



National Reform Programme of the Czech Republic 2013

GROWTH – COMPETITIVENESS – PROSPERITY

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1. Introduction

1.1 The Czech Republic and Europe 2020

1.1.1 Introduction

The National Reform Programme (NRP) represents the Czech government's strategy directed at supporting the country's economic prosperity. Reforms outlined in the NRP for 2013 are based on priorities defined by the Czech government in its efforts to provide long-term support to the project for competitive Europe. At the same time, these reforms follow onto reform programmes for 2011 and 2012 and endorse their introductory programme chapters, which remain topical.

The Europe 2020 Strategy (Europe 2020) represents a fundamental premise for the NRP. The NRP also follows onto recommendations contained within the Integrated Guidelines and in individual European Commission's flagship initiatives.

The headline targets of Europe 2020, as approved by the European Council in 2010, are defined as follows:

1. Increasing employment so that 75% of the population aged 20-64 is employed;
2. Increasing investment in R&D to the level of 3% of the EU's GDP;
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO₂ emission by 20%, and potentially by 30% (if the economically developed countries commit themselves to comparable emissions reduction and advanced developing countries adequately involved in these efforts);
4. Reducing the share of early school leavers to 10% from the current 15% and increase the share of the population aged 30-34 having completed tertiary education from 31% to at least 40%;
5. Promoting social inclusion, particularly by reducing the number of people living at risk of poverty or social exclusion by at least 20 million;

When formulating their own national priorities and overall structure of national reform programmes, Member States are encouraged to reflect the Integrated Guidelines and the recommendations contained therein, especially to:

1. Ensuring quality and sustainable public finances;
2. Addressing macro-economic imbalances;
3. Reducing imbalances within the euro area;

4. Optimize support for R&D and innovation, strengthening the knowledge triangle and unleash the potential of the digital economy;
5. Improving resource efficiency and reducing greenhouse gases emissions;
6. Improving the business and consumer environment, and modernize and develop the industrial base;
7. Increasing labour market participation and reducing structural unemployment;
8. Developing a skilled workforce responding to labour market needs, promoting;
9. Improving the performance of education and training systems at all levels;
10. Increasing participation in tertiary education;
11. Promoting social inclusion and combating poverty.

The Czech Republic also reflects, above and beyond the framework of mutually identified objectives and recommendations, several structural barriers impeding achievement of higher economic growth, as formulated by the EU Economic and Financial Affairs Council at its 8 June 2010 meeting and updated in the European Council Conclusions dated 17 June 2010:

1. High structural deficits and long-term sustainability of public finances;
2. Persistent structural weaknesses in the labour market;
3. Enduring weakness in the business environment obstacles, inadequate efficiency of public administration and regulatory environment;
4. Inadequate diversification of economy due to low promotion of innovation capacity and research and development in the business sphere;
5. Low labour productivity due to insufficient knowledge and skills;
6. Inadequate backbone transport infrastructure network.

The national objectives are the result of both the above targets and recommendations and analyses and strategic documents approved at national government level (such as Programme Declaration of the government of the Czech Republic, Strategy for International Competitiveness of

the Czech Republic, Strategic Framework for Sustainable Growth, priorities of the future programming period for EU Cohesion Policies) and discussions with the Czech parliamentary representatives, social and regional partners and representatives of other relevant institutions and players.

Having in mind that the programme itself is not a legislative but conceptual formulation of objectives, and as such it is not subject to parliamentary approval, the measures outlined herein need to be understood in terms of political objectives of the Czech government. The government, representing the executive body, uses NRP to identify courses of reforms, which it intends to follow in upcoming years.

In this perspective, the National Reform Programme represents a key document combining reformative efforts of the individual sectoral state policies in the economic growth, competitiveness and employment spheres.

The Programme is conceived to reflect to the entire period of Europe 2020 implementation. The individual reforms are planned so that the most serious and vigorous measures aimed at accelerating economic growth take place during the first half of the decade taking 2015 as reference year. With regard to the annual periodicity of national programme updates, the focus is directed at measures, which may be implemented or at least put into operation in 2013.

1.1.2 NRP drafting process

The government considers necessary to maintain democratic legitimacy and to involve parliamentary representatives as well as economic and social dialogue partners. In this sense, it processes of preparation of important strategic documents involve the broadest possible spectrum of interested parties. Same as the previous year, the government made an effort and consulted the preparation of the NRP not only with the representatives of the Parliament of the Czech Republic, but also with the representatives of the all affected groups in the non-governmental sector.

During December of 2012 and the first quarter of 2013, intensive formal and informal discussions took place between various state departments, Czech Parliament, economic and social partners (specifically with Czech-Moravian Confederation of Trade Unions, Association of Independent Unions, Confederation of Industry of the Czech Republic, Czech Chamber of Commerce, Confederation of Employers and Entrepreneurs' Associations of the CZECH REPUBLIC, Association of Regions of the Czech Republic, Union of Towns and Municipalities of the Czech Republic) and universities, academic sphere, members of the National Economic Council, NGOs, European Commission Prague representation, experts and professional public.

The received comments were used by the government to adjust and supplement the document. The objective was to provide basis for joint cooperation on NRP's preparation to

with a broad spectre of social partners and civic society, while making every effort to maintain this process open, transparent and inclusive.

The NRP was discussed on the exceptional plenary session of Council of Economic and Social Agreement, which took it in account while the representatives of social and economic partners expressed its appraisal for the inclusive process of its preparation.

In its final form, the National Reform Programme reflects a number of comments and suggestion put forward by the public and contains priorities corresponding to the government competencies, as they arise from the constitutional order of the Czech Republic. The NRP represents a document that is approved at government level, and therefore it cannot contain priorities and measures, whose implementation falls within competences of other bodies.

1.1.3 NRP chapter structure

The NRP structure follows Commission recommendations regarding content of national reform programmes, which the Czech Republic received in January 2013. The document is divided into five chapters representing key axes of the government's reform efforts:

1. Consolidated public finances and efficient institutions;
2. Attractive business environment and development of infrastructure for the Czech industry;
3. Functional labour market, educational system and social inclusion as prerequisites for competitive economy;
4. Growth based on innovation and research;
5. Implementation of the Cohesion Policy and use of European Structural and Investment Funds programmes as tools for the implementation of the Europe 2020 Strategy priorities.

Effects of individual reform measures and their timeframe are provided in Annex 5.

Execution of the NRP and fulfilment of Europe 2020 targets is subject to regular reviews and monitoring in cooperation with the European Commission according to mutually agreed upon methodology. The NRP will be updated annually and submitted by the end of April each year for review to the European Commission for the purposes of evaluating macro-economic and structural policies and adjustment of the process in order to meet long-term objectives.

A number of measures and policies included in the NRP are entirely consistent with recommendations contained in the Euro Plus Pact, which the Czech Republic supports despite its lack of direct participation.

1.1.4 National targets within the framework of Europe 2020

Keeping in mind the headline targets of Europe 2020, the Integrated Guidelines of this strategy and the individual identified obstacles to meeting mutually formulated objectives the Czech government defined specific quantified national objectives in 2010, which were modified in the NRP for 2012 as follows:

1. In the employment sphere:

- 1a. Increasing employment to 75% for age group between 20 and 64 years of age
- 1b. Increasing employment of women (age 20 - 64) to 65%;
- 1c. Increasing employment of senior citizens (age 55 - 64) to 55%;
- 1d. Reducing youth unemployment (ages 15 - 24) by a third in comparison with 2010 levels;
- 1e. Reducing unemployment of low skilled workers (ISCED 0 – 2 level) by a quarter in comparison with 2010.

2. With regard to poverty:

- 2a. Maintaining the boundary for a number of people experiencing poverty, material deprivation or life in households with low employment intensity to 2020 in comparison with 2008;
- 2b. Reducing the number of people experiencing poverty, material deprivation or life in households with low employment intensity by 30 000 persons.

3. In Education sector:

- 3a. Reducing early school leaving drop out rate to maximum of 5.5%;
- 3b. Increasing the share of the population aged 30-34 having completed tertiary education to 32%.

4. With regard to improving business environment:

- 4a. Reducing administrative burden faced by businesses by 30% in comparison with 2005.

5. In research, development and inovation sector:

- 5a. Public expenditure allocated to research, development and inovation to reach 1% of the Czech GDP.

1.2 Implementation of Council recommendations and Annual Growth Survey for 2013 in NRP

The NRP was updated taking into account evaluation of the European Semester (for coordination of economic policies) completed in 2012. The NRP reflects measures put into action in reaction to the specific Council recommendation for the Czech Republic dated 10 July 2012. These recommendations and their application are summarized below in this section.

Council recommendation No. 1:

“Ensure planned progress towards the timely correction of the excessive deficit. To this end, fully implement the 2012 budget and specify measures of a durable nature necessary for the year 2013 so as to achieve the annual average structural adjustment specified in the Council recommendation under the excessive deficit procedure. Thereafter, ensure an adequate structural adjustment effort to make sufficient progress towards the MTO, including meeting the expenditure benchmark. In this context, avoid across-the-board cuts, safeguard growth-enhancing expenditure and step up efforts to improve the efficiency of public spending. Exploit the available space for increases in taxes least detrimental to growth. Shift the high level of taxation on labour to housing and environmental taxation. Reduce the discrepancies in the tax treatment of employees and the self-employed. Take measures to improve tax collection, reduce tax evasion and improve tax compliance, including by implementing the Single Collection Point for all taxes.”

- a) In 2012, the Czech government made progress in terms of consolidating public budgets and advancing toward meeting 2013 targets, with the intention to stop the procedure if there is excessive deficit. This consolidation includes gradual reduction of the structural deficit.

Medium-term budget outlook, which monitors the need to maintain sustainability of public finances, was adjusted to the actual situation of the country within the framework of economic cycle, which is characterized by lowered expectation for growth due to decline in domestic demand as well as recent downturn in international trade. Therefore, in the medium term horizon, the pace of reducing public budget deficits matches efforts seeking to avoid inhibiting future economic output.

Expenditure-related measures for 2013 and beyond include continuing savings in the area of central government functions (the newly adopted regulation seeking to make public procurement more efficient should make its mark in connection with revision of departmental competencies) as well as lower pension indexation in 2013 - 2015.

The government's consolidation efforts were further strengthened on the revenue side by adoption of the so-called anti-deficit package in 2012 amending certain

taxation, insurance and other laws in connection with reducing various public budget deficits; some of these measured are limited to 2013 – 2015 (increased reduced and base VAT rate by one per cent to 15%, respectively 21%; the reduced rate was increased already before from 10% to 14%; imposition of solidarity contribution in the amount of 7% for natural persons annually earning in excess of 48 times the average monthly salary; abolishment of base discount on the income tax for working pensioners).

The efforts seeking to stabilize public finances will be further complemented by government-proposed constitutional act on fiscal responsibility, which oversees efficient management of the entire government institutions sector, and the related draft act on fiscal discipline rules and act establishing fiscal information publication system that is currently in preparation.

- b) The government makes every effort to curtail across-the-board cuts and cuts in growth-enhancing expenditure (education, research and development, co-financing EU funding and major investment programmes, whose funding has already been approved by the government).

For these purposes the Czech Parliament adopted certain other measures within the framework of the anti-deficit package, which are not limited in time. Besides consolidating public budgets these measures aim to:

- Limit tax exemptions (anti-deficit package includes lower lump-sum expenditure limits for trade license holders, gradual abolishment of greed diesel institute by 2014 and lottery tax advances in 2012),
- Shifting the tax burden to indirect and consumption-related taxation (see the above mentioned measures affecting VAT and increases of excise on tobacco)
- Increase housing-related taxation (durable measures in the anti-deficit package include increase of real estate property transfer tax by 1 percentual point).

The objective of the already implemented and prepared taxation measures is to gradually adjust taxation structure so that it minimally inhibits growth.

- c) Additional measure was introduced in 2013, aiming to reduce differences between tax treatment of employees and self-employed persons, which imposes absolute lump-sum expenditure ceilings for entrepreneurs. At the same time, limits have been imposed on application of tax credit for dependent children and wife for persons, who exercise lump-sum expenditure. This measures par-

tially converged tax burdens of one class of entrepreneurs to employees.

- d) The government continues in application of measures seeking improved tax collection efficiency, limiting tax evasion, improved observance of tax regulations, simplification of taxation-related administrative procedures and administrative burden both on the part of state administrations and taxpayers.

The government will continue in implementation of a Single Collection Point (SCP), which aims to transfer responsibility for collection of social security and health insurance due to the tax administration while simplifying procedures at the same time. In 2012, the future SCP implementation was advanced by development of an information system and reorganization of tax processes in cooperation with social security and health insurance administrations

Contrary to the originally anticipated full functionality of the SCP which was scheduled for 2014, the timeframe of the project was adjusted so that it has been split into two phases, the first to run from 2014 and the second from 2015. By splitting the project into two phases, the government seeks to provide more room to the taxpayers so that they may make themselves familiar with the fundamental changes in taxation and insurance payments, which shall come into force in 2015. State administration will similarly gain more room for thorough preparation of the information system and meeting the personnel needs.

The first phase is based on the implementation of the so-called tax portal. From the taxpayer's perspective this will mean reduced administrative burden by providing communication channel with a single administrator instead of three separate administrators. For taxpayers, the tax portal will represent a de facto completion of the SCP project, however on the part of state administration the system will not yet be fully functional in 2014; full functionality will be achieved in 2015 and that will also result in lower administrative burden for the state.

Implementing SCP will achieve reduction of positions in administrative bodies, which will demonstrate itself in reduction of salary expenditure in public budgets.

Besides bringing SCP to implementation phase, a reorganization of tax and customs administration also took place in 2013. A three-tiered fiscal administration system and two-tiered customs administration system were implemented in order to make tax collection simpler, more efficient and transparent. The original number of 200 tax authorities was reduced from January 2013 to 15, and 54 customs offices were reduced to 15.

As a part of the General Financial Directorate reform, a Report on Activities of Tax and Customs Administration is being published annually, which evaluates achieved efficiencies in control activities and tax collection.

The government has also approved a measure introducing higher withholding tax vis-a-vis tax havens in order to reduce tax evasion (this measure also forms a part of the anti-deficit package) and for 2013 a measure is being drafted seeking to limit tax evasion in fuel trading sector.

Detailed information on the meeting of the Council recommendation No. 1 is provided in the Convergence Programme.

Council recommendation No. 2:

"Introduce further changes to the public pension scheme to ensure its long-term sustainability. Reconsider plans to allow for an earlier exit from the labour market. Promote effective participation of younger workers in the envisaged funded scheme to improve adequacy of pensions."

- a) The current projections using analytical tools (dynamic micro-simulation model) show that once legislative measures passed between 2008 and 2011 are implemented, especially with the view of raising the retirement age, the pension system is becoming sustainable in the long-term. It is not anticipated that pension-related cost will significantly rise in relation to GDP, and there will only be certain fluctuations depending on the sizes of generations reaching retirement age. The newly adopted measures affecting pensions do not just seek their financial sustainability but also reflect the aspect of higher equivalence for persons with above-the-average incomes.
- b) Additional measures were approved in 2012 seeking consolidation of the pension system in the short- and medium-term horizon especially in the form of restricting the indexation of pensions, which is now newly calculated as a sum of one third of the consumer price index and one third of real wage growth (instead of the previous higher indexation, calculated as a sum of the full consumer prices index and one third of real wage growth). There will be no compensation of this lower indexation rate after 2015. This measure will not result, assuming low inflation, in significantly endangering senior citizens with income poverty.¹
- c) The measure allowing drawing of "pre-retirement" was intensively discussed, following the EU Council recommendation, during its preparation stage with all relevant stakeholders, in the Government, in the Parliament and with the social partners within the Council for Economic and Social Agreement. This measure has the support of

¹ The at-risk-of-poverty rate for persons above 65 years of age is relatively low; this information follows recent survey completed by the Czech Statistical Office entitled "Incomes and Household Living Standards." In 2011, 6.6% of persons in this age group were at risk of poverty (while poverty in the entire population of the Czech Republic reached 9.8%). Since 2008, the number of persons at risk of poverty in the 65+ age group decreased gradually, and since 2011 it dropped by 0.8%. The temporary measure reducing indexation of all pensions between 2013 and 2015 could have a more marked impact on the single occupant 65+ households, who are threatened by poverty to a larger degree (17.2% in 2011).

the social partners as well as of the Czech Parliament, as it addresses- without affecting public spending - the long-postponed problem, of the risk of worsened living standards of people in demanding or health-risk professions who lose the possibility of adequate labour market participation in the last decade before retirement, respectively the risk of reduced income in case of premature retirement as an alternative in case of unemployability. Paying out the so-called pre-retirement is possible only from previous savings of that individual person (including the employer's and state contribution) allocated on individual accounts in the already existing commercial third pillar, and does not involve funds from the first pillar represented by the state public pension scheme. Therefore, the use of pre-retirement pension postpones payment of public pension to those people who would otherwise withdraw public old-age pension prematurely, i.e. before reach the statutory retirement age in situations when they, close to retirement age, have limited chances to find a job. By contrast, curbing the necessity to enter early retirement may help secure living standard in old age. Using pre-retirement pension does not exclude the person from complementing their income on the labour market and postponing their exit from the market. The aim of this alternative is not to replace or to resign from standard ALMPs tools, such as retraining.

From January 1, 2013 a new pension savings system was introduced, which is financed by pension savings in the amount of 5% of income (while at the same time reducing contributions to pension insurance by 3 percentage points). From January 1, 2013 pension insurance companies also offer supplementary pension savings, forming the basis of the third pillar of the pension system (together with the continuing system of supplementary pension insurance). Within this new system the pension insurance companies may offer various strategies (funds), ranging from conservative to dynamic anticipating higher return on contributions. This is a motivating factor especially for the younger generation, who will participate in the system for a longer period of time and have the opportunity to gain higher returns, at a cost of certain investment risk. In the supplementary pension scheme, this risk was till now borne in full by the shareholders of the pension fund. The government has initiated an information campaign - in cooperation with the pension insurance providers - to make this new scheme accessible to citizens and explain how it optimizes the public pension system and to promote participation in these pension funds.

- d) Additional motivation factor is the possibility to attain a higher state contribution by contributing more into the supplementary pension insurance scheme. State contributions are regulated by provisions of Article 14 of Act No. 427/2011 Coll., on Supplementary Pension Savings. The revision of the supplementary savings scheme also raised support provided to employers who contribute to their employees' pension savings, in the form of tax incentives.

Council recommendation No. 3:

"Take additional measures to significantly increase the availability of affordable and quality pre-school childcare."

In response to this recommendation, the government approved several measures which will lead to a significant increase in availability of affordable quality pre-school facilities and reconciliation between family and work life.

- a) In August of 2012 the government approved the outline of the Act on Children's Group. Then aim of this act is to broaden the childcare services supply for children from six months to mandatory school age. The draft act defines the conditions for provision of these services by introducing a new type of childcare service – the children's group.
- b) In November of 2012 the government approved (and published in the National Qualification Framework) requirements for professional qualification of a childminder for children up to the mandatory school age. This extends the number of persons who may care for children in a children's group. At the same time, qualification requirements for another qualification – childminder in children's corners - were published in the National Qualification Framework.
- c) The new legislation will include also family-friendly tax measures in the form of tax deductions for employers who provide childcare for their employees and in the form of discount on income tax for parents, who pay for childcare services due to their return or entry to the labour market. The tax measures under preparation will support all types of childcare services. The draft act has already passed through the inter-service consultation procedure and will be submitted for discussion to the government during the first half of 2013. Once approved, it will be submitted to the Parliament with anticipated entry into force from January 2014.
- d) Amendment of the Act on State Social Support newly allows flexible drawing of parental allowance, when parents choose parameters of the drawing themselves. The amendment allows drawing of parental allowance also in cases when a child above the age of 2 attends kindergarten or similar facility, regardless to the length of the attendance (attendance of children under two years of age is limited to a maximum of 46 hours per month).
- e) Last year also saw reforms allowing employers creating company kindergartens. The government will financially support these company or university kindergartens (registration of kindergarten to the school registry), while guaranteeing quality of education provided to children in these facilities.

Given the demographic trends it is anticipated that the existing capacity of pre-school facilities will in a few years in principle cover the demand for the age group below 6. The existing types of childcare services, including kindergartens, will continue to receive subsidies from the state budget. Spectrum of service types provided by various entities will

be expanded. Related tax measures will support all these childcare service types, i.e. not just those newly introduced.

Childcare services are financed also from the European Social Fund (ESF). The Czech Republic intends to continue supporting activities focused on promotion of childcare in order to increase parents' participation at the labour market during the new programming period 2014-2020.

Council recommendation No. 4

“Strengthen PES by increasing the quality and effectiveness of training, job search assistance and individualised services, including of outsourced services.”

- a) The evaluation of public employment services' reorganization (Labour Office of the CR) carried out in 2011 and 2012 is currently under way. Once completed, proposals for improving efficiency of services provided will be considered. Subsequently (from 2014), the Active Labour Market Policies (ALMPs) methodologies will be revised, and steps will be taken to implement new or improved AEP measures.

In 2013, a number of projects will be implemented focusing on development of guidance and counselling services provided by the Labour Office and on the strengthening of human resources management. The government expenditure on employment policy in 2013 amounts to 15.2 billion CZK, which is 3.9 billion CZK more than in 2012. As regards ALMPs, the available funding (including co-financing from the ESF) has increased from approximately 6.1 billion CZK in 2012 to 7.9 billion in 2013. Staff of the PES will in 2013 grow by more than 800 officers, which will contribute to a better performance of job mediation, counselling and ALPMs provision.

- b) Aiming to strengthen the role of external subjects within public employment services, the government will in 2013 submit an amendment of the Employment Act to the Czech Parliament for discussion and approval. This amendment modifies shared mediation by work agencies, so that they receive the contribution for placement of applicants only after the applicant will have been actually placed. The amendment's entry into force is expected from 1 January 2014.

The government also discussed, in January 2013, within the framework of the Action plan for promoting vocational education, various proposals to further improve vocational education. There has been progress in simplification of recognition of outcomes of further education; furthermore, cooperation between employers and schools with regard to new final (leaving) exams (currently used at many schools as non-mandatory) was expanded. This exam will enable improved mutual comparability of schools' quality, and also the skills and knowledge of their graduates. The important part is that employers will be involved in the preparation of these exams.

The government supports sectoral agreements, which will be used in the area of formal education to optimize

specializations offered by schools on regional level in accordance with employers' visions.

- c) The government strives to improve system of support granted to cooperation between businesses and vocational schools, to support development of polytechnic education in kindergartens and grammar schools, to improve career guidance systems and to modify, in cooperation with experts, framework educational programmes for vocational education. To this end, the government is in the process of preparing reform measures, which should grant tax deductions to businesses with the aim of promoting business investment into education and motivating businesses to provide maximum professional training and grant corporate scholarships.
- d) In 2013, a revision of the existing system of support to start self-employment will be carried out at the Ministry of Labour and Social Affairs (MoLSA), as well as of the possibility to implement the principles of the social economy. Support provided to traineeships providing practical experience and skills will continue, and in the framework of its evaluation, the government will consider including traineeships among standard ALMPs instruments.
- e) Within the framework of ALMPs, the so-called “kurzarbeit,” system was introduced, which may be used by employers to offer their employees, in times of economic downturn, opportunities for further professional education instead of work, resulting in increased qualification. The government also intends to continue implementing projects such as “Education for growth,” which provides ALMPs measures to job-seekers.

Council recommendation No. 5

“Adopt and implement as a matter of urgency the Public Servants Act to promote stability and effectiveness of the public administration in avoiding irregularities. Ensure adequate implementation of the new Public Procurement Act. Address the issue of anonymous shareholding. Ensure correct implementation of EU Funds and step up the fight against corruption.”

The Czech Republic sees efficient public administration as one of the key prerequisites both for improving the Czech economy's competitiveness and for provision of public services. Regarding the fact that this represents a pre-accession commitment and keeping in mind the Commission recommendations, the Czech Republic is in the process of preparing the Public Servants Act, which shall create a legal foundation for stable and professional public administration.

- a) Having in mind the results of inter-ministerial review procedure, a new draft State Civil Servants Act was prepared in 2012, which regulates legal relationship of public servants that are presently regulated by the Labour Code.

New draft State Civil Servants Act was reviewed within the inter-ministerial review procedure and in mid April 2013 it was submitted to the government; entry into force is proposed from 1 January 2014. The Act aims to improve stability of the professional staff in the civil service, re-

duce political influence on appointment of civil servants, which are subject to career advancement and introduce a system of permanent education of civil servants.

Legal position of local civil servants will continue to be regulated by Act No. 312/2002 Coll., on local government servants, which has been in force since 1 January 2003 and which is entirely suitable for that class of servants and course of their public service execution. An amendment is in preparation, which should converge legal position of municipalities and regions with State Civil Servants Act to a maximum degree.

- b) Aiming to ensure the required implementation of the new Public Procurement Act, there will be a new methodology drafted, during the first half of 2013 for the next programming period 2014-2020, regulating public procurement in the EU funds sector. This methodology will follow onto the existing methodologies so that transparency of process is ensured, in an extent identical with other public procurement procedures and reflecting recommendations provided by the EU audit and control bodies. The objective of the methodology is to reduce burden placed upon applicants, by reducing administrative steps and formal requirements of certain documentation, whose compliance does not influence transparency of the procurement procedure. The government will also prepare implementation of certain new control instruments, especially of the mandatory preliminary review of the tendering conditions, which should result in reduced irregularities in this area and prevent corruption.

Since 1 April 2012, the existing Act No. 137/2006 Coll., on Public Procurement contains a number of provisions introducing broader duties for contracting authorities in terms of information publication not only during the procurement procedure, but also after its completion. This includes the duty to publish the entire text of the tendering documentation, the contract to perform the tender and the actually paid out price, including involvement of potential major subcontractors. These new duties to inform improve the degree of transparency of the entire process and reduce room for potential corruption. The Act therefore improves public procurement environment also in relation to public contracts co-financed from the EU funds.

- c) The government has prepared and submitted to the Parliament a draft Act seeking to improve transparency of joint-stock companies and on amendment of certain other laws, which lies in maintaining the existence of bearer shares, while imposing a duty to register such shares with the central depository, or their immobilization (physical deposit) with a bank. Any joint-stock company wishing to have bearer shares will have to select one of these alternatives. Both registration and depositing of shares include identification of the holder by the central depository or the bank. This identification will allow access by criminal investigation authorities, as well as other supervising and administrative bodies, contracting authorities, grant and subsidy providers and other entities empowered for these purposes by special legislation. Transfer of

ownership rights to registered or deposited shares will be tied to change in registration of the new owner.

The main aim of the new law is to exclude potential existence of shareholding structures, which defy identification of shareholders by state authorities, and allow, as an alternative to the “free movement” of bearer shares, a broader use the so-called immobilization of securities, which has already been established in the legal environment. In both cases, transfers of shares will be affected by registration in investment instruments records. Such registration will also serve for identification of shareholders. At the same time, the law imposes a duty on the shareholders holding bearer shares to open bank accounts for the purposes of dividend payments, so that identity of a shareholder may be confirmed by the company itself, but also to monitor flow of dividends and other monetary consideration in favour of each shareholder. The draft Act is currently undergoing a legislative process in the Parliament. If approved, an anonymous ownership of shares will not be possible in the Czech Republic from 1 January 2014.

- d) In reaction to the part of the Council recommendation calling for “*step[ping] up the fight against corruption*,” the government has approved in January 2013 an updated version of the anti-corruption strategy for 2013 and 2014, which sets out long-term priorities and formulates individual reform actions. These priorities include professionalization of the public administration, management of public property, strengthening of anti-corruption instruments in the private sector, increasing transparency of political parties, investigation and prosecution of corruption, strengthening of anti-corruption climate in the Czech society, creation of corruption monitoring capacities and strengthening of the transparency of the public sector.

Council recommendation No. 6:

“Adopt the necessary legislation to establish a transparent and clearly defined system for quality evaluation of higher education and research institutions. Ensure that the funding is sustainable and linked to the outcome of the quality assessment. Establish an improvement-oriented evaluation framework in compulsory education.”

This recommendation is entirely in line with the work currently underway on the reform of higher / university education in the Czech Republic. Keeping in mind that it is necessary to undertake a systemic debate on the topic, which is necessary to obtain support on the part of the academia and other relevant parties, the Czech Republic could not in the past guarantee speedy implementation of certain principal changes outlined in the recommendation. This part of the debate was concluded in February 2013 and the main effort will now shift from the preparatory stage of the substantive outline of legislation to its technical drafting (and consequently to its implementation).

- a) The government is in the process of preparing a draft amendment of the Higher Education Act (No. 111/1998 Coll.). The amendment deals with accreditations, finan-

cing and powers of academic bodies. These changes are designed to improve quality of tertiary education and improved transparency of the system. A new instrument will be introduced in the form of the so-called institutional accreditation, which will empower universities to independently create and carry out programs of study within a wider framework of education. Granting institutional accreditation will be subject to the existence of a functional internal evaluation and quality management system within the university. These steps will result, among other, in reduced administrative burden, which today dominate accreditation processes of individual study programs.

The amendment should come into force in January 2014, respectively with regard to certain measures in 2015 and in 2016.

Several other non-legislative processes aiming to improve quality of tertiary education are also underway: preparation of standards (institutional accreditation of study programmes and habilitation procedure accreditation and professor appointment procedure), preparation of contract financing (incl. definition of quality and performance related parameters reflecting diverse study programme profiles) and creation of the tertiary education information portal (serving also as a registry of tertiary education institutions and study programmes).

- b) The government is also in the process of preparing a new evaluation system for research institutions, which will serve as a basis for allocation of funding. For a short-term horizon of three years, a methodological guideline will be prepared and implemented that will be applicable to all institutional support providers in Czech Republic. The following periods will be regulated in line with the results of the “An effective system of evaluation and funding of R & D” project, which aims to propose a definite system of research institutions’ evaluation valid after 2015.

The methodological guideline in preparation for the next three years will be based upon a combination of “peer review” and machine rating, subject field-related dependencies of evaluation, reflection of the achieved results quality, evaluation on the level of research institutions and independent evaluation of benefits of applied research and innovations.

The government strives to strengthen the relations between output and financing of research institutions, which will receive state support based on the quality of their output. In the end, those institutions focussed on excellence will be receive increased support, and the public funding will be expended more efficiently in the domain of research, development and innovations.

- c) In the sphere of compulsory education, the government strives to ensure maximum level of student’s results, and in this way also to create minimum educational standards, which will be used in evaluating various types of schools, including special schools. These standards will also clearly represent output of the first round of gene-

ral computer-based testing, whose other results and impacts will be generalized at a later date.

A comprehensive survey and monitoring system will be created in cooperation with the Czech School Inspectorate (CSI) once the public debate on the objectives and conditions of assessment in primary education will have been completed in order to achieve a broader consensus and gradually implement evaluation tools into practice. The Czech Republic is convinced that the long-term objective of the quality assurance system is to create a framework for efficient evaluation and assessment of Czech education system, which will provide an important feedback both to pupils and their parents but also to teachers and the schools themselves.

- d) Additional specific reform steps in this sphere will be integrated into directions and measures within the framework of the newly prepared Education Policy Strategy of the Czech Republic 2020 which is subject to a broad public and professional debate which will be concluded in June 2013. Submission of the draft Strategy to the government is anticipated in autumn 2013.

Reflecting the 2013 Annual Growth Survey’s priorities in the NRP

The NRP of the Czech Republic updating process for 2013 also reflects to the following priorities defined in the AGS 2013:

1. Pursuing differentiated, growth-friendly fiscal consolidation

This priority is reflected mainly in measures set out in Chapter 3.1 – Consolidated public finances and efficient institutions.

2. Restoring normal lending to the economy

This priority primarily reacts to situation in certain EU Member States. It is not a significant priority from the perspective of Czech Republic. Some of the measures outlined in Chapter 3.4. – Growth based on innovation and research – may contribute to fulfilment of this priority in terms of certain partial aspects.

3. Promoting growth and competitiveness for today and tomorrow

This priority is addressed in measures in Chapter 3.2 Attractive business environment and infrastructure development for the Czech industry and Chapter 3.4. Growth based on innovation and research.

4. Tackling unemployment and the social consequences of the crisis

These priorities are reflected in Chapter 3.3. Functional labour market, education system and social integration as prerequisites of competitive economy.

5. Modernizing public administration

This priority is addressed primarily in Chapter 3.1 Consolidated public finances and efficient institutions.

1.3 NRP compliance with the government's strategic documents

The National Reform Programme (NRP) complies with strategic materials of the Czech government in the spheres of economic policies, growth and competitiveness. These documents are referred to in the text and an overview of linkages with individual strategic documents and conceptual materials is provided in Annex 6.

In terms of synergies with strategic documents, the foremost mention must go to *International competitiveness strategy of the Czech Republic 2012 – 2020: Back to the top (ICS)*, adopted by the government on 27 September 2011.

The significance of proper implementation of ICS measures has been steadily growing because this strategy offers a number of actions to overcome economic crisis and start long-term economic growth based on strengthening of Czech economy competitiveness. Increased competitiveness is viewed by the government as a suitable tool for maintaining high and sustainable living standards of its citizens.

On 21 March 2012, the government approved the Implementation mechanism for ICS for 2012 – 2020 (hereafter the “Mechanism”), which contains a specific timeframe for implementation of individual measures, and which determines the form and deadlines for submission of evaluation reports.

The measures were classified for the purposes of ICS implementation into four programmes: (1) *Public sector*; (2) *Education and employment*; (3) *Business environment*; (4) *Economy of global innovations*. These programmes correspond with the four main thematic categories defined in NRP:

(1) *Consolidated public finances and efficient institutions*; (2) *Attractive business environment and infrastructure development for the Czech industry*; (3) *Functional labour market, educational system and social integration as prerequisites of competitive economy*; (4) *growth based in innovations and research*. This ensures the closest possible systemic compliance in favour of for effective coordination during implementation of reforms.

For reasons of efficiency and better coordination of the inter-linked measures contained in the NRP and ICS, the progress in NRP implementation will be firmly bound to the reviews of ISC implementation by the Office of the Government. The National Reform Programme is also in many instances interlinked with Proposals for government action to improve conditions for economic development, business support and employment, which the government approved on 20 December 2012. This document represents the government's reaction to the principal challenges arising from the current economic development and the employers' needs. The proposed actions are concentrated into pivotal areas, which are: reduction of regulatory administrative and clearer legislation; increased competitiveness; mobilizations of state assets; tax motivation; promoting innovations by closer linkage between industrial enterprises and research institutions, promoting development of education; promoting exports and effective drawing of European funding.

The National Reform Programme for 2013 represents starting point for defining national policies for EU Cohesion Policies in the next programming period. For that reason, NRP contains a Chapter on Implementation of Cohesion Policies and Use of European Structural Funds as a tool for implementation of Europe 2020 priorities.

The government aims to use funding from structural funds in the next programming period with increased emphasis on competitiveness and growth. In its macro-economic and fiscal part, the National Reform Programme follows onto the Convergence Programme 2013, in the European Semester context, with which it fully complies.

Interventions in the area of agricultural policies are fully compliant with the objectives set out in the Europe 2020 Strategy and individual measures were worked out in detail in the document entitled “Strategies for growth - Czech Agriculture and Food Processing Industry within the framework of the Common Agricultural Policy after 2013.”



2. Macroeconomic prospects

Macroeconomic projection and outlook to 2016

According to the Czech Statistical Office current data GDP has, in the last year, decreased by 1.3%, while the economy was throughout the whole year in recession. The recession could phase-out already in the first half of 2013, although the revitalisation of the economic activity would be only slow. The year-on-year comparison of GDP for the whole 2013 would show stagnation at best. The economy shall be led by net exports and to lower extent also by the gross capital formation. The joint contribution of these factors to the GDP growth should just compensate for the expected decrease of household consumption.

