the school graduates. One reason for this preferential treatment was that the individual work with school graduates is not so demanding on work capacity of the Employment Offices when compared to long-term unemployed or the unskilled.

2 Institutional set up/framework

2.1 The structure of the institutions

The principal actor in the field of ALMP are Public Employment Services (PES) represented by the Employment Office (EO) which is subordinated to the Ministry of Labour and Social Affairs (MLSA). There is a three level governance structure of Public Employment Services, this is in Czech case the Employment Office: General Directorate, Regional Employment Offices (14) and local employment offices or 'contact points' of EO (77). Regional Employment Offices subordinated to the General Directorate of Employment Office are legal entities and have responsibility for designing the strategy and measures of ALMP in the regions while respecting regional and local specifics. They

design the measures (the level of job subsidies, types of requalification programmes in the region, etc.) and allocate finance for ALMPs to the local employment offices. Local employment offices (so called 'contact points') also have some discretion: they decide about the usage of the specific types of measures within the given financial limits and about participation of the individual job seekers in ALMPs.

Private (for-profit as well as non-profit) organisations as well as public education entities are also involved in service delivery due to sub-contracting of the measures like training, counselling or the whole employment projects from PES to these subjects.

2.2 Governance/responsibilities of the institutions

Employment services and labour market policies are regulated by Employment Act no 435/2004 Coll. and its amendments. As mentioned above, MLSA and PES have decision competences in formulating and implementing employment strategy and specific measures. Vertical coordination is done through the structure of Employment Office. Horizontal coordination with the other policy fields/services is performed through the Ministry of Labour and Social Affairs (in cooperation with the Ministry of Regional Development which is responsible for implementing most of ESF funded schemes). Social partners are not involved in the decision making although they consult all important government social and employment policies.

ALMPs and Public Employment Services are financed from the government budget: the source is unemployment insurance paid as a part of social insurance to social security administration. Employers pay 1.2 % of salaries as contribution while employees pay nothing. Since 2004 (after accession to the EU) the major part of the sources for ALMPs is provided from European Social Fund (see table 1 in Annex).

Job mediation services and active labour market measures are delivered through the network of Employment Offices (see above). Also registered private agencies are entitled to provide job mediation and counselling which is paid to them by the clients (employers). They are not allowed to require the fees from the unemployed. At the same time, according to the Employment Act the institute of so-called "shared mediation" enables the Employment Offices to sub-contract job mediation for the unemployed to private job agencies. The legislation also stipulates the level of the fees for this case: these are rather low level and this is the reason why job agencies do not engage in job mediation for the unemployed. Rather they focus on agency work, or on hiring the workers in specified professions for the employers.

Traditionally ALMPs, mainly re-qualifications, are sub-contracted to the different agencies, either public or private. Similarly, individual assessment/diagnostics, counselling, job clubs or even complex projects involving combination of the measures,

including job creation/support are often sub-contracted to the for-profit or non-profit entities. The scope of subcontracting increased with the implementation of ESF funded projects which represent a major part of AMPs delivered. However, job-creation remains mostly in hands of employment offices: they directly contract job creation (subsidised jobs) with the private or public employers.

3 Policy content/substance

3.1 Services available to young people

Job mediation and counselling

In the Czech Republic, Employment Offices are providing both group and individual counselling. The important role is played by Counselling and Educational Centres established at most of the local Employment Offices which provide services mainly to young people: the unemployed, the pupils, the students, and school graduates. Job clubs also represent a standard form of group counselling, similarly as ad hoc collective information group meetings for the unemployed.

Individual job mediation and counselling, however, represents the prevailing form of counselling. The services provided to the unemployed put emphasis on early activation: the unemployed are obliged to register at the employment offices and sign an Individual Action Plan (IAP) after 5 months of unemployment¹⁹. Consequently, they have to cooperate on the realisation of the IAPs. The unemployed can, indeed, be included in various measures of ALMPs, depending on a decision by the Public Employment Service (regional and local employment offices) which is in the individual cases based on discretion of employment offices staff; no binding rules exist although in *Methodical Note no 1/2014* a preference is recommended for disadvantaged/vulnerable job seekers.

In the Czech Republic, neither profiling nor early assessment methods are being used. However, job mediators and counsellors categorise the unemployed based on their own individual assessment. Individual support is provided based on the discretion of individual job mediators and counsellors. While job mediators and counsellors are theoretically provided with enough discretion and flexibility in delivering their individual support to the unemployed, it is questionable to what extent proper 'individual tailored support' is possible under the given implementation conditions/circumstances, considering the high workload of mediators and counsellors. The principle of individual case-work in job mediation cannot be applied either, with respect to the workload. When describing the situation before the crisis, Kalužná (2008: 22) mentions about 1,800 front-line staff of PES in placement and counselling (this number has not changed much over time): this

¹⁹ At the same time they are entitled to being provided with an IAP after 5 months of unemployment, and they can also request an IAP even earlier.

means an average workload of between 200 unemployed (in times of low unemployment) and 300 unemployed (in times of culminating unemployment). Úřad práce (2015: 8, 10) reports the caseload of 329 unemployed people per one mediator/counsellor and the number of jobseekers-facing front-line staff involving 905 mediators and 980 counsellors. This means that the situation has not much improved when compared with the situation before the crisis.²⁰

Since 2012 social assistance services have been merged to employment offices. In spite of that, although formally local employment offices represent one-stop shops, there is a division of tasks within employment offices, similarly as it was before merging with social assistance. Employment mediators (and counsellors) are responsible for dealing with the agenda of unemployment benefits, job mediation, and individual action plans/IAPs. Social counsellors are responsible for the agenda of social assistance benefits. They can easily share information with the employment mediators/counsellors (intensity of information exchange is increasing) but their handling of the unemployed is done in parallel/separately. The advantage of this one-stop shop is that exchange of information between employment mediators/counsellors and social counsellors is easier. On the other hand, when these agendas merged, the number of social counsellors was reduced from 3,642 to 1,953 (Úřad 2014a) and this gap has not been fully compensated yet.

As explained above, effective case work and coordination is a problem due to case overload and the resulting insufficient time available to social counsellors, in particular, for social work with the clients – for this reason, increases in staff numbers were approved (as emerges from reports by Úřad práce 2014a, 2014b, Úřad práce 2015).

Social services for the unemployed are generally rather insufficient, not well coordinated with employment services. Nevertheless, employment offices for example provide financial and debt counselling and courses to the unemployed. When having specific problems, the unemployed can refer to specialised counsellors at employment offices. There are also “Civic Counselling Points” in municipalities where people can come to get advice about their individual problems.

ALMP tools: training, job creation – public, private sector, self-employment, investment stimuli

In the Czech Republic, the standard tools of ALMP are being used: the most frequently used is re-qualifications/ vocational training. A new form of vocational training, implemented since 2012, is strongly supported by PES and seems to work well in terms

²⁰ Another problem is that it is only the mediators who deal with the IAPs. This means that their workload is quite high if we consider that about 70% of the unemployed have to be provided with an IAP (they are unemployed for more than 5 months) - while the counsellors rather provide the specialised counselling service.

of motivating the unemployed. This measure is 'requalification by choice': 15,600 unemployed people used this scheme in 2014 and 15,518 in 2015 which counts for about 43% all requalification programmes in 2015.²¹

Job creation support in private sector, mainly in form of job subsidies, is provided in the amount between 4 times to 8 times the average wage, depending on the level of unemployment in the region and the number of the created job in one company. These subsidies are provided for certain time period, maximum for 12 months, under the condition that the subsidised job will last at least 2 years.

The special measure falling into this category, implemented in larger scope from March 2013 according to Employment Plan by government, is the job-experience programme for people below 30 years, where a job subsidy of up to CZK 24 thousand monthly, this is a level of average wage (somewhat less than €1 thousand) may be provided, (available sources come to CZK 1.6 billion/€58.2 million), financed from ESF. Until the end of 2014, this is during two years 58 thousand young people participated (MLSA 2015) while the number of the unemployed in the group below 30 years was 179 thousand by the end of 2013 and 139 thousand by the end of 2014: this means that during one year in average about one third of youth unemployment stock participated in this measure.

Next, job creation in public sector in the form of public works, where the subsidy up to the total labour costs may be provided in maximum duration of 12 months is possible. Mainly municipalities or non-profit entities are engaged in hiring the unemployed within this scheme.

There are also special measures for the disabled: work rehabilitation measures, creation and maintenance of sheltered jobs where the subsidies are provided at the higher level compared to the above described job creation scheme.

Similarly, some special tools exist (less commonly used) like local projects or investment stimuli: in regions where unemployment is at least by 25% times more above average, new investors who create a specified minimum number of jobs can get a subsidy for each new job and also for requalification of new employees.

Since April 2014, *Youth Guarantee Implementation Plan* has been approved by government. After 4 months of unemployment, this plan provides all young people with a guarantee of an offer which includes four options: a standard job offer (job mediation, counselling), track to education, vocational training, and job experience. There is, however, neither a guarantee of the participation in the programme, nor 'good quality' job offer guarantee. This means that in practice a great majority of the young unemployed (about 80%) get just a job offer (MLSA 2015 x) which does not represent

²¹ Own computations based on data available on MLSA web pages.

nothing more that they got in the past: this may according to Employment Act be any job even low pay, low qualification, temporary, public works including.

3.2 Scope and targeting, regional distribution

As mentioned already, policy effort in the field of ALMPs/activation in the Czech Republic is rather weak. The expenditure on ALMPs represent about one half of the OECD average while the major part of the resources is covered from Operational Programmes of European Social Fund (see table 1). Based on data from 2013, expenditure on ALMP measures (category 2–7 in the Eurostat classification) represented 0.193% of GDP in 2013, while the EU-28 average was 0.454% of GDP.²² Similarly, expenditure on labour market services was 0.104% of GDP, while the EU-28 average was 0.202% of GDP.²³ The respective averages for the OECD countries were 0.43% and 0.13% in 2013 (OECD 2015). Data on regional distribution of ALMPs do not convince that the regions where employment is the highest get more ALMP measures (see Annex table 5).

3.3 Comment briefly on the quality of the measures

There are not much data provided about the quality of the ALMP measures. No performance standards are set in Public Employment Services. The ratio of ALMP expenditure to the ratio of the participants in ALMP is about 0.2% of GDP for about 1% of labour force: this comparable to the other countries like Norway or Germany. In the vocational training, however, rather short term courses prevail (lasting only several weeks). Mainly high workload of PES staff and less capacity for individual case work (see above) is, however, a key qualitative deficit.

B Key institutional and policy changes during 2007-2015

1 Objectives

The centre-right government which was at power since 2007 has been committed to cuts in public expenditure; the re-elected centre-right government in 2010 was even stronger in this commitment. The discourse which was supporting this objective emphasized the necessity to diminish public deficit for the benefit of future generations (with little reference to the EMU criteria or Excessive Budget Procedure which was imposed on the Czech Republic between 2009 and 2014) and misuse of social benefits (Programové/Government 2007, 2010).

