



**National Observatory of Employment and Training
Czech Republic**

**Short Country Report
on Recent Developments in Education, Training and Employment
Policy
Czech Republic**

Authors:

Vera Czesana, NOET
Zuzana Freibergova, NOET
Vera Havlickova, NOET
Anna Kaderabkova, NOET
Olga Kofronova, NOET
Zdena Matouskova, NOET

Co-ordinator:

Vera Havlickova

Translation:

Hana Cechova

December 2003

Obsah:

1. Background information	3
1.1 Economic developments.....	3
1.2 Labour Market.....	5
1.2.1 Employment.....	5
1.2.2 Unemployment	8
1.3 Demographic development.....	10
1.4 Skill needs assessment	10
2. Recent developments in education and training (IVET and CVET) in lifelong learning perspective.....	11
2.1 Policy development.....	11
2.2 Adaptation of the legal framework.....	12
2.3 Governance and responsible bodies	12
2.4 Modernisation of the education and training system	15
2.4.1 Structure and organisation	15
2.4.2 Delivery	18
2.4.3 Participation in education and training	22
2.5 Guidance and counselling.....	23
2.6 Preparedness of the education and training system to comply with the principles of the European Employment Strategy.....	24
3. Recent developments in employment policy and implementation.....	24
3.1 State of preparation for the European Employment Strategy	24
3.2 General outline of employment policy objectives and measures	25
3.3 Adaptation of the legal framework.....	26
3.4 Governance and responsible bodies	26
3.5 Employment services (at national and regional level).....	26
3.5.1 Structure and organisation	26
3.5.2 Delivery of services	27
3.6 Preparedness of Employment Services to contribute to the implementation of the European employment strategy	29
4. Conclusions	31

1. Background information

1.1 Economic developments

In 2002, real GDP growth was 2.0 % despite the August floods, a stronger national currency and sluggish external demand. The main driving force of economic growth was domestic consumption. Household consumption grew by 3.9 % and government consumption by 5.7 %. Fixed investment grew by a disappointing 0.6 %. In the first half of 2003, the performance of the Czech economy remained solid, even in the context of a difficult economic environment. GDP growth reached 2.4 %, once again mostly driven by household consumption. This growth was mainly due to the combination of a high real increase in disposable income and low nominal interest rates that made possible an expansion of consumer credit. The growth rate of gross fixed capital formation increased more markedly only in the 3rd quarter of 2003, reflecting a favorable shift in investment expectations.

At the same time, in the course of 2003 a number of long-term external and internal imbalances sharpened. Current account and general government budget deficits increased, and the mismatch between labour supply and demand deepened despite the positive GDP developments. As to the inflation rate, the October and November mild increases probably signalled the end of the decreasing price level trend, which started in the 2nd half of 2001. The increases, however, remain quite small, so the Czech economy still displays a mixture of high unemployment rate and low inflation.

Tab.1: GDP growth, in % (y/y real changes)

	2002				2003		
	1. Q	2. Q	3. Q	4. Q	1. Q	2. Q	3. Q
GDP growth (%)	2,6	2,1	1,7	1,5	2,4	2,4	3,4

Source: CZSO, Macroeconomic Analysis of the Czech economy 2003, p. 10.

Growth prospects for 2004 largely depend on the degree of economic recovery in the EU, in particular in Germany. They will also be influenced by the recently adopted fiscal consolidation package. The GDP growth rate is predicted (according to DG ECOFIN¹) to reach 2.6 % in 2004. Due to increases in indirect taxes, household consumption is projected to decelerate, due to cuts in government expenditures, government consumption will decrease. Gross fixed capital formation is expected to increase. Net exports are projected to remain a negative growth contributor.

As to the projected development of external and internal imbalances, inflation is expected to increase in 2004, mainly as a consequence of higher indirect taxes. The small expected improvement in the trade balance will mainly reflect lower imports due to the public finance reform which will negatively affect domestic demand.

The balance of payments should worsen because of the expected repatriation of profits by foreign investors. As a result, the current account deficit should increase. The general government deficit is projected to improve as a consequence of fiscal reform.

¹ European Commission Directorate General for Economic and Financial Affairs.

▪ *Privatisation*

According to government plans, coal mines, electricity, petrochemical and telecommunication firms are to be privatised; therefore the preparation of the sales gained key importance in 2003. Coal mines in Northern Bohemia should be sold in 2004. The petrochemical holding Unipetrol will be again offered for privatisation as a whole in a public tender to be held in 2004. After strategic reconsideration, Czech Telecom privatisation will be further postponed (not before 2005) due to the unfavourable international market environment and with a view to increase potential privatisation receipts. Czech Airlines, Czech Airports Authority, Czech Post and Czech Railways are not yet intended for sale. In order to pave the way for privatisation, Czech Railways were transformed in January 2003. The largest domestic steel-maker Nova Hut Ostrava was privatised, after the restructuring plan for the Czech steel industry was agreed upon.

▪ *SME*

The number of economically active SMEs increased by 9 % in 2002 in comparison with 2001. The increase was particularly remarkable in trade, services and transport. The share of SMEs in total employment increased by 1.21 p.p. to 61 %, mostly in trade and transport. The share of SMEs in total value added increased by 1.4 p.p. to 53 %. The share of SMEs in total exports decreased by 2.8 p.p. to 36 %, and in imports by 0.1 p.p. to 52 %. Most remarkable was the increase of SMEs' share in total investment as compared to 2001, the share increased by 6.7 p.p. to 45 %.

Tab. 2: Shares of SMEs in total employment, value added and investment, 2002 (in %)

	Employment	Value added	Investment
Industry	47,92	37,00	30,26
Construction	79,46	72,87	70,64
Trade	82,61	85,18	78,75
Hotels and restaurants	89,68	81,40	79,87
Transport	27,74	31,24	17,86
Financial intermediation	18,67	12,49	37,75
Other services	80,57	82,00	88,75
Agriculture	85,12	82,56	86,67
Total	60,94	52,69	44,52

Note: SMEs are enterprises with 0-249 employees. Source: Ministry of Industry and Trade, The statistics of SMEs, 2003.

1.2 Labour Market²

▪ *Characteristics of the labour force*

The participation rate³ of the CR's population has slightly decreased as compared to 2002. In the 3rd quarter of 2003 it was 59.4 % in comparison to 59.9 % in 2002 (the same quarter). The decrease was larger for males (-0,7 p.p.) than for females (-0,3 p.p.). The key structural characteristics of the labour force by age and educational attainment are illustrated in Tab. 4.

Tab. 3: Participation rate – total and by age and gender - 3rd Q. 2003 (in %)

Gender	Total	Age group			
		15 – 24	25 – 39	40 – 54	55 – 64
Males	68,7	41,7	96,2	92,7	60,3
Females	50,7	34,5	73,2	88,3	30,7
Total	59,4	38,2	84,9	90,5	44,8

Source: CZSO, *Labour Market in the CR (Labour Force Survey)*, 3rd quarter 2003.

Tab. 4: Labour force structure by age and educational attainment – 3rd Q. 2003 (in %)

Age		Education	
15 - 29	24,5	Primary (ISCED 1,2)	8,0
30 - 44	36,4	Secondary without GCE (ISCED Part 3)	44,2
45 - 59	35,6	Secondary with GCE (ISCED Part 3,4)	35,0
60+	3,4	Tertiary (ISCED 5,6)	12,8

Source: CZSO, *Labour Market in the CR (Labour Force Survey)*, 3rd quarter 2003.

1.2.1 Employment

▪ *Structural changes in employment (by regions, sectors, and occupations)*

The number of employed in the 3rd quarter of 2003 amounted to 4727.8 thousand, of which males and females accounted for 2690.2 thousand (56.9 %) and 2037.6 thousand (43.1 %), respectively. As compared to the 2nd Q. 2002, total employment decreased by 53.2 thousand (1.1 %). The employment rate reached 54.7 %, for males 64.5 %, for females 45.5 %.

Twelve regions (NUTS 3) out of fourteen saw lower employment as compared to 2002: most reductions in employment were in the Královéhradecký, Moravskoslezský and Liberecký regions. On the other hand, employment increased in the Zlínský and Pardubický regions.

² If not specified otherwise, the presented data on are based on the results of Labour Force Survey undertaken by Czech Statistical Office on quarterly basis according to the methodologies of ILO and EUROSTAT.

³ Sum of the employed and unemployed divided by the total population (15+).

Tab. 5: Employment change by regions (in thousands, 3rd Q. 2003, y/y change)

Praha	-4,1	Královéhradecký	-12,1
Středočeský	-4,7	Pardubický	1,8
Jihočeský	-3,6	Vysočina	-0,1
Plzeňský	-5,9	Jihomoravský	-1,0
Karlovarský	-0,1	Olomoucký	-0,8
Ústecký	-7,3	Zlínský	4,0
Liberecký	-7,5	Moravskoslezský	-11,8

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2003.