In 2014 it is possible, under the condition of positive contribution of both foreign trade and gross domestic expenditures, to expect the GDP increase by 1.2%. In the following years the economic growth could fasten up to 2.6% in the year 2016. With the exception of government institutions consumption in the years of the present outlook all expenditure components, especially the household consumption and investments, should contribute positively to the economic growth.

The growth of consumer prices in 2013 is significantly influenced by the increase of both VAT rates by 1 p. p. from January 1, 2013, although, the average inflation rate should reach only 2.1%. Also throughout the years 2014 and 2015

the growth of consumer prices should stay close to the inflation target of the Czech National Bank. For 2016 we expect the rate of inflation to decrease up to 1.1%, while in compliance with the valid legislation we consider the unification of VAT rates at 17.5% from January 1, 2016.

The employment, which increased in the last year by 0.4%, will probably fall down by 0.2% this year and it should stagnate in 2014. The unemployment rate should increase from 7.0% last year to 7.6% this year. A moderate increase could appear also in 2014. The growth of wage bill should reach, in 2013 1.4% and in 2014 2.7%. In both years this growth should slightly outpace the nominal GDP dynamics. In the years of the present projection the situation in the labour market should improve moderately – the employment should slightly grow and the unemployment rate slowly diminish. The growth of wage bill in the years 2015 and 2016 should speed up to approximately 4%.

The current account deficit should not be higher than 3% of GDP and thus it should stay at sustainable level.

The risks of projection are downside. Besides further development in eurozone the risk is also the low level of confidence in the Czech economy.

Main macroeconomic indicators

		2009	2010	2011	2012	2013	2014	2015	2016
						<i>Forecast</i>	<i>Forecast</i>	<i>Outlook</i>	<i>Outlook</i>
Gross domestic product	<i>billion CZK, curr. pr.</i>	3759	3800	3841	3843	3858	3939	4079	4228
Gross domestic product	<i>growth in %, const. pr.</i>	-4,5	2,5	1,9	-1,3	0,0	1,2	2,1	2,6
Consumption of households	<i>growth in %, const. pr.</i>	0,2	1,0	0,7	-3,5	-1,2	1,0	2,1	2,5
Consumption of government	<i>growth in %, const. pr.</i>	4,0	0,5	-2,5	-1,0	-0,2	-1,7	-0,8	0,1
Gross fixed capital formation	<i>growth in %, const. pr.</i>	-11,0	1,0	-0,7	-1,7	-0,4	0,9	2,6	3,1
Cont. of foreign trade to GDP	<i>p. p., const. pr.</i>	0,5	0,5	2,0	1,5	0,4	0,3	0,4	0,5
GDP deflator	<i>growth in %</i>	2,3	-1,4	-0,8	1,4	0,4	0,9	1,4	1,1
Average inflation rate	<i>%</i>	1,0	1,5	1,9	3,3	2,1	1,7	1,9	1,1
Employment (LFS)	<i>growth in %</i>	-1,4	-1,0	0,4	0,4	-0,2	0,0	0,1	0,2
Unemployment rate (LFS)	<i>average in %</i>	6,7	7,3	6,7	7,0	7,6	7,7	7,3	6,7
Wage bill (domestic concept)	<i>growth in %, curr. pr.</i>	-2,1	0,7	2,2	2,0	1,4	2,7	4,4	4,0
Current account / GDP	<i>%</i>	-2,4	-3,9	-2,7	-2,4	-2,3	-2,3	-2,5	-2,8
Assumptions									
Exchange rate CZK/EUR		26,4	25,3	24,6	25,1	25,4	25,2	24,9	24,6
Long-term interest rates	<i>% p.a.</i>	4,7	3,7	3,7	2,8	2,2	2,3	2,7	3,1
Crude oil Brent	<i>USD/barel</i>	62	80	111	112	108	102	99	96
GDP in Eurozone (EA12)	<i>growth in %, const. pr.</i>	-4,4	2,0	1,4	-0,6	-0,4	0,6	1,2	1,6



3. Implementation of key measures

Priority measures for 2013

NRP comprises of 107 key measures, some of which are medium-term nature and therefore will be implemented continuously in upcoming years. In response to the current economic situation the government of the Czech Republic defined 24 priority measures for 2013. These are primarily measures having pro-growth potential and positive impact on employment.

Priority measures for 2013:

1. Publication of fiscal information
2. Fighting tax evasion
3. Reform of health insurance funds and public health insurance
4. Public servant act
5. Fight against corruption
6. Ecoaudit
7. Uniform entry-into-force dates
8. Renewable energy sources
9. Supporting export
10. New green savings
11. Implementing efficient strategic planning for transport infrastructure development

12. Active employment policy revision
13. Employment policy realization
14. Educate yourself for stability
15. Educate yourself for growth! – employment opportunities
16. Educate yourself for growth! – requalification
17. Education of job seekers in socioeconomic competences
18. Active ageing
19. Social inclusion of the Roma and the issue of socially Excluded Sites
20. Care for the pre-school children
21. Supporting corporate investment into education
22. Traineeships – Education through practice
23. New methodology for Evaluation and Financing of Research, Development and Innovations
24. Seed-Fund.

3.1. Consolidated public finances and efficient institutions

Czech public finances suffer from structural deficits, a situation which has also been characteristic during the periods of economic growth. Recession followed by the present stagnation accentuates the need for structural reforms and internal consolidation even more pressingly. Reduction of structural deficits is, within longer horizon, a necessary prerequisite for reaching sustainability of public finances and thus the competitiveness of the Czech Republic. The short term priority of economic policy is, however, also the renewal of economic growth, which needs to be considered when designing the consolidation measures.

Outlook of balances under ESA95 system:

% GDP	2012	2013	2014	2015	2016
Balance	-4,4 ²	-2,8	-2,9	-2,8	-2,8

Source: *Convergence programme of the Czech Republic (April 2013)*

In reaction to these needs the government plans the reform actions in the following three pivotal areas for the upcoming period:

1. Consolidation of public finances
2. Sustainable healthcare and social service system
3. Efficient and accessible public administration, property management, enforceability of the law, stable and transparent legislative environment.

3.1.1. Consolidation of public finances

3.1.1.1 Fiscal framework reform and budget information publication system

The objective of the fiscal framework reform is to create institutional and legislative structure, which will strengthen functionality of numerical fiscal rules, secure medium-term dimension of budgeting process and increase credibility and enforcement of fiscal targets. The principal tools in this process should become the Constitutional Act on fiscal responsibility and the linked act on the fiscal responsibility rules. A supporting measure aiming to improve transparency in budget area should be provided in the form of publication of fiscal information.

² This figure includes (pursuant to ESA 95 methodology) a lump-sum accounting set off of the impact of the Act on Settlement of Church property Claims in the amount of 1.5 p. p. and one-time financial correction in connection with drawing of funding from Cohesion Policy funds 0.3 p. p. of GDP. This set off does not affect structural balance.

Specific reform measures for 2013

Draft Act on Fiscal Responsibility Rules

Draft Act on Fiscal Responsibility Rules follows, in 2013, onto the Constitutional Act on fiscal responsibility, which has already been submitted to the Parliament, and aims to regulate areas and instruments, which the constitutional act introduces into the law. The regulation will define the sector of government institutions, modify numerical fiscal rule for determining the total volume of expenditure of the government sector, preparation of government fiscal strategy, specify competences and fundamental parameters for functioning of the *National Fiscal Council*, application of the fiscal rule from local government and parameters and principles for preparation of macro-economic and tax predictions that are used for budget preparation purposes and drafting of fiscal policies. With regard to its impact, the draft legislation will impose efficient barriers to creation of excessive imbalances between revenue and expenditure in the budget as well as contribute to sustainability of public finances.

Publication of fiscal information

During 2013, a system for publication of fiscal information will be created and put into operation, which will ensure transparent publication of selected data from the Integrated Information System of the State Treasury to the public. At the same time, this system will publish financial account of organizational branches of state as required by the Act on Accounting.

This system will ensure publication of selected data from financial and accounting records from the Central System of State Accounting Information and selected data from Fiscal Information System in visualized forms, which will be accessible for general public. System will feature a number of indicators for local government evaluation and will make available to the public complete sets of source data. Last but not least, the system will also provide interface ensuring automatic distribution of the recorded information to various parties and methodological description of published information.

Convergence of the measures with Europe 2020 targets

The proposed measures create significant prerequisites for limiting state debt and directly contribute to the fulfilment of recommendation No. 1 of Integrated Guidelines from 2010 – ensuring quality and sustainability of public finances.

3.1.1.2 Taxation system reform

The principal objective of measures in sphere of taxation, whether these were already recently adopted or are under

preparation, is to make progress toward balanced budget while limiting negative influences of taxation on GDP growth. The objective is to strengthen efficient functioning of tax administration institutions, reduce administrative burden and strengthen competitiveness of the Czech economy.

Specific reform measures for 2013

Long promoted measures in taxation sphere reflect the Council's recommendations. Before the end of legislative period, the government intends to focus its attention on the proper implementation of the already approved reform steps rather than on changes in the existing taxation system.

Fighting tax evasion

Work on additional measures fighting tax evasion will continue in 2013. Considerable tightening of registration conditions and permitting of trading with fuel will belong to the principal ones.

Promoting research and development

In the research and development area, it is planned that tax deductions will be offered in connection with acquisitions of R&D products from R&D institutions, including universities.

Integrated Revenue Agency

Work will continue within the framework of the Integrated Revenue Agency on integration of social security insurance and health insurance administration into one system managed by financial authorities.

Convergence of the measures with Europe 2020 targets

The currently implemented and planned measures reflect Europa 2020 targets. The fundamental principles of this effort stemming from Europe 2020 Strategy include avoiding increased taxation of labour and shifting taxation to areas, which minimally influence growth.

3.1.2 Sustainable healthcare and social services system

The government's long-term strategic intention is to position the system of provision of social and healthcare services so that it becomes sustainable in the long-term from the perspective of public budgets and which is able to adapt to changes, while ensuring availability of the required quality and efficient care to all citizens.

3.1.2.1 Optimising healthcare and social services network

The government supports steps leading to optimizing the number of beds in hospitals and social services facilities, which will reflect specific regional needs and which will also ensure accessible and quality social and healthcare services within the framework of public expenditure.

Specific reform measures for 2013

Optimizing network of healthcare and social services

In 2013, the government will continue in implementation of the "Optimizing network of healthcare and social services," which aims to provide a complex solution to the sphere of healthcare and social services provision. The emphasis is placed primarily on the bed capacity in healthcare and social services facilities, transforming intense care beds into long-term care and subsequent care beds.

The government intends to reform financing of long-term health and social care with the objective of integrating public health insurance and social security insurance into one system, respecting fundamental logical progression: need – right – care – payment, and create equal and just conditions for healthcare and social services providers while ensuring equal and justified accessibility of these services and care for clients.

Convergence of the measures with Europe 2020 targets

Optimizing network of healthcare and social services represents a significant portion of measures and policies, which contribute to the fulfilment of European and national targets of a clever, sustainable and inclusive growth within the framework of Europa 2020.

3.1.2.2 Sustainable healthcare system

Within the framework of current reform actions, the Czech Republic intends to gradually shift its healthcare system from the contributory system to the continuously better regulated market, where the chief role will be played by the citizen / patient and where correct motivations for all participating subjects will be defined. The reforms continue to count on a high level of solidarity between the healthy and the sick, between generations and various social strata in compliance with the European value system.

Specific reform measures for 2013

In 2013, the government will take further steps directed at ensuring long-term financial sustainability of the public healthcare system and further improve in quality, efficiency and expedience of care provided to patients.

Making public healthcare system more efficient

The reimbursement regulation further strengthens in 2013 the principle of DRG based acute care reimbursement, converges base payment rates across all regions, providers and health insurance funds and introduces braking mechanisms limiting excessive fluctuations of the system. Unification of payment terms for outpatient and inpatient sectors in hospitals is also underway. The government will also strive to expand responsibility of the health insurance funds for disbursements from the public health insurance funds in the form of the so-called positive list of medicines.

The government intends to anchor the DRG based mechanism as an obligatory form of healthcare reimbursement into the law. At the same time, it also plans to amend *Act No. 551/1991 Coll., on the General Health Insurance Fund of the Czech Republic*, so that all contracts, including reimbursement amendments, between public health insurance funds and healthcare providers became public.

The government will draft amendments to laws enabling introduction of two-tier insurance, which will allow well-managed health insurance funds to lower citizens' insurance and increase it in case the health insurance fund is in financial difficulties, allowing for budget stabilization.

Introduction of healthcare technology assessment

The government's efforts to effectively delineate the process of new technology access to the healthcare system continue. A methodology has been drafted, within the framework of the project introducing new health technology assessment system (HTA), which should ensure that new technologies bringing corresponding documented value into the system are paid from public health insurance.

Reform of health insurance funds and public health insurance

The government will also draft amendments to laws related to health insurance funds and public health insurance itself, so that they better define duties of the insurance funds' directors and boards of trustees and set up efficient control able to prevent insolvency of a particular insurance fund. Within the framework of improving transparency of the legal environment, there will be identified measures addressing receivership and merging of health insurance funds.

Electronic documentation

It is anticipated that in 2013 a project for safe exchange of electronic documentation among healthcare providers will become operational, which will among others result in considerable savings due to the elimination of duplicate examinations and diagnostic interventions. At the same time, it is anticipated that this project will have a positive impact on the results and efficiency of provided healthcare, as individual providers will obtain better information on the health of the patient and will be able to make better-informed decisions on the future course of treatment.

Protection against damage caused by tobacco, alcohol and other addictive substances

In the sphere of prevention, the government's next reform action in 2013 will be to submit a draft bill to replace Act No. 379/2005 Sb., On Measures Aiming to Protect against Damage Caused by Tobacco, Alcohol and Other Addictive Substances. The draft bill primarily focuses on the protection of public health and provision of more protection to children and young adults as well as contains provisions leading to reduction of damage caused by addictive substances on the social, security and economic levels. The general objecti-

ve is to improve legal regulation in the sphere of protection against damage caused by addictive substances and improvement of efficiency of law enforcement.

Reforming mental healthcare provision

In 2013 mental healthcare reform will continue in the form of pivotal activities and in the following period it will represent one of the main priorities of the government in the healthcare area. It is focused mainly on the development of community and semi-mural care, increasing the role of primary psychiatric care and increasing the role of general hospitals in emergency cases, transformation of psychiatric hospitals and education of professionals.

Convergence of the measures with Europe 2020 targets

Besides ensuring long-term financial viability of healthcare, the reform steps in the healthcare sector also fulfil the Europe 2020 targets in the employment sphere. Due to the fact that accessible and high-quality healthcare system may represent one of instruments fighting poverty, these reform steps contribute indirectly also to the targets of poverty reduction.

3.1.3 Efficient and accessible public administration, property management, enforceability of the law, stable and transparent legislative environment

Efficient functioning of public administration in respect of their use of public funds represents one of the key routes to achieve sustainability of public finances in terms of budget expenditure. Its antipode on the revenue side of the budget is the efficient system of tax collection administration eliminating tax evasion possibilities. Both priorities may be fulfilled by a balanced system of three fundamental pillars – prevention, transparency and penalty.

3.1.3.1 Public administration

Specific reform measures for 2013

Smart Administration Strategy 2007 - 2015

This strategy creates a framework for coordination of all processes directed at more efficient public administration and friendly public service. In 2013, projects will be implemented seeking, among other, modification of individual information systems used in handling the agendas of the state and of the local government.

Public administration reform

In 2013, the "Concept of completing the reform of public administration" will be again re-submitted to the government; the Concept aims to optimize and improve efficiency of public administration and at the same time define status and tasks of public administration bodies on various levels; the Concept is currently being updated in connection with harmonization of proposed measures' timeframes and finalising of the central government reform.

State Civil Servants Act

The government will prepare a new Civil Servants Act, whose objective is to provide, among other, clear guarantees for public administration stability and reduce political influence in appointments of public servants posts.

Digitalization of public administration

In June of 2013, the government will adopt a proposal for legal regulation of projects entitled “*e-Collection (of Laws) and e-Legislation*,” whose implementation will be completed in 2015. Within the framework of creating the Register of Offences the government will also receive in 2013 a proposal for new legal regulation of minor offences incl. measures penalizing their repeated commission and new legal regulation dealing with offence record-keeping.

During 2013, the government will also adopt a *Strategic framework for development of public administration and e-Government 2014+*, along with its implementation mechanism, which should include implementation timeframe, address progress monitoring and funding.

Free access to information

The government intends to prepare an amendment to the Act on *Free Access to Information*, which will focus on introduction of efficient instruments to exercise the right to information faster and more efficiently.

The amendment will focus on providing protection against obvious obstructions by introduction a concept of the so-called information order, more instructive formulations with regard to providing information in cases of conflict between right to information and other constitutionally guaranteed rights, increased reuse of information generated by public sector, reformulation of the scope of mandatory public information, and the right to information on the environment.

The amendment should be submitted to the government during the first half of 2013.

Association in political parties and political movements

The amendment to the Act on Association in political parties and political movements, currently under preparation, will require more detailed breakdowns of revenue and expenditure in annual financial statements, political parties and movements will be newly required to use only transparent publicly-accessible accounts listing all transactions to finance their activities; in principle, all financing of political parties and movements should be open to public control.

Simplification of agendas and avoidance of duplicities

The measure seeking simplification of agendas and avoidance of duplicities in the exercise of public administration represents one of the number of government-approved measures, which should contribute to more efficient public administration, and reduction of expenditure; this measure

is a part of savings measures approved by the government on 11 April 2012.

The government also approved, on 16 January 2013 the 1st phase of savings in the public sector, and ordered preparation of the 2nd stage. The expenditure savings are designed so that they do not impact quality and extent of services provided by central administrative bodies to the public, but focus on improving efficiency of internal workings of these central bodies and their subordinate organizations.

Convergence of the measures with Europe 2020 targets

Quality and functional public administration is the necessary prerequisite for the fulfilment of all principal priorities defined in Europe 2020. Measures directly tie into Digital Agenda for Europe initiative, which outlines methods for maximum use of social and economic potential of ICT, and Internet to deliver sustainable economic growth.

3.1.3.2 Fight against corruption

The government defines fight against corruption as one of its fundamental priorities. The primary objective is to ensure openness, professionalization and stability of public administration. In order to meet objectives in this area, the government approved two documents: Government Strategy in the Fight Against Corruption for 2011 and 2012 (hereafter “2011-2012 Strategy”) and Government Strategy in the Fight Against Corruption for 2013 and 2014 (hereafter “2013-2014 Strategy”). The documents set out tasks of individual departments, whose implementation should gradually reduce corruption environment in Czech Republic. The government is regularly updated on progress with implementation of these tasks.

Specific reform measures for 2013

The government approved in January 2013 the 2013-2014 Strategy, which contains both incomplete and follow-on tasks from the previous 2011-2012 Strategy. In contrast with the prior Strategy, the delegation of individual tasks followed onto an analysis, which defined priority directions of long-term nature and formulated individual tasks. Thanks to this procedure, the current Strategy is more coherent and individual tasks have been fully substantiated.

The main axes of the Strategy include professionalization of public administration, management of public property, strengthening anti-corruption instruments in private sector, increased transparency of political parties, investigation and prosecution of corruption behaviour, strengthening of anti-corruption climate in the society, creating of capacities to monitor corruption and strengthening transparency of the public sector generally.

Planned measures contributing to the fight against corruption include *adoption of the State Civil Servants Act*, amendment of the Act on Conflicts of Interest, amendment of the *Act on Free Access to Information*. Amendment of the *Act on Public Procurement* will ensure identification of actual owners of corporations bidding in public tenders or applying

3. Implementation of key measures

for concession. A proposal will be submitted to the government, outside the framework of the Public Procurement Act, seeking to *promote electronic methods of conducting tenders* and a National Electronic Instrument (NEI) will be put into operation, which will further increase transparency of tendering procedures, equal access by contractors to tenders and improved method of conduction tenders generally.

A new *Act on financial controls in public administration sector* will regulate management control, internal audits, central harmonization and management review procedures for local governments. A *Strategy and methodology for public procurement* will be created containing principal targets, priorities and government policy tools along with timeframe for their implementation. A timeframe will be outlined for *systemic analyses of current state of corruption in Czech Republic*. Cooperation with non-profit organizations and academic bodies will be extended and a *subsidy programme* for these institutions will be created to finance programmes aimed at prevention and fighting corruption.

The 2013-2014 Strategy aims to reduce opportunities for corruption behaviour by gradual adoption of the outlined measures, and ensure transparency of the public administration processes, increase and improve enforceability of the law, improve social climate as a whole and achieve the shift from corruption to integrity in general.

Convergence of the measures with Europe 2020 targets

Europe 2020 focuses, among other, on the improvement of the social climate, increasing public awareness of the activities and correctness of decision on the government level, which often result in regulation of individual partial spheres of public administration sector. Even though these areas significantly contribute to the fight against corruption, Europe 2020 is not primarily concerned with the fight against corruption and does not define any partial targets, which would be included into the NRP anti-corruption chapter.

3.2 Attractive business environment and infrastructure development for Czech industry

Attractive business environment and high-quality infrastructure are the fundamental preconditions for competitiveness of the Czech Republic. The government plans to implement the specific reform measures, aiming at creating and improving conditions for business and provide quality transport, energy and digital infrastructure, in the following six key areas:

1. Improvement of business environment, development of business services
2. Sustainable industrial sector
3. Development of transport infrastructure
4. Development of energy and environmental infrastructure
5. Development of digital infrastructure and Digital Strategy for the Czech Republic
6. Space activities of the Czech Republic.

3.2.1 Improving business environment and business services development

The Czech business sector is defined by its industrially developed character and export-orientation, presently focused on European markets and markets in its proximity. The government sees its task in providing support to business, especially to ensure a stable business environment and quality legal framework without unnecessary administrative and regulatory obstacles. The objectives related to promoting business are integrated into the entire NRP. The Czech Republic continues to develop business services as well as to create programmes and initiatives promoting start-ups, innovations or access to funding. In terms of reducing administrative burden, the government focuses primarily on elimination of administrative and regulatory obstacles for businesses, for instance by evaluating impacts of legislation or by simplification of tax administration procedures. The law enforcement is also very important for businesses. Special attention is given in all actions focusing on business support, to small and medium-sized enterprises (SMEs), including cooperatives.

3.2.1.1 Reducing administrative and regulatory burden

One of the most important steps leading to elimination of obstacles for business is reduction of administrative and regulatory burden presently borne by the business owners. The measures planned in this respect will contribute to simplification, transparency and improved predictability of legal environment in the Czech Republic, thereby increasing the country's attractiveness for foreign investors.

The objective is to eliminate all redundant and inefficient requirements imposed by regulation exceeding the EU legal framework and lacking clear justification. It is also necessary to pay attention to the impact assessment of national and European legislation transposed to national law, so that the redundant burden is not created in the first place.

The national target in the area of reducing administrative burden by 2020 has been set taking into account Europe 2020 targets seeking to "Reduce administrative burden of entrepreneurs by 30% in comparison with 2005 levels."

The foundation for the individual measures is represented by the *Action plan for reducing the administrative burden on businesses*, which is being implemented in the Czech Republic since 2008. The objective was to reduce administrative burden by 25% by 2012 in comparison with 2005 levels (i.e. it does not take into account legislation that has been approved since 2005).

By the end of 2012, according to the preliminary assessment, the administrative burden was reduced by 17.2 billion CZK, i.e. representing 23.36% reduction in comparison with original 2005 levels. It is primarily the length of the legislative process and political situation in the country that causes the 2% difference against the plan.

A project implementing the so-called "eco-audit" is underway within the framework of measures leading to reduction of regulatory burden on businesses. The objective is to reduce unjustifiable administrative and financial burden on entrepreneurs caused by environmental legislation. A pilot project spanning across three cooperating departments of state has been completed aiming to reduce administrative burden by introducing common commencement dates when business-related legal regulations enter into force. It simplifies orientation in business legislation by concentration of regulations' entry into force within only two days each year, and contributes to transparency and predictability of the law. Based on preliminary evaluation of this pilot project, which showed that approximately 65% of business-related legal acts entered into force on common commencement dates, it will be proposed to extend the duty to apply common commencement dates for business-related legislation also to the remaining state departments.

Specific reform measures for 2013

Reducing administrative burden on businesses

Following the first phase in the process of reducing administrative burden on business, a project called "Evaluation of administrative burden stemming from business legislation" has been underway in the Czech Republic since 2011. Administrative burden is being evaluated in twelve areas,

where the clearest results and the largest savings for businesses were anticipated. The project will reflect the situation created by currently valid legislation. Further action will be defined following the Final Report of the Evaluation Project, which will be submitted to the government along with the Report on reduction of administrative burden placed on businesses by 30 June 2013.

Eco-audit

The government approved the measures proposed within the framework of the first stage of the Eco-audit and assigned their completion by 2014, in the form of an amendment of relevant environmental legislation. During the second half of 2013, the government will undertake another screening of environmental legislations in cooperation with the business sector. The individual specific proposals for amendment of regulation will be summarized, their relevance will be evaluated and these proposals will be submitted to the legislative process by the end of 2013. In the upcoming year, the government will discuss the proposals and arrange for their implementation.

Common Commencement Dates

Application of the common commencement dates may result in reducing burden on businesses by concentrating it into two dates, . 1 January and 1 July. On these dates, all business-related legislations, which are not transposed from EU law into national law, would enter into force. The government will implement this measure during 2013.

Convergence of the measures with Europe 2020 targets

The measures are inter-linked with one of the three priority objectives of the Europe 2020 Strategy - Sustainable Growth and Competitiveness. Improvement of business environment, which is tied to the reduction of administrative burden, is required also within the framework of the EU key initiative "Integrated industrial policy for the globalization era."

3.2.1.2 Improving the quality of business environment

Removing obstacles for business development represents a necessary basis for prosperity. It must be further promoted by measures actively supporting creation and development of enterprises. An important role in improving quality of business environment is also held by stable legal environment and law enforcement.

The government also supports overall modernization of commercial law and favours more efficient and faster administrative processes. It is also important that services for businesses active in the EU internal market are further developed and that awareness of these services is increased among the business public.

Specific reform measures for 2013

Re-codification of the private law

In order to meet the objectives of creating quality business environment, the government will continue the process of

modernizing the entire body of commercial law. Key changes affecting quality of business environment include increased liability of statutory bodies of corporations, abolishment of the requirement to deposit minimum registered capital or a limited liability company, new rules applicable to administration of joint-stock companies using monistic system (statutory director and board of trustees) and dualist system (board of directors, supervisory board), or a more detailed regulation of cooperatives. It is anticipated that the new Civil Code and the new Act on Commercial Corporations enter into force on 1 January 2014. Consideration should be given to adoption of implementing legislative acts.

Act on public registers of legal and natural persons

The main contribution of this regulation currently undergoing legislative process is a faster registration of entities into the Commercial Registry and related registries by having the registration completed by notaries (alongside standard registration via Court registries). Another concrete contribution to improved business environment arises from creation of a unified platform for display of enterprising individuals and corporate entrepreneurs and non-entrepreneurs, where this information will be clearly and credibly presented. This platform will also provide verified extracts of the displayed information.

Business community awareness

The government strives to increase awareness in the business community (especially SMEs) of services provided and planned by the state to promote exports. Support is provided especially to the small and medium-sized firms, by involving them in programmes such as GUARANTEE or INOSTART, which are focussed on innovation projects. The government also intends to actively increase awareness on the possibilities of instruments offered by the Single Points of Contact (SPC), ProCop and SOLVIT among Czech businesses.

Convergence of the measures with Europe 2020 targets

The reform measures focus on improvement of the business environment and on making business easier, which should lead to creation of jobs and support of innovative projects. Measures are linked to recommendation No. 6 of Integrated Guidelines: "improve the business and consumer environment, and modernize and develop the industrial base."

3.2.2 Sustainable industrial sector

The industry is very important to the Czech economy. It represents 38% of the economy and employs approximately 40% of economically active population. For those reasons it will continue to play a fundamental role; strengthening its competitiveness remains the key priority.

The government is aware of the importance of creating conditions for investment into modernization of industrial production. One of its main priorities will be promoting a shift to products with high added value, which should be achieved by supporting research and development of new technolo-

gies and transfer of its results into practice, development of innovation processes, educated and skilled workforce meeting the needs of the industry as well as quality transport and communication infrastructure.

Having in mind the energy intensity of the Czech industry and the rising price of energy, which potentially jeopardize competitiveness of Czech enterprises, it will be necessary to ensure a correct energy mix and develop quality energy infrastructure.

3.2.2.1 Energy sector

Government policies in energy sector are formulated in the State Energy Policy (SEP). SEP represents a political, legislative and administrative framework for a reliable, affordable and sustainable energy in the long term. The long-term vision for the Czech energy sector is summarized in three key strategic objectives of the policy: "Safety — Competitiveness — Sustainability."

Specific reform measures for 2013

Increasing energy efficiency

Emphasis placed on increased efficiency arises from the demands related to reduced supply of own resources and the industrial orientation of the country.

In the area of increasing energy efficiency, the government will strive to contribute to the fulfilment of EU targets for 2020 in the maximum possible degree while respecting specific Czech conditions and simultaneously meeting also the other two pillars of European energy policy, i.e. competitiveness and reliability of supply, which is key for maintaining employment, living standards and competitiveness of the Czech economy. At the same time, the government will take further steps to improve the quality of the environment.

The main measure in this area is to begin the implementation of the Energy Efficiency Directive, which sets individual targets in cumulative energy savings³ among final customers in 2020 for each Member State.

To achieve this target it will require the financial instruments that will effectively provide impetus to the implementation of the energy efficiency measures, will not distort the market, will be applied in the long-term and will be stable and complementary (eg. Programmes EFFECT, New green savings, New Panel 2013 +, operational programmes).

Within the framework of implementing Directive on the energy performance of buildings, the government intends to adopt an Energy Saving Programme in Buildings, which aims to contribute to a speedy, energy-efficient modernization of buildings, which will result in reduced energy demand

of the Czech economy, increase of energy security, reduction of pollutants and greenhouse-gas emissions, improvement of indoor environment and comfort and reduction of costs dedicated to their operation.

The government will also support, in the form of loans, repairs and modernizations of building, which shall also contribute to the reduction of energy demands of residential housing.

Measures in the area of raw materials

Measures affecting raw materials focus on reviews of legislative obstacles to use of domestic raw materials with the aim of removing these, support granted to research, development and innovations aimed at increasing efficiency of energy resources' utilization and reduction of pollutants in the atmosphere, approval of the programme for "Converting waste into resources" focussed on material and energy recovery of raw materials and implementation of the already approved programme for material recovery of waste from car wrecks. These measures will contribute to the more efficient natural raw materials life cycle and the already mentioned alleviation of the material and energy demands of the Czech economy.

During 2013, the government intends to elaborate the Basis for the concept on raw materials and energy security of the Czech Republic, propose changes related to the major amendment of the Mining Act, which creates a legal framework for exploration and mining of minerals, so that a balanced relationship between citizens, local governments and mining businesses is duly achieved, while respecting state interests and the environment.

Renewable energy sources (RES)

The main non-legislative measure seeking to achieve the above defined objectives is the National Action Plan of the Czech Republic (NAP) for RES-generated energy, which establishes stable and sustainable conditions for supporting RES-generated energy in the long-term, and which simultaneously serves as a regulatory instrument for the planned limitation of operational support provided to RES.

Further legislative amendments will be prepared during 2013, which will revise and stabilize financial support policies applicable to RES, including photo-voltaic power plants. The aim of these amendments is to reduce their impact on the competitiveness of the industry and the economy as a whole.

Biomass

The government will continue with implementing measures on the national level in the area of bio-fuels, respectively use of biomass, which will be detailed in the updated SEP. Measures and principles forming a part of the Biomass Action Plan for the Czech Republic 2012 - 2020 will lead to efficient and expedient use of biomass energy potential and as such will contribute to the fulfilment of the Czech Republic commitment regarding generation of electricity from renewable sources by 2020.

³ The aim is to achieve from 1 January 2014 to 31 December 2020 new annual savings of 1.5% of the annual sales to final customers. The annual sales will be based on the average sales over the last three years prior to 1 January 2013.

Convergence of the measures with Europe 2020 targets

The proposed measures are in line with headline targets defined in Europe 2020 Strategy in the area of energy and climate change, i.e. to achieve reduction of greenhouse-gas emissions by 20% in comparison with 1990 levels, increase share of RES to 20% and increase energy efficiency by 20% by 2020. The measures being implemented are also in line with recommendation No. 5 of the Integrated Guidelines aiming to make use of resource more efficient and reduce greenhouse-gas emissions, as well as with recommendation No. 6 seeking improvement of the business and consumer environment, and modernization and development of the industrial base. Individual steps will be interlinked with flagship EC initiatives “A resource-efficient Europe,” “An integrated industrial policy for the globalization era” and “Innovation union”.

3.2.2.2 Industrial policy

The Czech Republic belongs to the most industrially developed countries in the EU and its considerably open economy is closely tied to other, primarily neighbouring EU member states. The Czech Republic therefore views the strategic ambitions of the European Commission for increasing share of the industry in the Union’s GDP as an important signal for entrepreneurs and investors.

The government considers the industrial policy to be a part of a broader economic policy, as outlined within the framework of International Competitiveness Strategy and Export Strategy. In doing so, it gives precedence to the general framework and measures which favour an overall development of the Czech economy, while respecting specific importance of industry for the national economy.

Specific reform measures for 2013

The objective of this government is to increase public investment into R&D and thereby supporting investment into new technologies and innovations.

Competitiveness of the Czech enterprises

The government will strive to react to the need to develop competitiveness of the Czech enterprises via research and development activities in the area of progressive technologies (for instance using the ALFA programme).

The government wishes to promote competitiveness by supporting their research projects, and especially by a more efficient use of existing capacities in the R&D sphere and simultaneous increase of the research quality leading to innovation in line with defined national priorities.

A significant role in the innovation process is held in the Czech Republic by Czech subsidiaries of foreign corporations, and therefore every effort is made to create closer and long-term relationships between these enterprises and the gradually revitalized applied research institutions in the Czech Republic.

Supporting modernization of the industry

The government will support development of non-technical competencies of the Czech firms in the area of new market acquisitions. Among the most important activities in this field belong strategic management, marketing, innovations management, legal and economic skills in commerce as well as direct investment abroad. These activities are aimed at motivating firms to make the necessary shift along the value chain, to cooperate with the science, research and development sector, to be involved in increased technology transfers and to breaking through with innovative products on foreign markets. Presently, a preparatory stage of this set of measures is under way and implementation is expected in 2014.

Affordable energy

Affordable energy is the necessary pre-requisite to the development of industry and its competitiveness (refer to Chapter 3.2.2.1). The government will strive in formulating its EU policies to achieve that energy policies adopted by the EU will lead to the reduction of the energy costs. It will support completion of the EU energy market and proper implementation of the liberalization package in all member states. The government will strive to ensure that the challenges facing all-European energy infrastructure are met with the view to achieve that defined target.

Supporting EU industrial policy

The government will support at the EU level the objectives of re-industrialization of European regions. To this end it will support potential changes to the Europe 2020 Strategy leading to modification of mutually defined targets in the direction of increased support of industry. It will endeavour that industrial policy is used as one of the cross-section perspectives assessing impact of individual measures proposed by the European Commission.

Supporting education in industrial professions

Development of economy is conditionally tied to the presence of qualified workforce in key sectors. The government will endeavour to support and develop cooperative elements of education with emphasis on industrial branches and to develop technical and natural science-related study programs, especially as a preparation for professions that are relevant to industrial production (please refer to Chapters 3.3.5 and 3.3.6 below). It will also seek new avenues to increase attractiveness of these study programs on all educational levels and motivate you people to study them. In this connection it plans to review and re-evaluate the framework education programmes (FEP) and to integrate cooperative education elements so that they achieve these objectives.