This objective implied cuts in several fields of public policies. Also series of measures aimed to restrict access to unemployment and social assistance benefits was at place

²² In the latter case the data are from 2011.

²³ The data on EU-28 are from 2011.

pushing the recipients back to the labour market. Similarly, the centre-right government changed the approach to ALMPs. If traditionally, the Czech Republic was a laggard in ALMP; the gap between the scope of ALMP measures in the country and in the most of the EU countries has widened further since 2008. The trend to the retrenchment of ALMPs culminated in 2012 while in 2013 the new caretaker government has changed it declaring employment policy as an important objective. However, no dramatic improvements took place since the government was bounded by the restrictive government budget for 2013 adopted previously. The new elected government (June 2014) was centre-left, led by Social Democrats and has declared an effort to restore the functioning Public employment services and effective labour market policy and to comply with the European Employment Strategy (Programové/Government 2014).

2 Institutional set-up

The institutional reforms of PES implemented by the centre-right government elected in 2010 were aimed to reduce expenditure by imposing more central control, simplifying institutional structures and reducing staff.

The governance reform of 2010-11 involved re-centralization as the stronger subordination of local employment offices to the centre of Public Employment Services, accompanied with shifting the legal competences from the local (77 local offices) to the regional level (14 regional offices). At the same time during 2011, the number of PES employees was reduced from 8,136 to 6,237 (Úřad práce 2014a).

In 2011, minimum income scheme/social assistance administration was merged with the employment offices, shifted from municipalities to employment offices. However, only 1,953 of the original 3,642 staff working on minimum income scheme/social assistance agenda at municipal social departments were employed after the merge at employment offices.

At the same time, the institution of shared mediation (i.e. outsourcing of mediation and counselling to private agencies) was implemented into legislation in 2011. However, it did not work because the financial rewards offered to the private agencies were set too low in legislation.

The common features of the activation reform measures which led to several failures were their poor preparation, design and implementation. These aspects were neglected since the reforms had the simple aim of cutting public expenditure. The preparations of the policy measures, explicitly dictated by this aim, were often unprofessional; furthermore, the procedures of their approval were non-transparent and non-standard. For example, the negotiations of the new governance reform (Act No 73/2011 Coll.) of the Employment Office, from its initial 'merit proposal' up to its submission to parliament,

took only 3 months, while the new Employment Act No. 435/2004 Coll. took one whole year to negotiate (Kotrusová and Výborná 2014). The majority of the partners complained of the non-standard legislative process, which was also the reason for the refusal of this act by the President (Stanovisko prezidenta 2011). In spite of this, the parliament, where a government coalition held the majority, quickly overruled the refusal of the President.

During 2012 and 2013, it became apparent that several measures implemented as activation reforms suffered serious weaknesses. These failures were strongly criticized and most of the reforms had to be abandoned (see below). The most important one was the decision to dismantle the workfare principle applied on the unemployed within the unemployment benefit scheme. Specifically, in November 2012, the Constitutional Court discontinued the institution of Public Service as a compulsory activity for those who were unemployed for more than two months, enforced through a punitive sanction (suspension of entitlement to unemployment benefits) in the case of a refusal to perform public service activities.

In 2013 when it was apparent that the employment offices hardly can fulfil their tasks effectively, the decision was adopted by government to increase the personnel capacity of the employment offices by 250 permanent employees and 150 temporary employees, both in employment policy and the Minimum income scheme/social assistance agenda (MPSV/MLSA 2013a). With the new temporary 'caretaker government' established in July 2013, a more substantial decision was made: to accept 700 new employees who would be clearly pro-client oriented, that is, 319 positions in 2013 and the rest in 2014 (MPSV/MLSA 2013b). In spite of these measures, the estimate (Úřad práce 2014a) of the understaffing was still about 20% at the beginning of 2014, compared to the situation in 2011 preceding the reform.

3 Substance of the measures

Since the centre-right government which was at power since 2007 has been committed to cuts in public expenditure; series of measures related to the 'social reform' austerity package from 2007 aimed to restrict access to social assistance benefits either by increased conditionality and by pushing the recipients – mostly long-term unemployed – back to the labour market.

The entitlements for MIP/SA benefits were severely cut in September 2008, in effect as of January 2009. After 6 months, MIP/SA benefit recipients were automatically entitled only to an existence minimum instead of a living minimum.²⁴ Only in cases in which they participated in public works for a total of 20–30 hours per month were they entitled to a

²⁴ This was later changed, and disabled people are exempt.

living minimum plus a supplement in the amount of 30% of the difference between an existence and a living minimum. If they worked more than 30 hours, they received a bonus to the existence minimum in the amount of half the difference between the living minimum and the existence minimum.²⁵

Further, since 2009 employment offices were obliged to implement activation plans with all unemployed after 5 months of their unemployment (until that time there was only the obligation to offer IAPs to the unemployed under 25 years of age, however acceptance of the plan for them was voluntary). This measure was adopted in 2008 when the numbers of the unemployed were low – with the increasing numbers during 2009 it was apparent that employment offices can cope with this task only as a formal measure.

The new activation measures adopted in 2011²⁶ represented a continuation of the repressive activation reforms with great emphasis on the workfare principle. Positive incentives in the form of bonuses to the living minimum or the existence minimum in case of participation in public service were cancelled. Instead, all unemployed (regardless of whether they are MIP/SA recipients or unemployment benefit recipients) were obliged after 2 months of unemployment to participate in public service for up to 20 hours per week (which in fact corresponds to a part-time job). Refusal could result in exclusion from all entitlements to unemployment or SA benefits. Since the beginning of 2012, nearly 61,000 (mostly long-term) unemployed have participated in public service scheme (MPSV/MLSA 2012).

On the other hand data on the participation of the unemployed in ALMP measures confirm a divergence of the Czech activation strategy from the general trend in the EU, which was more inclined to expanding ALMP measures at least during the crisis. The scope of the ALMP measures was modest before the crisis (2008); however, the crisis did not bring a contra-cyclical reaction of the government in 2009 in the Czech Republic. ALMPs increased only slightly in 2010, while in 2011 and 2012 there was a dramatically deteriorating situation. In 2008, participants in active employment policy measures accounted for 21.6%; in 2009 it was 17.0%; in 2010, 22.5%; in 2011, 19.1%; in 2012, a mere 9.6% and in 2013, 14.9% of the unemployment stock.²⁷ This development is due to cuts in ALMP expenditures as well as to the governance reforms of Public Employment Services implemented during 2010-2011.

Facing the increasing long-term unemployment, the critique by the Commission and political opposition which gained growing public support, the government has announced several measures in March 2013 (*Employment Plan*; see MPSV/MLSA 2013c), the most important being the measures to provide employment opportunities (in the form of 12

²⁵ Act No. 382/2008 Coll.

²⁶ Act No. 354 of November 6, 2011.

²⁷ Own computations based on data from MLSA web portal.

months work experience) for youth and to protect employers in companies threatened by the crisis by supporting part-time work (Kurzarbeit) combined with vocational training²⁸, and lastly, more support to job creation measures for the disadvantaged groups both in public and private sector. One can see that the trend to the retrenchment of ALMPs culminated in 2012 while in 2013 the new caretaker government has changed it. However, no dramatic improvements took place since the government was bounded by the restrictive government budget for 2013 adopted previously. Thus the numbers of participants increased to 22,4% of unemployment stock in 2014. More substantial positive change was achieved in 2015 by the new government led by Social Democrats when the participation rate was 32% (thanks to decreasing unemployment accompanied the growing numbers of ALMP measures).²⁹

C. Assessment of the changes and their impacts

As Clasen et al. suggest (2012:9), the interpretative framework of the crisis in Czech Republic was the understanding of the crisis as *demand shock* and *fiscal constraint*, not as a *structural challenge*. Hence, the key measure in the labour market was the prevention of the spiral of recession by protecting the insiders' (regular work force) jobs with the help of ESF funds. At the same time, the reduction of public deficit, among other by restrictions in unemployment benefit schemes by as well as in ALMPs expenditure took place. The outsiders (marginal workforce) were not in focus of the policies.

In ALMPs, the Czech Republic was always far behind the most of the EU countries: during the crisis years the proportion of the unemployed in the measures dropped and the gap between the Czech Republic and the other EU countries widened since the government did not consider employment policy as an appropriate tool to solve unemployment and did not prefer to support the vulnerable groups, young people including. At the same time, in 2007–2012, activation reforms, which explicitly relied on the strong enforcement of workfare principles, were implemented by the centre-right government. A similar trend was apparent in employment policy in that unemployment protection and ALMPs with more restrictive sanctions were implemented but with less support to employability and access to the labour market. Finally, in 2011, workfare was expanded to apply to most of the unemployed.

The turn-off in approach arrived only since 2013 when the outcomes of the previous reforms proved to be disappointing and when the government was close to resign. The revival of ALMP has been apparent mainly during 2014 and 2015 with the new

²⁸ The similar measure was implemented during 2009-2010 as a buffer against collective dismissals financed from the EU funds under the rule de minimis which covered about 3% of labour force.

²⁹ See Table 1 and 5 in Annex.

government led by Social Democrats: the numbers of the participants grew, however, mainly thanks to the ESF support. The Job experience scheme for young people was implemented in 2013 with a considerable participation rate. Youth Guarantee programme was adopted in 2014: nevertheless it did not change much the previously existing policies for young people.

When considering the two key questions given for the analysis, it may be concluded that active labour market and activation policies and institutions and their recent reforms in the country did not support much young people in their entry into the labour market. Rather the gap between protection of the existing jobs for the insiders and decreasing opportunities for the outsiders (young people including) has widened. At the same time the workfare like policies have pushed young people into precarious jobs. With the new government from 2014 more emphasis on support of young people in access to jobs and employability has been put and more opportunities for young people in job experience subsidised jobs have been created. It is soon to assess how this policy shift has changed the position of the youth although we notice a decrease of the numbers of young unemployed from 179 to 139 thousand between 2013 and 2014: this is more than by 20%. However, policy effort still remains below the average of the OECD or EU standards although moving closer to them.

The recent reforms in active labour market and activation policies, and labour market institutions have aimed to generate rather more flexibility than to promote flexi-curity. In particular workfare like reforms culminated during 2010-2012 in times of slight recovery and new recession. The forms of flexibility the most emphasized was flexibility in accepting low paid, low qualification, low quality, sometimes temporary job, rather than functional flexibility or working time flexibility. More emphasis on the functional flexibility is apparent since 2014 and some workfare like flexibilisation measures have been dismantled. However, given the limited personnel capacities of PES, and the limited scope and quality of ALMP measures, the policy effort is not still sufficient from the perspective of the vulnerable groups of young people.

Section 4: Unemployment protection

Unemployment protection system in the Czech Republic was first created with transition to market economy in early 1990s. System included unemployment insurance and social assistance. Although there have been really many parametrical changes during following 25 years the main characteristics of the system remained almost unchanged until 2007. Rather soon (during 1990s) the former generous level of the benefit was reduced and overall the system can be characterised as similar to other systems in post-communist countries. It is in comparative perspective rather more selective and less generous system than the systems of unemployment protection which we know from western and northern European countries.