As to employment structure, the largest share is in the service sector (56.2 %). The primary sector (agriculture, forestry and fishing) recorded only 4.5 % with a long-term trend of decline. The employment decrease in the secondary sector (industry and construction) was relatively low and its share accounted for 39.3 %. Within the sector there was a sharp employment decrease in manufacturing and to a lesser extent also in network industries, while the opposite holds for construction. Inter-industry differences in employment developments are also observable in services. The largest were the increases in public administration and business services. On the other hand, employment in education fell sharply, while to a lesser extent the same pattern was observable in transport and communications.

Tab. 6: Employment structure by industries – 3rd Q. 2003 and y/y change

	3 rd Q. 2003		Y/y change	
	Th.	%	Th.	%
TOTAL	4727,8	100,0	53,2	1,1
Agriculture, forestry, fishing	211,3	4,5	-14,8	-8,0
Mining and quarrying	51,3	1,1	-8,0	-13,6
Manufacturing	1292,3	27,3	-23,9	-1,8
Electricity, gas and water supply	77,5	1,6	-6,5	-7,7
Construction	438,6	9,3	10,6	2,5
Trade, repair of motor vehicles, personal and household goods	627,7	13,3	2,4	0,4
Hotels and restaurants	171,4	3,6	0,2	0,1
Transport, storage and communication	361,5	7,6	-9,4	-2,5
Financial intermediation	97,9	2,1	1,9	2,0
Real estate, renting and business activities	286,2	6,1	12,2	4,5
Public administration, defence, compulsory social security	337,2	7,1	15,9	4,9
Education	278,4	5,9	-30,9	-10,0
Health and social work	305,9	6,5	-1,9	-0,6
Other community, social and personal services	184,2	3,9	1,3	0,7

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2003.

As to the other structural characteristics of employment (by age, educational attainment, and professional status) year-to-year changes are mostly rather limited. The age structure has worsened, which is the ongoing trend accompanying the process of population ageing. Educational attainment slightly improved, reflecting the fact that employment change is biased in favour of more skilled labour (with a disproportionate decrease in the employment of the low-skilled). The proportion of employees slightly decreased, mostly in favour of the self-employed.

Tab. 7: Employment structure by age, educational attainment and professional status
– 3rd Q. 2002, 2003 (in %)

Age			Educational attainment			Professional status		
	2002	2003		2002	2003		2002	2003
15 - 29	24,2	23,3	Primary	7,4	6,7	Employees	83,0	82,4
30 - 44	36,4	36,7	Second. without GCE	43,2	43,9	Employers	4,1	4,1
45 - 59	36,1	36,4	Secondary with GCE	36,1	35,8	Self-employed	11,5	12,2
60+	3,3	3,6	Tertiary	13,1	13,6	Family, cooperative workers	1,4	1,3

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2002, 2003.

As to the employment structure classified according to groups of occupations (ISCO-88), the year-to-year changes are again rather small. The share of high-skilled white collars (ISCO1-3) slightly increased to 36.4 %, mostly due to the increasing shares of technicians and, to a lesser extent, professionals. The share of low-skilled white collars (ISCO4-5) slightly decreased to 20.5 %. Together the share of non-manual workers (ISCO1-5) remained almost unchanged on 56.9 %. The shares of both skilled and low-skilled blue collars (ISCO6-7, 8-9) showed up no or only very moderate changes.

Tab. 8: Employment structure by occupations – 3rd Q. 2002, 2003

ISCO		2002	2003
1	Legislators, senior officials and managers	6,4	6,0
2	Professionals	10,1	10,3
3	Technicians and associate professionals	19,1	20,1
4	Clerks	8,9	8,0
5	Service workers and shop and market sales workers	12,5	12,5
6	Skilled agricultural and forestry workers	1,9	1,8
7	Craft and related trades workers	19,6	19,8
8	Plant and machine operators and assemblers	13,1	13,0
9	Elementary occupations	7,6	7,6

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2002, 2003

1.2.2 Unemployment

▪ *National, regional, sectoral situation*

The rate of registered unemployment, based on data from labour offices, reached 9.9 % in November 2003. On average, the unemployment rate was higher by 0.8 p.p. in 2003 (9.9 %) as compared to 2002. Its development in the course of the year was partly influenced by seasonal factors. However, its overall level was higher on a year-to-year comparison, particularly due to large lay-offs in the companies undergoing restructuring. The number of unemployed reached 521 thousand in November 2003, which is 31 thousand more than in 2002. On a year-to-year comparison, the number of unemployed school leavers was lower by 5.5 thousand. At a district level, an unemployment rate higher than the national average was shown in 30 districts (out of 77), the highest being in Most (22.9 %), Karviná (20.2 %), Teplice (19.2 %), Chomutov (18.2 %) and Ostrava (18.1 %).

Tab. 9: Unemployment rate – monthly (in %)

	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
2002	9,4	9,3	9,1	8,8	8,6	8,7	9,2	9,4	9,4	9,3	9,3	9,8
2003	10,2	10,2	10,0	9,6	9,4	9,5	9,9	10,0	10,1	9,9	9,9	..

Note: Registered unemployment. Source: Ministry of Labour and Social Affairs, Employment Services Statistics 2003.

The general unemployment rate (by ILO definition) was 8.0 %; it increased by 0.8 p.p. compared to the 3rd quarter of 2002. The number of unemployed derived from the Labour Force Survey stood at 409.1 thousand in the 3rd quarter of 2003, including 231.6 thousand females (56.6 %), and increased by 37.2 thousand as compared to the 3rd quarter of 2002. The numbers of unemployed women are higher than those of men in almost all age groups of working age (with the exception of young people aged 15 to 24 years). The number of unemployed disabled persons was estimated at 37.6 thousand (9.2 % of total unemployment).

Tab. 10: Unemployment rate (in %) and unemployed (in th.) – 3rd Q. 2002, 2003

	2002		2003		Change	
	%	Th.	%	Th.	p.p.	Th.
Total	7.2	371.9	8.0	409.1	0.8	37.2
Male	5.7	165.0	6.2	177.5	0.5	12.5
Female	9.1	206.9	10.2	231.6	1.1	24.7

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2002, 2003.

Regional differences in unemployment rate increased as compared to the 3rd Q. 2002. The position of the two regions with the highest unemployment since 1993 (Moravskoslezský and Ústecký) further worsened. Also in some of the regions with a so far lower unemployment rate the situation became less favourable. Quite high increases took place in the Královéhradecký and Liberecký regions.

Tab. 11: Unemployment rate in regions (NUTS 3) – 3rd Q.2002, 2003 (in %,change in p.p.)

	2002	2003	Change		2002	2003	Change
Moravskoslezský	13,7	15,2	1,5	Královéhradecký	3,7	6,4	2,6
Ústecký	12,0	13,5	1,5	Liberecký	4,6	6,3	1,8
Olomoucký	9,7	9,9	0,2	Jihočeský	4,9	5,6	0,7
Jihomoravský	7,3	7,9	0,6	Vysočina	5,0	5,4	0,5
Pardubický	8,1	7,7	-0,4	Středočeský	5,0	5,2	0,2
Zlínský	7,5	7,3	-0,2	Plzeňský	4,2	5,2	1,0
Karlovarský	7,6	7,1	-0,5	Praha	3,7	4,1	0,5

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2002, 2003.

As to the industry and occupation structures of the unemployed (with experience of work), they had worked mostly in manufacturing (35 %), trade, repair of motor vehicles and personal and household goods (16 %), and in construction (9 %); three quarters of the unemployed had worked in the four major groups of occupations - craft and related trades workers (21 %), elementary occupations (20 %), service workers and shop and market sales workers (20 %) and plant and machine operators and assemblers (15 %), i.e. in the blue collar and/or low-skilled occupations.

▪ Unemployment by age and educational attainment

The number of the unemployed people increased especially in the 25-39 age group. Besides the seasonal growth of graduates, the increase was due to the inflow of unemployed young mothers who wanted to return to work after childbirth or maternity/parental leave. While the number of the unemployed in the 15-24 age group increased only negligibly, the unemployment rate remains very high in comparison with other age groups. Consequently, the position of youth on the labour market (typically in combination with low educational attainment) is very unfavourable.

Tab. 12: Unemployment rate (in %) and unemployed (in th.) by age – 3rd Q. 2002, 2003

	Unemployed (in th.)			Unemployed (in %)			Unemployment rate (in %)		
	2002	2003	Change	2002	2003	Change	2002	2003	Change
15 to 24	99,6	99,8	0,2	27,0	24,5	-2,5	15,3	17,9	2,5
25 to 39	134,3	156,9	22,6	36,3	38,5	2,2	4,5	5,0	0,5
40 to 54	116,4	125,2	8,8	31,5	30,7	-0,8	4,9	4,9	0,0
55 to 64	19,2	25,4	6,2	5,2	6,2	1,0	3,1	4,1	1,0

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2002, 2003.