Supporting export

The strategic framework for supporting exports is defined the Export Strategy of the Czech Republic for 2012–2020, which has been approved by the government in March 2012. Its main objective is to improve position of Czech firms

(especially SMEs) on foreign markets with perspective of further growth and development.

During 2013 the government will continue in creating prerequisites for global diversification of the Czech export and in cooperation with the business community it will also continue in identifying perspective sectors. In the field of exports, it plans on organizing business missions and participating in trade fairs and expositions, participating in meetings of joint (mixed) institutions for economic cooperation as well as organizing seminars and business forums.

It is also anticipated that contact points will be created in regions offering state services in the form of the so-called "one-stop-shop for exports" to all interested parties. These services will facilitate access to information on foreign trade to all exporters. From the beginning of 2013 the exporters are being offered innovated services for exporters. In this manner, the government endeavours to support diversification of the Czech exports as well as small and medium-sized enterprises. Aiming to support exports as well as incoming foreign investment into the Czech Republic, the process of increasing integrated foreign network capacity will continue.

Convergence of the measures with Europe 2020 targets

Measures pertaining to industrial policies are a part of the flagship initiative "Integrated industrial policy for the globalization era," besides that they are also converging with recommendation No. 6 of the Integrated Guidelines seeking improvement of the business and consumer environment, and modernization and development of the industrial base. The objective of the initiative is to improve business environment, especially for SMEs, promotion of strong and sustainable industrial base, which needs to be competitive on the global scale.

3.2.2.3 Environmental policy

The government strives to ensure a healthy and quality environment for the Czech population. The priority is to contribute significantly to the efficient use of all resources and minimize negative impacts of anthropogenic activities on the environment, including cross-border impacts, and in this way to contribute to the improved quality of life in Europe and in the world.

Specific reform measures for 2013

In January 2013, the government approved an updated version of the State Environmental Policy, which outlines the plan for implementation of effective protection of the environment in the Czech Republic to 2020. The policy update focuses on protection and sustainable use of resources, protection of climate, improving of air quality, protection of nature and landscape and on secure environment.

The following priorities in the field of environmental protection in the next eight years will be considered as pivotal: reduction of air pollution especially by hazardous substances, water protection and improvement of its quality, waste pre-

vention, reduction of waste generation and promoting its recovery as substitutes of natural resources; energy savings, maintenance of natural and landscape values, promoting ecological stability and retention properties of landscape, protection and sustainable use of soil and bedrock, especially against excessive soil-sealing, erosion and contamination, prevention of risks and protection of the environment against negative impacts of crises.

Reduction of greenhouse-gas emissions

Increase in the volume of greenhouse-gas emissions, which do not fall under EU ETS (Emissions Trading System), is limited by 9% maximum by 2020 for the entire the Czech Republic in comparison with 2005 levels. The Czech Republic contributes to the fulfilment of the approved reduction targets set for the EU primarily through the EU ETS.

In the field of climate protection, the Czech Republic meets the targets set out in Europe 2020 (i.e. 20-20-20). Current projections anticipate that the Czech Republic will meet its 2020 commitments by efficient implementation of the existing measures, without having to adopt further measures with economic impact. Furthermore, the anticipated positive balance outside the framework of EU ETS may serve as a source of additional revenue, as it may be traded.

New Green Savings programme

The existing Green Savings programme contributes to meeting the above-mentioned targets, while simultaneously spurring the economic growth. The New Green Savings (NGS) programme, which is now under preparation, will be implemented in 2013-2020 in the form of direct subsidies toward energy savings in construction and renovation of buildings. It is anticipated that the NGS programme will contribute by all its measures combined to energy savings reaching 333 GWh/year, i.e. it will support heat generation from RES in excess of 1167 GWh/year and contribute to reduction of emission by 1 million tonnes CO₂ a year.

The NGS programme is being prepared with the aim to reduce energy demand of buildings and greenhouse-gas emissions with multiplication effect demonstrated by reduced operational costs for heating, refinement of living conditions and improvement of appearance of towns and municipalities. The programme will act as a significant pro-growth measure with positive impact on the Czech economy, both directly in terms of state budget and to the benefit of the construction sector, engineering and other related business sectors. Additional considerable pro-growth effect will be in the form of new job creation or maintenance of tens of thousands of existing jobs. The programme is set up to achieve high financial leverage effect by high activation of private resources.

Programme Panel 2013+

Reduction of economic demand of buildings is also the main focus of the complex reconstructions of residential housing within the framework of the New Panel 2013+ programme

to be implemented in 2013–2020, which aims to provide low interest loans from the State Housing Development Fund. This is a long-term programme, which contributes, in the form of low interest loans for repairs and modernizations of residential houses, to the energy savings and reduction of household energy costs. The measure has significant multiplication effects for construction sector and positive impact on the state budget.

Other measures

Energy savings are also the focus of a new measure being prepared by the government which seeks to modernize public lighting, and which aims to increase its reliability and efficiency and thereby reducing costs of its maintenance and operation.

In connection with the amendment of the Gothenburg Protocol the government adopted a document entitled “*Potential to reduce emissions of pollutants in the Czech Republic by 2020*” on 2 May 2012, which implies that in order to meet the new national emission ceilings it will be necessary to reduce significantly pollutants emissions.

Convergence of the measures with Europe 2020 targets

The proposed measures are in line with the Europe 2020 targets for the energy sector and climate change. Measures being implemented are also in line with recommendation No. 5 of the Integrated Guidelines seeking more efficient use of resources and reduction of greenhouse-gas emissions, as well as with recommendation No. 6 of the Integrated Guidelines seeking improvement of the business and consumer environment, and modernization and development of the industrial base. Individual steps are in line with the flagship EC initiatives “A resource-efficient Europe,” “An integrated industrial policy for the globalization era” and “Innovation union.”

3.2.3 Transport infrastructure development

The condition of the Czech transport infrastructure lags considerably behind the original 15 EU member states from the perspective of its quality and functionality and its further development is seen as one of the main obstacles to achieving a higher pace of economic growth. Completion of the backbone transport infrastructure and connecting the remaining regions and main industrial centres to the main Czech and European routes forms the necessary prerequisite for improvement of the adverse business situation in these regions and for the improved competitiveness of the entire Czech economy. An important objective is also the development of bicycle infrastructure.

Specific reform measures for 2013

Efficient strategic planning for transport infrastructure development

Two key strategic documents for this sector will be approved during the first half of the year – the *Transport Policy of the Czech Republic for 2014 – 2020 with an outlook to*

2050 and the Transport Sector Strategies. The *Transport sector Strategies* document will serve as the strategic basis for determining the objectives within the framework of the Operational Programme Transport under the new Cohesion Policy implementation system. On the basis of these two documents, the annual construction planning processes will be formulated as well as commencement of the restructuring process of investment organizations and linkage of the most important transport infrastructure investment project with the state budget. During 2013, a new construction monitoring system will be set up including new rules for project changes approval and authorization. The pricing standards update for motorways construction will be completed as well as the formulation of new standards for railway construction, which will affect the efficiency of preparation and implementation of construction projects. The pricing for railway track usage will be adjusted from the maximum price to prices materially regulated, which will result in greater flexibility in charging for individual segments of railway transport.

Main railway infrastructure projects

The priority railway infrastructure projects include completion of transit railway corridors including railway junctions (by 2018) and modernization of tracks along the core TEN-T network. Key projects, from the perspective of economy and competitiveness, include connections of all main regional cities to a quality railway network toward economic centres of the state (by 2030) and achieving sufficient freight capacity to and from strategic industrial zones (by 2020). Within the framework of legislative, standard and project preparation, the high-speed railway projects will be prepared, including implementation of their first segments.

Main road infrastructure projects

The priority projects in this area include completion of the remaining missing motorway and expressway segments on the core and comprehensive TEN-T network (by 2050). The government intends, same as in the case of railways, to improve connection by road to all main regional cities and strategic industrial zones to the backbone road network toward the main economic centers of the state (by 2030). The government will also continue in promoting construction of bypass roads in municipalities suffering from high intensity of road traffic that is currently led through their centres.

Main water transport projects

The government will continue to focus on resolving the issues related to navigability and reliability of the Elbe – Vltava (Moldau) River water route.

Main multi-modal transport projects

The main priority in the sector of multi-modal transport is to ensure sufficient funding from the European funds for the development of freight logistical solutions and the related construction of a terminal network with potential linkage to logistics centres (by 2020).

Development of intelligent transport systems

An integral part of transport infrastructure development is also its equipment with ITS technologies, which allow for increased comfort and safety during transport and also assist in optimizing infrastructure capacity and providing information to its users in real time about ordinary and especially the extraordinary situations. In order to fully utilize the ITS potential, it is necessary that the existing and yet-to-be-installed systems and applications achieve a corresponding level of compatibility, interoperability and continuity of services provided to end users on the local, regional, national or European levels.

Transport-related problems in cities and agglomerations and reducing dependence on oil

An important objective within the framework of European and national transport policies is also the solution of transport-related problems in cities and agglomerations and reduction of transport's dependence on oil. The priority measures in this field include ensuring sufficient capacity and speed parameters on suburban routes, track electrification, development of city railway / tramway transport infrastructure, development of city road traffic management systems and programmes supporting construction of alternative energy supply stations on the roads.

Improvement of legislative environment

Contractors supplying project design and construction work will be selected on the basis of the most suitable ratio between the offered price and quality, which is to be demonstrated pursuant to the principles stipulated in Directive No. 2004/18/EC and the Green Paper on the modernisation of EU public procurement policy towards a more efficient European Procurement Market.

The government will adopt, on the basis of re-evaluation of the approval process for transport infrastructure construction projects according to existing laws, a number of legislative measures in 2013, which will result in speeding up of the entire process. Legislation prepared in the transport sector will be focused on optimizing the operations of individual transport modes. Railway transport will be optimized in terms of track operation, including increased emphasis on the multi-modal interconnection with other transport modes while reflecting specifics of individual rail transport system types (railway, city rail, funicular). With respect to road transport, the legislation focuses on toll system implementation solutions and on the new road classification. New operational conditions will also be defined for water transport routes.

Convergence of the measures with the Europe 2020 targets

The measures included in the NRP 2013 are in line with the Europe 2020 Strategy, which aims to reduce greenhouse-gas emissions and increase the share of RES. The measures are also in line with the flagship initiatives "Resource-efficient Europe" and "An integrated industrial policy for the globalization era."

3.2.4 Energy and environmental infrastructure development

Quality network infrastructure is one of the most important conditions from economic success of the state as it allows for the development of business activities, reduced material and energy demands and development of new technologies. Keeping in mind the requirement of quality of environment, attention must be paid to development of corresponding environmental infrastructure.

3.2.4.1 Grid infrastructure development

Developing a network of network infrastructure in the context of Central European countries, the strengthening of international cooperation and integration of the electricity and gas markets in the region including supporting the creation of effective and operational common EU energy policy is one of the strategic priorities of the SEP update.

Specific reform measures for 2013

Efficient regulation of electricity flows

Due to the repeated threats to the Czech Republic transmission network in the form of unscheduled flows of electricity, CEPS plans to install by 2017, on the cross-border lines with the Federal Republic of Germany, control phase transformer (CPT), which will be able to effectively regulate the flows of electricity and will serve as a medium-term solution to the situation, until the German party strengthens its infrastructure enough to avoid endangering systems of neighbouring countries.

Strengthening the transmission networks

CEPS, as the transmission system operator, will strive to strengthen the capacity of transmission networks by 2020. To this end, CEPS will seek to use funds from the Connecting Europe Facility (CEF).

Convergence of the measures with Europe 2020 targets

Measures in the field of regulation and development of network infrastructure are part of the flagship initiative "A resource-efficient Europe," which emphasizes the development of smart grids, which are one of the necessary conditions for the completion of the European single market. Likewise, these measures contribute to the corresponding recommendations No. 5 and 6 of the Integrated Guidelines.

3.2.4.2 Environmental infrastructure development

Development of environmental infrastructure is a prerequisite for more effective life cycle of natural resources and it helps reduce the material and energy intensity of the Czech economy. Motivation of businesses to develop and introduce new more efficient technologies is also desired. Measures should result in the overall improvement of the environment, which should be positively reflected in improved public health with potential savings in the health system. The measures

also will lead to the increased adaptive capacity of ecosystems and the overall climate change mitigation.

Specific reform measures for 2013

Wastewater management

Considerable attention will be paid to further improvement of collection and treatment of wastewater, i.e. increased share of treated wastewater, increasing the number of inhabitants connected to sewerage. With regard to the forthcoming European legislation, it is necessary to seek further development and to promote procedures for removing contaminants during their life cycle.

Reducing water consumption

The government will also seek reduction of overall water consumption while increasing the availability of drinking water. Measures will mainly focus on the use of water recirculation systems for industrial use and re-use of little-polluted wastewater in households. There is also a significant potential in the use of rainwater.

Reducing flood risk

It is vital for the Czech Republic to seek further reduction of the risk of flooding. To this end, the government will support implementation of technical and semi-natural flood control measures and further improve the level of flood forecasting and warning services.

Waste management

A major goal for the government is the maximum utilization of waste as a substitute for primary natural resources. The quantified targets of the Czech Republic stem particularly from the obligations imposed by the relevant EU directives in the area of waste management. This includes introduction of compulsory collection of waste streams, at least for paper, plastics, glass and metal with the objective to facilitate their recycling. For these types of waste, the regulation requires that by 2020 to at least 50% of the overall weight is prepared for reuse and recycling.

The government will also seek to reduce the maximum amount of biodegradable municipal waste (BMW) going to landfill so that the share of this component amounts to no more than 50% in 2013 and no more than 35% in 2020 in weight terms of the total amount of BMW produced in 1995.

It is further desired to achieve a high level of separate collection of waste from electrical and electronic equipment, to increase the level of separate collection of waste from portable batteries and accumulators and to achieve high recovery rate in the processing of car wrecks.

The government will continue to support introduction of innovative technologies with lower material and energy consumption and technology producing products with lower environmental risks. More effective waste prevention and in-

creased material and energy utilization of already generated waste is in full compliance with the Europe 2020 Strategy.

For that purpose the government will prepare, a *Waste prevention program for the Czech Republic* by the end of 2013, which will be a part of the currently prepared *Waste Management Plan of the Czech Republic*. An amendment procedure for the existing Waste Act will also be commenced this year. At the same time, the process of clarification and standardization in waste management sector will get underway within the framework of substantive proposals for a new waste legislation and draft law on product take-backs.

The government will support construction of new facilities for the disposal of municipal waste, including facilities increasing the scope of material and energy recovery of waste, and strive to achieve efficient elimination of old environmental burdens and support rehabilitation of landfills.

More effective waste prevention and increased material and energy recovery of waste is in full compliance with the priorities of the Europe 2020 Strategy.

Energy recovery of waste

In 2013 the government will pursue the objective of building sufficient capacity facilities for energy recovery of municipal waste (especially for biodegradable waste) that cannot be recycled further and to divert this waste from landfills.

Using alternative fuels

The government also intends to adopt Clean Mobility Programme focused on the use of alternative fuels, improved air quality, reduction of pollutants emissions, reduction greenhouse gases from transport and on the fulfilment of obligations arising from the Roadmap to a Single European Transport Area.

As a part of implementation of the updated State Environmental Policy 2012-2020, the government will seek to reduce emissions from road transport by fleet renewal and increasing the share of alternative fuel use. The government will also promote an increased share of clean and energy-efficient vehicles in the public and private sectors by promoting fleet renewal (if fiscally feasible) and by implementing reasonable and controllable incentives on the side of demand with respect to urban centres.

Air protection

In the forthcoming *Mid-term strategy for air quality improvement in the Czech Republic (2020)*, the primary objective of the government is to improve air quality in the Czech Republic, at least to the extent complying the target emission values for the protection of human health, ecosystems and vegetation and to propose measures to meet national emission ceilings by 2020, according to the revised Gothenburg Protocol (CLRTAP).

Reduction of concentrations of pollutants in the air should generally be pursued not only in the industrial sector, but also in the energy sector, road transport and with regard to household heating.

Protecting nature and landscape

The main objectives of landscape maintenance, understood as cultivation combined with improving the quality of life and enhancing ecological functions and stability, lie in the protection of soil (in terms of soil-sealing and degradation), mitigating the impact of fragmentation of landscape including river systems, protection green areas in settlements and creation of new ones of new, protecting and nurturing the most valuable parts of nature and limiting the decline of native plant and animal species, while dealing with invasive species. Fulfilment of all the enumerated functions requires an effective monitoring system evaluating conditions, mutual influences and development of the landscape.

Negative impact of contaminated sites on the environment and human health, soil and bedrock will be reduced, which includes among others, old environmental burdens produced before privatization, their remedy and prevention of new ones.

Convergence of the measures with Europe 2020 targets

The proposed measures are in line with the objectives of the Europe 2020 strategy for energy sector and climate change. Measures are also in line with Recommendation No. 5 of the Integrated Guidelines seeking improvement in resource efficiency and reducing greenhouse gas emissions.

3.2.5 Digital infrastructure development and Digital Strategy for the Czech Republic

Development of digital infrastructure is essential for improving the technical preparedness and competitiveness of Czech businesses. Expansion and adaptation of information and communication technologies (ICT), especially broadband access to the Internet, forms one of the most important areas of reform. The Czech Republic is currently lagging behind both in terms of supply and in the use of broadband, especially in rural and remote areas. Reducing the digital divide between urban and rural areas in the development of infrastructure for broadband access to the Internet and the overall development of the electronic communications sector is one of the main priorities of the Czech Republic.

Equally important is the digitalization of cultural content, which aims to ensure efficient processes in culture and management of cultural works.

Specific reform measures for 2013

Within the framework of implementing the *Digital Czech Republic v. 2.0 Strategy* (Digital Strategy 2.0), the below mentioned measures aimed at building a mature Internet infrastructure will be developed as a condition for the development of information society and other services and new

technologies that represent significant business opportunities. High quality and fast connection to the Internet is also a prerequisite for the entry of foreign investors to the Czech Republic. Advanced Internet infrastructure facilitates increase in employment and increased exports.

Aiming to improve international competitiveness and investment attractiveness of the Czech Republic, the government plans to prepare a material in 2013 covering the area of the single digital market, interoperability, trust and security in the use of digital services, research and innovation, skills and inclusion, employment in ICT, using the benefits of ICT in society, including overall strategy for integrated ICT investment management solutions for the public sector and international aspects of the Digital Agenda.

It should be emphasized, however, that the Digital Agenda couldn't be reduced only to the Czech Digital Strategy, which covers only some specific areas. Therefore, the government will also focus on other areas of the Digital Agenda and the development of the digital market.

Strengthening digital economy

One of the objectives of the Digital Strategy 2.0 is to strengthen the digital economy by separate regulatory approach with an emphasis on self-regulatory mechanisms that are required due to the specific nature of the Internet environment, which does not factually recognize boundaries and cannot be viewed using the same perspective as the traditional economy.

Development of high-speed networks

In line with the objectives of the Digital Agenda for Europe, the Czech Republic will focus on supporting the development of high-speed Internet access networks enabling transmission rates in accordance with the objectives of the Digital Agenda, i.e. 30 Mbit/s by 2020 for all residents and 100 Mbit/s for at least half of the households.

Efficient use of radio spectrum

The instrument for the efficient use of radio spectrum by end users will be provided in the form of the *Spectrum Management Strategy* being prepared by the Czech Telecommunication Office.

Increased availability of ICT

Another important measure is to increase the accessibility of ICT for all, regardless of location, social status or disability, and to increase digital literacy of citizens and strengthen their e-skills.

Internet Freedom and Internet access

Significant attention will be paid to ensuring the freedom to receive and distribute information, whether in terms of allowing access to the Internet as such, or access to certain Internet sites or services.

Promoting legal access to audio-visual services

Attention will be paid to the promotion of legal supply of digital content and ensuring balance between free enterprise and freedom of dissemination and reception of information and protection of personal data and guarantee for the population in terms of free reception of public media program services through terrestrial broadcasting.

Digitalization of cultural content

Digitalization of cultural content is based on the National Cultural Policy for 2009 - 2014 approved in 2008. It is specified in more details in the Strategy for digitization of cultural content, which will be implemented in 2013 pursuant to steps defined therein. Some of the related copyright aspects will be addressed by the Copyright Act amendment, which is currently undergoing the review process. The expected entry into force of the amended Act is 1 November 2013.

Convergence of the measures with the Europe 2020 targets

The above-mentioned measures are closely linked with the initiative *the Digital Agenda for Europe*, which is the first of the so-called flagship initiatives of the Europe 2020 Strategy focusing on the role and use of ICT in order to remove various electronic barriers in Europe.

3.2.6 Space activities of the Czech Republic

Space activities are a dynamically developing area, which has a positive overlap with many other economic and social sectors. The government is aware of the importance of space activities for the national economy and the importance of close cooperation with the European Space Agency (ESA) and the European GNSS Agency (GSA), in particular with a view of increasing technological level of the Czech industry and its competitiveness. Space activities increasingly involve businesses and institutions incl. SMEs that are developing new technologies, software, hardware and high value-added services.

In this context, the government is preparing reform measures to help Czech businesses to become more involved in the above-mentioned activities and to further streamline coordination of space activities at national, European and global level. This form of coordination will not only contribute

to a more effective use of financial resources, but ultimately, to increased return on investment and competitiveness.

Specific reform measures for 2013

Investment into space activities

In 2013, a debate will commence about the extent of further participation in the ESA activities. By investing in space activities, particularly through the ESA in the form of participation in its optional programmes, the government effectively supports the competitiveness of the Czech industry, science and research excellence and contributes to the sustainable growth of the national economy. Any increase of the Czech contributions to the ESA optional programmes is in line with the growing capacity of the Czech industry in this area and the achieved partial success in transferring know-how to the commercial and industrial sector.

Creation of a legal framework for the national space programme

The government plans to create a legal framework in 2013 for the national space programme focused on the area of space technology. The main objective of the programme is the application of new knowledge from basic and applied research and experimental development in the area of space technology and satellite navigation, which will be applicable in terms of innovation in other areas of industry and services.

Establishment of the National Space Agency (NSA)

The government plans establishment of the NSA, as a central coordination authority for space activities. The NSA will also significantly simplify international cooperation and technology transfer in the area of high value-added technologies. The government will discuss the draft concept for the NSA by mid-2013.

Convergence of the measures with the Europe 2020 targets

The measures build on the EU flagship initiative „Innovation Union“, which includes „Smart Growth“ with the aim of developing an economy based on knowledge and innovation. To meet this objective, investment of up to 3% of EU GDP (combined public and private sources) toward research, development and innovation is anticipated.

3.3 Functional Labour Market, Educational System and Social Inclusion as Prerequisites for Competitive Economy

Competitiveness and development are dependent on quality educational system, which is capable of supplying skilled workforce, by a flexible labour market and by a functioning model of social market economy. Responding to those needs, the government plans specific reform measures for the coming period in these seven key areas:

1. Labour market development and active employment policy, increasing labour productivity
2. Social inclusion and combating poverty
3. Increasing the availability of rental housing to increase labour mobility
4. Increasing the quality and availability of pre-school childcare, reconciliation between work and family life
5. Reform measures in primary and secondary education
6. Reform of tertiary education and the development of life-long learning
7. Attracting skilled foreign workers.

3.3.1 Labour Market Development and Active Employment Policy, Increasing Labour Productivity

In spite of considerable progress achieved in the past years, numerous structural problems persist on the labour market, such as the low employment rate of certain groups of population, especially of young people, women or persons in pre-retirement age. Low skilled job-seekers or those whose skills do not correspond to the needs of economy, also face problems.

The transfer of the non-insurance social benefits agenda to the Labour Office formed a prerequisite for better coordination of the social policy and employment policy. However, a temporary decrease in the Labour Office staff due to transfer of non-insurance social benefit agenda partially reduced the provision of job mediation, counselling and active employment policy by the Labour Office.

The indicators monitoring the national employment targets in employment by 2020 reached (in 3.Q.2012) the following values:

	National Targets for 2020	2010	2012
Total employment rate (20 - 64 years)	75 %	70,4 %	72,0 %
Employment rate - women (20 – 64 years)	65 %	61,0 %	62,8 %
Employment rate – older workers (55 - 64 years)	55 %	46,5 %	50,4 %
Unemployment rate – young people (15 - 24 years)	Decrease by one third compared to the year 2010 (i.e. to 12.3 %)	18,4 %	19,5 %
Unemployment rate – low-skilled persons (ISCED levels 0 - 2)	Decrease by one fourth compared to the year 2010 (i.e. to 18.75 %)	25,0 %	28,3 %

Source: Ministry of Labour and Social Affairs

Because Czech economy is highly open, the development of the employment indicators will depend on the development of EU economy, on the settlement of Eurozone crisis and on the results of structural reforms in the Czech Republic.

The long-term strategic plans of the employment policy will focus on three pillars with a primary aim to increase the quality of employment services through optimisation, more efficient monitoring and collection of data relevant for an effective active employment policy, as well as support training of employees and offer retraining courses with the aim of increasing job seekers' skills.

Specific reform measures for 2013

Increasing PES Efficiency

The first pillar will include projects to increase efficiency of employment services. Clients will be provided with comprehensive counselling services, which should help them resolve adverse life situations both in the area of employment and in the social area. Special attention will be paid within this process to optimisation of the services for foreigners and communication with their employers. Consultancy activities will also focus on preventive measures on the labour market.

The government will support measures, which will lead to increased competencies and roles of Labour Offices as crucial points implementing the active employment policy and offering effective assistance to job seekers in finding new jobs.

Within the scope of implemented ESF projects (e.g. MIKOP, Monitoring of Vacancies, Work Practice for Youth), the capacity of the Labour Office will be strengthened by more than 500 workers in 2013. The capacity of the Labour Office will increase also from internal resources, by approximately 250 workers in 2013. Such staffing reinforcement will improve provision of targeted job mediation and counselling services and implementation of the active employment policy.

The government will support regionalisation of the active employment policy, with particular attention paid to the support to the structurally underdeveloped regions with high unemployment rates, and introduction of specifications in public employment services based on client profiling according to the level of disadvantage, which determines their distance from the labour market. Mechanisms allowing permeable employment will be developed, which enable disadvantaged job seekers to proceed from a motivating public work, via a subsidised job, to the entry to the open labour market using short-term assistance at the onset of employment. Within the permeable employment scheme, the government will support activities leading to inclusion of integrating social enterprises into the system of the active employment policy.

The government will continue supporting the project “Educate Yourself for Stability” as an important tool for maintaining existing jobs in the businesses facing reduced demand for their products and for training their employees for higher competitiveness.

The volume of available funds for the active employment policy (incl. investment incentives) increased in 2013 to approximately CZK 7.9 billion (of which approx. CZK 4.8 billion is the budget and CZK 3.1 billion unused funds from the past years), compared to about CZK 6.1 billion in 2012. The government will try to further reinforce the active employment policy, incl. through an efficient use of the European Social Fund and other EU financial tools.

The reform steps taken by the government in employment services are also part of the response to Council recommendation No. 4. Individual measures in the field of the labour market development are described in detail in Annex No. 3.

Monitoring Labour Market Development

The second pillar will focus on the monitoring and data analysis so as to create tools for the increase of employment based on quantitative data. The aim is to set up cooperation between the Czech Republic Labour Office (CR LO) and its regional branch offices and employers; such cooperation would make it possible to evaluate economic trends in the Czech Republic through collected data with regard to their impacts on the labour market. Local employment networks based on local cooperation between the CR LO contact points, municipalities, social service providers and employers will also be supported. The scope and quality of statistic information on the labour market and active employment policy provided by the new system are not yet adequate; the work on their improvement is under way continually.

The other segment in this pillar consists in continuation of the building of a Single Database through interconnecting and making accessible the data from the CR LO databases and databases of the Czech Social Security Administration (CSSA) to the MoLSA and the Czech Republic LO employees, and in the use of the data acquired in this way for a comprehensive approach to the implementation of the employment policy. The aim of this initiative is to improve employability of clients through reinforced individualized approach, development of standards for approaches to the clients and for provided services, and through reduced administration burden. Such database will make it possible to create new tools for the active employment policy and evaluate their impacts, assess the progress achieved in the employment, assess the impacts of the social protection tools on the active employment policy and introduce indicators to measure the causes of changes in the numbers of job seekers.

Education and Retraining

The third pillar stresses the development and optimisation of education. The programmes within this pillar are listed in the chapter dealing with the development of lifelong learning (see chapter 3.3.6 for more details).

Supporting Employment of Young People

The growing unemployment rate among young people up to 25 years of age is a very alarming signal. Therefore, the government will take measures to reduce it. The government intends to respond to EU recommendation for the youth guarantee, using especially the European Social Fund. Where possible, the government will also support as much as possible the use of the funds from the new EU Youth Employment Initiative. The support to the employment of young people will become one of the main priorities of the active employment policy.

Convergence of the measures with Europe 2020 targets

The measures taken by the government are in full compliance with Europe 2020 Strategy's objective to increase the employment rate of the population aged 20-64 up to 75%, as well as in compliance with national targets and sub-targets in implementation of the strategy. Simultaneously, the achievement of the targets will also have a positive effect to the achievement of national targets in the field of social inclusion and reduction of poverty.

3.3.2 Social Inclusion and Combating Poverty

Social inclusion and combating poverty, as integral part of EU growth and jobs targets, is one of the priorities of the government's reforms trying to achieve positive effects to various signs of poverty or social exclusion through specific steps and measures. Within the efforts to achieve 2020 national target, the government continues to support integration of persons at risk of social exclusion and of those socially excluded, both through an inclusive labour market and through increasing the availability, quality and sustainability

of basic resources and services, including a decent income, housing and education.

With regard to the headline targets of Europe 2020 Strategy, the government set up the following specific national goal in the combat with poverty:

Maintaining the maximum number of persons at risk of poverty, material deprivation or living in jobless households by 2020 at 2008 levels. At the same time, the Czech Republic will develop efforts leading to the reduction of the number of persons at risk of poverty, material deprivation or living in jobless households by 30,000 persons.

Fulfilment of the national target will depend on how quickly the Czech Republic recovers from the crisis, on the development of economy, situation on the labour market and demographic development. According to the aforementioned composite indicator, approx. 1,566 thousand persons, i.e. 15.3% of the total population, were at risk of poverty in the Czech Republic in 2008, which is the baseline year for the evaluation of progress. The most recent data are from 2011; in that year the value of the composite indicator equalled 2008 levels, i.e. 15.3% of the total population, which amounts to 1,598 thousand persons.

Responding to certain alarming aspects associated with indebtedness of low- and medium-income households, the government is trying to improve the position of consumers and the principle of responsible lending through the amended Consumer Loan Act. The government will also continue supporting the programmes to increase financial literacy.

3.3.2.1 Optimising Non-Insurance Social Systems and Social Work

Specific reform measures for 2013

System of Social Benefits

The government will continue implementing the system of benefits for persons with disabilities. Payment of benefits and adequate income supports for persons at risk of social exclusion, especially due to prolonged unemployment, will continue within the system of assistance in material need. In relation to activation, the government will look for options how to strengthen activation elements of benefits and support inclusion in the labour market. The implementation of the aforementioned measures of the social reform concerning the assessment of health condition for non-insurance social systems will continue in 2013.

Service Networks

Modifications of the social services system will continue in 2013 in order to set up in a right mix of system management subsidiarity both with regard to the creation of the necessary service network and its functioning. The modifications will also address provision of healthcare in social services institutions and provision of social services in healthcare facilities (see chapter 3.1.2 for more details).

Social Work

The social reform provided also for further development of social work. This process will continue in the form of broad discussions with academic and practical experts with the aim to constitute social work as a regular technical discipline. The support to training of workers in social services will continue.

Care for Children at Risk

The government will continue reforms leading to improvements in the system of care for children at risk.

The reform of the system of care for children at risk will include unification of the management structure and provide for transparent financing, create a single service network for work with families and children and a comprehensive system of substitute family care, including professionalization of foster care within which a network of support and relief services can be used. A single information system will be created for the protection of the children's rights and for implementation of other measures, which will lead to the protection of the children's rights in the Czech Republic, reduction of placement of children in institutional care and effective prevention of social pathology.

The aim of the changes is to create a system oriented to prevention of risks for child and their timely solution. Quality standards and binding procedures for the bodies in charge of the social and legal protection of children will be set up; the standards and procedures will also apply to the persons providing for the social and legal protection of children.

The amended *Social and Legal Protection of Children Act (Act No. 359/1999)* came into effect on 1 January 2013; the Act regulates in an important way the activities of social workers of the bodies in charge of the social and legal protection of children, foster care and activities of persons providing for the social and legal protection of children. The government will begin legislative works on a comprehensive legal regulation of the support to families, substitute family care and system of the protection of children's rights.

Convergence of the measures with Europe 2020 targets

The aforementioned measures contribute to the fulfilment of one of the headline targets of Europe 2020 Strategy, which is to combat poverty and social exclusion. The aforementioned results of the social reform and the progress achieved in the fulfilment of national targets and national goals within Europe 2020 Strategy indicate that the approach selected in the Czech Republic is in compliance with the priorities identified by the Commission in its Annual Growth Survey 2013 as the main priorities on the labour market.

3.3.2.2 Promoting Social Inclusion and Combating Poverty

Responding to the social inclusion targets set within Europe 2020 Strategy and the National Reform Programmes, the government is preparing a *Strategy for Social Inclusion*.

on 2014-2020. The Strategy will formulate a comprehensive programme of measures focusing on opportunities and possibilities to be given to persons socially excluded or those at risk of social exclusion so as to help them fully integrate in the economic, social and cultural life of society and live in a way, which is considered as usual in society, mainly through increasing their employability on the labour market and supporting their access to quality services leading to their social inclusion.

An efficient system of social support, which is sustainable in a long term, and implementation of the principle of social inclusion mainstreaming on all administrative levels will help fulfil the stipulated targets. The strategy will help develop cooperation of all involved, respecting the principle of evidence-based policy, i.e. the method analysing and creating public policies based on reliably identified data.

Specific reform measures for 2013

Homelessness

The government will approve in 2013 a *Concept of Solution of the Homelessness Issue in the Czech Republic 2020*, which would respond both to the Czech needs and to EU requirements to reinforce “targeted social services for the most disadvantaged groups”. The concept will be based on preventive action, as well as on support related to the existing services. It will also support the access to the housing and medical care and the improvement of awareness and cooperation between relevant players.

Active Ageing

The issues of seniors and their position in society are ever more urgent because of ageing of the population due to the demographic development.

A *National action Plan Supporting Positive Ageing 2013-2017* was prepared and approved in February 2013 by the government to address the issues of ageing of the population due to the demographic development. The Action Plan is a basic strategic document for addressing the issues of seniors and ageing population. The priorities include: (1) Providing for and protecting human rights of the seniors; (2) Lifelong learning; (3) Employment of older workers and seniors in relation to the system of pension insurance; (4) Voluntarism and intergeneration cooperation; (5) High quality environment for the life of seniors; (6) Healthy ageing; and (7) Care for the eldest seniors with reduced self-sufficiency.

The government also intends to continue supporting the activities and projects focusing on the reinforcement of involvement of seniors in society, introduction of age management, reinforcement of employment of older persons, support to intergeneration solidarity and participation of seniors in voluntarism activities. This should include the support to a healthy life style (although this is a sphere, which should not be regulated by the public governance) and prevention of diseases as a basic prerequisite to improve the quality and prolong the active life in old age.

In the sphere of professional care for seniors, the government will try to inter-relate home-provided health, social and other services. An analysis of information and communication technologies and services of assisted life for seniors will be prepared as part of the support to the development and use of assistance technologies, which can improve the quality of life and independence of seniors, and a draft solution of such services will be presented.

Social Inclusion of the Roma and the Issue of Socially Excluded Localities

Within the Strategy of Fighting Social Exclusion for the Years 2011 – 2015, which focuses especially on the local aspect of social exclusion, the government will continue taking steps to include in the main educational stream socially disadvantaged children, prevent breakup of families and putting children in institutional care, support employment and security both inside and near socially excluded localities.