A. Basic institutional features and policy substance

Policy objectives in the field of unemployment protection

We reflect here mainly goals of the system after 2006. At that time the goals of the system were newly set in accordance with perceived low incentives incorporated in previous form of unemployment protection system. Reduction of duration of unemployment insurance benefit was aimed by effort to motivate people to faster change of their situation by inclusion to the labour market (Amend. No. 382/2008 Coll., reasoning report). Key change in period for entitlement for unemployment insurance was also commented as measure to increase motivation of people to find and keep jobs (Amend. No. 367/2011 Coll., reasoning report). Authors of the change argued there was similar or stricter ratio between duration of entitlement period and contribution period in other post-communist countries such as Slovakia, Slovenia, Poland and Latvia³⁰.

Changes in the system of social assistance since 2007 were motivated by high discrepancy in addressing needs of social assistance claimants, social workers overload and high (not motivating) level of benefits (Law No. 111/2006 Coll., reasoning report). The goals were to reduce welfare dependency by means of activation (Law No. 111/2006 Coll., reasoning report). People who work should be in better position than people who don't work. The aim of social assistance system after 2007 can be illustrated by new definition of person in material need from MPSV web pages: *"Person or family doesn't have sufficient income and material and social conditions of the household don't allow filling of basic living needs at level acceptable for society. Simultaneously person or family cannot for objective reasons increase their income (e. g. by using or selling property or by reclaiming financial claims) and so solve the situation by his/her/their*

³⁰ This shows clear orientation towards eastern European (transitional) model of social policy.

personal effort". The law 111/2006 was also aimed to reflect real housing costs in provision of the benefit (see below).

Governance of unemployment protection

All benefits for unemployed including social assistance are provided by Employment office. This is result of reform which was aimed to creation of one stop system. The agenda of social assistance was transferred from municipalities to Employment office. The main advantage to this system is that the data about unemployed can be shared in house. Municipalities and NGO address unemployed people by means of social work.

Description of the basic institutional features and policy substance

Unemployment protection in Czechia is constituted of two main pillars: unemployment insurance and social assistance (i.e. repeated benefits for people in material need). Other benefits may be relevant for situation of families with unemployed members³¹. Social security is based on complementarity principle. Usually unemployment insurance and social assistance benefits are not paid when other benefits are claimed or when the family have income which reaches certain threshold.

Unemployment insurance benefit

Unemployment insurance in Czechia is contribution based (paid by employer) and include both unemployment benefit and part for active labour market policy. Entitlement conditions for unemployment insurance benefit are rather strict. For entitlement unemployed have to be registered at employment office, actively look for work and have at least twelve months of employment constituting entitlement (with contributions) in last two years³². Specific periods including care for dependent children, handicapped and elderly are counted as employment. There are also disqualifying condition such as claiming pension or some other benefits, being imprisoned, claiming discharge pay and being dismissed for severe violation of working duties. In cases of severance pay the payment of unemployment benefit is postponed for corresponding number of months (but the duration is not reduced). Previously self-employed, people who cannot prove level of their previous income and parents are entitled under specific conditions. People who attend ALMP (training courses) are entitled to "training benefit" at level 65% of previous income.

³¹ We would include parental benefit, child benefits, housing benefits, invalidity insurance benefits, special benefits for the disabled (for compensatory equipment), benefit for child care and care for other dependants and lump sum benefits of social assistance (provided usually for replacement of broken equipment or specific needs of children in materially deprived families).

³² This is reduced to 6 month in cases of repeated unemployment and 3 months in case that previous benefit was not claimed for full duration. You can also continue claiming of your previous unused benefit if the new employment was short.

Unemployment benefit is provided for duration of five months³³. The benefit level is defined as replacement of previous declared income. It is 65 percent of previous net income for first two months, 50 percent for next two months and 45 percent for the rest of benefit duration. The benefit level is reduced to 45 percent for whole duration of benefit claiming in cases when the unemployed ended previous employment himself or after agreement with employer. The maximum benefit is limited by ceiling of 0.58 of average wage in national economy. Maximum benefit according to this rule was 14 604 CZK in 2015. The benefit level is flat rate (three decreasing amounts) in cases that there was no previous income or in cases that the previous income cannot be proven.

Repeated benefits for people in material need (social assistance)

System of social assistance in Czechia is defined in law no. 111/2006 Coll. 'o pomoci v hmotné nouzi' (about help in material need) and law no. 110/2006 Coll. 'o životním a existenčním minimu' (about living and existence minimum). There are two main social assistance benefits in Czechia. 'Supplement for living' is benefit which is provided for each member of the household with income lower than defined threshold of social need. Housing costs are not included here but are tackled by different benefits (see below). The benefit is means tested (Šimíková 2012). The maximum level of the benefit for each person is categorically defined resulting in fixed amount of money according to age and status of the person in the household, his/her activity and special dietary needs (see table). Benefit for the family is counted as difference between real income of the family and maximum amount of 'living minimum'.

Table 4.1: benefit levels of social assistance (supplement for living) in 2015 (in CZK)

Benefit	Status of person	sin. 2007	sin. 2012
Living minimum	Living single	3 126	3 410
	First adult person in household	2 880	3 140
	Other adult people in household	2 600	2 830
	Child up to 6 years	1 600	1 740
	Child 6 to 15 years	1 960	2 140
	Child 15 to 26 years (who is dependant)	2 250	2 450
Existence minimum	Only adult people (see conditions)	2020	2 200

Source: Bulletin VÚPSV No. 31 (2016)

³³ Duration of the benefit is prolonged to 8 months when unemployed is aged 50-55 years and 11 months when unemployed is aged 55+ years but this is not relevant for young unemployed.

There are quite a lot limiting condition for claiming of 'Supplement for living' other than income. Benefits are not provided, can be completely withdrawn³⁴ or they can be limited to existence minimum³⁵. Existence minimum cannot be used for dependent children, pensioners, handicapped people with disability pension of 3rd grade and for people aged 68 or more years. System of social assistance was changed from positive incentives to negative sanctions which reduced possibility to top up benefits (Horáková et al. 2013).

For situation of young people is important that all people living in the same household are counted as living together if they don't state otherwise with written statement. This includes dependent children, spouses and adult children living in the same flat. People who temporary live in different place but are in the same household are counted as if they lived in the same flat. This situation is typical for students living in dormitory or hall of residence during apprenticeship of university studies. Change in commonly assessed people was one of the most important changes in last ten years (see below).

Incomes from working activity are counted only as 70% of real work income and some social benefits including unemployment insurance and training benefit are counted as 80% of real income (Jahoda et al. 2008). This should reduce marginal effective tax rates of the clients and motivate them to accept work rather than remain on the benefits.

The other key social assistance benefit is 'housing supplement'. Aim of 'housing supplement' is to cover costs of rent, heating, water, electricity and gas bills and housing maintenance (Šimíková 2012). Housing supplement is provided to families who are claimants of 'supplement for living' and can be provided also to families whose income is not higher than 1.3 of 'living amount' (maximum level of supplement for living in the cases that the benefit is not provided). The benefit is often paid to owner of the flat. It can be paid in specific circumstances also for rooms and other places where basic standards of housing are fulfilled.

Benefit level is set to pay full reasonable price of the rent so that: a) 'housing benefit' is first paid and subtracted from the rent³⁶, b) any income of the family higher than living amount is used to pay the rent. The rest of the rent is paid by housing supplement. It is important to note that housing expenditures for both 'housing benefit' and 'supplement

³⁴ Benefits are not provided or can be completely withdrawn if there is evidence that person avoids work; adult person doesn't work nor he/she is registered at employment office; person refused work or ALMP program; person who intentionally became ill to claim illness insurance; person who is ill during self-employment and didn't pay illness insurance, person who was sanctioned for low school attendance of his/her children, who is in prison.

³⁵ Benefits are limited to existence minimum if the person has child maintenance debts, person was dismissed for severe violation of working duties or he/she is in hospital for whole month.

³⁶ There are two benefits for housing provided in the Czech Republic: 'housing benefit' (příspěvek na bydlení) and 'housing supplement' (doplatek na bydlení).

for housing' are limited by maximum of normative expenditures provided by MPSV (see Horáková et al. 2013, annex).

B Key institutional and policy changes during 2004-2015

System of social security in the Czech Republic was reformed by many changes since 2003 and this process intensified during reign of two right wing governments. The system of social benefits was changed towards more residual and targeted system while middle class should have been covered by reductions of taxes (which are helpful only for families with working incomes). This was in accordance with the goals of the reforms. Direct social transfers became targeted almost only to groups of people in severe social need. This included both a) system of benefits for families (state social support) where many benefits were more targeted or abolished and b) system of social assistance for people in "material need" (Horáková et al. 2013). This overall led to change of the system to more liberal or residual (sub-protective) form (model) which was also accompanied with much higher focus on social assistance (see below).

We will briefly address here mainly changes of unemployment protection since 2007³⁷. Comments on most important changes are provided in the table 4.2. Unemployment insurance was reduced for one month and the level of benefit was made more generous for short term unemployed in 2009. There was also a great reform of social assistance. Main social assistance benefit before 2007 was constituted of two integrated parts: for personal needs and for housing. With the reform the housing costs were removed from the benefit and new benefit for housing costs (Housing Supplement) was established (Sirovátka et al. 2011). The level of living minimum was raised for part including personal needs but overall the benefit level was decreased (Jahoda et al. 2008)³⁸. The level of the benefit was frozen for 5 years and then again for 4 years³⁹. Most of the changes in unemployment protection were aimed to two general goals: a) provide low, short term and conditional benefits and b) to improve enforcement of activity with means of operant conditioning motivation. Many categories of people were temporarily or permanently excluded from benefits. Even the latest development showed that Czech

³⁷ For development of unemployment protection since 1990 to 2008 see Kotýnková (2009) or Sirovátka and Hora (2011). For development of system since 2007 see Horáková et al. (2013).

³⁸ It is important to note that not all claimants of supplement for living also claim housing supplement. The former system allowed people with low housing costs to save part of the money for their personal needs. This is not possible in the new system because housing supplement is often paid directly to landlord. On the other hand these rules inc. proof of previous payments reduced risk of housing debts of the claimants (Jahoda et al. 2008).

³⁹ Also level of minimum wage was frozen for long time.

social policy towards unemployed is deeply embedded in moral underclass discourse (see Levitas 2006) and this is not probably going to be changed in near future.