The number of unemployed people with primary education reached 95 thousand (almost one quarter of the unemployed). The proportion of secondary school graduates (without GCE) is even higher, amounting to 48 % (195 thousand). These two groups accounted for 71 % of the unemployed. The structure of unemployed by educational attainment differs slightly by gender. In the case of women, there is a relatively high share of secondary school graduates with GCE (29 %) beside those without GCE (44 %), while the share of male unemployed graduates with GCE is lower (20 %), and those without GCE higher (52 %) as compared to women.

Tab. 13: Unemployment rate (in %) and unemployed (in th.) by educational attainment
– 3rd Q. 2002, 2003

	Unemployed (in th.)			Unemployed (in %)			Unemployment rate (in %)		
	2002	2003	Change	2002	2003	Change	2002	2003	Change
Primary	88,1	95,1	7,0	23,8	23,3	-0,5	19,8	23,1	3,3
Secondary without GCE	171,8	194,6	22,8	46,3	47,6	1,3	7,7	8,6	0,9
Secondary with GCE	95,3	103,4	8,2	25,7	25,3	-0,4	5,2	5,8	0,5
Tertiary	15,7	15,8	0,1	4,2	3,9	-0,4	2,4	2,4	0,0

Source: CZSO, Labour Market in the CR (Labour Force Survey), 3rd quarter 2002, 2003.

1.3 Demographic development

Demographic trends in the Czech Republic remain mostly unfavourable. The natural increase in the first three quarters of 2003 was negative (the number of live births is lower than that of deaths), and a positive total increase of population was caused only by net immigration.

Tab. 14: Population and vital statistics (numbers) in I.-IX.2003

Total population Mid of period	Mar- riages	Divorces	Live births	Abor- tions	Deaths	Natural increase	Immi- grants	Emi- grants	Net migration	Total increase
10205723	40085	24656	71808	31935	82945	-11137	59237	32207	27030	15893

Source: CZSO, Population Stock and Flows in the Czech Republic in January - September 2003.

1.4 Skill needs assessment

- **Assessment and forecasting mechanisms in place (national, regional, sectoral level)**
- **New developments under way**
- **Results of assessment activities**
- **Impact on policy development (Human Resource Development in the context of lifelong learning and response to labour market needs)**

Various activities are being undertaken in the CR that aim to examine future qualification needs. There is not yet any systematic outcome in this respect. The development of a system for regular projections is still at an early stage. Although these activities are important so as to affect the development of the economy as a whole and require synergy of a

number of organisations as well as an extensive information background, at national level they are implemented mainly on the initiative of the MoLSA (forecasting activities are also mentioned in the National Action Employment Plan – projects related to the plan were implemented mainly by the NO). The development trends in qualifications are also being addressed by the MoEYS (the NITVE). The involvement of other ministries in projections is not yet very large.

In 2003 the NOET completed a project for the MoLSA entitled “The System for Forecasting Qualification Needs in the Czech Republic”, which proposed the establishment of a system of forecasting at national and regional levels. It identified the areas of activities, the participating institutions and possible ways of funding. At national level the foundations for this system have been laid in the form of an advanced quantitative model of forecasting qualification needs which is operated by the Research Institute for Labour and Social Affairs. The system still requires a broader professional and information background for the activities involved.

The activities focused on projecting future qualification needs are not firmly embedded within the remit of any particular institution. Research in this area is being conducted through isolated projects and there is uncertainty as regards their funding (and continuation) in the future.

The CR, via the National Observatory of Employment and Training, has joined the CEDEFOP’ Skillsnet project designed to set up an international network concerned with the issue of timely identification of qualification needs. The NO provides contacts to organisations dealing with forecasting of qualification needs in the Czech Republic.

2. Recent developments in education and training (IVET and CVET) in lifelong learning perspective

2.1 Policy development

Following from the Long-Term Plan for the Development of Education published by the MoEYS in April 2002 **long-term plans for the development of education in regions (14) of the Czech Republic** have been prepared in 2003. At present (December 2003) the MoEYS is drafting an up-dated Long-Term Plan for the Development of Education which will be published in spring 2004 and take account of the CR’s accession to the EU.

The regional long-term plans prepared by regional departments of education, youth and sports set out medium-term strategies and focus on region-specific issues. However, they share certain priorities. The most important ones are optimisation of the schools network and promotion of closer links between vocational education and training and labour market needs in the relevant region.

One of the important tasks regional authorities have to finalise is the **optimisation of the network of schools**, which was initiated by the MoEYS as early as 1997, but substantial progress has not as yet been made. This particularly concerns secondary VET which, due to demographic decline, operates at 55-65% of capacity. Instead of closing down schools regions plan to set up **vocational education and training centres**. Such centres would incorporate a number of smaller schools and thus provide a wider variety of both initial and

continuing VET programmes on one site. It is also assumed that close co-operation will develop between regional employers and schools, which will facilitate a flexible response to industry needs, an improvement of teacher training and the provision of appropriate technology to schools.

One example is **a project proposing** the establishment of a VET centre focused on rural development, farming, forestry and related services in the Plzeňský region. By merging a secondary agricultural school, an integrated school and a school farm, an economically viable entity should be formed with the capacity of providing continuing VET, including practical training at the farm, to the relevant workers. The project envisages expert co-operation between research institutes, leading businesses in the region and co-funding provided by the Ministry of Agriculture and the Agrarian Chamber.

Another example is a project aimed at developing a communication system and a VET centre focused on construction in the South-Bohemian region. It should interlink training institutions and organisations in the region and provide access to information about educational opportunities to a wide spectrum of those interested (also in the business sector). The project will be based on close co-operation between secondary schools, the South-Bohemian Economic Chamber, labour offices and businesses in the field of construction. The Chamber will be the chief co-ordinator.

These examples illustrate that regions seek various solutions in line with local circumstances. Some schemes will involve the establishment of truly new integrated campuses, others will be more based on co-ordination of information and educational activities.

2.2 Adaptation of the legal framework

The MoEYS has drafted a bill for a new law on education. The new law should, above all, replace and unify the existing fragmented and inappropriate legal regulations in the area of education so as to cover, in a comprehensive manner, pre-school, basic, secondary and higher professional education (until a separate law on tertiary education is enacted), including education as interest and basic arts and language education.

The new education law **will not regulate lifelong learning** (development of a separate law on these issues is envisaged), although it opens up considerable space for transferability between “initial” and “lifelong” education (a system for recognition of education achieved at secondary and post-secondary technical level, etc.).

The bill also incorporates and takes account of changes induced by public administration reform and responds to the changes planned in the area of allocation of tax revenues.

The bill was discussed by the government in March 2004. The law should enter into force on 1 September 2004.

2.3 Governance and responsible bodies

As part of the work of Deputy Prime Minister of the incumbent government responsible for human resources development a **Government Council for Human Resources Development** was established by Government Resolution No. 733 of 16.7.2003. This act was preceded by the development of the “Strategy for Human Resources Development in the CR” prepared on the basis of the results of several years of work by the

NTF⁴. The document was adopted by the government in spring 2003 by Government Resolution No. 210 of March 2003 and should constitute a policy basis for the Council's activities and follow-up projects.

The Council has 27 members representing state administration and self-government, employers' organisations and trade unions, and is chaired by a member of the government. The Council will be responsible for the following major tasks: formulation of national priorities and policies in HRD; co-ordination of the relevant policies of ministries, sectors and industries; initiation of targeted investment in HRD; development and promotion of legislative, fiscal and other measures aimed at implementing national priorities in HRD; monitoring and evaluation of national HRD policy; co-ordination of national and regional priorities and ensuring synergy and success in the pursuit of convergence of national and regional objectives; promotion and dissemination of the concept of a "learning organisation" and lifelong learning; provision of information and methodological assistance to all key partners in HRD; and initiation and promotion of research and development, particularly in the area of continuing education and training.

A system of strategic management of HRD at regional level is under development – in compliance with Law no. 129/2000 Coll. on regions. Several regions of the Czech Republic already have a Council for Human Resources Development, while they are gradually coming into existence in the remaining regions. The activities of regional HRD councils normally fall within the purview of deputy governors in charge of education. Their members include, in addition to representatives of the regional office, top managers of large companies and senior officials of universities and labour offices in the region.

Regional councils are involved in the development of strategic documents on HRD in each particular region. One of their key responsibilities is to organise surveys into existing, and forecasts of future, demand for a skilled labour force, and to initiate the corresponding changes in the system of vocational education and training in the region.

As a consequence of **public administration reform** the MoEYS has lost a number of responsibilities which have been delegated to higher-level administrative units – regional authorities (governance and funding of secondary and higher professional schools). The Ministry still retains its responsibility for education policy and the state and development of the education system as a whole (both at national and international levels). Therefore it has kept a number of instruments – e.g. the aforementioned long-term plans for the development of education, the process of inclusion of schools within the schools network and approval of educational programmes.