Special attention will be paid to the support to social inclusion and social cohesion in structurally underdeveloped regions with higher unemployment rates and socially excluded localities. Through the Agency for Social Inclusion, the government will support 17 additional towns and municipalities where a three-year programme of cooperation in the development of comprehensive social inclusion policies will be launched. The government will implement a comprehensive Concept of Roma Integration for the Years 2010-2013, combining the human rights, national and social-economic aspects.

Supporting Social Housing

In 2013, the government plans (in close connection to the *Housing Concept in the Czech Republic until 2020*) to address the issue of affordable housing for socially endangered groups of the population through a comprehensive regulation of social housing, using the institute of the so-called housing need. This institute defines a social situation of unsatisfactory dwelling. Housing and social policy tools will be created to respond to the problems of homeless persons, persons at risk of loss of dwelling and persons living at dwellings unfit for their health. Practically applied models of social housing will be used and introduced in selected municipalities with help of the Agency for Social Inclusion.

Supporting Social Entrepreneurship

The government will support the Principles of Social Entrepreneurship and social businesses as one of the levels of permeable employment leading to integration of disadvantaged job seekers into the labour market. In line with the principles of socially sustainable development of economy, those principles will be taken into account in the upcoming *Employment Strategy*, as one of the modern approaches to the issues of employment of endangered groups in relation to the ALPMs tools.

Simultaneously, the government intends to work on improvement of the awareness of the concept of social entrepreneur-

urship, improvement of the legal environment and creation of tools for the financial support to social entrepreneurship.

Convergence of the measures with Europe 2020 targets

The aforementioned measures should contribute to the fulfilment of one of the headline targets of Europe 2020 Strategy, which is to combat poverty and social exclusion. The aforementioned results of the social reform and the progress achieved in the fulfilment of national targets and sub-targets within Europe 2020 Strategy indicate that the approach selected in the Czech Republic is in compliance both with Europe 2020 Strategy priorities and with the priorities of the employment policy as identified by the Commission in its Annual Growth Survey 2013. They can also be considered as a major contribution of the Czech Republic to the fulfilment of the EU Framework for National Roma Integration Strategies to the year 2020.

3.3.3 Increasing the Availability of Rental Housing to Increase Labour Mobility

Intensity of housing development corresponds to the demographic development from the regional point of view. Any deficit in the availability of housing, which can appear in certain localities and which is of structural character, can be solved using public funds into a very limited extent only. The government's role is especially indirect in this area and it includes activities, which should lead to the efficient functioning of the housing market. Interventions providing for a balanced and varied structure of housing options, especially with regard to the so-called legal title to enjoyment of housing, are legitimate roles of the government.

Specific reform measures for 2013

The aim of the support in 2013 is still to motivate investors to more intensive development of rental housing with regard to the importance of rental housing not only for social cohesion, but also for geographical and professional mobility of labour force within the Czech Republic territory.

Convergence of the measures with Europe 2020 targets

Increasing the availability of rental housing is important also with regard to the objectives of Europe 2020 Strategy. Increasing labour force mobility through the increased availability of rental housing can support the efforts to achieve 75% employment of women and men aged 20-64. Simultaneously, it can also contribute to the support of social inclusion and reduce the number of people at risk of poverty.

3.3.4 Increasing the Quality and Availability of Pre-School Childcare, Reconciliation between Work and Family Life

Quality pre-school education designed as part of the educational system is of principal importance for the further personality development and prevention of adverse effects of social inequalities appearing in later stages of the edu-

cational cycle. Therefore, pre-school education cannot be considered primarily as the care for young children by a person other than parent, but it should be considered as a tool for the healthy emotional, rational and physical development and socialization of the child and for the acquiring of basic skills required for the child's later life, especially for later primary education, such as the acquiring of life values, proper behaviour and development of interpersonal relations.

The government will continue supporting the availability of pre-school education, especially with the aim to improve preparation for primary education of children from a socially disadvantaged environment. Simultaneously, the system of pedagogical-psychological consultancy will be transformed so as to diagnose adequately individual needs of children and propose proper compensatory and supportive actions in cooperation with their parents or curators and with pre-school and primary schools and NGOs.

Specific reform measures for 2013

Corporate Kindergartens

The government will support financially the establishment of so-called corporate kindergartens on a legislative basis (kindergartens will be included in the school registry); i.e. with the government's financial support and, simultaneously, with a guarantee of quality of education in those facilities.

Care for Pre-school Children

Responding to the EU recommendation, the supply of services providing for reconciliation between work and family life will be expanded through a legislative regulation of a new type of services in care for preschool children – children groups. The legal regulation will also include tax measures in the form of tax eligibility of expenses of the employers who provide for care for their employees' children and income tax discounts for parents who pay for care for their children due to their participation on the labour market.

The existing types of childcare services will continue to be supported in the current extent, incl. kindergartens subsidized from the state budget. That means the mixture of types of childcare services provided by various entities will expand. The related tax measures will support all types of childcare services, not only the new ones.

Increasing the Quality and Availability of Pre-Primary Education

Innovation of the *Framework Educational Programme of Pre-Primary Education* began in 2012. New sections were included in the programme, which elaborate on and clarify every expected output within pre-school education so as to clearly specify what children should know and master. The innovations will continue in 2013, with emphasis on care and education of two-year-olds in kindergartens and the interrelation with the Framework Educational Programme for Primary Education that means preparedness of children for primary education.

Convergence of the measures with Europe 2020 targets

Participation in pre-school education reduces in the long term the level of early school-leaving, increases the highest level of achieved schooling and reduces the risk of social exclusion, thus contributing to the achievement of the corresponding common objectives of Europe 2020 Strategy. The actions related to support to the development and availability of childcare services respond to Council's recommendation No. 3 "Take additional measures to significantly increase the availability of affordable and quality pre-school childcare" and to the achievement of Europe 2020 Strategy target of 75% employment rate of women and men aged 20-64.

3.3.5 Reform Measures in Primary and Secondary Education

Support in the field of primary and secondary schools should focus on education, which opens broader options to students prepares them for future changes in their professions, support provided to learning languages, increase information processing skills, reading, mathematics, natural-science and financial literacy. It is also important to support manual skills, creativeness and technical thinking, inquisitiveness and interest in sciences and technology.

It is necessary to ensure that schools do not prepare students in a too unilateral way and regardless of their future applicability on the labour market; it is necessary to provide for the development of a system of vocational consultancy, which would help students make informed decisions on their studies and future career. Vocational consultancy can support students in selecting study branches where the labour force is lacking. As regards secondary vocational education, it is necessary that employers assume their portion of responsibility for the part of education, which is technically specific or which relates to the demand for skills in specifically defined professions, which are subject to quick technological developments. Secondary vocational education should be further developed in line with the needs of employers. The government will also work for that framework educational programmes respond to the latest development of technologies and ICT.

It is also necessary to create conditions to support talented and gifted pupils as early as from the level of pre-school education. Both the contents and form of education should lead to creative, independent thinking and develop the abilities of further learning and cooperative skills.

On the other hand, those steps should not result in adverse effects in the form of a general decrease in the quality of education. For the Czech Republic it is necessary to improve results of the students with a lower social-economic status and with lower motivation to complete secondary education. That is why it is necessary to improve conditions for the schools that work with such students. Monitoring and evaluation of results of educational and pedagogical activities on all levels, identification of the social-economic context of students and schools and providing feedback to

the founders, schools, school headmasters and pedagogical workers are the prerequisites for the efficient implementation of all measures and tools so as to achieve the objectives as determined in the field of education and social integration. Therefore, the government will improve the system of monitoring and evaluation of the quality of education and create conditions for evaluation of students so as to provide for maximally objective criteria so that the system makes it possible to fully use the potential of every student and motivate him/her to further development.

The national goals in this field are stipulated as follows:

Reducing early school leaving drop out rate to maximum of 5.5%; The value of this indicator is already very low in the Czech Republic (it was 4.9% in 2011). That means the Czech Republic ranks in the long term among the countries with the lowest indicator (EU average was 13.5% in 2011) and it is relatively far below the target value for the year 2020.

The task for the Czech Republic is to ensure that these numbers do not increase and students' study results continue to improve. The measures will focus on improvement of results of the students at risk of school failure. Because of the economic situation there is a risk that the numbers of students from families endangered by poverty will be higher and, consequently, the risk of school failure will grow.

Specific reform measures for 2013

The government will continue implementing the Long-term Plan of Education and Development of the Educational System in the Czech Republic for 2011-2015 in the field of regional education.

Framework Educational Programme for Primary Education

Commencing from the school year 2013/2014, a modified Framework Educational Programme for Primary Education will come into effect. The Programme will focus especially on modifications in the teaching of mathematics and it will introduce the teaching of a second foreign language; financial literacy will be compulsory and certain other topical and important subjects will be elaborated on or modified (traffic training, protection of the man under the usual risks and emergencies, corruption, homeland defence or sex education).

The Framework Educational Programme will be supplemented with standards in the nodal points of education (the fifth and ninth grades) throughout the curriculum.

General Assessment of the Educational Results of Students

The government will introduce general assessment (computer-based testing) of the educational results of students in the fifth and ninth grades of primary schools and in the corresponding grades in six-year and eight-year grammar schools (commencing from the school year 2013/14) with the aim to

use the collected results to support the school's evaluation. Upon public discussion on the aims and conditions of evaluation in primary education, a complex concept of determination and monitoring of educational results in primary education will be prepared (in cooperation with Czech School Inspectorate) with the aim to achieve broader consensus and gradual introduction of evaluation tools in practice. The system will provide schools with a feedback for implementing measures on the level of teaching, and the results will be used to identify its shortages and strengths on the level of the educational system and implement measures to improve the quality and efficiency of the educational system.

Career System and Remuneration of Pedagogical Workers

The government will continue setting up a career system of pedagogical workers, which would define and describe every stage of the teachers' career development. The system will be based on a systematic professional development of teachers, which can contribute to the higher quality of their work and strengthen reputation of the pedagogical profession.

A New Leaving Exam

It will be proposed that the new leaving exam in apprenticeship receive a legislative regulation, because its concept was successfully verified.

Supporting Corporate Investment into Education

The government will aim to set up a system to support cooperation between businesses and vocational schools, improve the system of vocational consultancy, modify the framework educational programmes for vocational education in cooperation with experts. Therefore, the government prepares reform measures, which should facilitate tax deductions for businesses with the aim to support corporate investment in education, motivate businesses to enable vocational training to the maximum extent and support corporate scholarships.

Czech Republic's Education Policy Strategy for 2020

Further specific reform steps in this field will be included in the directions and measures of the new *Education Policy Strategy in the Czech Republic for 2020* and they will arise from broad public and technical discussions to be completed in June 2013. It is anticipated that the strategy is presented to the government in the autumn 2013.

Convergence of the measures with Europe 2020 targets

The reform measures are inter-related with the defined flagship initiatives of Europe 2020 Strategy the "Youth on the Move" – Reinforcing performance of educational systems and facilitating entry of young people to the labour market, the "Industrial Policy for the Globalisation Era" – Improving the business environment, especially for small and medium businesses, supporting the development of a strong and sustainable industrial base. The proposed measures re-

flect Guideline No. 8 of Integrated Guidelines - Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning. With regard to the structure of the unemployed in society, most actions focus on vocational training, specifically on this segment of secondary education, and on the solving of its issues. Simultaneously, the proposed actions also contribute to reduction of the ratio of early school leavers, for example through increased attractiveness of vocational education and its relevance for the labour market.

3.3.6 Reform of Tertiary Education and Development of Lifelong Learning

The reform in the field of tertiary education will be one of the basic pillars of broader reform steps to support growth and competitiveness also on the national level.

The national goal in the field of tertiary education is stipulated as follows:

Increasing the share of the population aged 30-34 having completed tertiary education to 32%. The Czech Republic managed to increase considerably the ratio of people entering tertiary education, and this trend already shows also in the output of tertiary education: the year-to-year growth between 2010 and 2011 was over 3% (up to 23.8%). This presents quite new requirements for higher education institutions; creating adequate conditions for them will be one of the main goals of the reform of tertiary education.

The reform goals in higher education focus on the following main directions: increasing the quality, diversification, relevance of educational and other activities of higher education institutions; profiling study programmes according to the specific missions of higher education institutions and according to the achieved performance; opening higher education institutions to the international, national and regional contexts and to the needs of various social partners; using efficiently the legislative, economic and other tools of the government to focus rationally the development of tertiary education; multiple-year contract financing providing for a more stable prospect, which allows higher education institutions to develop their activities in a strategic way. It is also important to set up such system measures, which would deepen cooperation between businesses and universities. It is also necessary to consider further how the students' financial participation in their studies is to be set up.

Development of human resources does not end with leaving the educational system; it should be stressed throughout one's life. Requirements for many professions change rapidly with development of technologies or economic and social processes. A functional segment of further education is important to add skilled workers where they are lacking from initial education, as well as to quickly supplement technical skills where important branch or technological changes occur (at present school graduates cannot do with one specialization only throughout his/her life).

3.3.6.1 Reform of Tertiary Education

Specific reform measures for 2013

Amending the Higher Education Act

In order to reform tertiary education, it will be necessary to amend *Act No. 111/1998 Coll. on Higher Education*. The government set up a deadline for the preparation of the amended wording of the Higher Education Act. These steps are in line with the Czech-specific Recommendation (CSR) No. 6.

Supporting Corporate Investment into Education

Similar to the secondary education sector, the government will aim to promote, in tertiary education sector, corporate investment into education. An incentive in the form of tax deductions will be granted to corporations organizing practical training of higher education students.

Supporting Technical Education

A new programme focusing on support to technical education includes the entire educational mixture, including adult education, and it is financed from EU funds. In addition to the development of life-long learning with impacts on competitiveness of Czech economy, it focuses also on improvement of the quality of secondary-school and higher education graduates and on their preparedness to enter the labour market through the deepened technical training of pupils/students through practical training in corporations and on creation of a system of forecasting educational needs on the regional labour market.

Further specific reform steps in this field will be included in the directions and measures of the new *Education Policy Strategy for 2020* and they will arise from broad public and technical discussions to be completed in June 2013. The strategy is to be presented to the government in the autumn 2013.

Convergence of the measures with Europe 2020 targets

The aim of the measures in this chapter is that the Czech Republic contributes to the achievement of the main objective of Europe 2020 Strategy in the form of increasing the ratio of persons who completed tertiary education. The reform measures are also inter-related with four of the seven predefined flagship initiatives of Europe 2020 Strategy leading to the fulfilment of Strategy objectives. Those are the “Innovation Union” – Improving the general conditions and approach to the financing of research and innovations to strengthen the innovation chain and increase the volume of investments in the entire Union, the “Youth on the Move” – Reinforcing performance of educational systems and facilitating entry of young people to the labour market, the “Industrial Policy for the Globalisation Era” – Improving the business environment, especially for small and medium businesses, supporting the development of a strong and sustainable industrial base, which is competitive globally, and the “Programme for New Skills and Jobs” – Modernizing labour markets and reinforcing the position of the people through development of

their skills throughout their lives so as to increase their participation on the labour market and improve the balancing of offer and demand on the labour market, amongst other, through labour force mobility.

3.3.6.2 Development of Lifelong Learning

Specific reform measures for 2013

The government will continue designing a systematically functioning tool informing about the need to participate in lifelong learning, including its inter-relation to the needs of the labour market, such as development and implementation of the National Register of Vocational Qualifications and National Occupations Framework, forecasting of skills needs on the labour market and/or providing for career guidance.

Systemic Forecasting of Skills Needs on the Labour Market

A project entitled *Systematic Forecasting of Skills Needs on the Labour Market* will be implemented in 2013-14. Implementation of the project will provide involved institutions with reliable information on the expected changes on the labour market, which will in turn make it possible to reduce disproportions on the labour market and make efficient decisions by employment services and educational facilities. A tool of sectoral agreements tested in a pilot project will be used to that effect.

Traineeships – Education through Practice

The aim of the project is to introduce an innovative way of individual further education using traineeships in companies. Traineeships will become a tool to improve skills and acquire practical experience in the field. The project is supported from the ESF (OP Education for Competitiveness) and the state budget.

Development and Implementation of the National Register of Vocations and National Register of Vocational Qualifications

Applying the concept of lifelong learning, including further education, is the key factor for further progress. Development of the National Register of Vocations (NSP), which is the responsibility of the Ministry of Labour and Social Affairs, and National Register of Vocational Qualifications (NSK), which is the responsibility of the Ministry of Education, incl. methodological support to cooperation between educators, employers and Labour Offices, will continue in 2013 and 2014. The works will focus on completion of databases of all professions on the labour market and creation of tools for using NOF and NQF in practice.

To address disproportions in individual segments of the labour market, the sectoral agreements instruments verified by a pilot project will be used; the sectoral agreements provide for coordination of cooperation between employers and other stakeholders on the labour market (local administration, Labour Office, educational institutions, regional councils for the development of human resources, etc.) in individual economic branches and regions.

Quality of Further Education

Measures to introduce evaluation of the quality of offered educational programmes will be adopted in 2013 using the elements of quality-rating of educational institutions in awarding public contracts financed from public budgets. Adequate measures will be proposed to introduce new forms of financing of further education to the end of 2014. Methodologies for certification and control of educational programmes will be created to support the processes of approving outcomes of further education.

Convergence of the measures with Europe 2020 targets

The rate of participation of adults aged 25-64 in lifelong learning is one of the main indicators of the fulfilment of Europe 2020 Strategy objectives. The EU objective is to achieve 15% participation. The Czech Republic reported 7.4% participation in 2010 and 11.4% in 2011. The measures respond to Integrated Guideline No. 8, i.e. Developing a skilled workforce responding to labour market needs, promoting job quality and lifelong learning.

3.3.7 Attracting Skilled Foreign Workers

Skilled labour force is one of the prerequisites for competitiveness and business success of employers. It is a necessary condition for investments, because it provides for the transfer of knowledge, development of innovations and introduction of new technologies, and it results in the creation of new jobs. Unless sufficient skilled labour force is available, investors leave for the localities where such labour force is available. The possibility to employ key workers from abroad also is an important factor, which plays its role with regard to the inflow of investments.

Considering the openness and character of Czech economy, the government adopts such measures, which lead to

an efficient migration policy that can reflect economic needs of the Czech Republic. Those are especially elimination of administrative obstacles in applying for entry, residence and work permits in the Czech Republic and facilitation of conditions for the entry and residence of key personnel and specialists from third countries. The government's efforts should result in the quick, economic and transparent acquisition of skilled experts from abroad for the Czech labour market.

Specific reform measures for 2013

New Legal Regulation of the Entry and Residence of Foreigners in the Czech Republic

Three draft legal acts will be submitted to the government by 30 April 2013: Act on Entry and Residence of Foreigners in the Czech Republic, Act on Free Movement of EU Citizens and their Family Members, and Act on State Border Protection. The acts are expected to come into force during 2014.

Accelerated Procedure for Intra-Company Transfers of Employees of Foreign Investors

The government will continue in 2013 implementing the project "Accelerated Procedure for Intra-Company Transfers of Employees of Foreign Investors". The project stipulates rules and deadlines for accelerated intra-company transfer of employees of foreign investors to work positions in the Czech Republic, helping to provide for sufficient skilled labour force for maintenance and growth of the Czech Republic's competitiveness. The project target group includes managers and specialists delegated on a temporary basis to a unit located in the Czech Republic within a group of capitally interconnected corporations. Upon evaluation of six months of the project functioning, the input criteria for project participants were relaxed in October 2012. Further implementation of the project is planned until the new legal regulation of the entry and residence of foreigners in the Czech Republic comes into force.

3.4 Growth Based on Innovation and Research

With its reform steps the government contributes to the fulfilment of Europe 2020 Strategy objectives in the field of research, development and innovation.

In this sense the government undertook in its national goal to adopt such measures that public expenditures on research, development and innovation in the Czech Republic achieve in 2020 the level of 1% of GDP and, simultaneously, that the ratio of the financing of research, development and innovation by the private sector increases so that the Czech Republic helps fulfil the objective as stipulated in Europe 2020 Strategy.

Upon a year-to-year decrease in the total expenditures on research, development and innovation in 2008 and a moderate increase in 2009, the highest year-to-year growth of investments in the innovation sector from the year 2005 was reported in 2011.

The investments in research, development and innovation in the Czech Republic achieved in 2011 1.86% of GDP (over CZK 70 billion), which is a significant increase both in absolute terms (by about 1/5) and in relative terms in relation to GDP. Almost a half of the expenditures on research, development and innovation in the Czech Republic came in 2011 again from domestic business sources (47%). Public sources, which amounted to 0.69% of GD in total expenditures, accounted for 37% and foreign businesses to 7%.

This year-to-year growth by CZK 11.7 billion is based especially on investments from foreign public sources, which increased 2.7-times as compared to the year 2010 (9% of total expenditures).

The total public expenditures on support to research, development and innovation, incl. the expenditures covered by the income from EU and EEA Financial Mechanism / Norway, amounted in 2012 in the Czech Republic to CZK 39.1 billion. The ratio of actual total expenditures amounted to 1.03% of GDP.

The government considers the strengthening of research and innovation as one of its main priorities, which provide for prerequisites for competitiveness of the Czech Republic and its long-term economic growth.

National policy for research, development and innovation for the years 2009-2015 (NP R&DI) constitutes a general document in the field of research, development and innovation. National priorities oriented to research, experimental development and innovation comprise an integral part of the NP R&DI while the Strategy for Smart Specialization will also be included, as the key document with respect

to the use of European Structural and Investment Funds in 2014-2020.

In view of the cross-sectional character of research, development and innovation and the required accent of the Strategy for Smart Specialisation not only on technical innovations, but also on non-technical ones (incl. social innovations), the government support the maximum possible involvement of the competent ministries.

The government proposes a number of measures in economy in three headline areas to support growth through research, development and increasing innovation potential and improvement of Czech businesses' position in global production chains:

1. Develop conditions for excellent research
2. Develop cooperation between businesses and research institutions
3. Innovation business and development of start-ups; the Seed fund.

3.4.1 Developing Conditions for Excellent Research

The government will further support developing favourable conditions for excellent research in the Czech Republic. Besides other, the particular measures will include further preparations of a new system of evaluation and financing of research, development and innovation, modernisation of the domestic research infrastructure, development of human resources in line with the needs of knowledge-based economy and deepening integration of the Czech Republic in the European Research Area.

Specific reform measures for 2013

Implementing National Priorities of Oriented Research, Experimental Development and Innovations

In relation to the approved National priorities of oriented research, experimental development and innovation, the government will prepare by 30 June 2013 a detailed plan of their implementation. This plan will take into account the priorities in preparation and implementation of the programmes of targeted support, partially of fundamental research and, but especially to applied research in order to reflect the primary needs of the development of Czech society and strengthening of the competitiveness of economy.

National Sustainability Programmes I and II

For the recently built research centres to contribute as much as possible to higher excellency in research and fulfil the

innovation potential of Czech businesses and in line with the Czech Republic's commitment to provide at least by 2020 for sustainability of EU centres of excellence and regional centres of research and development, which are built under the Operational Programme Research and Development for Innovation with financial participation of the European Regional Development Fund, the government will implement individual measures of the National Sustainability Programmes I and II. Simultaneously, the government will create conditions for integration of the centres in the European Research Area..

New Methodology for Evaluation and Financing of Research, Development and Innovations

The government will continue preparing a new methodology of evaluation and financing of research, development and innovation, which should be completed in 2014, to improve the conditions for evaluation and financing of research, development and innovation. The methodology will help improve the research and development management on all levels, make the public spending more efficient and motivate all participants in the innovation process to achieve excellence and transfer of knowledge to practice.

Convergence of the measures with Europe 2020 targets

Development of the conditions for excellent research is inter-related to the Europe 2020 Strategy's objectives to reform the national systems of research, development and innovations. Stressing the achievement of top internationally competitive results and their transfer to practice will help improve the national innovation system of the Europe 2020 Strategy and attract higher volumes of private investments in this sector.

3.4.2 Developing Cooperation Between Businesses and Research Institutions

Insufficient cooperation between research organisations and businesses is a persistent shortage of the innovation system in the Czech Republic. Therefore, it is necessary to strengthen synergy between the financing of research and development from public and private sources, remove barriers to research purchases by businesses, increase awareness of the issues of intellectual property protection and use among researchers, develop managerial skills focused on the transfer of research and development results in practice and their commercialisation and help form and develop strategic partnerships among public authorities, research sector, financial institutions and regional sectoral groups of businesses.

The key measures on the international level include support to participation of domestic research organisations and businesses in HORIZON 2020 programme, especially in the activities stimulating direct cooperation between the public and private sectors, such as the Cross-Thematic Contractual PPPs or Joint Technology Initiatives.

Specific reform measures for 2013

Supporting Applied Research and Experimental Development for the Needs of the Industries

In relation to TIP and ALFA programmes, the government will prepare in 2013 as one of the pro-growth measure a *programme to support applied research and experimental development for the needs of the industries* to strengthen competitiveness of the Czech Republic.

Smart Specialisation Strategy for the Czech Republic

The government will prepare by 31 December 2013 a Smart Specialisation Strategy for the Czech Republic, which should help stimulate the innovation potential of Czech regions and the Czech Republic as a whole. The aim of the strategy is, amongst other, to use more efficiently EU structural funds and provide for cooperation between various EU, national and regional policies, which can increase investments in the public and private sectors. The strategy represents a process of identifying opportunities and positive aspects of the region, which can generate profits from specialisation in a particular branch of science or technology.

Existence of the Smart Specialisation Strategy of the Czech Republic is one of the *ex ante* conditions for three investment priorities of the cohesion policy.

Convergence of the measures with Europe 2020 targets

Development of the cooperation between the research sector and businesses is inter-related to the Europe 2020 Strategy objective to support partnerships based on knowledge and strengthen the links among education, businesses, research and innovations. Strengthened partnership will help use in an efficient way the innovation potential or research organisations through the transfer of knowledge to practice and its commercialisation; increasing this interaction will in turn help increase the expenditures on research, development and innovations from private sources.

3.4.3 Innovation Enterprises and Development of Start-ups; Seed Fund

The business sector is still the most important player with regard to financial funds consumed for research, development and innovations and financial sources spent on the financing of those activities (60% in 2011).

Although the rate of the financing of research, development and innovations by the private sector is below EU average, the expenditures on research and development in the business sector increased in average by 8% annually in constant prices in the past ten years. Because corporations with foreign control play an important role in the Czech Republic's innovation system, the government's priority is to create closer and long-term relations between those corporations, their needs, research and potential on the one hand and applied research in the Czech Republic on the other hand.

Therefore, balanced development of all pillars of knowledge economy should be the aim of the government's efficient policy in this field so that it contributes to the creation of knowledge, to its application in innovations and to development of new technologies (decision-making based on knowledge, research and development).

Specific reform measures for 2013

Seed Fund

The government will continue in 2013 implementing the Seed Fund project, which should be very intensive in 2013-2015. As soon as the Seed Fund manager is selected, an investment process will begin. A broad mixture of partners, incl. private investors, higher education institutions, business incubators, scientific and technical parks and research organisations will take part in the selection of target companies. Simultaneously, pre-seed activities will be supported, as they form integral part of the activities to support new, especially technological, businesses.

Supporting Programmes attracting Risk Capital

The government will prepare for the years 2014-2020 new programmes to support provision of risk capital based on an ex ante analysis of the market situation in the Czech Republic. The programmes will contribute to the fulfilment of relevant strategies (especially Strategy of International Competitiveness of the Czech Republic, National Policy of Research and Development, Concept of Support to SMBs 2014-2020).

Using IPR Potential

The government intends to continue to strive for better understanding and use of the huge potential of IPR to increase competitiveness. To that effect the government will continue increasing the awareness of the opportunities arising from the optimal use of the industrial property rights protection, incl. a system of patent information, among entrepreneurs, students, pedagogical workers and researchers. The adviso-

ry and information services and teaching of the basis of the protection of IPR will further develop in 2013 also in Czech pedagogical colleges in addition to technical and economic branches. An information campaign focusing on all target groups will continue. It will inform, amongst other, about the advantages arising from the active use of the Patent Cooperation Treaty, which enables to acquire patent protection abroad and which is a prerequisite to purchases of licences from foreign entities.

Foresight and Technological Fields of Strategic Importance for the Economic Growth of the Czech Republic

As part of an efficient innovation policy the government supports development of a system monitoring global markets and developments in research and technologies, which provides for the professional identification of the social, economic and technological trends on foreign markets. Based on foresight activities analysing development of the global demand, qualified estimate of the scenario of potential future development of the added value of Czech trade in global economy and mapping of the innovation potential of Czech organisations, the government can identify the key technological fields to be supported in the Czech Republic. It will focus especially on the areas where a high potential can be expected in the future in terms of competitive advantages for businesses in the Czech Republic; therefore, the public support to businesses and research and development will flow to them.

Convergence of the measures with Europe 2020 targets

The measures to support innovation businesses, development of start-ups and the Seed Fund contribute to the use of opportunities, which will appear through support to research and development, and in turn to faster innovations in economy, which is one of the main objectives of Europe 2020 Strategy. They are inter-related to the flagship EU initiative "Innovation Union", which includes "Smart Growth" with the aim to develop economy based on knowledge and innovations.

3.5 Implementation of the Cohesion Policy and use of European Structural and Investment Funds programmes as tools for the implementation of the Europe 2020 Strategy priorities

3.5.1 2007-2013 Programming Period

The government considers the Cohesion Policy to be a tool that can significantly enhance the growth and competitiveness of the Czech Republic. During the 2007–2013 period, the Czech Republic can invest a total of 26.9 billion EUR⁴ from funds allocated under this policy. The government considers the Cohesion Policy to be an extremely important instrument contributing to inclusive, as well as to “smart” and sustainable growth. The government is therefore extensively monitoring the status of and development in the drawdown of operational programme funds during the 2007–2013 programming period, and, with this conviction it is also starting to prepare its Cohesion Policy for the upcoming 2014-2020 programming period through the preparation of co-financing programmes from the European Structural and Investment funds⁵ (“ESIF”).

The Czech Republic’s National Strategic Reference Framework (“NSRF”) for the Cohesion Policy in the 2007–2013 period primarily reflects the Lisbon Strategy, which was adopted by the European Council in the spring of 2000. The NSRF has been drafted to reflect this strategy, and also with regard to specifics and priorities existing in the Czech Republic. In addition to providing information on programmes to implement the Cohesion Policy, the NSRF also includes supplementary material on aid provided through the Rural Development Programme from 2007-2013 and the Operational Programme Fisheries 2007 – 2013.

In June 2010, the European Council adopted the Europe 2020 Strategy, in which it defines those objectives the European Union wants to achieve by the end of 2020, in the areas of employment, research and development, innovation, climate change and energy, education and social services. Each Member State sets its own national targets. In order to link the NSRF with Strategy Europe 2020, priority areas were selected, which are met through the implementation of the NSRF (or through the various operational programmes

and projects realised within their framework) during the 2007–2013 programming period⁶. The General Regulation sets out a total of 86 priorities. The implementation of the NSRF aims to realise 70 of these priorities; potential links to the Europe 2020 Strategy objectives have been identified in 19 of these NSRF areas. A list of priority areas that can potentially contribute to realising the component objectives of Strategy Europe 2020 is provided in the table in Annex No. 3.

The benefits of Cohesion Policy for growth can be divided into short-term (when these resources represent an additional demand stimulus, which takes effect during project design and implementation) and long-term (representing an endogenous effect, produced by the favourable impact of the project after completion). Using QUEST and HERMIN methods, the short-term impact varies between 0.8–1.1 percentage points annually for the the Czech Republic as a whole and around 0.4–0.5 percentage points in the case of long-term impacts. The intensity of these long-term impacts increases over the medium and long-term and will catch up with and overtake the level of short-term impacts after an interval of about five years. This relationship can be followed particularly in the case of hard-core investment projects, not only in infrastructure, but also aid for the business environment. We can estimate the impact of short-term effects (especially due to infrastructure investments) as up to 2 per cent of GDP (without this aid, real average growth in the Czech Republic would be approximately 2 percentage points lower than if the aid were not provided, or the rate of decline would be almost 2 percentage points higher). It may be estimated that without contribution of the Cohesion Policy the Czech Republic would not achieve (in 2009) a level of almost 83 % of the EU average (measured by GDP per inhabitant), but would instead be at a level of 76 % or 77 %. Examples of the specific benefits brought by the implementation of Cohesion Policies in the Czech Republic are set out in detail in Annex No. 4. However, in analyses of the implementation of the Cohesion Policy during the 2007-2013 programming period, certain weaknesses were also identified (ibid).

3.5.2 Preparation for the 2014-2020 programming period

In August 2011, the government discussed national development priorities for the Cohesion Policy during the next programming period, which required that these will be developed to a stage where programmes could be defined. The

4 Including the additional 237 million EUR, which the Czech Republic has acquired in the year 2010 based on the Art. 17 of the Inter-institutional Agreement.

5 The Cohesion Policy includes three EU funds: the European Regional Development Fund, the European Social Fund and the Cohesion Fund. The name the European Structural and Investment Funds for the next programming period 2014-2020, which was agreed in dialogues with the European Parliament as part of negotiations on a legislative package of regulations, covers five funds – in addition to the Cohesion Policy funds, there is the European Agricultural Fund for Rural Development and the European Fisheries Fund. The Common Strategic Framework will be the overarching EU document for these five funds, to be included as an Annex to the EU Regulation containing common provisions for the five funds referred to above.

6 In accordance with the General Council Regulation No. 1083/2006 in Annex IV Categories of Expenditure, where links to certain of the Strategy Europe 2020 objectives can also be monitored.

following national development priorities were identified: Improving the competitiveness of the economy; Development of backbone infrastructure; Improving the quality and efficiency of public administration; Promoting social inclusion, the fight against poverty and the healthcare system and Integrated territorial development.

These national development priorities were subsequently developed to the level of what are referred to as “thematic areas” (“TA”), which in practice serve as a converter between priorities, in other words the main trends of the Cohesion Policy for the 2014–2020 programming period and the objectives of future programmes co-financed from the ESIF. At the same time, the development of national development priorities was discussed in broad-based debates with stakeholders from the public service and the economic, social, environmental, non-profit and academic sectors at a national, regional and local level. The aim of the TA was to define qualitative changes in selected areas and at the same time to lay the foundations for a Partnership Agreement and the development of future programmes.

TA are based on properly justified problem analyses carried out by ministries, regional authorities and representatives of towns and municipalities; they have also been subjected to long, thorough and detailed debate and the systematic verification of needs on the part of the partners. In addition, targets and effective indicators will be quantified for the individual TA; this data will form a basis for monitoring milestones and implementation targets for the ESIF. The analysis used to prepare the TA also forms a basis for defining national conceptions of the borders between support of Cohesion Policies and the 2nd pillar of the Common Agricultural Policy, i.e. rural development and the Common Fisheries Policy.

The structure of priorities and objectives also complies with the working position of European Commission bodies, which have identified the main challenges facing the Czech Republic during the 2014-2020 period, in the same way as the Czech Republic itself. According to the European Commission, the most important problems are:

- Poor system of research and innovation and low level of competitiveness.
- Under-developed transport infrastructure
- Below-average education system and untapped potential in the labour market.
- Inefficient use of resources.
- Inefficient public administration.

The main challenge to the progress of the country’s economy is therefore to mobilise factors facilitating the transition to inclusive growth based on innovations, higher value added, human capital and a resource-efficient economy. The basic components of this transition are investments in a skilled and flexible workforce and competitive companies

that can achieve existing technological standards and move them forward. When looking into the future, the importance of factors determining possibilities for increasing the competitiveness of the Czech economy will increase; these factors include the institutional and legal environment, labour market flexibility, the quality and availability of infrastructure, the energy policy and the quality and effectiveness of the education and research system. However, any model of expected growth should not ignore the areas of environmental sustainability and social cohesion.