Table 4.2: Changes in unemployment protection 2007-2015

Novel	valid since	Main changes
Law No. 382/2005 Coll.	1 st January 2006	<ul style="list-style-type: none"> Studying is counted for unemployment insurance with maximum of 6 months
Laws No. 111/2006, No. 110/2006 Coll.	2007	<p>Social assistance</p> <ul style="list-style-type: none"> New social assistance benefit is only for personal needs Housing costs are covered by separate benefit Introduction of existence minimum with reduced level
Amend. No. 261/2007 Coll.	2008	<p>Unemployed Insurance</p> <ul style="list-style-type: none"> People who ended their previous employment due to severe violation of law don't have entitlement to unemployment insurance <p>Social assistance</p> <ul style="list-style-type: none"> People who are unemployed for more than 12 months are entitled only to existence minimum Possibility to increase benefit for long term unemployed was cancelled
Amend. No. 382/2008 Coll.	1 st January 2009	<p>Unemployment insurance</p> <ul style="list-style-type: none"> Duration of the benefit was reduced by one month (to 5, 8 and 11 months) The benefit levels were set to 65%, 50% a 45% of previous income Studying is not counted as period included in entitlement for unemployment insurance
Amend. No. 382/2008 Coll.	1 st of January 2009	<p>Social assistance</p> <ul style="list-style-type: none"> People who are unemployed for more than 6 months are entitled only to existence minimum (with exceptions of people who work, claim unemployment insurance or do public service) Introduction of public service The housing supplement has to be paid to landlord if there is a risk that It may be misused
Amend. No. 479/2008 Coll.	1 st of June 2009	<p>Social assistance</p> <ul style="list-style-type: none"> Social assistance (supplement for living) can be paid in different form (e.g. as receipt and not money)
Amend. No. 364/2011 Coll.	1 st January 2012	<p>Unemployment insurance</p> <ul style="list-style-type: none"> People who ended their previous job without severe reasons are when claiming unemployment insurance entitled only to 45% of their previous income People are not entitled to unemployment insurance when they claim

		severance pay <ul style="list-style-type: none"> The possibility of limited work (working disregard) during claiming unemployment insurance was cancelled
Amend. No. 367/2011 Coll.	1 st January 2012	Unemployment insurance <ul style="list-style-type: none"> Period for entitlement for unemployment insurance was reduced from 3 to 2 years
Amend. No. 366/2011 Coll.	1 st January 2012	Social assistance <ul style="list-style-type: none"> Cancellation of possibility to raise benefits due to activity The maximum duration of housing supplement was reduced from unlimited to 84 months in 10 years There was a governance reform that transferred social assistance from municipalities to Employment Office
Amend. No. 437/2012 Coll.	10 th of October 2012	<ul style="list-style-type: none"> Cancellation of new form of public service due to decision of Constitution Court during 2012
Amend. No. 252/2014 Coll.	1 st January 2015	Social assistance <ul style="list-style-type: none"> There was defined standard of suitable housing for claiming housing supplement There was a change in definition of commonly assessed people (to address misusing of housing supplement and specific cases of family relations e.g. people who divorced) The maximum duration of housing supplement 84 months in 10 years was cancelled

C Assessment of the changes and their impacts

Analyses of risk of poverty and effectiveness of social system used usually in the Czech Republic two main sources of data: EU-SILC and national administrative database of social assistance claimants (OKsystem). We assess output data about unemployment insurance in table 4.3 in annex. Average level of the benefit (column A) is low comparing to both expected family expenditures and average net income of single people with average and low incomes (column B, unemployment insurance benefit in % of two levels of net income for single individual). We unfortunately don't have data for unemployment insurance coverage for young people but we have data for overall unemployment insurance coverage (column C). Usual coverage of unemployment insurance in last ten years was 20-30 percent with exception of year 2009 when this was influenced by external economic shock which forced many people with long previous work experience to become unemployed. We also know that coverage for young people is lower than average coverage so we guess that their coverage is not higher than 20 percent. Unemployment insurance expenditures (column D) were influenced mainly by economic

situation while the parametric changes in the system had probably low impact to these data.

Now we assess output data on social assistance. Data provided by MPSV (see table 4.4) as well as accessible analyses (see e. g. Jahoda et al. 2008) showed that reform in 2007 led to dramatic decrease of both number of social assistance claimants and expenditures on social assistance. This process started even during existence of the old system of social assistance. About two thirds of single living people lost their entitlement for social assistance benefits (Jahoda et al. 2008). This was mainly caused by change of rules for common assessment of people in household when adult people are automatically assessed as one household with their parents (Jahoda et al. 2008)⁴⁰. Young people were much less often social assistance claimants than older cohorts in 2007 (Jahoda et al. 2008). The number of social assistance claimants has risen again for both "supplement for living" and "housing supplement" since 2007 (see table 4.4, Šimíková 2012, Horáková et al. 2013, Průša 2013).

Data about the structure of social assistance claimants shows that social assistance in Czechia really constitutes second safety net for unemployed. Unemployed (or inactive) households without entitlement to unemployment insurance constituted 84 percent of social assistance claimants (Horáková et al. 2013). Hora and Vyhlídal (2016) stated that in 95 percent of households claiming social assistance was someone unemployed. Only 6 percent of social assistance claimants claimed also unemployment insurance (Šimíková 2012). Šimíková sees probable reason in the relation between unemployment insurance and social assistance: while unemployment insurance benefit itself is not high it is still high enough to protect unemployed from fall to even lower social assistance benefits (with exception of previous very low work income, part-time jobs etc.). According to social assistance data about 15% of young unemployed (aged 18-30 years) claimed social assistance in last three quarters of 2014 (Hora and Vyhlídal 2016).

Only about one third of claimants who claimed supplement for living claimed also housing supplement in first years after reform (Jahoda et al. 2008, Šimíková 2012). This share rose to 47 percent in 2014 (Hora and Vyhlídal 2016). The lower share of people claiming housing supplement was caused also by low number of claimants with own housing and almost zero number of claimants from category without housing (Jahoda et al. 2008, Šimíková 2012). The level of benefits paid as supplement for housing benefit seems to

⁴⁰ Real impact of this is influenced by attitudes of other family member and their economic situation (e.g. when only parent is elderly pension claimant) (Jahoda et al. 2008).

sufficient but this cannot be fully assessed without taking housing benefit into account⁴¹. Higher level of unemployment, rise of housing costs⁴², changes in the system of social state supplement⁴³ and rising of living minimum in 2012 seem to be most important factors for changes in system of social assistance in last ten years. People who claim social assistance often live in rental housing (40+ percent), other forms of housing or they are homeless (Jahoda et al. 2008, Šimíková 2012, Horáková et al. 2013). Many people in material need started to live in other forms of housing (dormitories, rooming houses, asylum houses and shelters) where the prices are high and the quality of the housing is often questionable (Jahoda et al. 2008, Šimíková 2012). Social housing in the Czech Republic provided by municipalities is very fragmented and limited, on the other hand some groups of entrepreneurs (owners of rooming houses) have learn to use situation for their own benefits. Households in social assistance are often dependent of benefit supplement for housing for covering housing expenses because otherwise their income is too low to be able to find and keep housing (Horáková et al. 2013). The overpriced, low quality housing they have to live which is paid from public budgets is often questioned by experts (see e.g. Šimíková 2012, Průcha 2013).

Risk of relative income poverty is slightly higher for young people (aged up to 24 years) than for older cohorts, still the level of relative income poverty is low – about 11-12 percent in period 2005 to 2010, 12.7 in 2011 and 11.1 in 2013 (Hora et al. 2008, Sirovátka et al. 2011, Horáková et al. 2013, Sirovátka et al. 2015). Still the poverty risk identified in binary logistic regression analysis was higher for young people than for other cohorts (Sirovátka et al. 2011, Sirovátka et al. 2015). The levels of risk of income poverty for young people are very different according to composition of the household they live (see Hora et al. 2008). The risk of income poverty for working people is generally very low and not differentiated by age, but it is higher for people with low level of education (Sirovátka et al. 2011, Sirovátka et al. 2015).

Unemployed people are the group where the risk of relative income poverty is highest in the Czech Republic (Hora et al. 2008). The level of risk of relative income poverty for

⁴¹ According to Jahoda et al. (2008) the benefits were usually at maximum of 2 500 CZK. According to Šimíková (2012) the benefits were circa 2800 of 3000 per person. According to Hora and Vyhliđal (2016) the average benefit was 3 790 CZK.

⁴² The prices of rental housing in the Czech Republic were gradually deregulated in this period (until 2012) and this led to substantial rise of price of housing for people living in formerly regulated flats (see Sirovátka et al. 2011). Analyses including both quantitative and qualitative approaches showed that some categories of people are endangered by low quality housing for high price (Sirovátka et al. 2011). For about 25-30 percent of respondents are housing expenses perceived as great burden, which means that housing expenses constitute about 30-40 percent or even more of their income (see Sirovátka et al. 2011, Sirovátka et al. 2015).

⁴³ The reduction of these benefits led to transfer of some of the former claimants to system of social assistance.

unemployed was between 43 and 52 percent (Hora et al. 2008, Sirovátka et al. 2011, Horáková et al. 2013). This was accompanied by high self-reporting of material deprivation (Hora et al. 2008, Sirovátka et al. 2011, Horáková et al. 2013, Sirovátka et al. 2015).

Overall the system of social protection in Czechia was assessed as very effective in reducing risk of relative income poverty in period 2005 to 2008 (see Hora et al. 2008, Sirovátka et al. 2011) but the effectiveness was somehow reduced in latter period (Sirovátka et al. 2015). The ability of the system to reduce risk of income poverty for young people was average (see Hora et al. 2008) or lower than average (Sirovátka et al. 2011, Horáková et al. 2013, Sirovátka et al. 2015). The ability of system to reduce risk of relative income poverty for unemployed has been low⁴⁴ comparing to other categories.

The level of benefits paid from the system of social assistance has been below relative income poverty levels at 60% median of family income as they are used in the EU (see Hora et al. 2008, Hora and Vyhlídal 2016) but these benefits can be topped up in some cases by housing benefit and other incomes. It was reflected that living minimum influences by its level also other social benefits in the Czech Republic (Hora et al. 2008). The non-take up of the benefits of social assistance according to low income was estimated to be very high (Horáková et al. 2013). Horáková et al. (2013) came to conclusion that many unemployed (typically young people) are covered against risk of income poverty by income of other members of the household.

In this chapter we tried to assess unemployment protection system in the Czech Republic from the perspective of protection of young people during transition on the labour market and during long term unemployment. The low protective ability of Czech unemployment protection system has been recognised for quite a long time (see e.g. Horáková et al. 2013, Průša 2013). Overall the role of unemployment insurance and social assistance in Czech system of social security is negligible when assessed both from the perspective of expenditures and when assessed from perspective of incomes of Czech Population. It is usually more relevant only for poorest households (see Sirovátka et al. 2012). Reform of the system in last ten years were aimed to retrenchment and activation as a reaction to previous experience with the system as well as a result of dominance or high influence of right wing political parties in period from 2006 to 2016. Concrete reasons for low effectiveness of unemployment protection were discussed by Sirovátka et al. (2015): *“Effectiveness of social transfers towards unemployed households is very weak. There are several reasons for this:*

⁴⁴ The effectiveness of the system towards unemployed was 24% in 2011 (Horáková et al. 2013). The population of unemployed people endangered by risk of relative income poverty was between 40 and 52 percent after transfers (Hora et al. 2008, Sirovátka et al. 2011, Horáková et al. 2013, Sirovátka et al. 2015).