The reform of public administration will continue by reform of rules governing allocation of tax revenues, which will have a considerable impact on the **funding of schools**. The government has been presented an amendment to the law on the allocation of tax revenues which sets forth the scope of national budget expenditure on activities of schools administered by regions.

The bill for the new schools law mentioned above takes account of these circumstances and stipulates that financial resources from the state budget will be provided to regions (on a special account) in the form of a subsidy. Regional authorities allocate these resources to schools with approval of the region's assembly. The amount depends on the actual number of pupils or students – up to the permissible capacity of the school. The bill emphasises the principle of „normative“ allocation of national budget resources. It introduces the term „national and regional normatives“ (i.e. costs per one pupil, student as stipulated by

⁴ The PHARE projects "Strategy for Human Resources Development in the CR" (2000); "Implementation of the Strategy for Human Resources Development in the CR" (2001)

the relevant legislation) which underlie the basic principles of the funding of schools administered by self-governing units. In determining regional „normatives“ the regional authority should take account of the long-term plan of education and the development of the education system in the region, framework educational programmes, the number of students in classes etc.

The bill for the new law on schools also reinforces considerably the position of a **school director** by stating explicitly the grounds on which a school director may be dismissed. Moreover, the bill introduces a **school council** as a compulsory body at secondary and post-secondary technical schools regardless of their founding body. The council should facilitate participation of mature students, legal representatives, teachers and educators and social partners in the school's operations.

In 2003 the National Institute for Technical and Vocational Education (NITVE) completed a Dutch-Czech project entitled MATRA, which was designed to increase the involvement of social partners in determining the content of vocational education. The project provided a wide range of generally applicable results:

- It aroused the interest of the general public, thanks to the presentation of information through the press and mass media, and at conferences
- It showed ways to achieve an effective and meaningful social dialogue,
- It demonstrated how to compare professional qualifications using assessment tools and compliance documents (so called compliance tools) in both countries, as well as between the EU and the Czech Republic; this is a significant factor in promoting the recognition of qualifications and the mobility of the labour force within EU member states,
- A function model was developed which represented the consultative structure of social partnership with national and regional field groups within the pilot sector electrical engineering/ICT
- Steps taken in the other two pilot sectors should lead to the use of existing school and company networks at the regional level, for providing information which NITVE can then use at the national level for the development of professional profiles and framework educational programmes.

The model of the consultative structure of social partnership can be also used in other VET sectors and it will thus be implemented, as will the results achieved in other sectors.

The project also pointed to certain drawbacks that should be redressed in order to ensure that social dialogue may produce the planned results in relation to VET.

- Insufficient legislative backing of social partners in the field of VET and lack of a clear definition of their role,
- Representatives of social partners should have a mandate from the institution which they represent. This mandate would entitle them to comment on, and review the documents presented
- Companies should understand that they are „consumers“ of school leavers and that is why they should be interested in influencing qualification requirements for a job; they can do it indirectly through professional unions or associations or through membership of NITVE field groups, where particular professional profiles are developed.

2.4 Modernisation of the education and training system

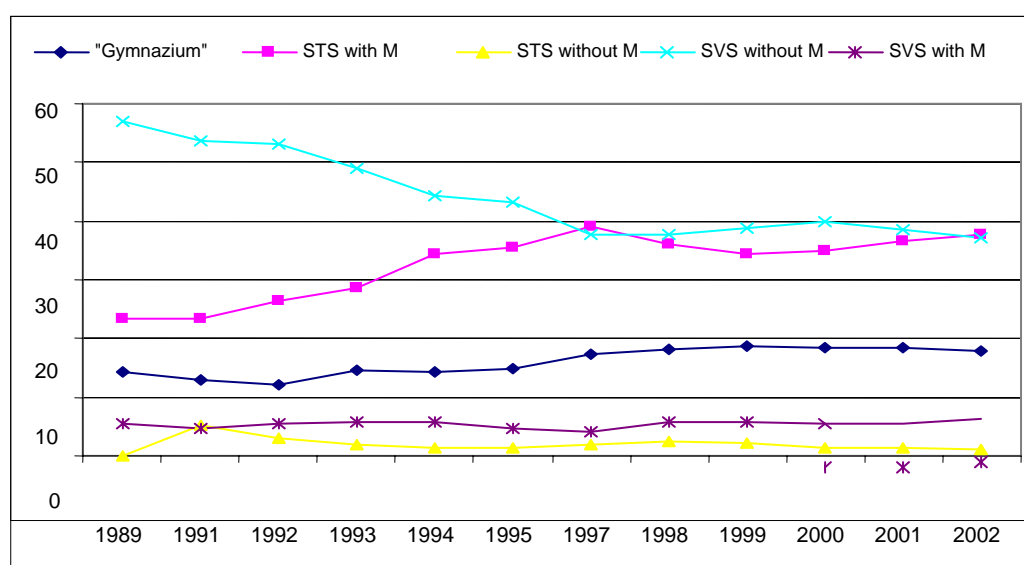
2.4.1 Structure and organisation

■ *Programmes and pathways*

The development in student numbers in various ISCED 3 programmes is illustrated in the graph below.

Graph 1:

Proportions of Students Entering First Years of ISCED 3 Courses (%)



Source: Vojtěch, J.; Festová, J. *Vývoj vzdělanostní a oborové struktury žáků ve středním a vyšším vzdělávání v ČR a krajích a postavení mladých lidí na trhu práce 2002/03 (The Development of Education and Field Structure in Secondary and Higher Professional Education in Regions and the Position of Young People in the Labour Market)*, NUOV 2003

Note: the year 1996 is not included, since the data are not comparable to other years due to systemic adjustment

Key: STS with M = secondary technical schools with “maturita”
STS without M = secondary technical schools without “maturita”
SVS with M = secondary vocational schools with “maturita”
SVS without M = secondary vocational schools without “maturita”
Gymnázium = secondary general education

It is clear from the data above that the proportion of students in vocational courses (SVS without “maturita”) has decreased further, while the proportion of students in VET courses providing “full” upper secondary education (with “maturita”) has increased. The percentage of students undertaking general upper secondary education has stabilised after a slight increase in the mid-1990s at below 20%. The bill for the new schools law envisages an increase in student numbers in “maturita” courses and emphasises the importance of so-called “follow-up” courses – i.e. “maturita” courses for those who completed vocational courses

without “maturita”. This will considerably enhance the vertical transferability of the education system towards tertiary education. However, the limited capacity of the tertiary sector is still a problem, as 40% of applicants are turned down.

The bill also introduces additional instruments for increasing the **transferability of the education system**. They include shortened programmes leading to the award of a vocational training certificate and a “maturita” certificate, which will constitute a “second chance” for individuals who, for example, face difficulties seeking employment. Another new concept is the **recognition of prior education** (including non-formal) designed in line with the EU recommendations (so-called Europass). Recognition of prior education could also be applied, for example, in admission to higher years.

A new system of **curricular documents** is under development. The system in place (where the ministry approves curricular documents for all vocational, technical and general programmes) will be replaced by a two-stage system of the development of curricula.

The Ministry will issue a **framework educational programme** (FEP) for each field of education, which will constitute a principle pedagogical document and will define the compulsory framework set by the state. Moreover, it will serve as a basis for learning outcomes assessment. The FEPs are being designed by the National Institute for Technical and Vocational Education. Until the end of 2003 a total of 23 FEPs had been developed covering almost 70% of students in programmes both with and without “maturita”. Another 30 FEPs are planned for 2004. The overall number should be approximately 300.

Framework educational programmes (curricula) will be binding for the development of **school-based curricula** which will govern instruction at each particular school. A **project** entitled **POSUN** was implemented between September 2002 and September 2003, which aimed to test the capacities of schools to design their own curricula based on framework educational programmes. The project was implemented at three schools the Ústecký region in co-operation with a Pedagogical Centre. It pointed, among other things, to problems concerning inappropriate competencies of teachers and education in this respect and revealed the need for their further training.

The bill also stipulates that educational provision at post-secondary technical schools will take place in line with educational programmes accredited for each field and school by the Ministry on the basis of a recommendation of the Accreditation Commission for Post-secondary Technical Education, the establishment of which is also proposed by the new bill.

▪ *Development of educational and occupational standards*

In 2003 work was under way on a MoLSA project entitled “Education, Research and Development as Key Factors of the Development of Society and the Economy”. One part of the project is concerned with the formation of a **national system of qualifications**. A document has been produced as part of the project describing the existing links, contexts, instruments and documents which may contribute to the development of a workable qualifications system.

The principal building block for the national system of qualifications is the so-called **professional profiles**, which are developed as instruments interlinking the world of labour and the relevant training. A professional profile provides comprehensive information about common qualification requirements for the performance of one or several related occupations. It respects qualification requirements as expressed by industry and facilitates their incorporation into VET programmes.