Programmes co-financed from the ESIF for the 2014-2020 period are prepared in the Czech Republic on the basis of the thematic areas referred to above (TA), which serve as a tool for targeting interventions and to define the shifts and changes from current aid programmes in terms of focusing future interventions while linking these to the Strategy Europe 2020 objectives. The Rural Development Programme is based on rural development priorities, which are linked to the thematic goals of the ESIF and complement the TA in the specific areas of agriculture, food, forestry and rural development. The OP Fisheries links to the Multiannual national strategic plan for aquaculture.

The basic premise of the successful implementation of the next programming period is to establish a system of administration and financial flows on individual binding rules that apply to the overall implementation system, while also taking account of specific needs of the Rural Development Programme and the OP Fisheries. To ensure the implementation system itself in terms of the processes used, individual methodologies will be developed in certain areas in order to:

- simplify administrative procedures,
- enable easier orientation for the applicant/beneficiary in the aid allocation system,
- improve communication between the applicant/beneficiary and aid provider,
- establish clear and uniform rules,
- optimise administrative deadlines,
- alter the legislative environment in order to simplify administration.

A uniform methodology will cover both the level of management of the Partnership Agreement and the level of programme management and will be developed in collaboration with partners and experts on the issue concerned. The Czech Republic is designing a uniform monitoring system to track the implementation of ESIF programmes. This is intended to be a system that is uniform in terms of methodologies, processes and technology, covering the entire implementation structure. The parameterisation of internal and external processes and procedures for management, control and audit plays a key role in ensuring the smooth operation of this type of monitoring system. Definitions of

mandatory links and key processes and rules, including a definition of the scope of shared services with full links to external systems at the level of e-government systems are being drafted. During this preparation, emphasis is placed on clarity and a uniform formal layout and wording. The logical ordering of individual areas will enable the programme and project cycle and the needs of central management and coordination of ESIF programmes to be better reflected in the Czech environment.

There will be a reduction in the administrative burden on beneficiaries – in compliance with the government decree on recommendations to simplify the administrative burden on applicants and beneficiaries in the drawdown of financing from EU funds during the 2014–2020 programming period. The following principles are respected during the preparation of a uniform methodology:

- The use of uniform terminology in the Czech Republic to ensure that the relevant terminology, for all those involved in the implementation structure, is consistent, comprehensible and, including its interpretation, complies with the legal regulations of the EU and the Czech Republic. The objective is to ensure that basic terms are used consistently in all programmes. Uniform terminology must be used both when drafting documentation, in presentations by individual subjects in the implementation structure and during consultations with applicants and beneficiaries.
- Individual processes, from the submission of the project application to its approval, to be established so that the different processes and procedures follow on from each other and the beginning and end of the preceding and subsequent processes are also clearly set out. Last but not least, clear time limits will be set for individual processes wherever possible. These time limits will be included in the internal documentation held by the Managing Authority and must be met. The aim is to ensure they are measured, assessed and then also reduced.
- The application of a system of consultation, work between the Managing Authorities (Intermediate Bodies) with applicants and beneficiaries and the exchange of experience between applicants/beneficiaries with the preparation and implementation of the project.
- Securing an optimum level of computerisation of the process of preparing project applications, their submission (including annexes), administration, the project evaluation and selection system, the administration of monitoring reports and payment requests.

During the preparations for the 2014-2020 programming period, in November 2012 the government discussed the basis for the Partnership Agreement, containing the thematic demarcations referred to above, and approved the definition of the ESIF programmes and their Managing Authorities; also approving a new preparation timetable. The main areas of focus for future intervention programmes co-financed from the ESIF in the CR are:

- The establishment of a quality business environment which will support the competitiveness of the Czech Republic on the European and global market, will lead to the creation of new businesses, increase the innovative capacity of existing businesses and make the Czech Republic more attractive to domestic and foreign investors.
- An inclusive society laying down conditions that enable all groups of the population to fulfil their potential, increasing employment for groups that are currently excluded and creating an attractive environment for living.

The structure of programmes co-financed from the ESIF in the Czech Republic approved by the government is a detailed reflection of the priorities set out in previous stages of preparation and analysis, as well as a reflection of positive and negative experiences in drawing EU funds from the date of the Czech Republic's accession to the EU:

- The area of the economy and fostering competitiveness is concentrated into three Operational Programmes ("OP"), which integrate investment and education needs for the economy and its competitiveness: OP Enterprise and Innovation for Competitiveness, OP Research, Development and Education and OP Employment.
- The need to build transport and environmental infrastructure is concentrated in OP Transport and OP Environment.
- Focused support for growth and competitiveness at a regional level is provided on one hand by the regional and territorial focus of thematic OP and on the other hand by a central integrated regional OP.
- Because of its different practical and formal requirements, the programme for Prague is separate, the OP Prague – Growth Pole of the Czech Republic, which supports the most important region in terms of the national economy.
- Management and coordination of future interventions will be provided through the OP Technical Assistance for the OP system as a whole.
- The Rural Development Programme 2014-2020 has been approved for rural development and the OP Fisheries for the fisheries sector.

During 2013 we are focusing on intensive preparation of the implementation structures, the preparation of the Partnership Agreement and programmes co-financed from the ESIF and their discussion with the European Commission.

Coordination of all public policies is essential in order to achieve the objectives set; one of the operative tools is an electronic database of strategies, which acts as a system for continuous updating, evaluation and, in future, also the preparation of strategic documents. The Strategy of Regional Development of the Czech Republic 2007-2013, and the forthcoming Strategy of Regional Development of the Czech Republic 2014-2020 as a framework document for the area of regional development, is an important conceptual tool.

3. Implementation of key measures

The current and forthcoming new Regional Development Strategy – and the defined priority areas and priorities arising from designated goals they set out – have been developed to make an important contribution to meeting established national priorities and the Europe 2020 Strategy objectives. The overall concept for future interventions from the ESIF in the Czech Republic and their effective implementation is based on a combination of territorial, integrated and thematic aspects. A key method for the application of a territorial dimension in terms of regional development entails an integrated approach to achieve a higher quality of strategic planning, management and more efficient use of funds, as well as ensuring synergies within and between programmes co-financed from the ESIF. An integral part of the territorial dimension is also the urban dimension, including a harmonisation of the development of both rural and urban areas.

Cities, in the same way as regions, face a range of specific problems that affect their functioning. In this case the causes are also often interconnected and relate to lifestyle changes. For this reason efforts will primarily focus on consolidating cities as centres of growth and on promoting the diversification of economic activities in both cities and the countryside. Investments should therefore be directed into infrastructure, transport services and accessibility; to stimulating inclusive economic development and support for business; to human resources and education, public health, social cohesion; to support for science, research, development and innovation, information and communications technologies; to a healthy environment; to partnership and cooperation in the region, the creation of networks and the sustainability of their operation.



Conclusion

Conclusion

Measures presented in the National Reform Programme follow the medium-term development priorities for the Czech Republic, drawn up by the government until year 2020. Given the fact that the Europe 2020 Strategy is spread over the entire period until year 2020 and represents a certain thematic keystone for EU policies, the National Reform Programme 2013 has been designed to cover a longer period, but obviously faces restricted options for its implementation in this perspective.

This longer-term concept also reflects the relationship between measures contained in the National Reform Programme with the EU's multiannual financial framework and the programming period of the EU cohesion policy after 2014. This is also the reason why the programme preparation was discussed with representatives of both Chambers of the Czech Parliament and with social partners.

The National Reform Programme 2013 is a cross-section document that defines the key priorities and reform trends in individual areas of the country's economic policy against the background of Strategy Europe 2020. It draws together – and at the same time submits in consolidated form – the reform processes, while monitoring their coherence in terms of implementing the International Competitiveness Strategy and the focus of interventions in the forthcoming period for the EU cohesion policy. It neither replaces nor supplements the government's existing strategic and conceptual

documents covering the area of the economy and long-term sustainable development, but complements them and adds value by means of its transparency and comprehensive nature.

The individual priority areas set out in this programme are currently being, or will be, developed in specific strategic documents drafted by the institutions responsible, particularly the ministries. These documents are listed in an annex to the programme, or will be gradually included in its future updated versions. On the other hand, this programme also defines priority areas across the entire economic policy of the Czech Republic, on the basis of which sectoral concepts will be drafted in the future. It is therefore not simply an informative summary of current reforms, but also a conceptual text.

It follows from the nature of the National Reform Programme, as a starting point determining the government's priorities within the framework of Strategy Europe 2020, that it does not contain details of specific measures, nor it is able to quantify all its impacts, including the anticipated costs. These will be included in the component sectoral strategic documents. A more detailed macroeconomic scenario and the fiscal outlook is the subject of the Convergence Programme of the Czech Republic 2013, which in this respect supplements and concretises the National Reform Programme 2013.

Annexes

Annex No. 1: Overview of completion of NRP priorities in 2012 broken down by NRP 2013 Chapters

Chapter title	Overview of fulfilment of NRP priorities in 2012
3.1.1. Fiscal Framework reform and budget information publication system	<p>On October 10, 2012, the government approved a <i>draft Constitutional Act on fiscal responsibility</i>, an overarching law regulating the management of the entire public service sector. The draft includes a definition of numerical fiscal rules (a brake on debts, a rule for determining total government expenditure, a rule for local authorities), the establishment of independent National Fiscal Council and the introduction of an obligation to prepare budgets and medium-term forecasts for all subsectors of government institutions. The draft was submitted to the Czech Parliament.</p>
3.1.2 Tax and taxation system reform	<p>Most of the measures relating to tax reforms and reforms of the tax system in 2012 form part of the <i>Act to amend tax, insurance and other Acts in connection with the reduction of budget deficits</i> – referred to as the “anti-deficit package”, adopted at the end of 2012.</p> <p>During 2012 preparatory work continued on the <i>Integrated Revenue Agency (IRA)</i>, whose establishment was approved by law at the end of 2012 and which will come into full effect on January 1, 2015. The aim of the IRA is to transfer the administration of social and health insurance to tax administration while at the same time simplifying administrative procedures. During 2012 an information system was developed to support the IRA and tax administration processes were reorganised in collaboration with the social security and health insurance administrations. From 2013 the <i>Act on Financial Administration of the Czech Republic</i> will create a three-stage system of financial management. In the same year the <i>Act on Customs Administration of the Czech Republic</i> introduces a two-tier system of customs administration. From January 2013, the original total of 200 tax offices will be reduced to 15 authorities and the current 54 customs offices will also be reduced to 15.</p> <p>Through the measures referred to above, the government has fulfilled the relevant part of the NRP for 2012. Through temporary measures the consolidation package contributed to meeting specific EU Council recommendation no. 1 from 2012 (consolidation of public finances). The package’s permanent measures also focus on balancing public budgets, although they also have another goal – to reduce the differences in the tax regimes for employees and the self-employed and, together with the introduction of IRA and changes in the structure of the tax and customs offices, to improve tax collection, to restrict tax evasion and improve compliance with tax regulations (which also relates to the reduction of tax exemptions – e.g. green diesel). Through the overall composition of current and upcoming fiscal measures the Czech Republic is attempting to adopt a path where the tax system will contribute to a consolidation of public finances, which would affect growth as little as possible, and which would reflect the recommended shift from taxing labour to taxing consumption and taxes in the areas of housing and the environment.</p>
3.1.3 Sustainable healthcare and social services system	<p>In the health sector the government is continuing its reforms, leading to a clearer definition of follow-up and long-term care, indications for inpatient care and the delimitation of claims by beneficiaries in the area of follow-up and long-term care. For these purposes, the government is preparing an assessment of controls of recorded care, the reinforcement of legal certainty for patients and limitations on the level of reimbursements from public health insurance.</p> <p>As part of the fulfilment of the National Reform Programme for 2012, more work was done on streamlining the system of public health insurance. Since 2013, a government decree has been in place to regulate local and time accessibility, which, for the first time in history, sets out the obligation of health insurance funds to provide their clients with locally available healthcare services. This has fundamentally extended the rights of patients to demand the care they need from health insurance funds, which are obliged to fulfil their obligations under threat of sanctions.</p> <p>The Decree, which establishes point values and the level of reimbursements for paid services in 2013, again used a mechanism to classify reimbursements on the basis of a fixed rate by diagnosis, referred to as the DRG system. Its use increased significantly compared to the previous year and inequalities between different providers also decreased.</p> <p>In order to reflect changes in the needs of the insured due to demographic changes, technological changes in medicine and a move towards “one-day” care, the restructuring of inpatient care was completed in 2012 and 2013.</p> <p>During 2012, the project to ensure fair competition between health insurance funds by introducing additional layers of pre-allocated funds into the system made a significant progress. Work also continued on the introduction of price competition between health insurance funds through the adoption of a two-part premium and the standardisation of inputs of new health equipment to reimbursements from public health insurance.</p> <p>In the area of improving the organisation, structure and quality of healthcare provided, progress has been made in the preparation of a bill on university hospitals, where the Czech government approved the consultation document for the bill in August 2012, with the paragraph version currently under preparation. The Act is expected to come into effect from January 1 2014.</p> <p>The preparation of an improved training system for medical and paramedical health workers is continuing. As far as facilitating the computerisation of healthcare is concerned, progress has been made in the project for effective and cost-efficient electronic healthcare in the Czech Republic.</p>
3.1.4 Effective and accessible public administration, property management, law enforcement, a stable and transparent legal environment	<p>Public administration</p> <p>The implementation of projects constituting the <i>Smart Administration Strategy for 2007-2015</i> (hereinafter referred to as “SA”) continued in 2012. We managed to establish and to connect a basic public service register (register of persons, population register, register of rights and obligations and a register of territorial identification, addresses and properties), thereby completing one phase of the implementation of this strategy.</p> <p>Work continued during 2012 on the <i>Draft State Civil Servants Act</i>, which will regulate the legal status of government officials, currently governed by the Civil Labour Code.</p> <p>Given the lack of funds, the launch of the <i>e-Collection (of Laws) and e-Legislation</i> projects was postponed. Legislative work continued on the amendment to <i>Act No. 106/1999 on free access to information</i>, the amendment to <i>Act No. 424/1991 on association in political parties and political movements</i>, the creation of a register of misdemeanours.</p>

Chapter title	Overview of fulfilment of NRP priorities in 2012
	<p>A stable and transparent legal environment</p> <p>As part of the implementation of the National Reform Programme for 2012, the government managed to ensure better law enforcement in execution proceedings through an amendment to the Civil Procedure Code and the Enforcement Code. An amendment to the Insolvency Act restricted abuse of insolvency proceedings in an environment of competition.</p> <p>The amended Civil Procedure Code and Enforcement Code came into force on January 1 2013. Improvements were made to the execution of decisions that have a direct positive impact on law enforcement. The removal of the need for a formal court decision when ordering an execution and delegating an executor, together with the computerisation of this agenda, will enable faster progress to be made in execution proceedings and will remove unnecessary paperwork. New methods of enforcement (property management, company management) are aimed at facilitating debt recovery without drastic interference in the assets of the debtor. A number of other adjustments relating, in particular, to the public sale of assets, mandatory warnings before court action is taken, etc. ensures that both courts and executors work more efficiently.</p> <p>The Mediation Act also came into force in 2012, with the primary aim of embodying in the Czech legal order a new option for alternative dispute resolution through mediation as a method of rapid and cultivated amicable conflict resolution, with the assistance of a third, neutral, party, who oversees negotiations between the conflicting parties to draw up a mutually acceptable agreement. The aim is to help curtail civil court proceedings and to reduce the burden on courts.</p> <p>The fight against corruption</p> <p>The current assessment of the government's reform measures has to date only dealt with the 2011 and 2012 strategies, where 73 tasks of a total of 88 were completed by the end of 2012 (83%). The government discussed the evaluation of its performance of the tasks contained in the 2011 and 2012 strategies at its meeting on March 20 2013.</p> <p>The measures carried out in the 2011 and 2012 strategies <i>in the area of public administration included an amendment to the Act on self-governing territorial units</i> with the aim of introducing stricter rules for dealing with property held by municipalities and regions and to reinforce their civil liability for damage caused, to simplify and accelerate access to information for council members. This amended Act underwent a first Reading by the Chamber of Deputies in February 2013. In October 2012 a <i>Central Registry of Administrative Buildings</i> was made available, with information on sales and leases of real property. At the same time an <i>amendment to the Civil Code and other Acts</i>, is expected to be passed, which would establish a <i>Register of contracts</i>.</p> <p>By the end of April 2013, draft legislation on <i>protection for informers of criminal behaviour</i> (whistle-blowers) will be submitted to the government and by the end of August 2013 an analysis of the options for support and legal assistance for those providing information of criminal behaviour will be completed.</p> <p>The government focused its attention on the issue of <i>activities concerning public procurement and increasing transparency of legal entities</i>. An <i>amended Act on public procurement</i> was approved, which brought a number of anti-corruption measures into practice. The government approved a draft <i>Act with certain measures to increase the transparency of public limited companies and amending some Acts</i>, which is intended to transform joint-stock companies with certificated shares in such a way as to ensure the company owner is always identifiable. The bill passed its third Reading in the Chamber of Deputies in February 2013. In the area of <i>the competence of bodies engaged in criminal proceedings</i>, the government is making efforts to strengthen the independence and accountability of public prosecutors by adopting a new <i>Act on the State Prosecutor's Office</i>, which will create a special <i>anti-corruption unit</i> at the Supreme Public Prosecutor's Office.</p> <p>The mandatory drafting of a <i>corruption impact assessment</i> – the CIA, has been included in the legislative process, where the submitter will evaluate any corruption risks at an early stage of the legislative process.</p>
3.2.1 Improving the business environment and business services development	<p>Reducing the administrative and regulatory burden on enterprises</p> <p>By the end of 2012, the administrative burden had been reduced by 17.2 billion CZK, in other words a decrease of 23.36% compared to the original situation in 2005. The difference of 2% compared to the plan has mainly been caused by the fact that the length of the legislative process and the political situation in the country both play a role in reducing the administrative burden on businesses.</p> <p>Under the Measurement project, a total of 1,319 information obligations were identified in legal regulations in 2011, of which 735 information obligations originated in the national legislation and 584 information obligations originally arose from European legislation (EU Directives). Since 2012 work has been underway to quantify the number of information obligations identified using the SCM model (standard cost model). Subsequently, those information obligations that can possibly be reduced will be identified and the entire process should result in proposals for legislative amendments, thereby leading to a reduction in the administrative burden on businesses.</p> <p>A number of ineffective provisions in legal regulations dealing with the environmental sector were removed in 2012 on the basis of specific proposals as part of the next stage of the EKOAUDIT, which lead both to reducing administrative burden and savings millions of Czech crowns worth. As part of the process of introducing uniform data effectiveness, it was decided to introduce a pilot project was introduced to verify the patency of introducing fundamental changes in determining the effectiveness of legal regulations with an impact on business.</p> <p>Amendments to regulations concerning air protection, land planning and building regulations, as well as pollution levels and the method of their assessment, were approved in 2012, in order to reduce the administrative burden.</p>

Chapter title	Overview of fulfilment of NRP priorities in 2012
	<p>Improving the quality of the business environment</p> <p>As part of the private law re-codification process, the new Civil Code, the Act on Business Corporations and the Act on Private International Law became part of the Czech legislation in 2012, and the date on which these laws will come into effect was set as January 1, 2014. In an attempt to speed up court proceedings, rules for appellate reviews in civil cases were modified. A new registry law was also drafted and is currently going through the legislative process.</p> <p>Implementation of measures aiming to improve services for businesses and to address problems associated with their activities in the EU internal market – this concerns the Points of Single Contact (PSC), ProCop and SOLVIT services as part of the integrated advisory system using the BusinessInfo.cz portal – was also initiated in 2012.</p>
<p>3.2.2 Sustainable industrial sector</p>	<p>Energy</p> <p>In 2012 the government approved the submission of an updated SEC into the process of assessing the environmental impact of projects (SEA) and passed the main elements of an energy strategy formulated in the updated SEC.</p> <p>In the area of energy efficiency, Directive 2010/31/EU of the European Parliament and of the Council on the energy performance of buildings was transposed into Czech legislation in 2013 through the amendment of Act No. 406/2000 Coll. on energy management. At the same time, the section of the implementing legal regulation applying to this Act was also amended.</p> <p>In the area of renewable energy, the government approved the updated National Renewable Energy Action Plan of the Czech Republic (hereinafter referred to as the NAP). Given that targets in the area of electricity generation from solar power plants and biogas stations have been met, no operational support will be given to new plant generating from these resources from 2014.</p> <p>In 2012 Act No. 165/2012 Coll., on supported energy sources, which transposed Directive 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources into the Czech legislation, also came into force.</p> <p>The implementation of the Operational Programme Enterprise and Innovation, the Eco-energy programme providing investment grants for energy savings and effective RES in the business sector, continued during 2012.</p> <p>Raw materials</p> <p>Government measures in the area of raw materials focus on revising legislative barriers to the use of domestic raw materials with the prospect of their complete cancellation; , support for research, development and innovation in order to increase energy efficiency with the aim to reduce emissions of pollutants; approval of the “Transforming waste into resources” programme focusing on material and energy recovery of waste and implementation of the existing programme of material recovery of materials from end-of-life vehicles, which These measures help to streamline the life cycle of national resources and to reduce the material and energy intensity of the Czech economy</p> <p>Environmental policy</p> <p>In 2012 the <i>Act on Emissions Trading</i> came into effect, which regulates conditions for trading in greenhouse gas emissions,. Revenues from allowances are intended for buildings renovation and for savings in industry. Similarly, the new <i>Clean Air Act No. 201/2012 Coll.</i> came into effect. The main objective of the new Act is to reduce the level of pollution in areas where air quality is already poor, and to maintain it in areas where it is acceptable. The Act therefore introduces certain new instruments and revises existing ones. The new Act is attempting to promote an individual approach to resources, depending on the area in which they are located or the area on which they will be placed.</p>
<p>3.2.3 Transport infrastructure development</p>	<p>In 2012 a large proportion of the measures set out in the NRP Czech Republic 2012 were completed, or steps were taken to begin their implementation in 2013 or later. Given the short-term nature of the proposed measures, implementation of most of the <i>Government measures to improve conditions for economic development, support for business and employment</i> has already begun.</p> <p>The extension of the railway transit corridors is continuing. Preparation has begun on a program to develop logistic terminals and systems to connect them to the railway.</p> <p>Amendments to Act No. 13/1997 Coll. on roads came into force in 2012, which, inter alia, established an obligation to ensure that the implementation and operation of services and equipment for intelligent transport systems (ITS) conforms to the related technical standards and specifications. On February 1 2013, the amended Act No. 184/2006 Coll., on expropriation and the related amendment to Act No. 416/2009 Coll., on accelerating the construction of transport infrastructure came into force, which should establish a more efficient process for property law settlement of land intended for the construction of public utility transport infrastructure.</p> <p>The harmonisation of fees for the use of railway tracks is also progressing gradually (the ratio of charges for passenger and freight transport and for rail and road transport). A restructuring of investor organisations is taking place as part of the reform of the financing of transport infrastructure.</p> <p>Other reform measures are unique in that their implementation will take place over the course of a number of years (the preparation of transport infrastructure projects requires a period of up to 10 years and more, the implementation itself then takes another 3 – 4 years).</p>
<p>3.2.4 Energy and environmental infrastructure development</p>	<p>Network infrastructure development</p> <p>Over recent years the Czech transmission system has faced the onslaught of major overflow of electricity from renewable sources from certain neighbouring states. Because of this there is a need effectively to reduce this overload and</p>

Chapter title	Overview of fulfilment of NRP priorities in 2012
	<p>to increase its flexibility. In order to achieve this objective, the transmission system operator, ČEPS, a. s. has prepared projects that are applying for recognition under the statute of projects of common interest (PCI) in accordance with the draft Regulation on guidelines for trans-European energy infrastructure, which should be issued during March 2013. Based on this Regulation, the Czech Republic has prepared projects both in power and in gas and oil, which could be funded from the Connecting Europe Facility (CEF).</p> <p>Environmental infrastructure development</p> <p>In 2012 the government elaborated an amendment to the Waste Act, with the primary aim of reducing the administrative burden, particularly for small and medium enterprises. In 2012 the government also prepared an amendment to the <i>Act on the protection of the agricultural land fund</i>, which aims, inter alia, to reinforce the protection of the agricultural land fund from excessive damage, reduced soil fertility and degradation. It should also prevent excessive and irreversible loss of land as a result of unnecessary soil-sealing.</p>
<p>3.2.5 Digital infrastructure development and Digital Strategy for the Czech Republic</p>	<p>As part of the development of the digital infrastructure, the Czech Telecommunications Office last year prepared and announced an auction to award allocations for the use of radio frequencies, which also includes the digital dividend frequency band, which can use radio spectrum released by the switchover from analogue to digital television broadcasting to deliver services to access high-speed Internet.</p> <p>Preparatory work also continued on creating a register of passive infrastructure, whose existence will result in significant savings on the construction of access networks.</p> <p>As part of the evaluation of the implementation of measures contained in the <i>Digital Czech</i> government policy, in view of the dynamic developments in the area of services in the digital economy, it was decided to update to a new version – <i>Digital Czech v. 2.0 – The path to a digital economy</i>. The updated version has been designed to enable the use of synergies that the ICT sector brings with it. Its aim is also to strengthen the stimulation of investments from the private sector into the internet infrastructure and effective multi-source financial instruments from public funds.</p> <p>Work continued last year on the preparation of the <i>Digitalization of Cultural Content Strategy</i>, for which materials were approved by the government on January 30 2013. An amendment to the <i>Copyright Act No. 121/2000 Coll.</i> was drafted, to be submitted to the government at the end of February 2013.</p>
<p>3.2.6 Space activities of the Czech Republic</p>	<p>Space activities have not yet been a separate chapter of the NRP, however they are instrumental in meeting certain points of the NRP, particularly in areas dedicated to research, development and innovation.</p>
<p>3.3.1 Labour market development and active employment policy, increasing labour productivity</p>	<p>The stabilisation of new organisational structures continued in 2012 and the powers of the Czech Labour Offices (LO CR) were newly defined and implemented on April 1 2011. The establishment of regional branches increased their potential for cooperation at a regional level with the necessary entities on the labour market. An increase in the number of contact centres for the Labour Offices made their services more accessible to citizens.</p> <p>The transfer of agenda of non-insurance social security benefits to the LO CR enabled better coordination between social policy and employment policy. In connection with the reorganisation of the LO CR, there was a gradual consolidation of processes and responsibilities for the implementation of an active employment policy in the regions.</p> <p>The new information infrastructure connected the individual ministerial information systems and ensured greater user comfort when working with different information systems.</p>
<p>3.3.2 Social inclusion and fighting poverty</p>	<p>Optimisation of non-insurance social systems and social work</p> <p>At the beginning of 2012, the <i>Social reforms I</i> measure, approved by the government in 2011, entered into force. The aim of these social reforms is primarily to improve the selectiveness and targeting of social benefits and to maximise their effectiveness, to improve the efficiency of the state administration and to reduce the administrative burden for service users.</p> <p>Under the amended <i>Act No.108/2006 Coll.</i>, on social services the system for providing benefits was made more efficient and became more client-friendly. Modifications were also made in 2012 to the provision of cash benefits to the disabled, designed to mitigate the social consequences of their disability and to promote their social inclusion.</p> <p>In 2012 the government introduced changes to the parental allowance in accordance with the EU's strategic recommendations in the area of employment, which made the period for drawing the benefit more flexible and enabled children over the age of two to attend childcare facilities. In January 2012 the government adopted the <i>National Strategy for the Protection of Children's Rights</i>, which defines a set of measures to carry out the comprehensive reform of the system of care for vulnerable children.</p> <p>Promoting social inclusion and fighting poverty</p> <p>Following on from the Social Reform I paper approved by the government in 2011, a number of measures were adopted. Significant results were obtained from concentrating responsibility for the implementation of social and employment policies in one place, and also in relation to the disabled, with new rules on the provision of benefits designed to mitigate the social consequences of disability and to promote social inclusion.</p> <p>A pilot project was implemented "Support for the transformation of social services", whose aim is to develop the process of deinstitutionalisation, within the framework of a grant procedure, and to "humanise" social services. There is also an on-going project "Support for processes in social services" focusing on making the social services more accessible through an efficient and transparent management environment and the distribution and monitoring of funds from public budgets to the social services.</p> <p>In order to ensure consistency of inspections, the social agenda was transferred to the Labour Offices in 2012. Negotiations were also initiated which aimed to find a suitable solution to the rehabilitation of disabled persons across all</p>

Chapter title	Overview of fulfilment of NRP priorities in 2012
	<p>the systems affected by rehabilitation. The government also continued with the drafting of an amended Act on social services, which will also cover the issue of long-term health and social care. In 2012 the implementation of the <i>Action Plan for the Decade of Roma Inclusion 2005 – 2015</i> continued. A number of educational programmes focusing on issues relating to financial literacy also obtained accreditation.</p>
<p>3.3.3 Increasing the availability of rental housing to increase labour mobility</p>	<p>In recent years, state support for housing policies has been skewed in favour of home ownership. The current system of different methods of public aid strongly favoured demand over supply. This violated the requirement of neutrality in the targeting of aid and thereby decreased the cumulative effectiveness of aid provided by the state.</p> <p>Based on a task set out in the <i>Housing Policy Concept of the Czech Republic to 2020</i>, approved by the government in July 2011, a programme was announced which focused on providing low-interest loans from the State Housing Development Fund for the construction of rental housing or possibly reconstruction. The aim of this form of aid is to initiate the construction of rental housing, not only for the target group (i.e. for seniors, people with disabilities, low-income households and people who have lost their homes through natural disasters), but also for the group of households made up of economically active people, to support labour mobility. This is a form of repayable aid, which provides a loan amounting to a maximum of 70% of the total investment cost budget, with a maturity period of up to 30 years and a fixed interest rate for the entire term.</p>
<p>3.3.4 Increasing the quality and availability of pre-school care, the compatibility between family life and work</p>	<p>In order to reconcile professional and family life, in 2012 the government approved a consultation document for an Act on child groups, which would allow employers the flexibility to establish and operate a babysitting and childcare service for their employees, according to changing demand. At the same time, the profession of nanny for children under the compulsory school age and nanny for child play areas was established, and the range of possible professional skills for the professional trade "Day care of children up to the age of three" was expanded to include the professional skills of a kindergarten teacher.</p> <p>An amendment to the Act on state social support enables a more flexible drawing of parental benefits, where the parent him/herself decides on the parameters of these benefits within the context of their professional and family situation. The amended Act also enables parental benefits to be drawn by parents without losing the right to draw it for a child over the age of two who is attending a facility, regardless of the length of stay of the child in this facility.</p>
<p>3.3.5 Reform measures in primary and secondary education</p>	<p>In order to simplify the transfer of professional qualifications of teachers, in May 2012 an amendment was adopted to <i>Act No. 563/2004 on pedagogical staff</i> with effect from September 1 2012. Recognition of higher education diplomas was also simplified. In order to implement these changes, an amendment was made to <i>Act No.179/2006 Coll., on the verification and recognition of the results of further education</i>.</p> <p>After approving the <i>Continuous performance of the measures of the Action Plan to support vocational training</i>, at the beginning of January 2013 the government discussed a draft measure to further improve the quality of vocational education, entitled "Proposal for new measures to support vocational training". This material, which contains proposals for reform measures for training in technical fields was submitted to employers and the public administration and is primarily based on the need to deepen cooperation between schools and businesses. We managed to extend cooperation between employers and schools through a new final exam, which, although not mandatory, is now taken by a number of schools.</p>
<p>3.3.6 Reform of tertiary education and developing lifelong learning</p>	<p>Reform of tertiary education</p> <p>With regard to the Council's Sixth specific recommendation (CSR) for the Czech Republic, it is essential that legislation be adopted to create a transparent and clearly defined system to evaluate the quality of higher education and research institutions and to ensure that their funding is sustainable and tied to the results of the quality evaluation. The Czech Republic is working on a set of indicators that will map out the Czech higher education system and assess the focus and quality of individual institutions with respect to their specific mission, and distinguish between the different dimensions of quality in key areas of activities carried out by universities. A system of performance indicators for the higher education system will also be produced, which will enable us to monitor how individual higher education institutions develop in comparison to the system as a whole. In 2012 an amended Decree on applications for accreditation was approved, which will now allow the creative activities of higher education institutions to be monitored. For the first time, support was also given to the institutional development plans of the tertiary education sector, as a precondition of their strategic planning.</p> <p>Developing lifelong learning</p> <p>In the area of further education, links between requalification activities and the Act on the verification and recognition of the results of further education continue. From April 1 2012 the technical amendments to this Act and their implementing regulations came into force. Subsequently, preparatory work began on a broader amendment, which will focus inter alia on reducing the administrative burden at all levels of the process. Improving the qualifications of technical specialists is supported through a series of grant programmes, e.g. the EDUCA global grant or the Education in the energy sector project.</p> <p>The implementation of certain activities (e.g. the VIP Career II – Career counselling project) has produced a base for coordinated career advice, especially for pupils and students, parents and citizens, where career counselling at the LO CR also forms an integral part. The relevant output has been brought by the IPn Concept project (OP VK), which defined the concept of further education and created a framework of systemic changes, aimed at improving the quality of adult education and linking further education to needs that have been identified by employers and to developments in the labour market. Through the national project, UNIV 2 Regions, secondary vocational schools become centres for lifelong learning, preparing educational programmes which improve the chances of their graduates on the labour market.</p>
<p>3.3.7 Support for skilled workers coming from abroad</p>	<p>In 2012, the government approved the framework for new legislation, which aims inter alia to streamline the system of economic migration and to take into account the demand for foreign labour. The objective of the new legislation is to create simpler, more compact and more user-friendly legal standards. The consultation document also covers a new system for economic migration, which would introduce new types of dual work permits in the area of the migration of foreign labour. A pilot project has also been launched, entitled <i>Accelerated procedure for intra-corporate transferred employees of foreign investors</i>.</p>

Chapter title	Overview of fulfilment of NRP priorities in 2012
<p>3.4.1 Developing conditions for excellence in research</p>	<p>In accordance with the National Innovation Strategy of the Czech Republic, an EU initiative, "Innovation Union" and following on from the results of the International Audit of Research, Development and Innovation in the Czech Republic, the government updated the <i>National Research, Development and Innovation Policy of the Czech Republic for the period 2009-2015, with a view to 2020</i>.</p> <p>It included the recently approved <i>National Priorities of Oriented Research, Experimental Development and Innovation, applying to the period to 2030</i>. In 2013 the government discussed a technical amendment to <i>Act No. 130/2002 Coll., on the support of research, experimental development and innovation from public funds and on amendments to some related Acts (Act on the support of Research, Experimental Development and Innovation)</i>. Meanwhile, the government has started to prepare a <i>new methodology for the evaluation and funding of research, development and innovation</i>, which creates a new framework for the evaluation of research organisations and their institutional financing.</p> <p>In accordance with the Czech Republic's commitment to ensure the sustainability of European Centres of Excellence and Regional Research and Development Centres built under the Operational Programme Research and Development for Innovation and co-financed from the European Regional Development Fund at least to 2020, the government approved a <i>National Programme for Sustainability I and a National Programme for Sustainability II</i>. Efforts by the government to secure a high-quality research infrastructure in the Czech Republic also included the approval of a programme entitled <i>Information – the basis of research</i>, which promotes access to domestic and foreign electronic sources of information necessary for conducting research in the Czech Republic.</p> <p>In the area of human resource development, the government's main reform activity was the adoption of the <i>RETURN (NAVRAT)</i> programme to help create favourable conditions for the integration of top foreign researchers and the reintegration of top Czech researchers working abroad back in the Czech Republic.</p> <p>The government has prepared a stimulus package for the participation of Czech researchers in grant competitions organised by the European Research Council (ERC CZ programme).</p>
<p>3.4.2 Developing cooperation between the business sector and research institutions</p>	<p>Over recent years, a number of initiatives have been developed in the Czech Republic, which have as their objective a deepening of cooperation between the public research sector and the business community.</p> <p>Under one of the Priority Axes of the Operational Programme Research and Development for Innovation, support is given to the commercialisation of the results of research and development projects in research organisations through the use of intellectual property rights and aid for the establishment of centres for the transfer of knowledge and technology.</p> <p>Under the Operational Programme Enterprise and Innovation, a project was also carried out to support knowledge transfer based on the model of the successful British programme, the Knowledge Transfer Partnership. The programme supports joint projects between businesses and universities, which involve the direct application of research findings in the business and where these findings are strategically important for its further development. Synergy of public and private funding for research, development and innovation in the Czech Republic is also supported through the TIP and ALFA programmes and in Competence Centres. The TIP programme focuses on support for research and development activities in research organisations and enterprises, with special emphasis placed on developing new materials, progressive manufacturing technologies (nanotechnology, biotechnology, etc.) and new information and control of manufacturing systems. The Competence Centre programme supports the establishment and activities of centres for interdisciplinary research, development and innovation in advanced fields with high application potential and the creation of strategic partnerships between the public and private sectors. The ALFA programme mainly focuses on support for joint projects between enterprises and research organisations implemented in the area of development of advanced technologies, materials and systems, research into sources of energy, the development and protection of the environment and the sustainable development of transport systems.</p>
<p>3.4.3 Innovative business and the development of start-ups and Seed Funds</p>	<p>Within the framework of support for investment into research, development and innovation, the government continued to prepare the Seed/VC fund. In 2012 a company was established with 100% state ownership called the Czech Development, Closed-End Investment Fund, a.s. (ČRUIF), which functions as a Seed fund. The fund will be administered by a professional investment company licensed by the Czech National Bank, which will also implement its own investment process. With regard to the OPEI, the internal structure of the ČRUIF was divided into SEED financial instruments, which serve to support newly formed or start-up companies seeking seed and start-up capital, and VENTURE, which is designed to support more advanced companies seeking expansion capital.</p> <p>In 2012 an amendment was made to <i>Act No. 72/2000 Coll., on investment incentives</i>, which allows higher tax deductions and increased public aid in order to attract more private capital into the academic sphere and to intensify cooperation between private entities and the public sector.</p> <p>In 2012 the government approved a new programme "International technology cooperation" aimed at promoting and reinforcing cooperation between Czech technological companies of all sizes and foreign partners from countries outside the EU.</p> <p>The government also continued in its efforts to improve awareness among businesses of the importance of using patent protection and intellectual property as a tool for competitiveness. The Industrial Property Office (IPO) significantly extended its collaboration with business incubators, innovation centres, science and technology parks, centres for technology transfer and other similar entities.</p> <p>In order to raise awareness of the conditions and possibilities of the intellectual property protection system, a number of seminars and awareness campaigns were held at secondary schools and higher education centres in 2012, including the distribution of relevant materials. To facilitate patenting abroad, the IPO concluded a series of bilateral agreements with partner patent offices, not only in Europe but also with the US Patent and Trademark Office (Patent Prosecution Highway). This resulted in an increase in the number of patent applications filed by Czech applications of almost 10% compared to the previous year.</p> <p>Measures relating to the government's pro-export activities are set out in the Export Strategy of the Czech Republic for the period 2012 – 2020, which was approved by the government on March 14 2012. The Investment and Innovation for</p>

Chapter title	Overview of fulfilment of NRP priorities in 2012
	<p>the Export of Goods and Services, which aims to attract domestic and foreign investment to the Czech export sector specifically focuses on support for innovation. In 2012 the CzechInvest agency accepted 48 projects to qualify for investment incentives, the majority of these being processed after the amendment to the Act on investment incentives in July 2012. Last year also saw a large increase in grants from the Marketing programme (OPPI) focussing on developing the activities of Czech exporters on foreign markets and on increasing export opportunities. A number of projects were implemented to support the internationalisation of Czech enterprises, innovation and research and development, e.g. GESHER/MOST (the aim is to develop a competitive product with export potential) and CzechAccelerator 2011-2014 (for the conclusion of strategic technological/business partnerships).</p>

Annex No. 2: Overview of Government strategic and conceptual documents

This Annex provides a summary of the most important government strategic and policy documents relating to the National Reform Programme of the Czech Republic 2013. Many of these documents are in preparation or at a stage where previous documents are being updated. Some important documents are awaiting approval and will be used as source material for the implementation of measures identified in the National Reform Programme 2013. The list of documents is not complete and exhaustive and many other individual contributions to meeting the objectives of the Europe 2020 strategy can be found in a number of other documents. Neither does this summary cover the International Competitiveness Strategy or the government's pro-growth

measures approved by it on December 20 2012, which are listed in a separate annex.