- *replacement rates are not high (65-45% percent of previous income with ceiling of 0.58 of average wage),*
- *low number of unemployed who are entitled to unemployment insurance benefits (slightly more than 20%),*
- *it is based on structure of unemployed where many can't claim unemployment insurance benefits because they don't work for long enough before unemployment (school graduates),*
- *short duration of the benefits,*
- *high share of long term unemployed who have lost their entitlement to unemployment insurance" (Sirovátka et al. 2015:36).*

We conclude that young people in Czechia are hardly protected against the risk of income poverty and material deprivation by unemployment protection system. The benefits are selective, their level is low and coverage for young people seem to be at most moderate when taking social assistance into account (rather it looks from the data that it is low). Instead we expect that young people are protected against the risk of income poverty by income of their parents which also condition is causing their lower entitlement for social benefits.

Conclusions

Youth unemployment has, however increased more than proportionally when compared to the overall unemployment rate between 2008 and 2013 (from 12% to 17.7%) representing thus clearly a serious policy challenge for the Czech Republic.

Czech education policy face the long-term problems and challenges like non-conceptuality of education, the ambiguity of educational tools, the lack of relationships between education system and the business sector, decreasing quality of education in general (and on the second stage of the primary education and in apprenticeship in particular), the stagnated and even worsening results of the Czech pupils and students in the international surveys, the lack of appreciation of the teaching profession in the society, unresolved and even deepening inequalities in education and many others. These problems affected directly the process of school to labour market transitions of the youth.

The policy programme documents consistently emphasise the importance of education and training for individual´s success on the labour market and they offer some measures to facilitate the smooth school-to-work transitions of young people. The reforms were particularly focused on how to increase the quality and the effectiveness of education system and its accessibility and how to simplify the permeability of various levels and forms of education. Among others the aim is to make the transition from school to work as well as the "yo-yo transitions" in Walther´s terminology (Walther 2006) easier and faster. However, unemployment of graduates and young people in general is not tackled systematically (there is a weak link between the traditional education system and the provisions of the active labour market policy for example). The steps to encourage the young people´s transitions from school to work are slow.

Most national reforms in the period in focus were aimed to more flexibility of the labour market. Application of Council directive 1999/70/ES has led to increasing of employment protection for employees in the Czech Republic. Generally, the level of temporary employment remained low in 2004-2011 periods. Some changes (such as prolongation of maximum period for temporary contracts and reduction of possible work contact prolongations) can lead to strengthening security of the workers.

On the other hand the multiple prolongation of fixed-term contract is perceived as more serious problem that long duration of such a contract. Similar problem is identified also in the agency work where agencies can (and do) avoid the limited duration of placement by using exceptions defined by the law. Security of the workers is nevertheless influenced also by other key factors. One of them is interaction of EPL with unemployment protection system. Unemployment protection in the Czech Republic is conditional, selective, short term. Not only regulation is important but also habits of employers who often avoid the legal rules. The argumentation of the relationship between EPL and work

in grey economy is quite common. There is also substantial risk that the flexible labour measures help to cover various kind of undeclared work.

The interpretative framework of the crisis in Czech Republic was the understanding of the crisis as *demand shock* and *fiscal constraint*, not as a *structural challenge*. Hence, the key measure in the labour market was the prevention of the spiral of recession by protecting the insiders' (regular work force) jobs with the help of ESF funds. At the same time, the reduction of public deficit, among other by restrictions in unemployment benefit schemes by as well as in ALMPs expenditure took place. The outsiders (marginal workforce) were not in focus of the policies.

In ALMPs, the Czech Republic was always far behind the most of the EU countries: during the crisis years the proportion of the unemployed in the measures dropped and the gap between the Czech Republic and the other EU countries widened since the government did not consider employment policy as an appropriate tool to solve unemployment and did not prefer to support the vulnerable groups, young people including. At the same time, in 2007–2012, activation reforms, which explicitly relied on the strong enforcement of workfare principles, were implemented by the centre-right government. A similar trend was apparent in employment policy in that unemployment protection and ALMPs with more restrictive sanctions were implemented but with less support to employability and access to the labour market. Finally, in 2011, workfare was expanded to apply to most of the unemployed.

The turn-off in approach arrived only since 2013 when the outcomes of the previous reforms proved to be disappointing and when the government was close to resign. The revival of ALMP has been apparent mainly during 2014 and 2015 with the new government led by Social Democrats: the numbers of the participants grew, however, mainly thanks to the ESF support. The Job experience scheme for young people was implemented in 2013 with a considerable participation rate. Youth Guarantee programme was adopted in 2014: nevertheless it did not change much the previously existing policies for young people.

Unemployed people are the group where the risk of relative income poverty is highest in the Czech Republic accompanied by high self-reporting of material deprivation. Overall the system of social protection in Czechia was assessed as very effective in reducing risk of relative income poverty in period 2005 to 2008 but the effectiveness was somehow reduced in latter period, the ability of system to reduce risk of relative income poverty for unemployed has been low comparing to other categories.

The level of benefits paid from the system of social assistance has been below relative income poverty levels at 60% median of family income as they are used in the EU but these benefits can be topped up in some cases by housing benefit and other incomes.

On the other hand non-take up of the benefits of social assistance according to low income was estimated to be very high - many unemployed (typically young people) are covered against risk of income poverty only by income of other members of the household.

Young people in Czechia are hardly protected against the risk of income poverty and material deprivation by unemployment protection system. The benefits are selective, their level is low and coverage for young people seem to be at most moderate when taking social assistance into account (rather it looks from the data that it is low). Instead we expect that young people are protected against the risk of income poverty by income of their parents which also condition is causing their lower entitlement for social benefits.

When considering three key questions given for the analysis, the following conclusions may be provided.

First, educational policy in its current form in the Czech Republic fails to protect young people adequately from entering into precarious and insecure jobs. Although the unemployment rate of the youth (15-29 year-olds) in the Czech Republic is still below the EU-28 average, it shows relatively rapid increase during 2008-2013 and in the number of segments it is increasing steadily (apprenticeship 's graduates).

However, some of the recent reforms in the Czech educational system aimed to improve labour market prospects of the youth. The rules of financing education at regional and local level is being changed towards more performance-based funding. The process of stronger cooperation between educational institutions and business has been initiated. These reforms are, nevertheless, on the beginning. The emphasis put on the stronger role of training in the process of vocational education, close cooperation with employers and several measures aimed to improve the quality of education are considered to be necessary. Active labour market and activation policies and institutions and their recent reforms in the country did not support much young people in their entry into the labour market. Rather the gap between protection of the existing jobs for the insiders and decreasing opportunities for the outsiders (young people including) has widened. At the same time the workfare like policies have pushed young people into precarious jobs. With the new government from 2014 more emphasis on support of young people in access to jobs and employability has been put and more opportunities for young people in job experience subsidised jobs have been created. It is soon to assess how this policy shift has changed the position of the youth although we notice a decrease of the numbers of young unemployed from 179 to 139 thousand between 2013 and 2014: this is more than by 20%. However, policy effort still remains below the average of the OECD or EU standards although moving closer to them.

Second, the educational system in the Czech Republic is very selective and that is why it cannot provide adequate protection of some vulnerable groups of young people (people with disabilities, ethnic minorities or the low skilled) from the risk of social exclusion. On the other hand, the Czech educational system is comprehensive and rather vocational oriented and thus the transition of youth from education to the labour market in the Czech Republic is not as difficult as in some other European countries. Unemployment protection is quite selective in relation to young people and providing low level of income protection, making them mostly dependent on parents.

Third, recent reforms in the Czech skills formation system have been established both to generate flexibility of young people as well as to promote flexicurity, but it is difficult to assess how they contribute to the flexibility (flexicurity) in practice. The educational system is build up to support functional flexibility of (young) people in particular, although the quality of educational programmes is sometimes debatable (mainly at the secondary level of education). The functional flexibility of students is promoted in accordance with the widely use of National Qualification Framework as well as with the relatively well developed system of carrier counselling at schools and educational institutions. Furthermore, the principles of lifelong learning are in the centre of the Czech educational policy today, regardless the system of further education is less developed.

The recent reforms in active labour market and activation policies, and labour market institutions have aimed to generate rather more flexibility than to promote flexi-curity. In particular workfare like reforms culminated during 2010-2012 in times of slight recovery and new recession. The forms of flexibility the most emphasized was flexibility in accepting low paid, low qualification, low quality, sometimes temporary job, rather than functional flexibility or working time flexibility. More emphasis on the functional flexibility is apparent since 2014 and some workfare like flexibilization measures have been dismantled. However, given the limited personnel capacities of PES, and the limited scope and quality of ALMP measures, the policy effort is not still sufficient from the perspective of the vulnerable groups of young people. Employment protection legislation enables to chain temporary contracts and use alternative forms of employment (not employment contract) mainly in disadvantage of young people.

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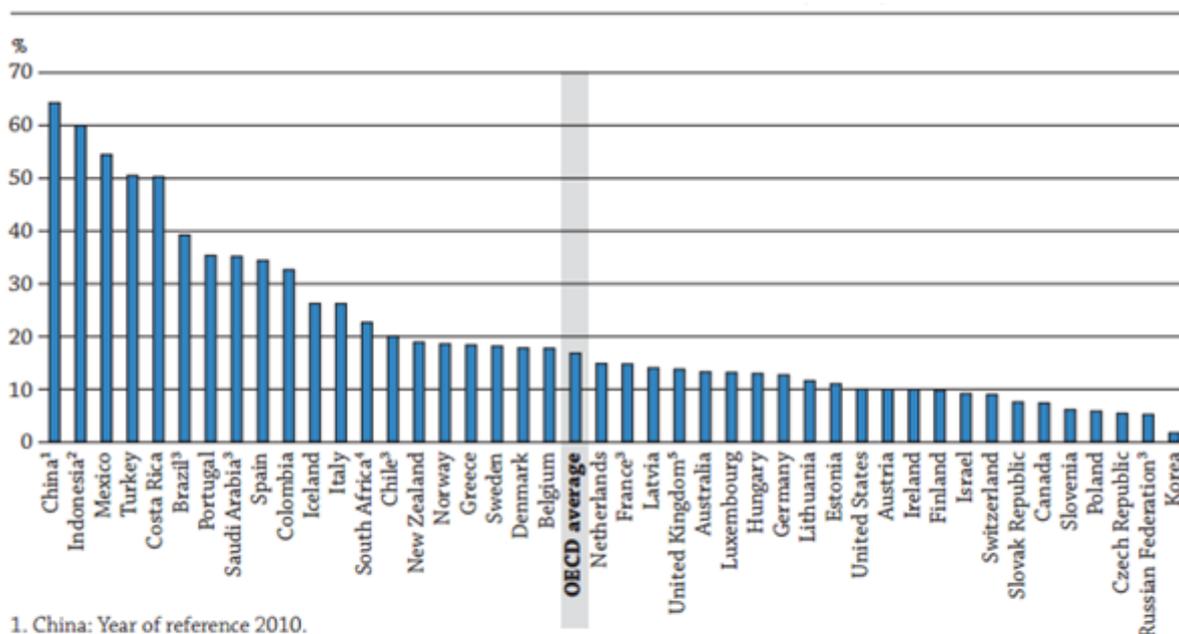
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Annex