Professional profiles build on qualification requirements of various occupations set out on the basis of working activities or groups of them. This is projected into the profiles’ structure. Professional profiles are composed of the following four components:

- **The nature of prospective employment:** examples or a list of occupations, jobs or standard work positions which may be performed by graduates from the relevant educational programmes,
- **general requirements for the performance of working activities:** requirements which, if met, constitute the prerequisites for success in life and in the labour market (requirements concerning the acquisition of key and other generally applicable competencies),
- **professional requirements for the performance of working activities:** requirements which, if met, constitute the prerequisites for a quality performance of working activities within a particular occupation,
- **working activities:** a list (examples) of working activities which are grouped (if possible) into separate units.

Professional profiles are being developed by so-called “field groups” at the NITVE, which consist both of experts in education and industry representatives. The experts developing the profiles draw on three principal sources of information:

- Overall views of the anticipated development of qualifications as part of the project “Following Development Trends in Groups of Related Occupations” implemented by the NITVE.
- The use of available outcomes of research tasks carried out within the EU particularly by the European Centre for the Development of Vocational Training CEDEFOP ensures an international dimension of the work.
- The Integrated System of Standard (Working) Positions which is being developed as the responsibility of the MoLSA is the source of detailed information related to various occupations.

▪ *Assessment and certification*

The bill for the new schools law has come up with a fundamental systemic change – a **new concept of the “maturita” examination**. Its major feature is a so-called common part of the exam determined by the state. The common part of the “maturita” examination will consist of three compulsory examinations – in the Czech language, a foreign language (the student’s choice) and for the last exam the student may select either mathematics, the basics of civic education, the basics of science and technology or the basics of information technology. The setting and assessing the exam at national level will guarantee better comparability of various types of school. It is also envisaged that the new “maturita” results will be more relevant in terms of admission proceedings to higher education institutions.

The school-based part of the “maturita” examination will test, above all, the knowledge and skills that are characteristic of the school’s graduate profile. It will consist of three compulsory examinations. A new element, which reflects the desired changes in the content and form of education, is the possibility of taking the exam in the form of writing a thesis and defending it in front of an examination panel. It facilitates the development and demonstration of those key skills that are still not properly fostered by the education system and that, at the same time, constitute – and will do so increasingly – major life success factors (e.g. active work with information, independence and creativity, critical thinking, presentation of ideas, argumentation, discussion etc.). This design of the “maturita” examination is planned to be introduced in 2007/2008.

It is planned that the **role of social partners** (employees, employers and professional associations) in final and “maturita” examinations should be strengthened – particularly as

regards their representation on examination panels for school leaving examinations at “maturita” and post-secondary technical programmes (their participation in final examinations at vocational programmes is obligatory).

2.4.2 Delivery

▪ *Rationalisation of network of schools*

Optimisation of the network of schools initiated by the MoEYS in 1997 now falls within the purview of regions. It is one of the major tasks regional offices have set forth in their long-term plans for the development of education. The process should result in an increase in the average size of a secondary school to 500-700 students in initial education and training by 2008. Secondary schools with fewer than 350 students should be an exception in years to come. The free capacity will be used for adult education, retraining and leisure activities. Another important task is to concentrate the training in related fields including continuing training programmes into one centre. This approach will make it possible to use human and material resources more efficiently, and to improve the quality of instruction and the qualifications of teachers, and to promote co-operation of schools with employers, economic chambers, professional and trades associations etc.

▪ *Teaching and training staff*

The requirements in terms of the number of human resources in teaching are expressed by means of the number of students per one teacher’s full-time workload. In this respect the least demanding programmes at secondary level in 2002 were those in general education (i.e. at *gymnázia*) followed by secondary technical schools (10.6 students per one teacher’s workload). The least demanding is the teaching at secondary vocational schools (8.2 students per one full-time teacher), the reason being the practical training component on top of the theoretical part.

At post-secondary technical schools the average in 2002 was 11.0 students per one teacher’s teaching load, which is close to that at secondary technical schools. However, taking account of the student-teacher ratio regardless of the teaching load, this figure is 2.7 times higher. This difference is caused by the fact that most teachers of vocational subjects have part-time contracts.

The average pay of teachers at secondary schools is slightly above the national average for the CR. The national average pay in the CR in 2002 was 16,212 CZK, the average pay of an employee with a university degree (both in the public and private sectors) was 31,835 CZK. The average pay of secondary technical school teachers in 2002 was 19,047 CZK, secondary vocational school teachers had the average pay of 19,094 CZK. From 2001 there was a year-on-year increase of 7.8% in the average pay of secondary school teachers. Taking account of the fact that a great majority of teachers have university degrees, it is clear that their pay is far from the average for employees with university education. A positive development is that, effective from 1 March 2003, the basic rate of pay in all pay categories has been increased (according to the MoEYS by 12%).

Along with the bill for the new schools law a bill on teachers and educators was presented to the government (November 2003), but it was taken off the agenda. In January 2004 a 16-category pay scale will be introduced for education workers with other pay increases planned. The MoEYS issued a methodological instruction concerning the classification of various groups of teachers and educators into the pay categories.

The situation in continuing training of teachers will be aggravated by the abolition of **Pedagogical Centres** which were set up by the MoEYS in regional capitals. Only one organisation of this kind should continue operating (in Prague) and it will only organise continuing teacher training when so commissioned by the MoEYS.

▪ **Modernisation of training infrastructure and equipment**

The „Internet do škol“ (*Internet to Schools*) programme has, since its initiation, been grappling with financial and organisational problems. In view of this we provide data on ICT facilities ascertained as part of the PISA study.

As regards the proportion of students with access to a computer the CR ranks in the worst third of OECD countries. An average 15-year-old student in OECD countries attends school where there are 13 students per one computer – it is 15:1 ratio in the Czech Republic⁵. The table below shows the frequency of computer use by students at home and at school.

Tab. 15: Accessibility of computers at home and at school (15-year-old students) (2000)

<i>The average percentage of 15-year-old students who answered that they had access to a computer either at home or at school</i>					
Computer accessibility at home					
	Almost every day	Several times a week	Once a week up to once a month	Less than once a month	Never
	%	%	%	%	%
CZ	48	6	3	2	41
The OECD average	64	6	3	3	24

Computer accessibility at school					
	Almost every day	Several times a week	Once a week up to once a month	Less than once a month	Never
	%	%	%	%	%
CZ	10	29	30	10	21
The OECD average	27	29	20	10	14

Source: OECD PISA database, 2001. www.pisa.oecd.org.

⁵ Education at a Glance, s. 297. Paris OECD 2001, 2002.

As part of the types of activities performed using computers the PISA survey carried out by the OECD also explored how often 15-year-old students use computers to prepare for school.

In terms of comparison the Czech Republic did very badly, since while the average number of students using computer in relation to school activities almost every day or at least several times a week was around 35%, it was only 20% in the CR. The result was even worse as concerns the proportion of students who do not use computers for any educational activities whatsoever: the Czech Republic ranked the last with 37% (the average was 19%).

- *Training for the unemployed (including specific target groups: the long-term unemployed, early school leavers, young graduates, the disabled, Roma)*
- *Training to promote labour market and social inclusion of disadvantaged groups*

Education for registered unemployed individuals is organised by labour offices as part of the retraining scheme within active employment policy. Most courses take place in institutions other than those providing initial education. However, a certain proportion of the unemployed undertake retraining at secondary level in standard programmes, short courses or in the form of a one-subject course. The statistical data about this type of training are not exhaustive. If need may be, the unemployed may undertake courses to complete their basic education.

Tab. 16: Courses and retraining at secondary schools (number of individuals)

	Year 2001/2002			Year 2002/2003		
	Total	Full-time	Other forms	Total	Full-time	Other forms
Retraining at SVS	780	48	732	598	171	427
Short retraining courses at STS	n.a.	n.a.	n.a.	3 150	n.a.	n.a.
Individual subjects	n.a.	n.a.	n.a.	3 596	n.a.	n.a.

Note: n.a. – not available

Source: Statistical Yearbook on Education 2001/2002, Performance Indicators, UIV

Statistical Yearbook on Education 2002/2003, Performance Indicators, UIV

Tab. 17: Total number of the unemployed signed in and signed out of retraining

	As at 30.6.2001	As at 30.6.2002	As at 30.6.2003
Newly signed in for retraining in six months	18 810	18 258	22 558
Signed out of retraining in six months	19 931	19 590	22 962

Source: Analysis of the Development of Employment and Unemployment in 1st half of 2003, MoLSA

In addition to retraining courses for the unemployed labour offices organise non-specific retraining for secondary school leavers with a view to increasing their employability, and complementary retraining designed to complement or expand the knowledge and skills for a particular job. The following areas are concerned:

- Counselling and retraining for individuals facing difficulties in finding employment – particularly young people up to 25 and the long-term unemployed with low qualification levels. The programmes are focused on a specific job and are combined with other instruments of active employment policy and follow-up counselling services;
- Counselling and retraining for groups at risk of being excluded from the labour market. The programmes pursue social integration of these individuals by means of their gradual integration into the work process in combination with other AEP instruments and counselling services;
- Retraining-placements for school leavers with a view to improving their employability through the acquisition of the necessary practical experience, skills and work habits;
- Retraining for employees – particularly in relation to the change in production processes, introduction of new technologies and new work organisation in major employers in the region that are undergoing restructuring.