Current information on documents that have been approved is available in the Database Strategy system. The Database Strategy (<http://databaze-strategie.cz/>) system is a national information system for strategic, conceptual and component programme documents. It allows a clear view of documents, the thematic and functional linking of strategic objectives, measures, responsibilities for implementation, indicators, and other specified parameters from an international level, through documents from ministries and national institutions, to the regional and local level.

NRP Chapter	Document title	Document status	Coordinator
3.1 Consolidated public finances and efficient institutions	Convergence Programme of the Czech Republic 2013	Submitted to the EC in parallel to National Reform Programme	MF
	Macroeconomic Forecast of the Czech Republic – April 2013	The forecast was published 12. 4. 2013	MF
	Medium-term expenditure framework for the state budget of the Czech Republic for the years 2014-2015	Approved	MF
	Medium-term expenditure framework for the years 2014-2015	Approved	MF
	The strategic framework for the development of eGovernment and Public Administration 2014+	In preparation	MI
	Effective Public Administration and Friendly Public Services (Smart Administration Strategy for the period 2007 - 2015)	Approved	MI
	The concept for the completion of public administration reform (2012-2015)	In preparation	MI
	Government strategy to combat corruption in the years 2013 and 2014	Approved	GO
	Action Plan of the Czech Republic "Partnership for Open Governance" (2011)	Approved	GO
3.2 Attractive business environment and infrastructure development for Czech industry	Export Strategy of the Czech Republic for the period 2012-2020	Approved	MIT
	The concept of support for small and medium-sized enterprises for the period 2014 – 2020	Approved	MIT
	Concept of Foreign Policy of the Czech Republic (2011)	Approved	MFA
	Security Strategy of the Czech Republic 2011	Approved	MFA
	National Innovation Strategy 2012-2020	Approved	GO
	National Research, Development and Innovation Policy in 2009 - 2015 and looking forward to 2020	Approved	GO
	State Environmental Policy of the Czech Republic for the period 2012-2020 Approved MoE	Approved	MoE
	Waste Management Plan of the Czech Republic 2014-2020	In preparation	MoE
	The concept of addressing flood protection in the Czech Republic with technical and nature-friendly measures (2010)	Approved	MA, MoE
	The concept for housing in the Czech Republic to 2020	Approved	MRD
	National Emission Reduction Programme of the Czech Republic (2007)	Approved	MoE
	Strategic Framework for Sustainable Development of the Czech Republic 2010-2030	Approved	MoE
	Government Energy Policy 2010-2030	In preparation	MIT

NRP Chapter	Document title	Document status	Coordinator
	Regional Development Strategy of the Czech Republic 2007-2013	Approved	MRD
	Potential to reduce emissions in the Czech Republic to 2020	Approved	MoE
	Waste Prevention Programme for the Czech Republic	In preparation	MoE
	National Action Plan of the Czech Republic for Renewable Energy (2012-2020)	Approved	MIT
	Raw material policy for mineral raw materials and their sources (2010-2030)	In preparation	MIT
	The updated programme of support for environmental technologies in the Czech Republic (2009)	Approved	MoE
	Biomass Action Plan for the Czech Republic for the period 2012– 2020	Approved	MA
	Digitalisation of Cultural Content Strategy for the years 2013-2020	Approved	MC
	State policy in electronic communications – Digital Czech Republic v. 2.0 (Journey to the digital economy) 2013-2020	Approved	MIT
	Updated State Cultural Policy for 2013 and 2014 with a view to 2015-2020	Approved	MC
	Transport Policy of the Czech Republic 2005 – 2013	Approved	MT
	Transport Policy of the Czech Republic for the period 2014-2020 with a view to 2050	In preparation	MT
	Sector Transport Policy 2014-2020	In preparation	MT
	National Space Plan (2010)	Approved	MT
	The concept of national tourism policy in the Czech Republic for the period 2014 – 2020	Approved	MRD
3.3 A functioning labour market, education system and social inclusion as prerequisites for a competitive economy	Strategies to combat social exclusion for the period 2011-2015	Approved	GO
	National Financial Education Strategy (2010-2015)	Approved	MF
	Social Inclusion Strategy 2014 – 2020	In preparation	MLSA
	National Plan for Equal Opportunities for Persons with Disabilities 2010 – 2014	Approved	GO
	National Action Plan to support positive ageing for the period 2013-2017	Approved	MLSA
	The concept for housing in the Czech Republic to 2020	Approved	MRD
	Long-term Plan for Education and Development of the Education System of the Czech Republic	Approved	MEYS
	Action Plan to Support Vocational Education and Training	Approved	MEYS
	Educational Policy Strategy of the Czech Republic to 2020	In preparation	MEYS
	Lifelong Learning Strategy (2007-2015)	Approved	MEYS
	Concept of integration of foreigners (2011)	Approved	MI
	Strategic Framework for Sustainable Development in the Czech Republic 2010-2030	Approved	MoE
3.4 Growth based on innovation and research	National priorities for oriented research, experimental development and innovation (2012-2030)	Approved	GO
	National Research, Development and Innovation Policy of the Czech Republic for the period 2009-2015 with a view to 2020	Approved	GO
	The concept of support for small and medium-sized enterprises for the period 2014 - 2020	Approved	MIT
	National Innovation Strategy of the Czech Republic 2012-2020	Approved	GO
	Research and Innovation Strategy for Smart Specialisation	Prior to approval	MEYS

NRP Chapter	Document title	Document status	Coordinator
3.5 Implementation of the Cohesion Policy and use of European Structural and Investment Fund programmes as a tool for the realisation of Europe 2020 strategy priorities	National Strategic Reference Framework of the Czech Republic 2007 – 2013	Approved	MRD
	Partnership Agreement 2014-2020	In preparation	MRD
	Regional Development Strategy of the Czech Republic for 2007-2013	Approved	MRD
	Regional Development Strategy of the Czech Republic for 2014-2020	Prior to approval	MRD
	Spatial Territorial Development Policy of the Czech Republic 2008	Approved	MRD
	Strategies for growth – Czech Agriculture and Food under the Common Agricultural Policy after 2013	In preparation	MA

Annex No. 3: National Strategic Reference Framework of the Czech Republic for the 2007–2013 period

Europe 2020 Strategy – target areas	National Strategic Reference Framework of the Czech Republic for the 2007–2013 period – priority axes
Employment	65 – Modernisation and strengthening of market institutions
	66 – Implementing active and preventive measures on the labour market
	68 – Support for self-employment and business start-ups
	70 – Specific action to increase migrants' participation in the labour market, thereby strengthening their social integration
Research, development and innovation	01 – Activities in the area of research and technological development in research centres
	02 – Infrastructure for research and technological development (including physical plant, instrumentation and high-speed computer networks linking research centres) and centres of competence in a specific technology
	04 – Assistance for research and technological development, particularly in SMEs (including access to services in the field of research and technological development in research centres)
	05 – Advanced support services for firms and groups of firms
	07 – Investment in firms directly linked to research and innovation (innovative technologies, establishment of new firms by universities, existing centres of research and technological development, etc.)
	08 – Other investment in firms
	09 – Other measures to stimulate research, innovation and entrepreneurship in SMEs
Climate change and energy	40 – Renewable energy: solar
	41 – Renewable energy: biomass
	42 – Renewable energy: hydroelectric, geothermal and other
	43 – Energy efficiency, co-generation, energy management
Education	74 – Developing human potential in research and innovation, in particular through post-graduate studies and training of researchers, and networking activities between universities, research centres and businesses
	75 – Educational infrastructure
Poverty and social exclusion	71 – Pathways to integration and re-entry into employment for disadvantaged people in the labour market; the fight against discrimination in access to the labour market and in a professional approach and promoting acceptance of diversity at the workplace
	80 – Promoting partnerships, pacts and initiatives through the networking of relevant stakeholders

Source: MSC 2007

Annex No. 4: Examples of specific benefits and shortcomings of the implementation of the Cohesion Policy in the 2007-2013 programming period:

Examples of specific benefits of the implementation of the Cohesion Policy in the Czech Republic:

- 67,288 new jobs
- 4,478 small and medium-sized enterprises received aid
- 690 km of new or renovated cycle tracks and cycle paths
- 149 monuments repaired
- 4,373,782 people who have received training, educational courses or retraining
- 1,484 kilometres of new roads and highways were built or reconstructed
- 405 newly acquired green vehicles in public transport help to improve air quality
- 36,096 flats have been renovated – EU funds support the revitalisation of excluded urban areas

Shortcomings identified through analyses of the implementation of the Cohesion Policy during the 2007-2013 programming period:

- Broadly defined priorities, which, together with the indicator system, is inadequately linked to programme activities and goals does not enable responsible evaluation of the success and benefits of interventions made and whether programme and NSRF objectives have been met.
- “Direct” and “seamless” transition between national priorities and priorities in the Operational Programmes, which led to a loss of coherence and complicates any evaluation of the benefits of interventions implemented in terms of fulfilling the objectives of the NSRF.
- Lack of coherence between interventions in different programmes, which is related to the limited functional settings for synergies and an integrated approach.
- Only the volume, speed and formal correctness of drawdown is taken into account, as the expense of social benefits and the overall effectiveness of investments.
- Complicated system implementation demarcating a large number of Operational Programmes with different implementation structures and a large number of implementation bodies.
- Lack of staffing capacity and their lack of experience with certain Operational Programmes, caused by high levels of fluctuation and the low motivation of these staff members (this is related to inadequate monitoring of the overall benefits brought by the interventions).

Annex No.5: Overview of the impacts of individual measures

(* highlighted measures are considered priority measures for 2013)

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
1	3.1.1. Consolidation of public finances	Fiscal framework reform and fiscal information publication system	MF		Draft Act on Fiscal Discipline Rules	Legislative	Defines public institutions sector, defines the numeric fiscal rule for determining the total volume of expenditure by the public sector, preparation of the government fiscal strategy, competences and basic functions of the National Budget Council, application of fiscal rules to local governments and parameters and principles for preparation of macro-economic tax predictions used in drawing up budgets and designing fiscal policies.
2			MF		Publication of fiscal information	Non-legislative	Ensures transparent publication of selected data from the Integrated Information System of the Exchequer (IISE) on the Internet and publication of financial balance statement of organization branches of the state pursuant to Sec 21a of Act. 563/1991 Coll., on Accounting Standards, as amended.
3		Tax and taxation system reform	MF	MIT	Fighting tax evasion	Legislative	One of the main 2013 priority measures is the effort to reduce tax evasion in connection with fraud committed when trading fuels, which lies in the obligation on the part of fuel traders to pay down a deposit.
4			MF		Revocation of the Act on inheritance tax, gift tax	Legislative	Transformation of the inheritance tax, gift tax under the existing income tax system.
5			MF		R&D Support	Legislative	Support provided to R&D will be extended to tax deductions in instances when R&D results are acquired from universities of R&D institutions and increased deduction by additional 10 % in cases of year-to-year increase in R&D expenditure.
6			MF		Single Collection Point	Legislative	Unification of tax collection and withholdings into one point.
7	3.1.2 Sustainable healthcare and social care system	Optimizing healthcare and social services network	MoLSA	MoH	Optimizing healthcare and social services network	Amended Act on Social Services	Some of the long-term health / social care elements will be subsumed under the Act on Social Services and that will have impact on facilities offering long-term social services.
8		Sustainable healthcare system	MoH		Improving public health insurance system	Act No. 48/1997 Coll., on Public Health Insurance and implementing regulation (Regulation No. 475/2012 dated 31.12.2012 determining the point value, reimbursement of covered services and regulative limitations for 2013)	Strengthening the principles of payment for emergency care bed in the form of case fee, converging rates paid in various regions to providers by insurers, restricting system fluctuation, unification of payment terms for outpatient treatment in hospitals and outside hospitals, introduction of the so-called positive lists of medicinal products.
9			MoH		HTA implementation	Act No. 48/1997 Coll., on Public Health Insurance	Evaluation of individual medical procedures, medicinal products, and medical devices to ensure cost efficiency (i.e. the ratio between benefit for the patient and cost of the technology).
10			MoH		Health funds' reform	Act No. 551/1991 Coll., on the General Health Insurance Fund of the Czech Republic and Act No. 280/1992 Coll., on Departmental, Professional, Business and other Health Insurance Funds.	Definition of the insurance fund's management – director and the board of trustees, regulation of receivership and insurance funds' mergers.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Functional institutionally-legislative structure, improved function of numeric fiscal rules, strengthened medium-term dimension of the budgeting process, increased credibility and enforceability of fiscal targets, anti-cyclic influence of fiscal policy and improved transparency of public finances.	Positive macro-economic benefits may be expected, related primarily to reduction of structural deficit and ensuring public finances' sustainability. Reduction of debt financing costs, improved transparency of budgets and improved fiscal responsibility.	1.1.2014	External review process; to be submitted to the government in April 2013
Functional public portal containing data from the IISE in the form of visualizations (statistics and diagrams) and in the form of analytical instrument for processing raw data (OLAP), which will make IISE data available to general and professional public in the open data format.	Improved transparency of various budgets.	by the end of 2013	Tender in progress for the selection of technology supplier.
Reduced instances of tax evasion and its extent.	Positive impact on the budget revenue in terms of reducing tax evasion in the fuel trading sector (current estimates on VAT evasion, connected with offences in fuel trading reach as much as 8 billion CZK annually)	Act on Fuels entry into force by the end of 2013	Legislative work in progress
Simplification of the tax for taxpayers and reduction of administrative burden.	Positive fallout in the maximum amount of approximately 0.1 billion CZK.	In 2014	Legislative work in progress
Support of the R&D sector in the CR. Better ties of research underway to the practical needs and its further development plus improved funding of these institutions, which are already financed by the state. Interconnection of university communities with practice, increased possibilities of employment for graduates. Easier funding of R&D. Increased focus of the public and private sector on R&D and innovations, which are the prerequisite for economic growth and business development. Easier application of research results in businesses, especially SMEs, which may not have the required funding to finance their own R&D. Measure will contribute to the support of R&D in universities and R&D institutions at the estimated volume of 200 million CZK annually.	More efficient R&D funding. Increased possibility for employment for graduates. Promoting growth and business development. Effective application of R&D results especially in SMEs.	2014	Legislative work in progress
Simplified payment of taxes and fees, simplified and rationalized revenue administration and quality workforce, improved expediency and motivation to pay, electronic filing of most documents.	Cost savings (salary and operational costs of healthcare insurance providers and social security administration) equal in total to approximately 1.7 billion CZK. More taxes collected. Cost savings for businesses estimated to reach approximately 4.4 billion CZK.	Partial functionality already in 2014, fully functional from 2015.	Legislative work in progress
Improved legislative conditions for provision of long-term care reflecting practical needs.	More efficient use of existing resources.	Effective from 2014.	Underway
More efficient healthcare funding, increased responsibility of the health insurance funds.	Estimated drop in payments approximately 2% (i.e. approximately 4.4 billion CZK annually), potential savings for selected groups of medicinal products approximately 0.5%, rational limitation of covered care – withdrawal of dental fillings from covered care will bring approximately 1.4 billion CZK in savings annually	From 1.1.2014	Regulation on Reimbursement of covered care already in force, withdrawal of dental fillings from covered care will be resolved by amending Act 48/1997 Coll., in connection with health insurance funds' reform.
Efficient allocation of financial funds in the healthcare system.	Funding will be expended more efficiently – i.e. while maintaining identical costs, greater improvements in public health will be ensured, using the QALY evaluation.	1.1.2014	Methodology of the assessment process is being finalized.
Efficient control preventing insolvency of the insurance fund.	Cost savings during inspection activities - taking into account competences of inspection physicians – up to 800 million CZK annually	1.1.2014	Legislative work in progress

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
11			MoH		Electronic documentation		Safe exchange of electronic documentation between healthcare providers.
12			MoH		Protection against damage caused by tobacco, alcohol and other addictive substances.	New draft Act (on Protection Against Damage Caused by Tobacco, Alcohol and Other Addictive Substances), replacing Act No. 379/2005 Coll., on Measures Protecting Against the Damage Caused by Tobacco, Alcohol and Other Addictive Substances.	Reducing the damage caused by tobacco, alcohol and other addictive substances; the Act also defines the coordination and implementation of the anti-drug policy in CR.
13			MoH		Mental Health Care Reform		Development of community and semi-mural care, increased role of primary psychiatric care, increased role of general hospitals in the field of providing emergency care, transformation of mental hospitals and education of professional staff.
14	431.3 Efficient and available public administration, property management, enforceability of the law, stable and transparent legislative environment	Efficient public administration	MOI		Smart Administration Strategy	Non-legislative	The Core Registry project was implemented in 2012. Projects implementing modification of public administration and local government agenda information systems will follow.
15			MOI		Reform of public administration	Non-legislative (Concept for completion of public administration reform)	The Czech public administration system is complicated and confusing, which affects efficiency of administration. Existing information sources allow for only a limited evaluation of efficiency and application of measures improving organization of the public administration and its funding. Documentation being submitted emphasizes the need to map public administration activities and competences.
16			MOI		State Civil Servants Act	Legislative	Regulates legal position of Civil servants, their education, regulates additional responsibilities of the officer above the framework of liability defined in the Labour Code. Act seeks to define boundaries between professional and political appointments. Legal position of local government Servants is not affected by this Act.
17			MOI		Digitalization of public administration	Legislative / non-legislative	The e-Collection (of Laws) and e-Legislation projects will bring about technical and legislative measures improving accessibility and clarity of the law and its quality and efficient creation. Strategic framework for the development of public administration and e-Government (e-Government Strategy 2014+) will delineate future phases of public administration modernization, especially in terms of making it more efficient and better quality public institutions. It also described status of SMA implementation and defines topic for future development of e-Government concept in the CR.
18			MOI		Free access to information	Legislative (Amendment of Act No. 106/1999 Coll. on free access to information)	The new Government strategy for combating corruption sets out a requirement for the amended wording of the Free Access to Information Act, which will speed up the process of obtaining information from the public sector bodies.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Elimination of duplicate examinations and diagnostic interventions, more efficient and better quality healthcare.	Planned annual savings to reach hundreds of millions CZK annually from 2015 (elimination of duplicities)	2015	Awaiting approval of the EU funding.
Improved protection of public health, especially in relation to children and young adults, additional focus on reducing the impact of addictive substances damage on social, security and economic levels, including tobacco and alcohol-related damage. Improved legislative framework in this area.	Anticipated savings linked to the reduced consumption of addictive substances (in 2007 these costs reached 56.2 billion CZK, social cost of tobacco use 33.1 billion CZK, alcohol 16.4 billion CZK and illegal substances 6.7 billion CZK).	1.1.2014	Draft being prepared for external reviews & comments, submission to the government in Q2 2013
Improved quality of care for patients.	Anticipated savings include savings related to disability payments, increased participation of mentally ill patients and their families providing the care in the labour market, decrease in the number of beds, improvement of accommodation standards, strengthening of social cohesion.	Strategic document to be prepared by July 2013; implementation plan by December 2013	Compilation of analytical part of the document in progress.
Standard exercise of public administration agendas and their rationalization, making public administration electronic and sharing of information.	Reducing administrative intensity of public administration internally and vis-a-vis citizens and commercial sector.	2015	
The aim of the measure is to optimize and make public administration more efficient, while defining more clearly the role and tasks within public administration on individual levels.	Savings in costs necessary to execute the agenda and personnel costs.	Cannot be determined (long-term nature of the effort)	Draft of the Concept will be re-submitted to the government by 30 June 2013
Uniform legal regulation of Civil servants' standing. Open, career-oriented and professionally stable public administration.	Stabilization and professionalization of public administration.	1.1.2014	The draft Act was submitted to Government to discuss and approve.
Modern approach to the creation and access to the law. The objective of the e-Government 2014+ Strategy is to optimize organizational structure and actual processes and shift toward shared services within the framework of electronic public administration.	Cost savings in relation to access to the law, reduced administrative intensity of law creation processes, reduction of economic impact of legislative errors, development of legal IT, increased competitiveness of the legal environment. E-Government Strategy: Improving efficiency, modernity and increased transparency of public administration.	e-Collection and e-Legislation: 1 June 2015; e-Government Strategy 2014+: 2020	Proposal for e-Collection and e-Legislation project to be submitted to the government by June 2013. In 2013, the proposal for new legal framework for offences and their registries will be submitted to the government. Strategic framework for the development of public administration and e-Government (e-Government Strategy 2014+) to be submitted by the end of 2013.
Provides protection against obstructions by obliged bodies by establishing a concept of a "information order", repeated use of information, reformulation of the mandatorily published information.	Improved quality of services provided by the state to its citizens. Speeding up the process of providing information, cost savings.	1.1.2014	Amendment will be submitted to the government by the end of April 2013.

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
19			MOI		Association in political parties and political movements	Legislative (Amendment of Act No. 424/1991 Coll. on Association in political parties and political movements)	Supervision over funding of political parties and movements should result in increased transparency which lies in the public access to the financial information. Amendment foresees that parties and movements will be obliged to use only transparent, publicly accessible accounts for their financing, which will allow for remote, free and uninterrupted access to such account (via Internet) by the public; It will display all financial information and transactions. Further, the amendment requires that political parties and movements publish on the internet annual financial statements and separate financial statements for electoral campaigns.
20			OoG		Simplification of agendas and cancellation of duplicities in public administration	Non-legislative	Measure a part of saving measures which aim to keep budget deficit between 2013 and 2015 under 3% of GDP.
21		Fighting Corruption	OoG (Section coordination fight against corruption) (SKK)		Government Strategy for fighting corruption for 2013 and 2014	Non-legislative	This document defines and plans specific legislative and non-legislative measures, which need to be adopted to efficiently fight corruption.
22	3.2.1 Improving business environment, developing business sector services	Reducing administrative burden	MIT	CSO	Re-evaluation of administrative burden borne by entrepreneurs	Non-legislative	Administrative burden to be re-evaluated in 12 sectors, where the most marked savings on the part of businesses are expected. Adjustment of the SCM Methodology.
23			MIT		Plan for Reducing administrative burden (until 2012)	Non-legislative	Implementation of planned measures aiming to reduce burden between 2008 and 2012. Planned target of 25 %, burden reduced primarily in 6 departments / Ministries.
24			MIT, MoE		Eco-audit (note: in 2013 the screening is sponsored by MIT)	Legislative	1st phase: Screening of unsubstantiated administrative and financial burden to businesses in environmental legislation sector. Drafting of proposals to amend existing legislative acts in cooperation with industrial associations and unions. 2nd phase: adoption of amendments to the identified legislation aiming to remove unsubstantiated administrative and financial burden to businesses in this sector.
25			MIT	MF, MoLSA	Common Commencement Dates	Non-legislative	Concentration of regulations' entry into force affecting business sector into a few specific dates (bi-annually on 1 January and 1 July).
26		Improving quality of the business environment	MJ		Re-codification of the private law	Primarily Act No. 90/2012 Coll. (Commercial Corporations Act), and Acts No. 89/2012 Coll. (New Civil Code), and 91/2012 Coll. (Private International Law)	Increased liability of statutory bodies, abolishment of minimum registered capital requirements for limited liability companies, new rules for administration of joint-stock companies comprising of monist system (statutory director and board of trustees) and dualist system (board of directors, supervisory board), more detailed regulation of cooperatives.
27			MJ		Act on public registers of legal and natural persons	Legislative measure, legislative process in progress	Faster registration into the Commercial Registry and associated registries via newly opened possibility to make registration before the notary, creation of uniform platform for displaying information on natural persons - entrepreneurs and legal entities - entrepreneurs or non-entrepreneurs.
28			MIT		Increased awareness of business sector	Non-legislative	Increased awareness of business sector on the possibilities of using instruments such as PSC, ProCop and SOLVIT.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Providing for a public control over financing of political parties and movements.	Amendment will not result in any savings, nor does it represent significant costs (there will only be a certain increase in administrative costs for the political parties – more detailed financial reports, mandatory publication on the Internet).	1.1.2014	Amendment is being discussed in the government.
Simplification of agendas and cancellation of duplicities in public administration.	Measure will contribute to achieving planned deficit, anticipated savings of 11.9 billion CZK for 2014 and 13.5 billion CZK for 2015.	2015	The government approved the first stage in January 2013.
Professionalization of public administration, transparency of public sector (including management of public funds) and strengthening of anti-corruption instruments.	Savings in the public sector by reducing corruption potential / environment.	Completion of individual tasks outlined in the Strategy is planned to spread over 2013 and 2014	The Government approved the Strategy on 16.1.2013.
Reduction of administrative burden for businesses.	Removal and alleviation of administrative burden, which the businesses view as irritating. Revocation of approximately 60 measures, i.e. 5 measures in each of the 12 evaluated sectors.	30.6.2013	Final report of the re-evaluation project is under preparation.
Reduction of administrative burden for businesses.	Implemented and effective measures in place by the end of 2012 reduced burden by 23.36 %.		Final report is under preparation.
Reducing unsubstantiated administrative and financial burden to businesses in environmental legislation aiming to increase their competitiveness.	Administrative and financial operational savings for businesses reaching 100s of millions CZK annually.	Continuous activity - in progress. Screening to be completed by 1.12.2013	Screening under preparation. Actual commencement of the survey in May 2013.
Simplified orientation within the framework of the business / commercial law.	Administrative costs related to continuous monitoring the regulatory development removed.	Evaluation of the pilot project by 30.6.2013, implementation by the end of 2013	Pilot project has been tentatively evaluated.
Modern commercial law, stable legal environment, improved enforceability of the law.	Improved business environment thanks to extended range of instruments, which the entrepreneurs may use for management of their affairs, increased flexibility of the legal regulation and restricting barriers for entry into business (reduced registered capital of limited liability corporations), prevention of damage via increasing liability of statutory bodies. All these non-financial effects help to improve competitiveness.	1.1.2014	Preparation of implementing regulation. Draft bills submitted for discussion in the lower house of the Parliament.
Improved quality and speed of administrative processes.	In case of direct registration by notaries this will result in savings of approximately 292 million CZK annually and less time necessary to start a business in CR (by 7 days). Extending identical mandatory registration forms to other entities other than corporations would also bring save time for Registry courts.	Law to be adopted in 3Q 2013.	Draft bill in the Parliament.
Improved awareness of the businesses active on the EU internal market EU, increased and rigorous use of PSC, SOLVIT and ProCop services.	Improved business environment and support of EU exports, positive impact on GDP.	2015	Promotional activities for the consulting system underway as well as development of 2nd generation of the PSC system.

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
29	3.2.2 Sustainable industry sector	Energy sector	MIT		Increasing energy efficiency	Legislative measure: Amendment of Act No. 406/2000 Coll., on Energy Management (implementing EU Directive 2012/27/EU on energy efficiency)	Stipulation of the mandatory savings targets for final consumption by 2020 and indicative energy savings by 2020. A National Energy Efficiency Action Plan by 2020 will be drafted, including significant measures aiming to increase energy efficiency and anticipated or achieved energy savings, including savings during supply, transmission and distribution of energy.
30			MIT	MoE	Measures affecting raw materials	Non-legislative	Review of obstacles on use of domestic raw materials aimed at their removal. Raw Materials Policy of the CR has been drafted with the ambition of creating a coherent strategy for the next 20 years, defining barriers to use of natural and secondary resources, from domestic or foreign sources.
31			MIT		Renewable sources of energy (RES)	Legislative measure: Amendment of Act No. 165/2012 Col., on supported energy resources	Change into the system of electricity generation support from supported sources in the sense of termination of operational support granted to RES from 2014. Stabilization of regulated pricing in the RES sector for major consumers.
32			MA	MIT	Biomass Use	Non-legislative (Action Plan for Biomass 2012 - 2020)	Action Plan for Biomass 2012 – 2020 defines measures and principles leading to efficient and expedient utilization of biomass potential, and as such the Plan shall contribute to the fulfilment of Czech commitment to generate energy from RES by 2020.
33		Industry policy	OoG (R&D Council)	MEYS, MF, TACR, MIT	Competitiveness of Czech businesses	Non-legislative (Program for promoting applied research & development for industrial needs)	Measure focuses on overall improvement in quality and thus competitiveness of institutions in R&DI sector, and at the same time, on closer links of business sector demand and compliance with national priorities.
34			MIT	MoLSA, MEYS	Supporting modernization	Non-legislative (Development of non-technical competences of companies)	The objective of the proposed measures is to motivate companies to make a shift in value chain, to cooperate with R&D sector, increase technology transfers and promotion of innovating product on foreign markets.
35			MIT	MFA, MF, MA, MORD, MoE, MO	Supporting exports	Non-legislative (Export Strategy of the Czech Republic 2012 - 2020)	Supporting businesses by innovated offer of services for exporters in the form of lump-sum payment packages (reflecting size of the company and significance of the territory) and reduced administrative burden for exporters by making information systems and processes more efficient, by creating contact points offering state services to exporters in regions so called "one-stop-shop for export."
36		Environment	MoE		Greenhouse-gas emissions	Legislative – Act No. 383/2012 Coll., non-legislative – Climate Protection Policy (under preparation)	Adoption of the new Climate Protection Policy. Main instrument for the reduction of greenhouse-gas emissions continues to be emission allowances trading (EU ETS). In sectors not subject to EU ETS, via efficient implementation of already adopted EU legislation.
37			MoE		New Green Savings	Legislative – Act No. 383/2012 Coll., non-legislative – Energy Savings Policy	Direct subsidies to building insulation programmes, resulting in percentage reduction of energy intensity of buildings.
38			MoRD		Program PANEL 2013+	Legislative measure (Government Regulation No. 468/2012 Coll.)	Low-interest loans for repairs and modernization of residential housing, which must include measures leading to reduced energy intensity.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Reduced energy and resources consumption, cost savings, reduced dependency of the CR on imports and increased competitiveness.	Achieving cumulative target by 2020 in energy savings in the amount of 1.5% of the annual sales volume to final consumers.	2013 - 2014	Legislative work in progress
Removal of legislative obstacles to use domestically available raw materials.	Multiple effects of the mining sector in the form of kick-starting growth.	Depends on government approval of the updated RMP.	Related to major amendment of the Mining Act.
Stabilization of pricing in the RES sector for major consumers (but also for customers with lower consumption), who bear the largest costs of RES support in the form of regulated price of thus generated electricity. No further increases of costs / support toward RES.	Reduced impact of RES support to businesses and overall on the competitiveness of the economy. In the long-term horizon is anticipated that this will reduce impact on the state budget.	2013	Legislative work in progress
Efficient use of agricultural land and forest biomass (dendromass) in CR for energy production and effective fulfilment of Czech commitments. Energy will contribute to GDC in 2020 by 13 % and RES in transport sector will contribute by 10 %.	Financial stimulation for use of biomass for energy production is implemented primarily via NAP for RES. Successful implementation of the recommended measures anticipates job creation in locations where these project are implemented.	by 2020	Promotion of RES for energy is implemented primarily by NAP for RES, so that CR fulfils its commitments related to RES.
Increased efficiency of R&DI support and Czech competitiveness generally.	Increased competitiveness of businesses. Improved links between research and business.	by 2020	Program for applied research, experimental development and innovations GAMA under preparation.
Services in strategic management sector, commercialization and sophisticated services for innovating businesses. Existence and availability of these services. Increased use of such services and satisfaction with them.	Increased competitiveness of business, increased skills in non-technical competences sector, improved corporate management.	by 2020	MJ support concept for 2014 - 2020 approved by the government. Preparatory phase of the measure underway, full implementation anticipated from 2014 – new operational programme.
Increased number of exporters and increased volume of exports and the related contribution to long-term sustainable growth, employment and revenue to public budgets, diversification of exports outside the EU, shift in value chain into segment offering higher value added, utilization of positive synergies of the state for exports and savings achieved by complementarity of activities, efficient coordination of cooperation of all interested subjects.	Provision of professional, efficient and expedient services to Czech exporters. Increased exports, GDP growth.	by 2020	Annual evaluation of implementation and targets of Export Strategy.
Reduction of greenhouse-gas emissions to a degree that ensures fulfilment of the Czech commitment under the climate-energy package and international commitments under the Kyoto Protocol.	Reduction of emissions between 2013 – 2020 by 20 % compared to 1990 levels.	by 2020	Climate Protection Policy to be submitted to the government by the end of 2013.
Reduced energy intensity of buildings (energy savings, reduction of greenhouse-gas emissions), improved housing culture, and positive effects on the Czech economy.	Anticipated savings of energy 333 GWh/year, support to heat production from RES 1 167 GWh/year, reduction of greenhouse-gas emissions by 1 million tonnes CO2 a year, positive effect on GDP, employment in construction sector and related sectors (approximately 58 thousand kept or new jobs)	by 2022	Substantive proposal approved; documentation for the programme under preparation.
Complex reconstruction of residential houses - maintenance, reduced energy intensity, reduced related household energy costs, positive effect on the Czech construction sector and state budget.	Growth-enabling measure with multiplication effect - 1 million CZK will bring 4.28 million CZK to construction sector and 1.5 million CZK back to state budget. At the same time, the house will be less energy intensive.	by 2020	Long-term programme – changed form of support Panel Loans 2013+ (announced 11.1.2013) replaced by interest subsidy pursuant to GR 299/2001 Coll. (implemented 2001-2011) .