Section 1: Education

Figure 1: **Percentage of 25-34 year-olds with attainment below upper secondary education (ISED3) in 2014**



1. China: Year of reference 2010.

2. Indonesia: Year of reference 2011.

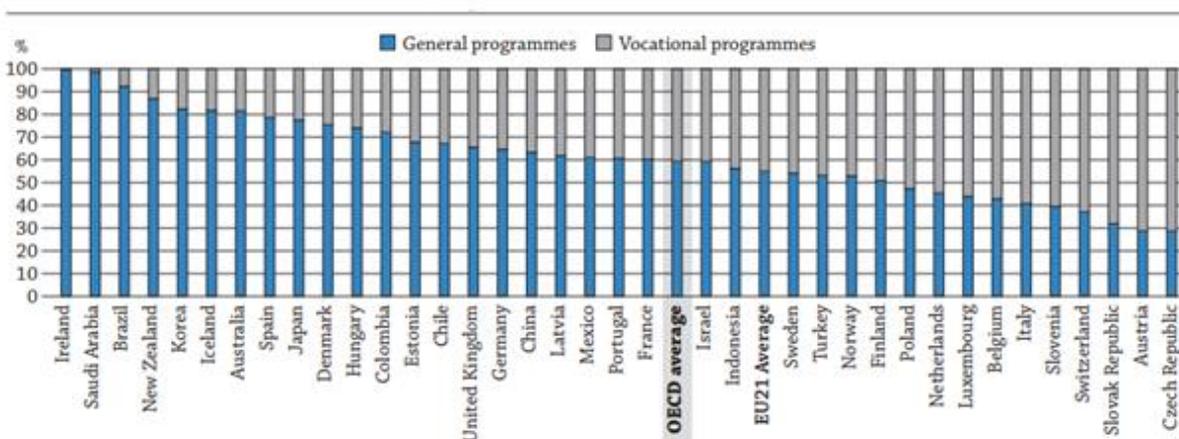
3. Brazil, Chile, France, Korea, the Russian Federation, Saudi Arabia: Year of reference 2013.

4. South Africa: Year of reference 2012.

5. The United Kingdom: Data for upper secondary attainment includes completion of a sufficient volume and standard of programmes that would be classified individually as completion of intermediate upper secondary programmes (18% of the adults are under this group).

Source: Education at a Glance 2015: OECD Indicators (2015: 30)

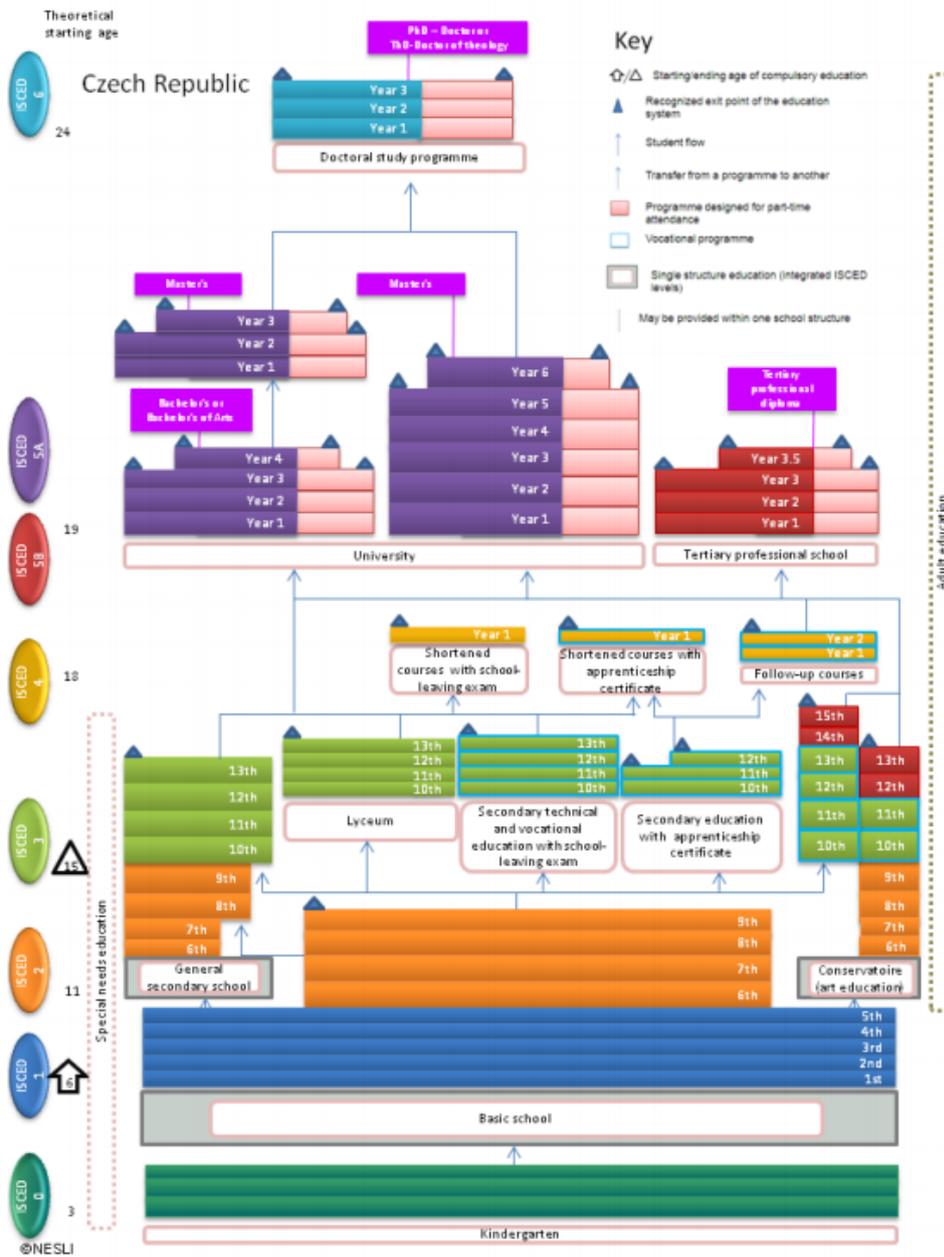
Figure 2: **Distribution of 15-19 year-olds enrolled in upper secondary education, by programme orientation (2013)**



Countries are ranked in descending order of the share of students in general programmes.

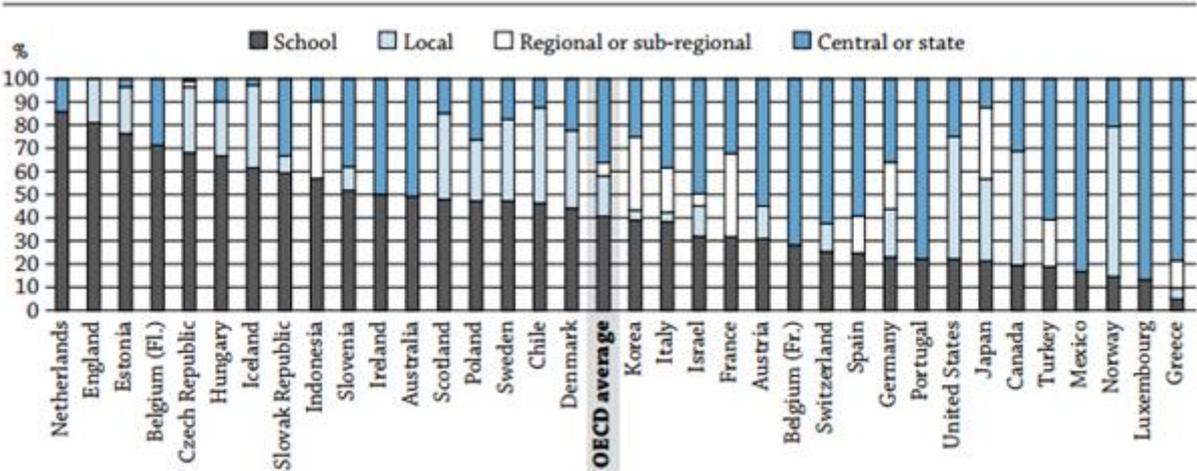
Source: Education at a Glance 2015: OECD Indicators (2015: 311)

Figure 3: The structure of the Czech Republic's education system



Source: Education Policy Outlook (OECD 2013: 18)

Figure 4: **Percentage of decisions taken in public lower secondary schools at each level of government (2011)**



Countries are ranked in descending order of the percentage of decisions taken at the school level.

Source: Education at a Glance 2012: OECD Indicators (2012: 500)

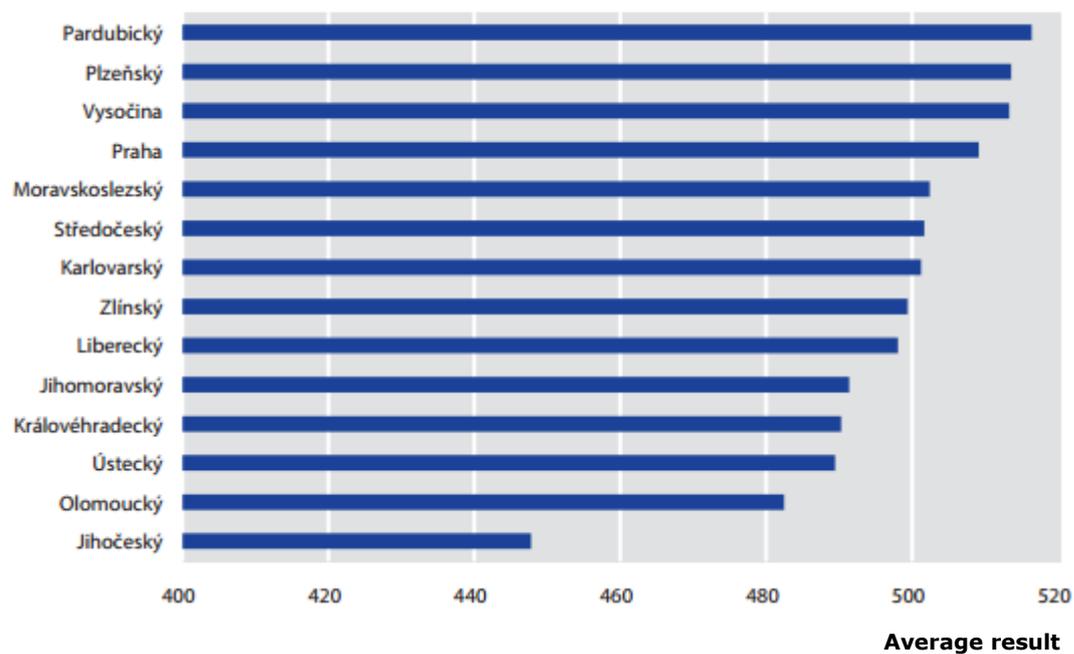
Table 1: Trends in total public expenditure on primary to tertiary education (2000-2012)