As part of the National Action Employment Plan for 2002 and 2003 and in line with the European Employment Strategy selected labour offices piloted programmes designed to prevent long-term unemployment. New approaches and methods for job seeking and enhancing employability were tested as part of the “First Chance” programme for young people up to 25 and “New Start” for adults over 25. Counselling services, job brokerage and retraining play a decisive role (in the form of individual action plans) in mobilisation of the individual potential and approaches on the part of job seekers. Professional counsellors at selected labour offices - in co-operation with every job seeker who developed an individual action plan - identify specific procedures leading to improving his/her employability and to finding a job within six months for young people up to 25 and within 12 months for individuals over 25. Detailed evaluation of the new approach to the unemployed is being carried out by the MoLSA and will be available in March 2004.

It is apparent from the research study “The Problems Concerned with the Labour Market and Employment Policy” implemented for the MoLSA in 2003⁶ that retraining is gaining in importance. It is clear from the growing number of participants as compared to those participating in other active employment policy schemes. However, retraining as an instrument still has a large degree of the so-called „creaming effect“ associated with it, as most participants in retraining are those who are highly likely to succeed in the labour market even without large support from employment services. The proportions of the long-term unemployed, people over 50 and the disabled in retraining are still very low.

2.4.3 Participation in education and training

The development of participation in initial education is illustrated in the table:

Tab. 18: The Development of Specific Rates of Participation in Secondary and Tertiary Education (ISCED 3-6) in 1998-2002 (as %)

Proportions	1998			1999			2000			2001			2002		
	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females	Total	Males	Females
Total	7,9	8,3	7,6	7,8	8,1	7,5	8,0	8,3	7,8	8,5	8,7	8,3	7,1	7,3	6,9
Of which:															
15-19	65,9	64,2	67,6	65,9	63,9	68,0	71,4	70,2	72,7	74,8	72,9	76,9	74,8	73,3	76,4
20-24	17,8	18,1	17,5	19,3	19,1	19,5	20,1	19,0	21,2	23,1	21,6	24,6	25,7	24,7	26,6
25-29	1,9	2,1	1,8	2,3	2,7	1,8	2,4	2,6	2,1	2,9	3,2	2,6	2,9	3,0	2,8
30-34	0,1	0,2	0,1	0,2	0,2	0,2	0,3	0,3	0,3	0,3	0,1	0,4	0,0	0,0	0,0

Source: CSO – Labour Force Survey

The growing interest in education and the increasing capacity of schools at secondary and tertiary level have had a considerable impact on the rates of participation of the young, economically inactive population in initial education and training. The specific participation rate for students aged 15-24 in secondary and tertiary education increased from the average of 39.4% in 1998 to 48.1% in 2002. In the 20-24 group, which does not include basic school pupils, the specific rate of participation in secondary and tertiary education increased from 17,8 % to 25,7 %. In the same group, while there is an overall growth in participation in full-time courses, we can trace a particularly fast growth in the number of female students – an increase from 17,5 % to 26,6 % in 2002. The same indicator for men went up from 18,1 % to 24,7 %. This development can be entirely attributed to the growing number of students at tertiary institutions (ISCED 5-6).

Although the rate of participation in education in the CR has been rising in recent years, the CR does not do very well in terms of **international comparison**. The rate is very high in the CR in secondary education, but falls sharply from the age of 17 on. Compared to the OECD average the proportion of the population in education in the 15-19 age group is higher in the CR, but decreases severely in the 20-24 and 25-29 groups. This falling trend continues in older age groups, too.

⁶ *Problémy trhu práce a politiky zaměstnanosti (Problems related to the Labour Market and Employment Policy)*, Masaryk Univerzity Brno, Research Institute for Labour and Social Affairs of the CR, National Training Fund, Brno and Prague 2003

In view of this the **development of continuing education and lifelong learning** must be considered as a priority. According to the Labour Force Survey carried out by the CSO the proportion of the CR's population with one (main) employment taking part in continuing training was 6.4% in 2002. However, it must be borne in mind that the questions concerning training only related to the period of four weeks prior to the polling. If the reference period was longer, the number of individuals involved in continuing training activities would be higher, as numerous short courses attended prior to the four-week period, in particular, would be included in the calculation. This is why the rate of participation in CVET revealed in this survey is lower than that related to the entire year.

2.5 Guidance and counselling

In connection with the reform of state administration and self-government in education **Decree no. 130/1980 Coll. of the MoEYS** regulating the provision of educational counselling at basic, secondary and higher professional schools was amended in June 2003. Although the amendments reflect the existing system of school governance, they still fail to take account of the state of affairs and provide for the needs of counselling services at schools.

The integration of the subject matter concerned with **career choice** into basic school curricula was backed up by the MoEYS's methodological instruction no. 31172/2002-22 of February 2003. The annex to this document contains a teaching plan in line with the "general" (*obecná*) school curriculum, which stipulates that, in grades 6-9, at least 10 teaching periods per year should be devoted the subject of introduction to the world of labour. Other subjects into which career choice issues are incorporated include civic and family education – a minimum of 14 teaching periods per week in grades 6-9.

The Phare **START** project (Knowledge – Skills – Information - Successful Start of School Leavers in the Labour Market) was finalised in 2003. The project, which was implemented by DHV and the National Institute for Technical and Vocational Education (NITVE), was part of the PHARE programme – Human Resources Development Fund. Its objective was to develop a system of comprehensive support in terms of training, methodology and information to assist educators (teachers and educational counsellors) at basic, remedial special schools and secondary schools in the Northwest region (NUTS II) in teaching and counselling on career choice and labour market issues. One of the objectives was to provide the relevant information to teachers, counsellors and students and to implement teacher training in the relevant area (<http://www.startnathprace.cz>).

The NITVE developed, on the basis of a project entitled "**Career Counselling in the CR**" (part of the "Research for State Administration" LS programme), a number of analyses of the situation regarding the provision of counselling services – career related in particular – at basic and secondary schools. The outcome of the project was a policy document entitled "**National Policies in Career Counselling**" which aims to stabilise, standardise, strengthen and further develop career counselling in the Czech Republic. In parallel with this project work was under way on filling in the OECD questionnaire **Review of Information and Career Guidance Policies**, which was designed to analyse national systems for the provision of information and career counselling. The results of both projects were presented, with the support of the MoEYS and MoLSA, by the NITVE and the Institute for Pedagogical-Psychological Counselling at a national conference "Career Counselling" held on 19 November 2003 in the Czech Republic.

2.6 Preparedness of the education and training system to comply with the principles of the European Employment Strategy

Over the last year no important changes occurred as regards the preparedness of the education system to comply with the European Employment Strategy. What is important, however, are policy changes, which should promote a better co-ordination between education and industry both in terms of strategies (the establishment of the Council for Human Resources Development, the adoption of the Strategy for Human Resources Development in the CR), and in terms of specific activities (the development of the national system of qualifications).

Moreover, the reform of public administration and the delegation of responsibilities for the development of education to regions should gradually lead to better links between regional labour market needs and the training provision – both initial and continuing. One question arises, however, as to whether the weak MoEYS (with restricted powers) will manage to maintain a balanced development of the education system throughout the CR – with even the responsibility for funding being gradually transferred to regional authorities.

3. Recent developments in employment policy and implementation

3.1 State of preparation for the European Employment Strategy (National Employment Plan, Employment Action Plan, Joint Assessment Paper on Employment Policy, etc.)

The objectives of state employment policy for 2003 were set on the basis of an analysis of the situation in the labour market, the level of financial resources earmarked in the national budget for employment policy and the commitments of the CR resulting from agreements concluded with the EU and OECD. The major document in this respect was the National Action Employment Plan (NAEP) for 2003. The Plan aims to harmonise implementation of employment policy by all ministries and social partners. Besides active employment policy which is being implemented by the Ministry of Labour and Social Affairs, employment policy also involves: a) programmes within the government economic policy, which aim at increasing the economic performance and competitiveness of enterprises, b) programmes within industry policy aiming at promoting investment, the establishment of favourable business environment and continuation of privatisation, and c) programmes within budgetary policy – particularly the reform of public budgets and taxation.

In January 2004 the government discussed a document provided by the MoLSA and entitled “Procedures and Objectives Adopted by the Government to Decrease Unemployment during its Term of Office”. The document constitutes background material for the National Action Employment Plan for 2004-2006, the development of which the government assigned to newly established inter-ministerial Commission for Managing Work on the NAEP 2004-2006 (Government Resolution no. 8/2004). The Plan should be completed by 30 June 2004.