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
39	3.2.3 Development of transport infrastructure	Development of transport infrastructure	MT		Implementation of efficient strategic planning	Non-legislative (Czech Transport Policy 2014 - 2020 with outlook to 2050)	Ensure efficient planning using the new Transport strategic policy 2014-2020 with outlook to 2050.
40			MT		Development of road infrastructure	Non-legislative (Transport sectoral strategy)	Completion and improvement of road network infrastructure, ensuring sufficient maintenance, construction of by-pass roads.
41			MT		Development of railway infrastructure	Non-legislative (Transport sectoral strategy)	Completion and improvement of conventional railway network, ensuring sufficient maintenance, preparation of speed links.
42			MT		Development of water courses	Non-legislative (Transport sectoral strategy)	Ensuring reliability of water courses and lock parameters and bridge heights.
43			MT		Development multi-modal transport network	Non-legislative (Logistics Support Strategy from Public Funds)	Development of terminal multi-modal network with public access and parameters pursuant to relevant European legislation and international treaties.
44			MT		Improved legislative conditions / environment	A number of laws (detailed in the previous NRP version before abridgement)	Improved conditions for construction project preparation and for operation of individual types of transport.
45			MT		Development of intelligent transport systems	Non-legislative	Equipping transport infrastructure with suitable ITS systems, assisting in improving management, operation, gathering of transport-related data, exchanging these data and making them accessible, improved risk management and reducing accidents and injury incurred in traffic accidents. Development of national infrastructure for spatial data in the transport sector.
46	3.2.4 Development of energy and environmental infrastructure	Development of grid infrastructure	MIT		Efficient regulation of energy flows	Non-legislative	Main investment projects implemented by ČEPS, a.s. include strengthening of transmission capacity, construction of new grid. Cross-border grid to Germany will have a phase regulation transformer station (PST) installed, which will effectively regulate energy flow and serve as a medium-term solution of the current situation.
47		Development of environmental infrastructure	MoE		Wastewater treatment management	Legislative (Act No. 254/2001 Coll., Waters Act)	Modernization of the fees system for discharge of pollutants into surface water in the form of the newly introduced pollution indicators subject to fees.
48			MoE		Reduced water consumption	Legislative (Act No. 254/2001 Coll., Waters Act)	Adjustment of underground water fees.
49			MoE		Reduced flood risk	Legislative (amendment of regulation 236/2002 Coll.)	Create legislative support and obtain funding for flood risk mapping.
50			MoE		Waste management	Non-legislative (Program aiming to prevent waste generation, New Waste Management Plan (WMP). Amendment of the Act on Waste. New law on waste and product take-backs).	Rigorous application of waste management hierarchy. Use of waste as substitute for primary resources.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Complex strategy for transport policy. Prioritization of project with highest added value for money spent.	Improved accessibility of the CR and regions and resulting improved competitiveness. Transport creates prerequisites for development of other sectors and its effect to GDP is thus in majority of cases indirect (depends on utilization of offered potential by other sectors). Reduced impact on the public health and reduced emissions (higher energy efficiency of railways and water transport, improved flow of traffic, use of electricity on railways). Specific economic effect differs for various projects.	Documents to be finalized by mid-2013	Transport policy – external review procedure 2Q 2013, Transport sectoral strategy – 2nd draft completed, external review procedure 2Q 2013, public hearing into SEA at the end of 2013
Improved quality roads, quality connection to neighbouring countries and quality connection of developing sectors defined in SRR.	See above	Completion of the main TEN-T network by 2030, global TEN-T by 2050, other national and regional projects after 2050	Projects are in various phases of preparation and implementation.
Improved quality of railway infrastructure, quality connection to neighbouring countries, quality connection to developing sectors defined in SRR.	See above	Completion of the main TEN-T network by 2030, global TEN-T by 2050, other national and regional projects after 2050	See above
Reliable connection between CR and European waterways with connection to sea ports.	See above	By 2030	See above
Application of the commodity principle (using potential offered by railway and water transport, increasing volume handled by this type of transport).	See above	By 2030	See above
Faster, better quality and cheaper project preparation and construction, harmonization of conditions for enterprises in all modes of transport.	See above	By 2020 (this sector needs to be optimized continuously, according to development)	See above
Improved quality of traffic / transport data and travel, extensive information for operators, drivers and passengers in national or cross-border traffic. Optimal use of data on roads, traffic & travel. Increased transport performance and efficiency. Improved safety, improved comfort, sustainable mobility. Existence of uniform platform integration spatial data from all kinds of transport, which will meet requirements of all users and spatial data with standardized description nad extent, as required by users.	Standardization of the ITS market. In the long-term outlook, this should enable more efficient planning for the development and repairs of transport infrastructure, optimize traffic and territorial development.	2015	Project is being finalized
Strengthened flexibility and robustness of the transmission network in CR in order to minimize it overload due to unplanned overflows especially from the Northern Germany VTE; improved security and reliability of the grid and increased reliability of supply to industry and population.	Massive reduction of overloads on the critical elements of the grid; elimination / limitation of circumstances when safety rules are not observed in instances when fundamental safety rules are jeopardized by overloads.	PST installation - 2017; gradual implementation of individual TYNDP projects (by 2023)	Application to recognize PCI status filed (project of common interest) pursuant to TEN-E Directive and EU support; negotiations will EC on subsidy award pursuant to CEF rules.
Re-introduction of links between administrative and economic instruments designed for water protection and unification of monitored indicators subject to a fee.	Strengthen fiscal effect, in category under 2000 PE (500 - 2000 PE), increase motivation to build WWTP and operate it in line with valid legislation. Increase motivation by fiscal means – fees – with the objective of improving quality of treated wastewater especially in category under 2000 PE.	2016 (during the major amendment of the Water Act)	Draft bill is ready.
Converging fees / prices for drawing surface and underground water.	Reduce demand from industrial customer for sources of underground water which is earmarked for drinking water treatment.	2016 (during the major amendment of the Water Act)	Draft bill is ready.
Determining areas in significant risk of flooding and flood basis, increase awareness of floods.	Regulation of unadvised construction and other activities in locations faced with high risk of floods aiming to raise awareness about these risks and prevention of financial damages caused by floods, which would be claimed from public funds.	2015 (first phase)	Determining of flood areas and their active zones is continuous process, mapping of flood risks in especially endangered areas to be completed by the end of 2013
Waste management contributes to increased material efficiency of the economy and achievement of Czech independence on foreign resources. Achieving the target "Recycling Society." Meeting mandatory targets defined in EU legislation using and reusing select waste flows.	Energy savings and primary material resources, which are not consumed if generation of waste is duly prevented. Use and re-use of waste represents savings of primary resources and materials. Glass, paper, plastic and metal waste re-use scheduled to achieve 50% reuse by weight in 2020. Lower consumption of primary sources reduces volume of greenhouse-gas emissions created.	Continuously pursuant to targets defined in WMP CR and Waste Prevention Programme.	Amendment in the Parliament, further amendment under preparation (effective from 14.2.2014), substantive proposals by the end of, Waste Prevention Program by the end of 2013, New WMP undergoing SEA - effective from 2014.

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
51			MoE		Energy recovery of waste	Waste Management Plan of the CR.	Increase the share of waste energy recovery, especially of municipal waste.
52			MoE		Alternative fuel	Non-legislative	Create a programme of clean mobility focusing on alternative fuels – methane and electricity and ensuring support of their development aiming to improve quality of air in view of dangerous emissions.
53			MoE		Air protection (Medium-term strategy for air quality improvement) (by 2020)	Non-legislative (Medium-term strategy for air quality improvement by 2020, National Emission Reduction Programme (NERP))	Programmes aiming to improve air quality in individual zones and agglomerations, evaluation of fiscal needs to reach imission limits.
54			MoE		Nature and Landscape protection	Non-legislative	Optimal set up of data gathering system. Adding indicator describing condition of nature and landscape into the existing set of indicators, ensuring data gathering.
55	3.2.5 Development of digital infrastructure and Digital Czech Republic v. 2.0 Strategy	Development of digital infrastructure	MIT	GCIS	Promoting digital economy	Non-legislative	Strengthening of digital economy by different regulatory approach and emphasis on self-regulating mechanisms taking into account specific of the Internet environment.
56			MIT	GCIS, CTO	Development of high-speed networks	Non-legislative	Supporting development of high-speed networks and Internet access. This measure was reflected in the context of preparation of the new Cohesion policies at MIT and OP EI.
57			MIT	CTO	Efficient use of radio spectrum	Non-legislative	Creation of the Radio Spectrum Management Strategy, to be prepared by CTO.
58			MIT	MoLSA, MEYS	Increasing availability of ICT	Non-legislative	Increasing digital literacy of population and improving their electronic skills.
59			MIT	MC	Supporting legal distribution of audio-visual services	Non-legislative	Supporting legal distribution of digital content and maintaining balance between free enterprise, freedom to disseminate and obtain information and protection of personal data.
60			MC		Digitalizing of cultural content	Non-legislative (Government resolution No. 70 dated 30.1.2013 to the Strategy for Digitalization of Cultural Content 2013-2020 (SDCC); legislative (Amendment of Act No. 121/2000 Coll., on Copyright).	Improving efficiency of processes in the culture sector and administration of cultural works. Some of the copyright-related aspects within the framework of digitalization will be addressed by the amendment of the Copyright Act.
61	3.2.6 Space activities of the Czech Republic	Space activities	MT	MEYS, MIT, MoE, MoD	Investment into space activities	Non-legislative	A discussion on the Czech extent of participation of ESA activities needs to be commenced in 2013, in the sense of increased contribution of the CR to the optional programmes.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Support to energy efficiency of the economy and achievement of Czech independence on foreign resources. Meeting the targets limiting landfilling of BMW waste by 35 % by 2020 in comparison with 1995 levels in line with Directive 1999/31/EC. Savings of greenhouse-gas emissions due to heat and electricity production from secondary sources. Savings in fossil fuels while maintaining long-term centralized ecological heat generation for households. Increased recycling of waste remaining after incineration (metals, slag etc.) Extending life-cycle of landfills (existing capacity) for landfilling of other waste – savings in investment and operational costs. Increased hygiene in waste management.	Substitution for primary fossil resources – estimates reach 20 million GJ of energy annually. Energy recovery of waste will result in ten-fold smaller volume and 60-70% of the weight of waste. Limited landfilling and limited emissions of greenhouse-gases, methane and dust, reduced appropriation of land and reduced risk to underground water.	I. phase 2015, II. phase 2020.	New WMP undergoing the SEA process - effective from 2014.
Increasing the share of clean mobility in public and private sector and fundamental improved of imission burden borne by the population from dangerous substances and noise, especially in cities.	Reduced emissions of hazardous substances to approximately 1 tenth in clean mobility. Long-term improvement of population health and reduced cost of healthcare and noise abatement.	2014 - 2020	"Pilot programme" under preparation in three regions in 2013 and preparation of government document "National Clean Mobility Action Plan."
Improved quality of air in CR at least to the extent stipulated by imission and target imission limits for protection of human health, ecosystems and vegetation, incl. limits for PM2.5 defined for city population. Proposal for measures to achieve national emission ceilings by 2020 according to CLRTAP; contribute to reduced greenhouse-gas emissions. Determine potential for reduction of polluting substances concentrations in the atmosphere.	Air pollution reduced below statutory limits.	Completion of strategy by June 2014. Partial tasks and first project outputs to be processed earlier (NERP in September 2013)	Tender for this contract in progress.
Optimized and functional nature and landscape monitoring system representing a source of data and information that are necessary for strategic and conceptual decision making.	Improved public services – coherent information on the condition of nature and landscape available to the public. Alleviating disappearance of biodiversity within the context of development and economic priorities of the CR.	2015	Preparation of documents for funding of the project.
Maximum utilization of digital economy potential (electronic commerce, on-line services, cloud computing, RFID technologies etc.). Increasing ICT share on GDP.	Contributes to the development of Czech economy. Anticipated growth of the Czech Internet economy by 12% annually (by 2015, 5.7% GDP).	2020	Approved by the government on 20.3.2013
Transmission speed of 30 Mbit/s by 2020 for the entire population and 100 Mbit/s for at least half of households.	Contributes to the development of Czech economy. Anticipated growth of the Czech Internet economy by 12% annually (by 2015, 5.7% GDP).	2020	Approved by the government on 20.3.2013
More efficient use of radio spectrum benefiting end users.	Contributes to the development of Czech economy. Anticipated growth of the Czech Internet economy by 12% annually (by 2015, 5.7% GDP).	30.11.2013	Approved by the government on 20.3.2013
Completed Strategy for improving digital literacy and development of electronic skills of the population and its gradual implementation. Reduced number of people excluded from the information society.	Reduced number of people excluded from the information society and increased opportunity to participate in labour market; improving access to services provided in digital environment.	30.6.2015	Approved by the government on 20.3.2013
Existence of an environment where competitive legal digital content distribution business models thrive. Combating of illegal distribution of copyrighted content.	Functioning legal digital distribution models of copyrighted material will reduce decreasing revenue of copyright holders.	2020	Approved by the government on 20.3.2013
Availability of long-term access of the general and professional public to cultural content in digital form.	Contributes to the strengthened cultural awareness, development of education and increased creativity. Safe preservation of digital documents for future reference and use, improved public service.	During 2013 - 2020 taking into account the nature of the digitized content.	SDCC 2013-2020 was approved by the government on 30. 1. 2013; Amendment of Act No. 121/2000 Coll. was submitted to the government for discussion on 12. 3.2013.
More efficient support of industrial competitiveness, scientific excellence and research, which will contribute to sustainable growth of the Czech economy.	The current contribution amounts to 372 million CZK for 2013. In case of Czech contribution to ESA optional programmes, ESA guarantees that 96% of such contribution (after deducting overhead) will gradually return in the form of public contract for implementation of ESA activities (principle of geographical return on investment), and in medium- and long-term horizon creation this approach will contribute to creation of dozens of new highly-qualified and other jobs.	Continuous implementation, next ESA Ministerial Conference in 2014.	ESA activities being financed presently.

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
62			MT		Creation of legal framework for the national space programme in connection, inter alia, with establishment of the Czech Space Agency (ČKA)	Legislative	Creation of legal framework for the national space programme in connection, inter alia, with establishment of the Czech Space Agency (ČKA)
63			MT		Establishment of the Czech Space Agency (ČKA)	Legislative	Establishment of the Czech Space Agency (ČKA)
64	3.3.1 Development of labour market and active employment policy, increased productivity	Increased efficiency of PES	MoLSA		Revision of Active Employment Policy (AEP) methodology	Non-legislative	Transfer of the non-insurance social security agenda to LO CR created a conditions for a better coordination of social and employment policies. In connection with LO CR reorganization, better integration of processes and responsibilities for active employment policy implementation in regions is being gradually achieved.
65			MoLSA		Implementation of employment policy	Non-legislative (Normative guideline No. 2/2013 "Implementation of active employment policy in 2013")	Annual definition of priorities and objectives of the AEP by relevant management action at the beginning of the year.
66			MoLSA		Methodology for individual and complex consulting provided to LO CR clients	Non-legislative	Creation of consulting methodology, which will set out standards for work with clients and other activities related to employment services, provided by LO CR. This methodology will cover both individual and complex forms of consulting.
67			MoLSA		Efficient management of human resources by LO CR	Non-legislative	Optimizing personnel processes and creation of an effective HR management system at LO CR, elimination of unsatisfactory personnel activities.
68			MoLSA		Advice to aliens	Non-legislative	Training of LO staff, revision of web presentation contents.
69		Monitoring of development on labour market	MoLSA		Cooperation of LO CR with employers on the monitoring of open positions	Non-legislative	Definition of conditions for monitoring and keeping records of open positions. This is a reaction to the abolished duty on the part of employers to report open positions to LO CR. LO CR is forced to change forms and method of its work and set up new processes and specific cooperation with employers.
70		Education and requalification	MoLSA		Educate yourself for stability	Non-legislative	Support provided in order to maintain positions with employers who are in temporary difficulties due to negative economic development and are not able to give work to its employees per contract.
71			MoLSA		Educate yourself for growth! – job opportunities	Non-legislative	Support provided to active employment policy instruments in the form of publicly beneficial work (PBW) and to selected socially expedient job positions (SEJP).
72			MoLSA		Educate yourself for growth! – requalification	Non-legislative	Implementation of requalification and consulting activities for job applicants registered with LO CR.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Existing legal framework for the national space programme. The programme will implement the National Space Plan approved by Resolution No. 14 of the governmental European Union Committee on 3.5.2010. The programme anticipates combination of various funding sources.	Support provided to innovative projects will lead to development of the Czech economy, primarily in the sector providing high added value, and this to the increased competitiveness of the Czech industry.	NSP's duration is 5 years	Preparation of the legal framework for the national space programme
Optimizing of public administration's performance in the space activities sector in the CR (i.e. removing the present fragmentation). Improved efficiency of public administration's performance in utilization of public funding, increased transparency, simplification and improvement of communication between private and public sector, more efficient use of synergic effects with other sectors, and increased professional potential. Increased coordination of cosmic activities.	Increased coordination of cosmic activities will contribute to the growth of the Czech economy and increased competitiveness, especially in the sector of advanced technologies. Centralization of space-related agendas may lead to savings of 2.5 million CZK after the very first year of its implementation.	Continuously	Space activities are being coordinated
The objective is to link all information system within the department, improve user comfort in working with individual IS, both on the MoLSA level and on LO CR field offices.	Increased efficiency during execution of PES.	2015	Optimizing process in progress.
Support provided to job applicants, who cannot obtain jobs due to their individual characteristics otherwise.	Reduced unemployment of disadvantaged groups.		Implementation complete
The aim is to improve quality and extent of consulting and other activities carried out by LO CR.	Professional and qualified workforce providing better service to clients.	2013 - 2015	In progress
Improved efficiency of HR management and improvement of the existing method of PES education.	Professional and qualified workforce providing better service to clients.		
Increased quality and support services provided by LO to aliens, increased awareness of aliens.	Provision of quality and professional consulting to clients.	1.6.2015	Project under preparation, anticipated commencement on 1. 6. 2013
Improved quality of services for employers within the framework of monitoring open positions in complex manner. Gathering complex information on job opportunities. Increased awareness re open positions.	Improved quality of public service for work with clients and partners.	2015	Preparation in progress
Development of qualification levels and competences of employer and employees and strengthening sustainability of positions by creation of a coherent education system.	Increased adaptability of employees and competitiveness of businesses. Supporting 7 000 - 10 000 positions.	30.6.2013 evaluation; 30.6.2014 completion.	Project in progress since 17.9.2012
Maintenance and rekindling of basic work routines in job applicants and their motivation to work and obtain money in return for work, not from social support system.	Reduction of long-term unemployment. Project aims to support 20 747 persons.	30.4.2015 project completion at LOC CR; 30.6. 2015 project end.	Project in progress since 1.1.2012
Increased motivation to look for and finding a job; incurring professional skills and competences required on the labour market.	Increased employability of job applicants. Project aims to support 32 625 persons.	30.4.2014 project completion at LOC CR; 30.6. 2014 project end.	Project in progress since 1.7.2011

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
73			MoLSA		Education of job applicants in the area of socio-economical competences	Non-legislative	Training of socio-economic competences in job applicants, who are most jeopardized by execution or deeply in debt, or who are already in that situation, and assisting them in returning to labour market. Program includes training of financial literacy (i.e. money, information, budgeting) and other soft skills (communication and presentation skills necessary to succeed on the labour market).
74	3.3.2 Social inclusion and fight against poverty	Optimizing non-insurance social systems and social work	MoLSA		Optimizing benefit system	Measure non-legislative and legislative (amendment Act No. 108/2006 Coll. and Act No. 329/2011 Coll.)	Continuing implementation of benefits for the handicapped; providing benefits to people in material need and supporting revenue streams to people threatened by social inclusion.
75			MoLSA		Care for endangered children	Act No. 359/1999 Coll., on Social and Legal Protection of Children (ASLPCH)+ regulations, implementation of national strategic documents (National strategy for protection of children's rights (NSPCHR)– gov't resolution No. 4 dated 4.1.2012 and Action Plan for implementation of NSPCHR 2012 – 2015, gov't resolution No. 258 dated 11.4. 2012) preparation of new regulation supporting the families, foster families and children's rights protection.	Active introduction of new processes in socio-legal protection of children, creation of a system oriented on prevention of threats to children and timely solution, commencing work on new consolidating legislation.
76		Supporting social inclusion and fight against poverty	MoLSA		Supporting social inclusion and fight against poverty	Non-legislative (Social inclusion strategy)	Formulation of a complex program measure focused on socially excluded persons or persons threatened with social inclusion so that they can reach opportunities allowing them to return into economic, social life in society and lead a normal life, especially by providing them with skills to be able to participate in labour market and provide access to quality services leading to social inclusion.
77			MoLSA		Homelessness	Non-legislative (Concept for solution of homeless issues by 2020)	Strengthening of focus social services to the most disadvantaged groups. Includes support providing access to housing and healthcare, increased awareness.
78			MoLSA		Active ageing	National Action Plan supporting positive ageing for 2013 - 2017 (Resolution č. 108/2013; Concept for development of technologies and services of assisted living for senior citizens (Government resolution No. 769)	Protection of seniors' rights, lifetime education, employment of older workers and seniors, voluntary involvement and inter-generation cooperation, quality environment for senior living, healthy ageing and care for senior citizens with limited self-reliance.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Increased socio-economic competences and increased chances of getting and keeping a legal job. Prevention of social exclusion and excess debt; providing motivation to rekindle or acquire proper work habits.	Increased employability of job applicants. Reduction in the number of people threatened with poverty. Support for 35 000 persons trained in socio-economic competences, 28 270 successfully supported people by the project.	30.6.2015 Project completion.	Project in progress since 2. 7. 2012. Tender for education activities foreseen in project to be announced shortly.
Effective management of benefit proceedings and identification of handicapped people – setting up better mechanisms allowing use of health assessment for multiple purposes. Material need benefits to ensure adequate revenue of person in danger of social exclusion primarily due to long-term unemployment and seeking to strengthen activation elements.	Better-structured provision of material need benefits; simplified benefit proceedings for handicapped.	Amendment Act No. 108/2006 Coll. and Act No. 329/2011 Coll. to come into force by 1. 1. 2014.	Draft amendments are being submitted for external review processes.
Creation oriented on prevention of threats to children and timely solution, creation of uniform system for work with families and children and efficient, complex system of foster family involvement.	Improved state services in the children's protection sector and care. Early intervention in resolving family and children's problem will result in savings in other public sectors (for instance cost of institutional care, social benefits etc.).	1st phase by the end of 2015, substantive proposal for new family, foster care and prevention legislation by the end of 2013, draft bill by 2015. Entry into force of amended ASLPCH on 1.1.2013 with legislative deadlines for selected measures by 2015.	Legislative work in progress
Increased ability of socially excluded or threatened people to participate in labour market; efficient, accessible and sustainable in the long-term system of social services for families with children; efficient and sustainable in the long-term system of social protection; increased utilization of mainstreaming principles for social inclusion and cooperation of participants based on evaluation of statistical data.	Fulfilment of target set forth in the national plan for fighting poverty: "Maintaining the number of people threatened with poverty, material deprivation or living in households without person in employment by 2020 at the 2008 levels", reduction of the number of people threatened with poverty, material deprivation or living in households without person in employment by 30 000, increased employment of these people.	Strategy by should be completed by the end of 2013, implementation in 2014-2020.	Preparation in progress
Development of services for target groups, with emphasis on preventing homelessness (reducing number of) and development of subsequent support of these persons leading to social inclusion (or re-socialization). Improved relation of the homeless to housing and healthcare. Improved cooperation and awareness of all involved actors.	Fulfilment of target set forth in the national plan for fighting poverty: "Maintaining the number of people threatened with poverty, material deprivation or living in households without person in employment by 2020 at the 2008 levels", reduction of the number of people threatened with poverty, material deprivation or living in households without person in employment by 30 000, reduced number of households and individuals losing housing, reducing number of people living on the streets (obvious homeless people), increased efficiency and performance of the systemic solution in homeless sector. Higher support of preventive measure may lead to savings of other costs in public sector (benefits tied to material need).	2020, short-term and long-term measures continuously	Preparation in progress
Seniors' use and standing in the society, promoting age management, strengthened employment of seniors, support provided to cooperation between generations and solidarity, involvement of the seniors in voluntary activities, support of healthy lifestyle and illness prevention, interlinking between healthcare, social and other services provided at home.	Increased employability and other involvement of older people on the labour market, extended availability of social and healthcare-related services.	National Action Plan by 2020, other measures continuously	Performance of activities according to deadlines defined in NAP.

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
79			OoG		Social inclusion of the Roma and addressing issues of socially excluded locations	Non-legislative (Strategy for fighting social exclusion 2011-2015)	Support provided to employment (zone consulting, introducing system of gradual employment), involvement of socially disadvantaged children into the schooling mainstream, preventing family disintegration and placing of children into institutional care, safety within and outside socially excluded locations, complex regulation of social housing.
80			MoRD	MoLSA	Supporting social housing	Legislative measure (GR No. 284/2011 Coll., amended by GR No. 268/2012 Coll.)	Preferential loans from SFRB toward development of rental properties for low-income classes, handicapped persons, persons who lost housing due to natural disaster, and for persons older than 65 years.
81			MoLSA		Supporting social entrepreneurship	Non-legislative (Employment Strategy)	Reflecting principles of social entrepreneurship as one of the methods of addressing employment issues of persons from disadvantaged groups such as young people leaving institutional care, long-term unemployed above 50 years of age.
82	3.3.3 Promoting rental housing availability for increased workforce mobility	Increased availability of rental housing	MoRD		Supporting increased development of rental properties	Legislative measure (GR No. 284/2011 Coll.)	Use of SFRB funding in the form of loan to support construction of rental properties in the CR.
83	3.3.4 Increased quality and availability of pre-school care, harmonization of family and working life	Quality and availability of pre-school care, harmonization of family and working life	MoLSA	MEYS	Corporate kindergartens	Legislative	Financial support toward establishment of corporate kindergartens in the form of tax advantages, quality guarantees.
84			MoLSA	MEYS	Pre-school care	Legislative	Introduction of a new type of children's care in children's groups and pro-family tax measures.
85			MEYS	MoLSA	Improved pre-school education quality	Legislative (Act No. 563/2004), non-legislative (RVP amendment, methodological support)	Codification of the requirements that all pre-school staff obtain tertiary degree (Mgr.). In relation to the just completed RVP update for pre-school education, methodology to be provided supporting kindergarten staff.
86	3.3.5 Reforms of grammar and middle schooling	Reforms of grammar and middle schooling	MEYS		Framework Education Programme (RVP) for primary education	Non-legislative (RVP amendment)	Adjustment of mathematical learning, introduction second foreign language learning, financial literacy.
87			MEYS		General computer-based testing	Legislative (regulation)	Introduction of computer testing in relation to pupils' results in the 5th and the 9th grade.
88			MEYS		Career system and remuneration of pedagogic staff	Non-legislative (documents for amendment of regulation)	Creation of work quality standards for teachers, evaluation system and feedback from professional public.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Improved involvement of socially disadvantaged children into the education system, reducing number of children in institutional care, increased safety and reduced social tension in municipalities, affordable rental housing for low-income groups, reduced unemployment of long-term unemployed and inhabitants of socially excluded locations.	Increased employment of long-term unemployed and inhabitants of socially excluded, reduced numbers of people threatened with poverty locations. Positive effects on regional development.	2015, with update and extension to 2020	Implementation in progress, evaluation under preparation with update in progress. Coordination with update of the Concept for Roma integration.
Increased construction of rental flats, while the preferential financing by loans in the amount of 70 % of the entire allocated amount is earmarked toward construction of social housing for defined persons.	Construction of approximately 330 apartments, strengthened social cohesion, reduction on the number of persons threatened by poverty.	Long-term program - program was announced in Aug 2011, continues to run.	Project in progress since 2011
Increased employment of disadvantaged groups of people on the labour market.	Increased employment of disadvantaged groups of people on the labour market, improved employment structure, improved PES, anticipated savings in social benefits expenditure.	Adoption of Employment Strategy 31.12.2013	Preparation in progress
Increased volume of construction of rental apartments with the accent to provide housing to selected groups of people (revenues, aid-dependants, age or loss of housing due to natural disaster), change of preference toward rentals with regard to importance of rental housing for social cohesion and geographic and professional mobility of workforce in the CR.	Construction of approximately 140 apartments, increased workforce mobility, more efficient labour market.	Long-term program - running from 2011, still open.	Project in progress since 2011
Increased number of corporate kindergartens, larger capacity of pre-school care facilities, increased number of parents entering labour market, harmonization of family and work life, maintaining qualification.	Reducing corporate cost of hiring and training of new employees, creation of up to 1000 positions depending on the availability / usage of these services.	31.12.2013	
Maintaining contract of parents with their employment during parental care and gradual return or re-entry to labour market with regard to the strategy seeking harmonization of professional, family and personal life. Clear definition of conditions for provision of pre-school care including requirements for premises and definition of duties for individual subjects. More flexible services according to parents' needs. Earlier return of qualified staff to work. Increased motivation and loyalty of staff.	Contribution into public budgets in relation to earlier return of parents to work, providing tax and insurance revenue (estimates for 2014 tis may reach 191 million CZK), non-monetary contributions of employees, reduced number of benefit recipients, increased availability of services, harmonization of professional and family life, reduced costs of corporation with hiring and training of new staff (up to 300 000 CZK/person). Total contribution depending on the numbers of users of these services.	1.1.2014	Draft bill to be submitted to government by 31.3.2013.
Reducing number of deferments from current 22.4% (2011), improved student's results.	Improved quality of education. Improved results of the Czech students / pupils in international comparative studies.	31.12.2013	Legislative work in progress.
Broader scope of mathematical training and foreign languages on the second level of lower secondary education.	Increased allocation of individual classes in RVP. Improved results of compulsory education pupils in national testing, achievement of minimal standards in the 5th and the 9th grade. Reduced number of pupils who do not reach standard minimums.	1.9.2013	RVP already updated.
Faster and more reliable electronic testing and processing of resulting data. Up-to-date data will ensure adoption measures to support pupils who fall behind the standards, both on the national level and specific school level.	Improved feedback for the education system and its subsequent use in creation of education policies. Contributes to the improved quality of education.	31.12.2013	The 1st round of rehearsal testing of 5th and 9th graders completed and 2013 shall see the next round of testing.
Creating systemic career paths for teachers.	Reduced fluctuation of teaching staff. Improved quality of education.	31.12.2015	Preparatory phase

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
89			MEYS		New leaving exam	Legislative (amendment of the School Act and Regulation No. 47/2005 Coll.)	Gradual standardization of final exams in secondary education (without "maturita" leaving exam).
90			MF	MIT, MEYS	Support to the corporate investment into education	Legislative (amendment Act No. 586/1992 Coll., on Income taxation)	Tax concessions seeking promotion of corporate investment into education. The measure is to be applied to entire industry sector focusing on SMEs.
91			MEYS		Education policy strategy for 2020	Non-legislative	Creation of a concise and coherent framework for education policies.
92	3.3.6 University Reform and development of lifetime learning	University Reform	MEYS		Amendment of the Higher Education Act	Legislative (amendment Act No. 111/1998 Coll.)	Some of the key parts of the Higher Education Act will be amended in terms of financing and ensuring quality of higher education. Introduction of contract financing of public universities and the so-called institutional accreditations of universities supported by internal quality assurance systems.
93			MEYS	MIT	Supporting technically-oriented education	Non-legislative (pilot verification of dual education model, modification of RVP)	Program "Pospolu" – verification of possibilities of cooperation between schools and employers, incl. dual system. Commencement of implementation of implementation program "Support of technical and natural sciences education in secondary schools" – in all regions.
94		Development of lifelong learning	MEYS	MoLSA	Systemic forecasting of labour market qualification requirements	Non-legislative	Creation of the system for evaluation and forecasting of developments of qualifications needs on the labour market including creation of information products for selected group of users.
95			MEYS	MoLSA, MIT	Internships – education by practical involvement	Non-legislative	Implementing system of further education in the form of internships in companies aiming to increase chances of interns on the labour market.
96			MoLSA	MEYS	Development and implementation of National System of Occupations (NSP) and National System of Qualifications (NSK)	Non-legislative	Creation, updates and revision of an open information database on labour market and its needs. Contains information on occupations sought after on the labour market and required competences (NSP). Link to a national register of qualifications (NSK), which lists either all required qualifications for performance of actually recognized competences, or criteria for verification of professional qualification to carry out work in certain professions.
97	3.3.7 Supporting arrivals of qualified workforce from abroad	Supporting arrivals of qualified workforce from abroad	Mol	MoLSA	New legal regulation of arrival and residence of aliens in CR	Legislative (substitution of Act No. 326/1999 Coll.)	The proposed new legal regulation should substitute the existing Act No. 326/1999 Coll., on the residence of foreigners in the Czech Republic, by 3 new regulations: 1) new act on the residence of foreigners (which will continue to regulate entry and residence of third country aliens, 2) Act on free movement of EU citizens and their families, 3) Act on the protection of state borders.
98			MIT	MoLSA, MFA, Mol,	Faster procedure for transfer of foreign investors' internal employees	Non-legislative	Project defines rules and deadlines for faster transfers of foreign investors' internal employees. The target group are managers and specialists temporarily assigned within the framework of the corporation abroad.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
Increased number of schools offering this new leaving exam with standardized specification.	Transparent pupils' result evaluation system.	31.12.2013	As of 31. 12. 2012 the project of New Leaving Exam I was completed and replaced by New Leaving Exam II project, to be completed in 2014.
Increased motivation for closer cooperation between corporation and education institutions. Higher professional qualification of students. Active support to research and development in the business sector in introducing innovations.	Improved technical learning in the CR. Higher qualification and employability of young people. Activation of labour market.	1.9.2013	Legislative work in progress
Strategy will create a governing framework for the entire system and a contextual mandate for a set of implementing documents aiming to improve the quality of education.	Improved quality of education.	31.12.2013	Public consultations in progress
Amendment of the act will create prerequisite conditions for improved quality, relevance and transparency of higher education. Measures will lead to the reduction of administrative burden related to accreditations of individual programs of study.	Creation of a transparent system of higher education and its financing. Improved quality of higher education. Reduced administrative burden on the side of both state and universities.		Draft bill distributed to universities for comments.
Increased attractiveness and interest in studying technical and natural sciences professions in secondary and tertiary education.	Creation of at least 26 regional partnerships between education institutions and employers. Creation of at least 14 regional partnerships supporting technical education between regions and secondary and primary schools and material equipment of schools.	31.12.2013	Revision of Framework Education Programmes (RVP) strengthening mathematical skills to be in force by 1. 9. 2013. POSPOLU project in the process of preparing the first call anticipating announcement by the end of 2013.
Professional personnel capacities; estimates of the employment developments in the CR by 2016; projections of qualifications needs in the CR by 2016; product related to mapping developments and perspectives of the labour market on regional level; Functioning web application offering information products.	Improved employment structure.	2015	
Creation of a National Internship Catalogue (NKS). Catalogue of templates and database of internship providers.	Reduced unemployment and increased qualification.		
Completion of primary implementation of NSP as a complex instrument for monitoring qualitative requirements on labour market. Building of a system of qualification and evaluation standards, as well as creation of supporting tools for broad application of the entire NSK. Gathering information on qualification requirements, which will subsequently be projected into all levels of education, into human resources management and professional training on all levels.	Reducing clash between demand and supply in terms of qualifications on the labour market. Actual information on the situation on the labour market, strengthened position of employers.	NSP - 2013 NSK - 2015	NSP - 06/2013 completion of NSP II, approximately 1400 job descriptions to be finalized. NSK – completion in 2015, approval and revision of approximately 300 professional qualifications anticipated in 2013.
The aim of this legislative measure is to remove identified defects of the existing legal regulation and create a clearer and more compact regulation, limit administrative intensity and simplify processes, strengthen control powers of the state and strengthen integration elements of migration.	Reduced administrative intensity of migration procedures by introducing unified residence and work permits. Strengthening the rights and protection of alien worker, improved integration of aliens.	Entry into force expected during 2014.	Deadline for submitting the bill for inter-departmental review process is 30.4.2013
Speeded up processes for foreign investors' managers and specialists transfers, who are key for their employers in terms of ensuring economic operation and further development of their business activities in the CR.	Sufficient number of qualified workforce for the maintenance and growth of competitiveness of the CR.	2014	Implementation in progress (after six-month evaluation of the project, the entry criteria for participants were reduced as of 1.10.2012).