Country	2000	2005	2008	2010	2011	2012
Public expenditure on education as a percentage of total public expenditure						
Norway	13,8	15,4	14,8	14,0	13,6	14,1
Switzerland	13,6	14,1	14,1	15,0	14,9	15,3
Germany	x	x	x	9,6	9,9	9,8
Poland	11,2	11,3	10,4	10,2	10,1	10,3
Bulgaria ¹	x	12,1	12,6	11,2	11,1	10,7
Czech Republic	8,0	8,3	8,3	8,3	8,9	8,9
Spain	10,0	9,6	9,6	9,2	9,0	8,0
Greece ²	7,0	9,2	x	7,6	8,2	8,2
United Kingdom ³	x	x	x	13,5	12,9	12,3
OECD average	11,8	12,0	11,4	11,3	11,5	11,6
Public expenditure on education as a percentage of GDP						
Norway	7,8	8,6	8,1	8,1	7,6	7,7
Switzerland	4,5	4,9	4,4	4,7	4,7	4,9
Germany	x	x	x	4,5	4,4	4,3
Poland	4,4	4,9	4,5	4,6	4,3	4,3
Bulgaria ¹	x	4,2	4,3	4,0	3,7	3,6
Czech Republic	3,2	3,4	3,3	3,5	3,7	3,7
Spain	3,8	3,6	3,9	4,1	4,0	3,7
Greece ²	3,1	4,0	x	4,0	4,4	4,4
United Kingdom ³	x	x	x	6,6	6,0	5,8
OECD average	4,5	4,7	4,6	4,9	4,8	4,8

Legend: ¹ data from Bulgaria extracted from UIS.Stat; ^{2, 3} data from Greece and the United Kingdom 2010-2012 extracted from Education and Training Monitor 2015, p. 25 (http://ec.europa.eu/education/tools/et-monitor_en.htm)

Source: Education at a Glance 2015: OECD Indicators (2015: 260)

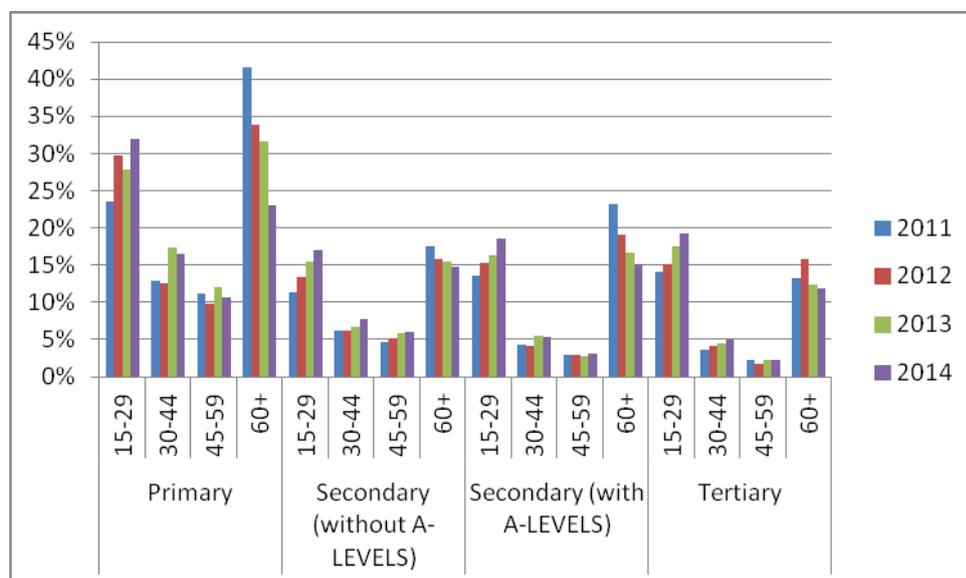
Figure 5: **The results of mathematics literacy of 15 year-olds in various regions in the Czech Republic (PISA 2012)**



Source: *Palečková et al. (2012: 41)*

Section 2 Employment protection

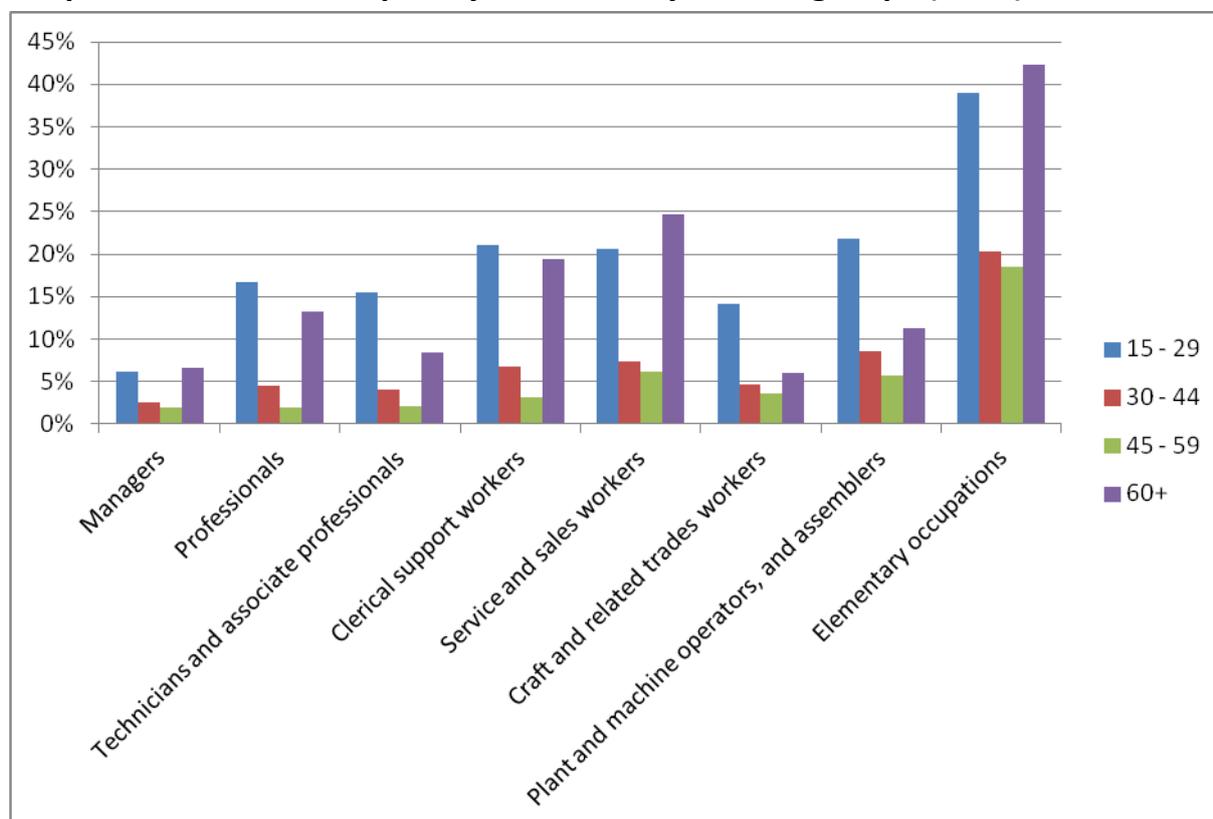
Graph 2.1: Share of temporary contracts by education levels and age groups (2011-2014)



Source: CZSO, FLS (VŠPS), annual results 2011-2014, own calculations.

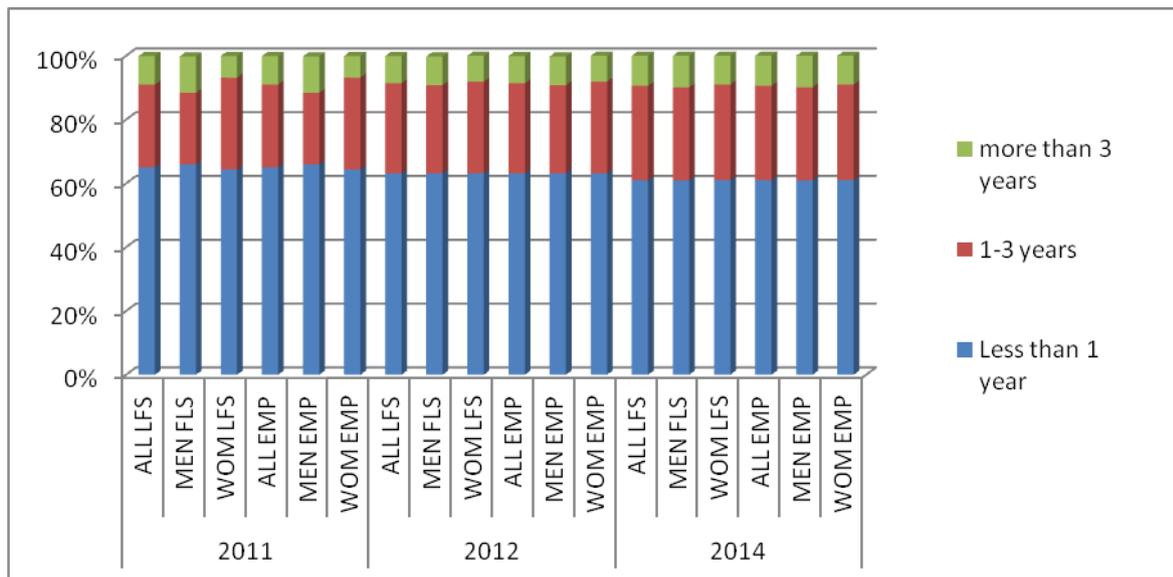
Note: There is one national state organised final exam for secondary education "maturita". This somehow corresponds to final exams in other countries (e. g. A-LEVELS in the UK).