3.2 General outline of employment policy objectives and measures

The priority objective of employment policy is to decrease unemployment in a most intensive manner and to introduce new stimuli for active searching for jobs and retaining them. Special emphasis is placed on the areas of Northern, Central and Southern Moravia and Northwest Bohemia. Particular importance and the relevant support is attributed to projects which aim to create a worthwhile number of new jobs – particularly in regions with high rates of unemployment, and to promote the development of small businesses. In view of the CR's accession to the EU and the situation in the labour market, the principles of the European Employment Strategy (set forth in the form of Employment Guidelines and the Lisbon objectives are being taken into account in the implementation of national employment policy.

The amount of financial resources approved by Czech Parliament for implementation of active employment policy was higher in 2003 by some 90 thousand CZK. While considering this level of financial resources the MoLSA asked labour offices to organise their operations with a view to:

- Increasing support for active employment for those who want and are able to work,
- Decreasing long-term unemployment in particular and mobilising disadvantaged groups to search employment,
- Increasing the standard, scope, efficiency and relevance of all non-financial instruments, procedures and means available within active employment policy as a whole – particularly as regards counselling and job brokering,
- Developing active co-operation with employers, focusing on “search” for and creation of vacancies in employers' organisations,
- Enlarging the scope of (suitable) preventive measures aiming to find and, particularly, retain a job – mainly as regards job brokering, training and counselling activities,
- Ensuring a most efficient use of financial resources earmarked for the implementation of active employment policy while placing emphasis on the creation of stable jobs and retraining resulting both in enhanced employability and stable jobs.
- Focusing on the development of projects related to the implementation of the Operational Programme - Human Resources Development and the Single Programming Document for Objective 3 – NUTS 2 – the capital Prague.

One important component of state employment policy is the support for employers as part of the investment incentives scheme in line with Law no. 72/2000 Coll. on investment incentives. The MoLSA is responsible for two incentives – support for the creation of new jobs and support for the retraining of employers. The support is designed for investors who implement their investment in the districts where the rate of unemployment is above the national average.

Moreover, employers who employ disabled citizens received, also in 2003, subsidies designed for employers employing at least 50% of the disabled (capital grant and/or repayable financial support for non-capital expenditure, and a contribution provided to employers employing over 50% of disabled citizens (Art. 24 of Law 474/2001 Coll. which amended Law 1/1991 Coll., and Decree no. 242/2002 Coll.).

Labour offices implemented AEP in line with “Programmes for AEP Implementation for 2003” developed on the basis of district labour market analyses and AEP objectives set by the MoLSA's Employment Services Administration for the relevant year.

Similar programmes were developed for regions with a view to improving co-operation with regional authorities in the implementation of employment policy.

3.3 Adaptation of the legal framework

In 2003 the Czech government launched a reform of public finances. It concerns many areas of social and economic life of the country and aims to changing the fiscal developments with the prospects of stabilising public budgets at a level sustainable in the long term. In addition to clear-cut austerity measures, the steps that are being taken aim at combatting grey economy and tax evasions, abuse of social advantages and at the overall strengthening of economic performance. The reform has been designed so as to maintain social cohesion and the quality of public services.

In the autumn 2003 various legislative actions were initiated to establish appropriate conditions for the reform. The draft national budget for 2004 and a budget outlook until 2006 are derived from the reform strategy. The practical impact of the reform should be apparent as early as 2004. A number of measures will, directly or indirectly, affect employment and the labour market. The most important measure is the increase of the basic retirement age level to 63. Other important measures include changes in the employment of pensioners in relation to their permissible income, less favourable terms for premature retirement, abolition of a limit on income for parents looking after a small child, changes in taxation and social security and health insurance contributions for small businessmen.

3.4 Governance and responsible bodies

In 2003, there were no changes in the field of governance and responsible bodies.

3.5 Employment services (at national and regional level)

3.5.1 Structure and organisation

The structure and organisation of employment services have not experienced any major changes in recent years. This fact considerably affects the work with clients at labour offices, as unemployment has gone up by a great deal and labour offices were assigned with additional tasks in the period of 2000-2003 without the corresponding support in the form of additional human resources. (The new tasks include, for example, checks on compliance with the obligation to employ a prescribed proportion of disabled citizens and to maintain the data concerning the reimbursement of financial resources to the national budget in the case of non-compliance, and the provision of contributions to employers with over 50% of disabled employees). Moreover, there have been increasing requirements recently on the part of mayors in municipalities with extended powers that branches of labour offices should be set up in their municipalities. Labour offices with their present personnel figures cannot implement employment policy. The MoLSA requested in early 2004 that labour offices

should get 450 additional staff (269 for job brokering and counselling departments, 88 for labour market and supervision departments, and 93 for as yet unspecified positions). In the context of the austerity measures being implemented in the Czech public finance sector the requirement was not granted. The situation is further complicated by the fact that the requirement above did not include additional staff for the implementation of the system for the use of EU Structural Funds.

3.5.2 Delivery of services

As at 31 March 2003 labour offices employed 4,996 staff (full-time equivalent). This means that the ratio of labour office staff to the registered unemployed was 1 to 105. In January 2003 the ratio of the staff directly responsible for job brokering to the unemployed was 1 to 222.2.

In 2002 and 2003 the labour market saw a large degree of labour mobility. In 2002 labour offices registered 677,400 new job seekers and in the first half of 2003 it was 316,300 individuals. In 2002 a total of 624,900 registered job seekers were taken out of the files, in the first half 2003 it was 329,800 thousand. While the number of job seekers registered at labour offices in the first half of 2003 showed a year-on-year decrease of 1.4%, the number of those taken out of the registry increased slightly (by 0.4%). Out of the job seekers taken out of the files in 2002 446,500 found a job. In the first half of 2003 it was as many as 242,000 (a year-on-year increase by 0.5%). The average time of registration increased from 16,1 months as at 31 December 2002 to 17.6 months as at 30 June 2003. The proportion of long-term unemployed individuals (registered more than 12 months) reached 40.0% at the end of the first half of 2003 and increased by 1.9 p.p. year-on-year (it was 38.1% as at 30 June 2002). The high rate of unemployment among Roma citizens remains to be a problem. Due to the combination of various disadvantages the rate exceeds 80% according to some estimates⁷.

The groups of unemployed individuals facing difficulties in the labour market – i.e. those who face problems in relation to finding employment – still include, **apart from the disabled, young people with low qualifications, women – particularly with small children, elderly citizens and the long-term unemployed.**

The number of disabled job seekers has increased. While in June 2002 labour offices had 62,900 disabled citizens in their files, their number increased by 68,200 at the end of June 2003 (i.e. 8.4%). The problems related to their finding jobs still persist, despite of measures designed to alleviate this situation. **The number of jobs for the disabled registered at labour offices in the first half of 2003 was lower compared to the same period in 2002** (1,691 as at 30 June 2003 compared to 2,068 as at 30 June 2002). There were on average 40,4 disabled job seekers per one vacancy, while the year before it was “only” 30.4. **Disabled citizens are among these most at risk of having difficulties in the labour market.**

⁷ Source: “Procedures and Objectives Adopted by the Government to Decrease Unemployment during its Term of Office” (Government Resolution no. 8/2004).

Tab. 19: Job Seekers by Selected Groups

	As at 30. 6. 2002				As at 30. 6. 2003			
	In thousand		as %		In thousand		as %	
	Total	Of which Women	Total	Of which women	Total	Of which women	Total	Of which women
Job seekers - total	454,3	231,7	100,0	51.0	501,0	255,3	100,0	51.0
The disabled	62,9	31,5	13,8	50.1	68,2	33,8	13,6	49.6
Of which with severe disability	0,9	0,4	0,2	39.4	1,0	0,4	0,2	36.1
Age distribution								
Up to 24	112,1	45,8	24,7	40.9	119,6	49,1	23,9	41.0
Of which juveniles	7,0	3,2	1,5	46.2	7,2	3,3	1,4	46.5
25 - 29	62,3	33,7	13,7	54.0	67,8	35,6	13,5	52.5
30 - 39	97,2	58,5	21,4	60.2	106,6	64,2	21,3	60.2
40 - 49	96,3	52,9	21,2	55.0	102,3	56,6	20,4	55.3
Over 50	86,4	40,8	19,0	47.2	104,7	49,8	20,9	47.6

Note.: The proportions of women in the total number of job seekers have been calculated using non-rounded figures 1

Source: Analysis of the Development of Employment and Unemployment in the 1st half of 2003, the MoLSA

In line with the National Action Employment Plan for 2003 labour offices continued implementation of two programmes designed for job seekers at risk of long-term unemployment. It is a programme entitled “The First Chance” for young job seekers up to 25 who have been unemployed less than 6 months, and the “New Start” programme designed for adults over 25 who have been unemployed less than 12 months. Both programmes aim to increase the responsibility on the part of the job seekers for finding employment, enhance their motivation to get a job and to provide individual support to those who most need it. Through the implementation of the programmes necessary experience has been gained that may be used in order to implement the programmes “across the board” at all labour offices from the beginning of 2004.