Graph 2.2: Share of temporary contracts by ISCO08 groups (2014)



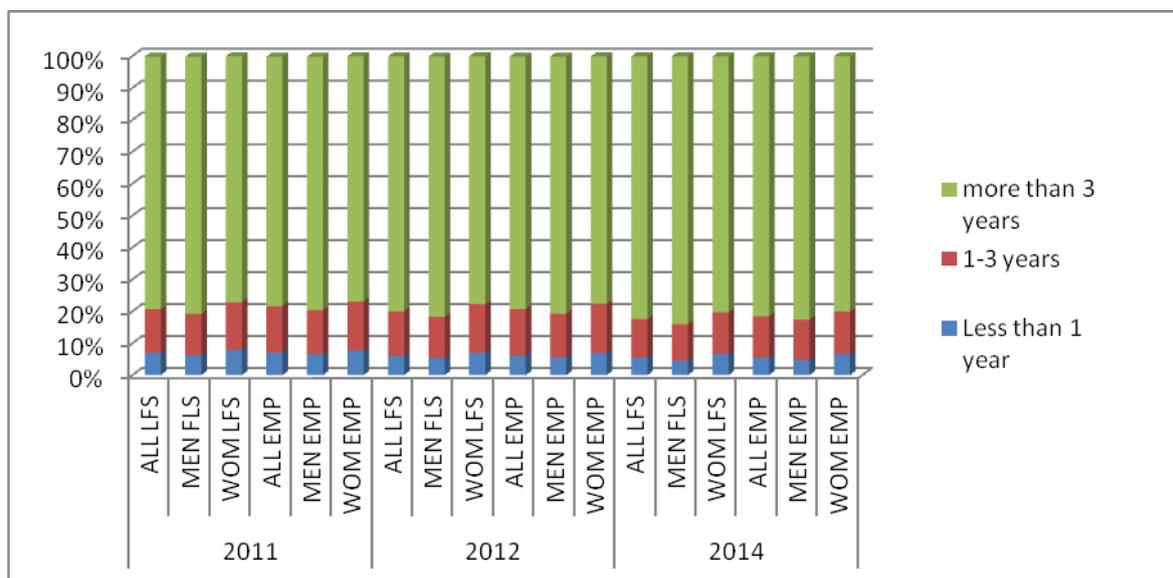
Source: CZSO, FLS (VŠPS), annual results 2014, own calculations.

Graph 2.3: The length of employment contract for fixed term contracts and various groups



Source: CZSO, FLS (VŠPS), annual results 2011, 2012, 2014, own calculations.

Graph 2.4: The length of employment contract for permanent contracts and various groups



Source: CZSO, FLS (VŠPS), annual results 2011, 2012, 2014, own calculations.

Table 2.2: Data about agency work in the Czech Republic

year	Number of agencies	Number of temp. placements
------	--------------------	----------------------------

2004	690	7 202
2005	1 474	56 192
2006	1 510	50 122
2007	1 811	6 427
2008	2 228	230 455
2009	2 214	164 507
2010	1 714	195 586
2011	1 453	172 069
2012	1 483	197 144
2013	1 588	223 912
2014	⁽¹⁾ 1 645	261 819

Sources: MPSV (ČMKOS 2012, Kuchár and Burkovič 2015)

Note: (1) data 2004-2013 are for end of the year, data for 2014 are for August.

Table 2.3: Data about illegal work controls in the Czech Republic.

year	2012	2013	2014
Number of controls	30 258	36 101	15 911
Firms controlled	10 678	16 362	7 504
People (entrepreneurs) controlled	14 705	18 635	8 138
Problems found	n. d.	10 353	9 637
Illegal workers – Czech nationality	2 722	1 394	1 238
Illegal workers – foreign nationality	1 995	1 776	834
Work when registered at PES	1 611	2 132	1 966

Sources: SUIP (2013), SUIP (2014), SUIP (2015)

Section 3: ALMPs

Table 1: Active labour market policy in 2010-2015: participants and expenditure (PES register data)

	2008	2009	2010	2011	2012	2013	2014	2015
<i>Unemployed (end of year)</i>	<i>352 250</i>	<i>539 136</i>	<i>561 551</i>	<i>508 451</i>	<i>545 311</i>	<i>596 833</i>	<i>541 914</i>	<i>453 618</i>
<i>ALMP participants:</i>								
Public works	16 246	19 794	22 882	21 322	12 833	21 839	22 967	35 257
Job creation in private sector	12 756	20 208	25 882	13 410	11 380	21 716	39 035	49 943
Sheltered workshops – creation	974	1 231	1 640	1 405	817	768	1 132	1 272
Sheltered workshops – maintenance	9 349	10 315	10 076	14 620	1 514	92	6 105	24 581
Work rehabilitation	134	76	120	72	55	133		
Local projects	43	204	459	643	522	3 301	3 994	
Vocational training (out of which ESF)	36 451	39 831	65 453	45 521	25 199	41 438	45 454	35 803
ESF projects – not specified	16 584	10 596						
<i>Total ALMP participants</i>	<i>92 537</i>	<i>102 255</i>	<i>126 512</i>	<i>96 993</i>	<i>52 320</i>	<i>89 287</i>	<i>118 687</i>	<i>146 856</i>
<i>as % of the unemployed</i>	<i>26,3</i>	<i>19,0</i>	<i>22,5</i>	<i>19,1</i>	<i>9,6</i>	<i>15,0</i>	<i>22,4</i>	<i>32,4</i>
ALMP expenditure (thousand CZK)	6 131 729	4 953 467	6 171 493	3 815 886	2 595 049	4 285 714	6,426.900	
out of which ESF	2 678 240	2 736 558	4 175 475	2 156 359	1 502 859	3 232 952	5,755.200	
out of which ESF in %	43,7	55,2	67,6	56,5	68,0	75,4	89,5	

Source: MLSA web portal

Table 2: Expenditure on ALMPs as % of GDP

Time	2005	2006	2007	2008	2009	2010	2011	2012	2013
Unemployment rate	7,9	7,1	5,3	4,4	6,7	7,3	6,7	7	7
PES and administration	0,12	0,12	0,12	0,11	0,12	0,11	0,09	0,11	0,11
<i>Placement and related services</i>	0,04	0,04	0,04	0,03	0,04	0,03	0,03	0,03	0,03
Training	0,01	0,01	0,01	0,01	0,03	0,04	0,01	0,01	0,02
Job creation	0,07	0,06	0,4	0,03	0,5	0,09	0,07	0,04	0,08
Sheltered and supported employment and rehabilitation	0,03	0,05	0,06	0,06	0,07	0,08	0,09	0,09	0,09
Active measures (10-70)	0,23	0,24	0,24	0,22	0,27	0,32	0,26	0,25	0,3
Categories 20-70 only	0,11	0,12	0,12	0,11	0,15	0,21	0,17	0,14	0,19

**Table 3
Participants in ALMP as % of labour force**

Time	2005	2006	2007	2008	2009	2010	2011	2012	2013
Unemployment rate	7,9	7,1	5,3	4,4	6,7	7,3	6,7	7	7
<i>Placement and related services</i>	..	..	..	..	..	..	..	..	..
Training	0,12	0,14	0,14	0,09	0,08	0,13	0,09	0,06	0,11
Job creation	0,74	0,58	0,49	0,3	0,4	0,47	0,35	0,2	0,33
Sheltered and supported employment and rehabilitation	0,31	0,4	0,51	0,55	0,49	0,62	0,68	0,69	0,43
<i>Active measures (10-70)</i>	..	..	..	..	..	..	..	..	..
Categories 20-70 only	1,16	1,13	1,15	1,03	0,98	1,23	1,11	1,02	1,05

Source: OECD database

Table 4**Participants (Eurostat) as % of registered unemployed**

LMP_TYPE/TIME	2005	2006	2007	2008	2009	2010	2011	2012	2013
Labour market services									
Training	8	11	15	12	21	44	14	8	10
Supported employment and rehabilitation	3	3	4	4	3	3	4	1	0
Job creation	9	10	8	9	5	9	7	6	9
Total LMP measures (categories 2-7)	20	24	26	25	30	56	25	15	20

Source: OECD database

Table 5 Regional targeting of ALMP measures

	2013	2014	2015
The share of the unemployed participating in ALMPs (inflow to unemployment stock by end of year)	15,0	22,4	33,5
Prague	7,6	20,1	18,6
Central Bohemia region	11,5	19,2	24,4
South Bohemia region	19,7	30,5	56,9
Plzeňský region	20,1	24,6	34,0
Karlovy Vary region	15,3	20,3	32,2
Ústí region	12,7	22,2	35,4
Liberec region	16,3	23,3	44,6
Královéhradecký region	11,9	19,4	36,5
Pardubický region	17,8	28,9	40,7
Vysočina region	19,1	25,9	38,0
South Moravia region	13,7	19,2	26,9
Olomoucký region	18,5	26,4	41,3
Zlínský region	22,7	29,5	43,9
Moravia-Silesia region	14,4	19,1	30,4

Note: own computations based on data by MPSV/MLSA

Section 4: Unemployment protection

Table 4.3: Unemployment issuance: level of benefit, share of unemployed with UI benefits, expenditures

year	(A) Average level of UI benefit	(B) UI in percent to 67% and 100% AW (single, no child)		(C) Share of unemployed with UI benefit	(D) UI expenditures
	Per month, CZK	Per month, percent		Percent, year averages	thousands
		67% AW	100% AW		
2004	3 562	0.39	0.27	n. d.	7 030 047
2005	4 215	0.44	0.30	27	7 046 845
2006	4 491	0.43	0.30	28.1	7 307 521
2007	4 830	0.43	0.30	29.7	7 015 755
2008	5 309	0.43	0.31	33.7	7 114 894
2009	5 851	0.45	0.32	40.4	15 077 723
2010	5 698	0.43	0.31	30.9	13 354 778
2011	5 586	0.42	0.30	26.1	10 349 149
2012	5 892	0.43	0.30	20.7	8 759 749
2013	6 284	0.46	0.32	20.9	9 674 752
2014	5 958	0.43	0.30	20.6	9 279 634

Source: (A) = MPSV (2005a-2014a), (B) = (A) + OECD taxing wages (own calculations), (C) = MPSV (2013b, 2014b), (D) = MPSV (2014b).

Table 4.4: number of social assistance claimants in the Czech Republic and social assistance expenditures.

year	Number of claimants		Expenditures (thousands)	
	single people and families (total)		single people and families (total)	
2003	237 061		8 734 000	
2004	243 042		9 214 000	
2005	215 503		8 783 000	
2006	212 965		8 113 000	
year	supplement for living	housing supplement	supplement for living	housing supplement
2007	71 652	25 201	2 592 920	523 518
2008	65 652	20 795	2 176 145	472 617
2009	72 896	19 534	2 328 053	511 627
2010	91 352	23 234	2 862 077	686 077
2011	101 454	26 065	3 819 953	850 211
2012	116 194	41 169	5 909 507	1 673 317
2013	150 395	65 084	7 463 752	2 813 599
2014	161 403	73 264	7 900 098	3 249 151

Source: MPSV (2007b), MPSV (2008a-2014a)

Note: data for 2003-2006 include repeated benefits in case of social needs for both individuals and families (this is summa of both categories). Benefits for severely disabled are not included but this was only small part of the system. Data for 2007-2014 show two main benefits: supplement for living and housing supplement. Lump sum benefits are excluded (not presented) for both periods⁴⁵.

⁴⁵ Output data for social assistance are fully comparable only since 2007 when there was reform of the system. While the basis indicators are similar (average number of social assistance claimants (i.e. households) per month and expenditures for main repeated social assistance benefits) for both periods the classification of cases and system of computation of results was different (see note under the table). Data refer to number of main claimants while the children and other dependent members are invisible in these statistics.