As at 30 June 2003 a total of 4.8 billion CZK was disbursed for active employment policy from the MoLSA budget chapter, of which 0.953 billion was designed for active employment policy. Compared to 30 June 2002 when the expenditure on employment policy from the national budget was 4.6 billion CZK, there was an increase of 228,400 CZK. The increase can be attributed to a higher disbursement for passive employment policy. The expenditure on AEP decreased year-on-year by more than 500 million CZK compared to the 1st half of 2002 when it was 1.5 billion CZK.

Tab. 20: AEP Instruments used until 30. 6. 2002 and until 30. 6. 2003

	Socially purposeful jobs	Publicly useful work	Placements of school leavers	Sheltered and workplaces for the disabled	Retraining
Number of jobs created					
2002	6 968	12 179	3 136	565	X
2003	8 182	12 604	3 284	654	X
Numbers of job seekers placed in created jobs and in retraining					
2002	7 187	11 849	3 003	615	18 258
2003	8 174	12 253	3 175	666	22 558
Disbursement of financial resources (in thousand CZK)					
2002	309 192	300 850	183 637	16 094	187 431
2003	280 934	239 102	150 738	20 248	172 544

Source: Analysis of the Development of Employment and Unemployment in the 1st half of 2003, the MoLSA

▪ ***Career guidance and counselling***

The MoLSA is involved in the implementation of a project “**Distance Counselling**” within the Leonardo da Vinci programme. Its objective is to develop methodology for the provision of counselling services via telephone, the training of trainers and pilot testing at three labour offices (including the provision of the appropriate technology – call centres). The project is co-ordinated by Bundesanstalt für Arbeit – Euroguidance.

3.6 Preparedness of employment services to contribute to the implementation of the European employment strategy

In relation to implementation of European Employment Strategy (EES) employment services must be modernised – both at national level, and on regional and local levels in particular. The aim is to ensure that employment services are capable of providing for the efficiency and application of various employment policy instruments in individual situations, developing co-operation with other players in the labour market, and enhancing monitoring and evaluation of the actual effects of employment policy implementation. First steps in this direction have already been taken.

As part of the preparations for implementation of the European Employment Strategy employment policy in the CR has been assessed, since 2000, in annual reports entitled Progress Report on the Joint Assessment of the Employment Policy Priorities for the Czech Republic. The joint assessment has gradually developed so as to incorporate a set of indicators used by the European Commission in order to assess the progress made in EES implementation.

Since 2000 National Employment Action Plans (NEAP) have been developed on the basis of EES guidelines. Initially, the NEAPs were complementary to standard active employment policy. Then the former and the latter became increasingly inter-related. For example, in 2002-2003 the NEAP involved the piloting of a number of measures designed to assist young unemployed people (up to 25) and to implement individual action plans. From

2004 the measures will become part of the legislative framework for standard employment policy. The NEAPs suffer one drawback in that most measures are too general, the objectives are not quantified and there are often no specific steps set out to achieve them. Moreover, the funding of NEAPs is not clearly defined.

It follows from a study carried out in 2003⁸ which analyses the quality of the institutional framework for employment policy that employment services are not appropriately prepared to address new tasks related to EES implementation. The number of staff at labour offices is too low to provide services to a growing number of unemployed individuals (in EU 15 there are on average 212 clients per one labour office employee, whereas in the CR it is 236). The organisational structure of and management methods applied by regional employment services are not efficient enough, and the continuing training of their staff is not systematic.

The EES objectives incorporated in the NEAPs are comprehensive and go beyond the purview of the Ministry of Labour – other ministries and social partners are also involved. The co-ordination of the activities of all partners and negotiation of joint positions constitute a new challenge, and the MoLSA lacks appropriate human resources to face it. The Ministry should be more robust in its role as a co-ordinator and provider of methodology to labour offices so as to ensure cohesive approach to implementation of NEAPs at regional level.

This situation is expected to improve as a result of implementation of the Operational Programme – Human Resources Development which will be co-funded from the ESF from 2004. There is one measure focused on modernisation of public employment services.

▪ *Preparedness for the European Social Fund implementation*

In the course of 2003 organisational changes took place at the MoLSA and new staff were hired so as to make sure that the department charged with managing ESF assistance could, after accession to the EU, perform the function of a Managing Authority for OP HRD, SPD 3 and the EQUAL initiative. A payment unit for ESF programmes and supervision and internal audit departments were also set up at the MoLSA.

The programming documents for HRD support were approved by the Czech government in January 2003 and presented to the European Commission for review in early March. Successful negotiations with the EC followed in the second half of 2003. In February 2004 the EC issued a preliminary approval, and an official approval of the programme is likely to be issued in 2004. By mid-2004 the programme managing bodies will arrange for the development of operational manuals and instructions for applicants, which will set forth detailed requirements for, and ways of obtaining, resources for the measures and activities set out in the programmes. Within the same timeframe the implementation structure of the programmes will be finalised and their implementation will be launched, including an information campaign for prospective beneficiaries to allow them to develop projects in advance. Depending on the preparedness of various implementation bodies, first calls for proposals and tenders will be made public in the period July-September 2004.

⁸Sirovátka, T. et al.: Problémy trhu práce a politiky zaměstnanosti (Problems related to the Labour Market and Employment Policy) , Praha, Masaryk University, Brno, 2003

4. Conclusions

The period under review did not bring about any major changes in the area of vocational training and employment policy. Reform steps planned in the education sector are progressing somewhat slowly.

The economic development was on the whole balanced with a slower GDP growth which only at the end of the period speeded up. The main driving force of economic growth was domestic consumption followed, later on, again by an increased inflow of foreign investment and the creation of new jobs. Employment declined overall and the transfer of the labour force to the services sector continued. Unemployment and long-term unemployment increased almost continuously – this is why the primary objective of employment policy is to decrease unemployment and enhance motivation to actively seek and retain jobs. The increasing indebtedness of the state constitutes a serious problem which the government is determined to tackle by launching public finances reform. The reform concerns, above all, taxes and social benefits, and it is expected to cover other areas later on.

Regional long-term development plans of education and education system have been developed which should contribute to the process of optimisation of the schools network and promote the link between vocational training and the needs of the regional labour markets. Despite declining student numbers, which is the consequence of unfavourable demographic trends, rationalisation of the network of schools continues only slowly. The involvement of social partners in vocational training still constitutes a problem that must be addressed. Several pilot projects were implemented in this area – however, their outcomes are not yet apparent in practice.

Work continued on the new education act which is expected to cover, in a comprehensive manner, the entire education system except higher education. In the period under review the government approved the bill, but it was not passed by the Parliament. The bill introduces new instruments that should improve the paths through the education system, and provides for recognition of prior education. The bill also lays down major changes in the concept of a “maturita” examination which had been prepared for a number of years. The changes should ensure comparability of certificates of education provided by various schools and achieved along various educational paths, and to make admission proceedings at higher education institutions more simple.

Preparations continued to establish a two-stage mechanism for the development of curricular documents. Work on the development of a national system of qualifications is only at the outset. The system will be based on so-called “professional profiles” interlinking the worlds of education and labour.

The quality of the educational process depends on the quality of the teaching staff. Despite slow improvements, the pay of teachers still poses a problem as it is only slightly above the average national pay. This has negative impact on the attractiveness of the teaching profession – although there is demand for teacher training programmes and teacher training faculties prepare a sufficient number of teachers. However, only a low proportion of them seek employment in schools, in consequence of which teaching staffs are ageing. Improvement in this area should be brought about by a new law on teachers which should provide for links between remuneration and continuing training. The law is under development.

The establishment of the Government Council for Human Resources Development and the adoption by the government of the Strategy for Human Resources Development in the

CR were two important acts as regards comprehensive support for HRD at the top level. The HRD Strategy is the principal document on which the work of the Council as well as related projects are based.

The work on forecasting qualification needs has only slowly got under way. In practice, there is not yet an approved system for co-operation of institutions that have the relevant information and methodology. The methodological instruments for timely identification of qualification needs are being gradually improved. The results are in the form of research reports for the MoLSA.

As regards employment, measures are being adopted to implement European Employment Strategy. The measures are set out in the National Employment Action Plan. The document has been approved by the government. Although it plays a positive role as a leading planning document for the MoLSA and other ministries concerned with employment, not all measures are specific enough, the objectives set are often not measurable, and the relevant financial resources are not identified. The fulfilment of the NEAP may not always be demonstrable.

Moreover, preparatory work continued concerning the use of resources from the European Social Fund. Final versions of operational programmes were negotiated with the European Commission. The programmes include a number of measures promoting the development of education and supporting employment.

The state again spent more financial resources on implementation of active employment policy as compared to the previous period. The funds were designed to support the unemployed including their retraining, and to support employers and investors. AEP implementation programmes prepared by labour offices proved to work well, and so did individual action plans as a new initiative for unemployed individuals aiming to enhance their sense of responsibility and motivation to accept a job.