No.	Chapter	Priority	Sponsor	Co-sponsor	Measure	Measure type	Description
99	3.4.1 Development of conditions for excellent research	Development of conditions for excellent research	OoG (RDIC)		Implementation of National priorities of oriented research, experimental development and innovations	Non-legislative	Creation of topical and scheduling framework for announcement of programmes under RDI by 2020 with link to Priorities and National R&D Policy with clear definition of responsibilities of individual providers.
100			MEYS		National Sustainability Programmes I and II (NPU)	Non-legislative measure	Implementation of individual measures under NPU I and II aiming to ensure sustainability of European centers of excellence and regional R&D centers built within the framework of Priority Axes 1 and 2 under RDIOP with financial participation of European Regional Development Fund.
101			MEYS	OoG	New evaluation & financing methodology for R&D&I	Legislative measure, in order to implement the measure the amendment of Act No. 130/2002 Coll., on the promotion of research and development from public funds (RDI Act), as amended.	Preparation of new methodology on the evaluation and financing of R&D&I in CR. Implementation of a new mechanism for distribution of state funding to research, development & innovations.
102	3.4.2 Development of cooperation between businesses and research institutions	Development of cooperation between businesses and research institutions	MEYS	MIT, MoRD, MoLSA, MA, TACR	Strategy for Intelligent Specialization (S3) of the CR	Non-legislative measure	Formulation of the S3. Stimulation of innovative potential of individual regions and the CR as a whole.
103			MIT	TACR	Supporting applied research and experimental development for the industry's needs	Non-legislative	Program supporting applied research and experimental development from state budget for the needs of the industry, focussing on the fulfilment of the National Priorities of oriented research, development & innovations.
104	3.4.3 Innovative enterprise and development of start-ups; Seed-fund	Innovative enterprise and development of start-ups; Seed-fund	MIT	MEYS	Seed-funding	Non-legislative	Support of innovative enterprise in the form of acquiring share in specific innovative business projects. The objective is to stimulate investment of private risk capital into start-ups and expansion of existing innovative firms.
105			MIT		Programmes supporting risk capital	Non-legislative	New programmes supporting risk capital will be prepared for the new period 2014-2020 on the basis of ex ante analysis of market situation in the CR.
106			LOV	MIT	Utilizing the IPR potential	Non-legislative	Promote awareness of the business-owners, students, teachers and R&D specialists regarding opportunities stemming from optimal protection and use of IPR, including system of patent information. This measure was reflected in the context of preparing new cohesion policy at MIT and OP EIC.
107			OoG/MIT	UV, RDICI, MEYS, MIT, TACR, MFA, CzechTrade, TCAV, Czechinvest	Foresight and technologic sectors of strategic importance for Czech economic growth	Non-legislative	Monitoring of global economic trends and opportunities on foreign markets and subsequent identification of trends in key technological sectors of the CR.

Planned target status (anticipated effect)	Impact of the measure	Planned completion	Current status
The main contribution and aim of priorities implementation is to create a plan for announcement of new R&D programmes. This will result in strategic orientation of a part of (primarily applied but also partially fundamental research) national R&D into sectors, which may assist in solving current and foreseeable problems and challenges faced by the CR.	Identified Priorities will be used for better formulation and focus of R&D programmes, i.e. primarily for part of the targeted support of R&D. Identified Priorities will also form a base for directing the support from structural funds in the new programming period.	Beginning in 2015 with gradual implementation by 2030.	Documents for National R&D Priorities were approved in July 2012 and Priorities are already binding for all new programmes.
Sustainability of European centers of excellence and regional R&D centers built within the framework of Priority Axes 1 and 2 under RDIOP with financial participation of European Regional Development Fund. Increase competitiveness of the CR in progressive R&D areas with high potential of application of the R&D results in practice.	Improved conditions for carrying out excellent R&D&I in the CR, strengthening of the cooperation between research and business spheres on the level of individual region and the CR as a whole.	by 2020	NPU I a II approved by gov't in 2012. The first public tender under NPU I announced in 2012 along with commencement of support for 2013. The first public tender under NPU II to be announced in 2014, support provide from 2016.
Improved conditions evaluation and financing of R&D&I in CR. More efficient expenditure of public funds and increased motivation of participants in the innovation process to achieve excellence and knowledge transfer into practice.	Quality conditions for conditions evaluation and financing of R&D&I in CR. Efficient expenditure of public funds in this sector, higher motivation to achieve excellence and transfer knowledge into practice.	2015	Project in implementation from 2012; Individual National Project (IPN) Methodology - Efficient evaluation and financing of R&D&I. Project to be completed by 31.1.2014.
S3 will form an annex to the updated National R&D&I Policy. Resources to be focussed on limited set of priorities in R&D&I, outlined measures supporting private investment in R&D and technological innovation, efficient system of intervention monitoring.	Stimulation of innovative potential of individual regions and the CR as a whole; increased degree of cooperation between public research institutions and business sector; concentration of critical volume of funding and capacity for efficient performance of excellent research, development and innovations.	2013	Preparation in progress
Increased volume of carried out research and development, stimulation of non-public funding and cooperation between business and research sector, in pre-identified priority sectors focused on sustainable development and competitiveness of the CR.	Competitive products with high added value, new jobs depending on absorption capacity of the sector. Improve cooperation between business and research sector.	2020-2022	Substantive outline of the program is prepared, discussions on specific parameters of program in progress. Program to be submitted to the government in 2013.
Promoting investment process. Financial resources for new innovative businesses to be provided by investment instrument "SEED" to firms at the beginning of their business life, and through instrument tool "VENTURE" for businesses looking for development capital. Valuation of the share and subsequent exit (sale of state-held share). Development of the risk capital market in the sector of investment into businesses with innovative potential.	In 2013, a contribution of 500 million CZK is being earmarked for investment along with private funds involvement (of at least 30-50 %) toward innovative SMEs business projects.	Investments by the end 2015; exits by the end of 2023	Tender for fund administrator in progress
Improved access of innovative start-ups to financing. Development of the risk capital market in investment into innovative business sector.	More and bigger projects seeking start-up and development of innovative businesses via risk capital investment.	Investments by the end 2022; exits by the end of 2030	Preparation of ex ante analysis defining the most suitable methods of implementing and focus of programmes. Legislative work in progress.
Proper management and protection of R&D results with direct effect on transferring these results into practice.	Increased number of patents of Czech entities abroad to be at least two-fold. Increased revenue of Czech entities from patent licenses.	by 2020	Continuously
Achievement of net added value in exports matching the level of the top five European economies by 2020.	Anticipated positive micro-economic contribution, establishment of new innovative businesses with firm positioning of their brands on the most developed foreign markets.	by 2020	Preparatory phase of the measure in progress, full implementation anticipated by 2014 within the framework of the new programming period.

Annex No. 6: Overview of the links between the ICS, the NRP, Proposals for government action to improve conditions for economic development, support business and employment (NOV) and targets of Europe 2020

	Measure	Strategy of International Competitiveness of the Czech Republic (project number and name)	Proposals for government action to improve conditions for economic development, support business and employment (number and name)	National targets of the Czech republic
1	Draft Act on Fiscal Discipline Rules	11. Budgetary Oversight – Transparent and Sustainable Public Finance		
2	Publication of fiscal information	2. More Efficient Handling of Public Assets and Funds	42. Immediately institute work on creating a system of publication of information about public budget	
3	Fighting tax evasion			
4	Revocation of the Act on inheritance tax, gift tax	12. A Competitive Tax System		
5	R&D Support	40. Development of Cooperation Aimed at Knowledge Transfers between Business and Academia		5. In research, development and innovation sector
6	Single Collection Point	27. Introduction of a Single Payment Point	43. Develop the Single Payment Point prior to its introduction in such way to eliminate the principal changes in its operation after it will have been launched. Introduce an option for editing obligation in matters of tax legislation	4. With regard to improving business environment
7	Optimizing healthcare and social services network	11. Budgetary Oversight – Transparent and Sustainable Public Finance, 17. Bed-care Restructuring		2. With regard to poverty
8	Improving public health insurance system	15. Increased Efficiency of Healthcare Financing		
9	HTA implementation			
10	Health funds' reform	16. Increased Efficiency of the Functioning of Health Insurance Funds		
11	Electronic documentation	18. Patient's Ties to Health		2. With regard to poverty
12	Protection against damage caused by tobacco, alcohol and other addictive substances.			2. With regard to poverty
13	Mental Health Care Reform			2. With regard to poverty
14	Smart Administration Strategy	1. Efficient Public Administration; 3. Simplified Access to Public Administration Services; 4. Greater Quality and Accessibility of Regulation		
15	Reform of public administration	1. Efficient Public Administration; 3. Simplified Access to Public Administration Services; 4. Greater Quality and Accessibility of Regulation		
16	State Civil Servants Act	1. Efficient Public Administration		
17	Digitalization of public administration	1. Efficient Public Administration; 3. Simplified Access to Public Administration Services		
18	Free access to information	1. Efficient Public Administration; 3. Simplified Access to Public Administration Services		
19	Association in political parties and political movements			
20	Simplification of agendas and cancellation of duplicities in public administration			

The headline targets of Europe 2020	Flagship initiatives	Integrated Guidelines
		1. Ensuring the quality and the sustainability of public finances; 2. Addressing macroeconomic imbalances;
		1. Ensuring the quality and the sustainability of public finances; 2. Addressing macroeconomic imbalances;
		1. Ensuring the quality and the sustainability of public finances; 2. Addressing macroeconomic imbalances;
		1. Ensuring the quality and the sustainability of public finances;
	5. An industrial policy for the globalisation era	1. Ensuring the quality and the sustainability of public finances; 6. Improving the business and consumer environment and modernising the industrial base; 4. Optimising support for R&D and innovation, strengthening the knowledge
	2. Innovation Union	1. Ensuring the quality and the sustainability of public finances; 6. Improving the business and consumer environment and modernising the industrial base;
	7. European platform against poverty	11. Promoting social inclusion and combating poverty.
		1. Ensuring the quality and the sustainability of public finances;
		1. Ensuring the quality and the sustainability of public finances;
	7. European platform against poverty	1. Ensuring the quality and the sustainability of public finances;
	7. European platform against poverty	1. Ensuring the quality and the sustainability of public finances;
	7. European platform against poverty	1. Ensuring the quality and the sustainability of public finances;
	1. Digital agenda for Europe; 5. An industrial policy for the globalisation era	1. Ensuring the quality and the sustainability of public finances;
	1. Digital agenda for Europe; 5. An industrial policy for the globalisation era	1. Ensuring the quality and the sustainability of public finances;
		1. Ensuring the quality and the sustainability of public finances;
	1. Digital agenda for Europe; 5. An industrial policy for the globalisation era	1. Ensuring the quality and the sustainability of public finances;
	1. Digital agenda for Europe;	
		6. Improving the business and consumer environment and modernising the industrial base;
		1. Ensuring the quality and the sustainability of public finances;

	Measure	Strategy of International Competitiveness of the Czech Republic (project number and name)	Proposals for government action to improve conditions for economic development, support business and employment (number and name)	National targets of the Czech republic
21	Government Strategy for fighting corruption for 2013 and 2014	1. Efficient Public Administration, 2. More Efficient Handling of Public Assets and Funds, 3. Simplified Access to Public Administration Services, 4. Greater Quality and Accessibility of Regulation, 5. Better Law Enforcement	20. Implement all the measures adopted by the government anti-corruption strategy	
22	Re-evaluation of administrative burden borne by entrepreneurs	33. Improving the Business Environment	1. Approve and simplify the procedures of the Building Act aimed to accelerate construction, for this purpose prepare and implement the relevant legislation; 21. Implement the EKOAUDIT to eliminate unjustified burden on competitive performance of the Czech economy; 38. Deepen computerization in communication with employers social security bodies to reduce the number of paper forms and confirmation employer-fill; 39. Simplify administration in the approval process in the generation business, as well as in law enforcement and other legal proceedings; 41. Remove extra paperwork related to the amendment of ZP in the field of working contracts; 59. Increase the efficiency and reduce the administration of employers in adopted system of the performance of control activities, usually carried out by national audit bodies together in one place with the employer; increase the efficiency of public services already introduce DONEZ system as a compulsory part of the obligations jobseekers, NOV 43	4. With regard to improving business environment
23	Plan for Reducing administrative burden (until 2012)	33. Improving the Business Environment.	ibid	4. With regard to improving business environment
24	Eco-audit (note: in 2013 the screening is sponsored by MIT)	33. Improving the Business Environment.	NOV 21	4. With regard to improving business environment
25	Common Commencement Dates	33. Improving the Business Environment		4. With regard to improving business environment
26	Re-codification of the private law	33. Improving the Business Environment		4. With regard to improving business environment
27	Act on public registers of legal and natural persons			4. With regard to improving business environment
28	Increased awareness of business sector	34. Business Development Services		
29	Increasing energy efficiency	9. State Energy Conception and Strategic Regulation.	6. Implement a update the State Energy Conception and Raw material Strategy of the Czech republic; to review the legislative barriers to the use of domestic raw materials with an objective of their removal, to revise the promotion of renewable energy sources renewable energy and adopt program transformation of waste into resources focused on material and energy recovery of raw materials; implement already agreed program material recovery of waste materials from old cars; 68. Ensure the modernization of public lighting and reducing its energy intensity, in order to achieve savings in the budgets of the municipalities reconstruction and modernization of obsolete lighting systems, increase its reliability and efficiency reducing demands on operation and maintenance	
30	Measures affecting raw materials	9. State Energy Conception and Strategic Regulation.	NOV 6	
31	Renewable sources of energy (RES)	9. State Energy Conception and Strategic Regulation.	NOV 6	
32	Biomass Use		NOV 6	
33	Competitiveness of Czech businesses	Measure has a broadr concept and is part of more project in the pillars of "Goods and Services Market Efficiency and Improving the Characteristics of Business" and „Innovation“.	12. Implement the programme to support applied research and development for the needs of industry to enhance the competitiveness of the Czech Republic, prepare the substitution for the TIP programme event. ALFA programme, with new rules.	
34	Supporting modernization	35. Services for Innovative Business		

The headline targets of Europe 2020	Flagship initiatives	Integrated Guidelines
	1. Digital agenda for Europe; 5. An industrial policy for the globalisation era	1. Ensuring the quality and the sustainability of public finances;
	5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base;
	5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base;
	5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base;
	5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base;
	1. Digital agenda for Europe; 5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base;
	1. Digital agenda for Europe; 5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base;
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	5. Improving resource efficiency and reducing greenhouse gases emissions;
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	5. Improving resource efficiency and reducing greenhouse gases emissions;
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	5. Improving resource efficiency and reducing greenhouse gases emissions;
	2. Innovation Union; 5. An industrial policy for the globalisation era	4. Optimising support for R&D and innovation, strengthening the knowledge; 6. Improving the business and consumer environment and modernising the industrial base;
	2. Innovation Union; 5. An industrial policy for the globalisation era	4. Optimising support for R&D and innovation, strengthening the knowledge; 6. Improving the business and consumer environment and modernising the industrial base

	Measure	Strategy of International Competitiveness of the Czech Republic (project number and name)	Proposals for government action to improve conditions for economic development, support business and employment (number and name)	National targets of the Czech republic
35	Supporting exports	34. Business Development Services, 35. Services for Innovative Business a 36. Increased Exploitation of Positional Rent	14. Increase the electivity of the various form of state support for export products - particularly export diversification, optimization of Czech foreign trade networks and activities in non-EU territories	
36	Greenhouse-gas emissions			
37	New Green Savings		7. Adopt an energy Saving programme in buildings replacing the existing Green Savings programme. The energy savings programme will be funded by revenues from EU ETS auctions; the aim of this programme is to contribute to a speedy, energy-efficient modernization of buildings, which will result in reduced energy demand of the Czech economy, increase of energy security, reduction of local and global emissions of pollutants and greenhouse-gas, improvement of indoor environment and comfort and reduction of operation costs of buildings.	1. In the employment sphere
38	Program PANEL 2013+			1. In the employment sphere
39	Implementation of efficient strategic planning	6. Road Transport; 7. Rail Transport; 8. Air and Water Transport	25. To finalize the Transport Sector Strategy establishing the priority order for preparation and construction of transport engineering works based on multi-criteria estimation, including funding; to fully use the remaining resources for the Operational Program Transport in the 2007-2013 programming period; to include the Operational Program Transport among priority Operational programs also in the period 2014-2020.	
40	Development of road infrastructure	6. Road Transport	4. To elaborate and approve medium-term infrastructure development funding programs including key programs and projects in all transport modes, related to business development, which depends on the prospect of the volume and speed of goods and services export and import within the framework of available public resources; to carry out infrastructure development through PPP projects; to attest the pilot PPP project under the auspices of the Ministry of Transport of the Czech Republic on the Bošilec - Borek segment of D3 motorway.; 24. To update pricing norms for roads and motorways construction; to set new pricing norms for railway construction.; 26. To approve the new motorway network conception.; 27. To accelerate construction of the core transport infrastructure and to increase its quality and operability; 28. To introduce a new monitoring system for the construction process; to impede changes of projects in realization stage not only by the investor, but also by the contractor or the order party with the power to take decisions of the Ministry of Transport; 29. To change the current system of mandate contracts for framework contracts regarding the winter and general road maintenance; to deploy a single maintenance standard on the whole territory of the Czech Republic.; 30. To find sufficient financial resources within the budget of the State Transport Infrastructure Fund for the years 2014 and 2015 to ensure the co-financing of transport infrastructure works; 31. To defend transport civil engineering as a SR priority with regard to the multiplication effects of the construction, the support for economics, the competitiveness strategy, drawing of the resources from the Operational Program Transport etc..	
41	Development of railway infrastructure	7. Rail Transport	NOV 4; 24; 27-31	
42	Development of water courses	8. Air and Water Transport	NOV 4; 27; 30; 31	
43	Development multi-modal transport network	6. Road Transport; 7. Rail Transport; 8. Air and Water Transport	NOV 4; 27	
44	Improved legislative conditions / environment	6. Road Transport; 7. Rail Transport; 8. Air and Water Transport	NOV 1	
45	Development of intelligent transport systems			

The headline targets of Europe 2020	Flagship initiatives	Integrated Guidelines
	5. An industrial policy for the globalisation era	4. Optimising support for R&D and innovation, strengthening the knowledge; 6. Improving the business and consumer environment and modernising the industrial base
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO2 emission by 20%, and potentially by 30%	4. Resource efficient Europe	5. Improving resource efficiency and reducing greenhouse gases emissions;
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO2 emission by 20%, and potentially by 30%; 1. increasing the employment rate of the population aged 20 to 64 years to at least 75%;	4. Resource efficient Europe; 7. Increasing labour market participation and reducing structural unemployment;	5. Improving resource efficiency and reducing greenhouse gases emissions;; 7. Increasing labour market participation and reducing structural unemployment;
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO2 emission by 20%, and potentially by 30%; 1. increasing the employment rate of the population aged 20 to 64 years to at least 75%;	4. Resource efficient Europe; 7. Increasing labour market participation and reducing structural unemployment;	5. Improving resource efficiency and reducing greenhouse gases emissions;; 7. Increasing labour market participation and reducing structural unemployment;
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	6. Improving the business and consumer environment and modernising the industrial base
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	5. Improving resource efficiency and reducing greenhouse gases emissions; 6. Improving the business and consumer environment and modernising the industrial base

	Measure	Strategy of International Competitiveness of the Czech Republic (project number and name)	Proposals for government action to improve conditions for economic development, support business and employment (number and name)	National targets of the Czech republic
46	Efficient regulation of energy flows			
47	Wastewater treatment management			
48	Reduced water consumption			
49	Reduced flood risk			
50	Waste management		NOV 6	
51	Energy recovery of waste		NOV 6	
52	Alternative fuel		67. Adopt Clean Mobility Programme focused on the use of alternative fuels, improve air quality, reduce pollutants emissions, reduce greenhouse gas emissions from transport and fulfil obligations arising from the Roadmap to a Single European Transport Area.	
53	Air protection (Medium-term strategy for air quality improvement) (by 2020)			
54	Nature and Landscape protection			
55	Promoting digital economy	10. Implementation of the Digital Czech Republic Policy	10. To update the strategy "Digital Czech Republic" implicating the competitiveness of the Czech Republic into the form of transministerial strategy	
56	Development of high-speed networks	10. Implementation of the Digital Czech Republic Policy	ibid (NOV 10)	
57	Efficient use of radio spectrum	10. Implementation of the Digital Czech Republic Policy	ibid (NOV 10)	
58	Increasing availability of ICT	10. Implementation of the Digital Czech Republic Policy	ibid (NOV 10)	
59	Supporting legal distribution of audio-visual services	10. Implementation of the Digital Czech Republic Policy	ibid (NOV 10)	
60	Digitalizing of cultural content			
61	Investment into space activities	43. Aerospace Technology		5. In research, development and innovation sector:
62	Creation of legal framework for the national space programme (NSP)	43. Aerospace Technology		5. In research, development and innovation sector:
63	Establishment of the Czech Space Agency (ČKA)	43. Aerospace Technology		5. In research, development and innovation sector:
64	Revision of Active Employment Policy (AEP) methodology	25. Development of the Labour Market; 27. Introduction of a Single Payment Point	60. Create and adopt a project targeted at supporting unemployed (searching for employment) commencing entrepreneurs and carry out shared mediation of employment.	1. In the employment sphere
65	Implementation of employment policy	25. Development of the Labour Market; 27. Introduction of a Single Payment Point	ibid (NOV 60)	1. In the employment sphere

The headline targets of Europe 2020	Flagship initiatives	Integrated Guidelines
	4. Resource efficient Europe; 5. An industrial policy for the globalisation era	5. Improving resource efficiency and reducing greenhouse gases emissions;
	4. Resource efficient Europe	5. Improving resource efficiency and reducing greenhouse gases emissions;;
	4. Resource efficient Europe	5. Improving resource efficiency and reducing greenhouse gases emissions;;
	4. Resource efficient Europe	
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO2 emission by 20%, and potentially by 30%	4. Resource efficient Europe	5. Improving resource efficiency and reducing greenhouse gases emissions;;
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO2 emission by 20%, and potentially by 30%	4. Resource efficient Europe	5. Improving resource efficiency and reducing greenhouse gases emissions;;
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO2 emission by 20%, and potentially by 30%	4. Resource efficient Europe	5. Improving resource efficiency and reducing greenhouse gases emissions;;
3. Reducing the energy intensity of economy by at least 20%, increasing renewable energy sources in the energy mix to 20%, and reducing CO2 emission by 20%, and potentially by 30%	4. Resource efficient Europe	5. Improving resource efficiency and reducing greenhouse gases emissions;;
	1. Digital agenda for Europe	4. Optimising support for R&D and innovation, strengthening the knowledge
	1. Digital agenda for Europe	4. Optimising support for R&D and innovation, strengthening the knowledge
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	1. Digital agenda for Europe	4. Optimising support for R&D and innovation, strengthening the knowledge
	1. Digital agenda for Europe	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union; 5. An industrial policy for the globalisation era	4. Optimising support for R&D and innovation, strengthening the knowledge; 6. Improving the business and consumer environment and modernising the industrial base;
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union; 5. An industrial policy for the globalisation era	4. Optimising support for R&D and innovation, strengthening the knowledge; 6. Improving the business and consumer environment and modernising the industrial base;
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union; 5. An industrial policy for the globalisation era	4. Optimising support for R&D and innovation, strengthening the knowledge; 6. Improving the business and consumer environment and modernising the industrial base;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting;

	Measure	Strategy of International Competitiveness of the Czech Republic (project number and name)	Proposals for government action to improve conditions for economic development, support business and employment (number and name)	National targets of the Czech republic
66	Methodology for individual and complex consulting provided to LO CR clients	25. Development of the Labour Market, 27. Introduction of a Single Payment Point		1. In the employment sphere
67	Efficient management of human resources by LO CR	25. Development of the Labour Market		1. In the employment sphere
68	Advice to aliens	25. Development of the Labour Market; 28. A Smart Migration Policy		1. In the employment sphere
69	Cooperation of LO CR with employers on the monitoring of open positions	25. Development of the Labour Market		1. In the employment sphere
70	Educate yourself for stability		5. Execute accepted project "Educate Yourself for Stability " aimed at supporting companies due to short-term economic difficulties	1. In the employment sphere
71	Educate yourself for growth! – job opportunities	25. Development of the Labour Market		1. In the employment sphere
72	Educate yourself for growth! – requalification	25. Development of the Labour Market		1. In the employment sphere
73	Education of job applicants in the area of socio-economical competences	25. Development of the Labour Market		1. In the employment sphere
74	Optimizing benefit system	1. Efficient Public Administration, 11. Budgetary Oversight – Transparent and Sustainable Public Finance		2. With regard to poverty
75	Care for endangered children			2. With regard to poverty
76	Supporting social inclusion and fight against poverty	25. Development of the Labour Market		2. With regard to poverty
77	Homelessness	25. Development of the Labour Market, 26. Increased Availability of Rental Housing		2. With regard to poverty
78	Active ageing	25. Development of the Labour Market		2. With regard to poverty
79	Social inclusion of the Roma and addressing issues of socially excluded locations	20. Preschool Education; 21. Primary and Secondary Education; 25. Development of the Labour Market, 26. Increased Availability of Rental Housing	37. In accord with the priority in the approved Concept of Housing in the Czech Republic until 2020 "Stable portfolio of financing resources" determine rules and include support of housing among interventions within development priorities of the Czech Republic in the programming period 2014 - 2020; novelize law number 211/2000 Sb., about State Housing Development Fund.	2. With regard to poverty
80	Supporting social housing	26. Increased Availability of Rental Housing	ibid (NOV 37)	2. With regard to poverty
81	Supporting social entrepreneurship	25. Development of the Labour Market		2. With regard to poverty
82	Supporting increased development of rental properties	26. Increased Availability of Rental Housing		1. In the employment sphere
83	Corporate kindergartens	20. Preschool Education; 24. Harmonisation of Family Life and Employment Careers		1. In the employment sphere

The headline targets of Europe 2020	Flagship initiatives	Integrated Guidelines
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move; 6. An agenda for new skills and jobs;	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%; 5. Promoting social inclusion, particularly by reducing poverty, through efforts to lower the number of people at risk of poverty or exclusion by at least 20 million.	3. Youth on the move; 6. An agenda for new skills and jobs; 7. European platform against poverty	7. Increasing labour market participation and reducing structural unemployment; 8. Developing a skilled workforce responding to labour market needs, promoting; 11. Promoting social inclusion and combating poverty.
5. Promoting social inclusion, particularly by reducing poverty, through efforts to lower the number of people at risk of poverty or exclusion by at least 20 million.	7. European platform against poverty	1. Ensuring the quality and the sustainability of public finances; 11. Promoting social inclusion and combating poverty.
5. Promoting social inclusion, particularly by reducing poverty, through efforts to lower the number of people at risk of poverty or exclusion by at least 20 million.	7. European platform against poverty	11. Promoting social inclusion and combating poverty.
5. Promoting social inclusion, particularly by reducing poverty, through efforts to lower the number of people at risk of poverty or exclusion by at least 20 million.	7. European platform against poverty	11. Promoting social inclusion and combating poverty.
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5. Promoting social inclusion, particularly by reducing poverty, through efforts to lower the number of people at risk of poverty or exclusion by at least 20 million.	7. European platform against poverty	11. Promoting social inclusion and combating poverty.
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	6. An agenda for new skills and jobs	7. Increasing labour market participation and reducing structural unemployment;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	6. An agenda for new skills and jobs	7. Increasing labour market participation and reducing structural unemployment;

	Measure	Strategy of International Competitiveness of the Czech Republic (project number and name)	Proposals for government action to improve conditions for economic development, support business and employment (number and name)	National targets of the Czech republic
84	Pre-school care	20. Preschool Education; 24. Harmonisation of Family Life and Employment Careers	58. Adopt the Bill on Child Group which will improve the local and price affordability of child care services for the children from six months of age until the beginning of their compulsory education; support the creation of corporate child care facilities for pre-school children from the European funds.	1. In the employment sphere
85	Improved pre-school education quality			2. With regard to poverty; 3. In Education sector
86	Framework Education Programme (RVP) for primary education	21. Primary and Secondary Education.		2. With regard to poverty; 3. In Education sector
87	General computer-based testing	21. Primary and Secondary Education		2. With regard to poverty; 3. In Education sector
88	Career system and remuneration of pedagogic staff	21. Primary and Secondary Education		3. In Education sector
89	New leaving exam		34. Improve the quality of secondary school and higher education graduates and their readiness for entering the labour market by strengthening the professional training of pupils/students through practice in companies; adjust the framework educational programmes by strengthening the role of science, mathematics and developing good work habits, develop the system of career counselling, build the system predicting the educational needs of the regional labour market.	3. In Education sector
90	Support to the corporate investment into education		35. Encourage cooperation between employers and schools (secondary schools and higher education institutions) by adopting the system of tax deduction for the interested companies.	3. In Education sector; 1. In the employment sphere
91	Education policy strategy for 2020			3. In Education sector; 1. In the employment sphere; 2. With regard to poverty
92	Amendment of the Higher Education Act	22. Tertiary Education	NOV 34	3. In Education sector; 1. In the employment sphere
93	Supporting technically-oriented education	23. Implementation and Development of the Lifelong Learning System	9. Adopt a new programme aimed at promoting technical education covering the entire spectrum of education, including adult education, financed from European funds, develop a new system of vocational training, carry out a test of a pilot project of legislative and economic framework of support for the combined; NOV 34	3. In Education sector; 1. In the employment sphere
94	Systemic forecasting of labour market qualification requirements	25. Development of the Labour Market; 29. Implementation and Development of the Lifelong Learning System; 23. Changes in the Content of Education		3. In Education sector; 1. In the employment sphere
95	Internships – education by practical involvement	25. Development of the Labour Market; 29. Implementation and Development of the Lifelong Learning System; 23. Changes in the Content of Education		3. In Education sector; 1. In the employment sphere
96	Development and implementation of National System of Occupations (NSP) and National System of Qualifications (NSK)	25. Development of the Labour Market; 29. Implementation and Development of the Lifelong Learning System; 23. Changes in the Content of Education		1. In the employment sphere
97	New legal regulation of arrival and residence of aliens in CR	28. A Smart Migration Policy		

The headline targets of Europe 2020	Flagship initiatives	Integrated Guidelines
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	6. An agenda for new skills and jobs	7. Increasing labour market participation and reducing structural unemployment;
5. Promoting social inclusion, particularly by reducing poverty, through efforts to lower the number of people at risk of poverty or exclusion by at least 20 million.	3. Youth on the move; 7. European platform against poverty	9. Improving the performance of education and training systems at all levels; 11. Promoting social inclusion and combating poverty.
4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move; 7. European platform against poverty	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels; 11. Promoting social inclusion and combating poverty.
4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels; 11. Promoting social inclusion and combating poverty.
4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels;
4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	3. Youth on the move	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%; 4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move; 7. European platform against poverty; 6. An agenda for new skills and jobs	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels; 11. Promoting social inclusion and combating poverty.
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%; 4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move; 6. An agenda for new skills and jobs	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%; 4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move; 6. An agenda for new skills and jobs	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%; 4. Increasing the number of aged 30 to 34 years completing third level education from the current 31% to at least 40%, and to reduce the school drop-out rate from the current 15% to below 10%;	3. Youth on the move; 6. An agenda for new skills and jobs	8. Developing a skilled workforce responding to labour market needs, promoting; 9. Improving the performance of education and training systems at all levels;
1. Increasing the employment rate of the population aged 20 to 64 years to at least 75%;	6. An agenda for new skills and jobs	8. Developing a skilled workforce responding to labour market needs, promoting;
	5. An industrial policy for the globalisation era; 6. An agenda for new skills and jobs	6. Improving the business and consumer environment and modernising the industrial base;

	Measure	Strategy of International Competitiveness of the Czech Republic (project number and name)	Proposals for government action to improve conditions for economic development, support business and employment (number and name)	National targets of the Czech republic
98	Faster procedure for transfer of foreign investors' internal employees	28. A Smart Migration Policy		
99	Implementation of National priorities of oriented research, experimental development and innovations	Pillar "Innovation"		5. In research, development and innovation sector
100	National Sustainability Programmes I and II (NPU)	39. Environment for Excellent R&D; 40. Development of Cooperation Aimed at Knowledge Transfers between Business and Academia		5. In research, development and innovation sector
101	New evaluation & financing methodology for R&D&I	39. Environment for Excellent R&D		5. In research, development and innovation sector
102	Strategy for Intelligent Specialization (S3) of the CR	40. Development of Cooperation Aimed at Knowledge Transfers between Business and Academia		5. In research, development and innovation sector
103	Supporting applied research and experimental development for the industry's needs	39. Environment for Excellent R&D a 40. Development of Cooperation Aimed at Knowledge Transfers between Business and Academia	NOV 12	5. In research, development and innovation sector
104	Seed-funding	30. Implementation of a Pilot Seed Fund		5. In research, development and innovation sector
105	Programmes supporting risk capital	30. Implementation of a Pilot Seed Fund		5. In research, development and innovation sector
106	Utilizing the IPR potential	35. Services for Innovative Business	57. To support the formal instruments of protection of intellectual property rights (IPR), especially patents that are rarely used in the Czech Republic; support counseling and information service provided by specialized institutions	5. In research, development and innovation sector
107	Foresight and technologic sectors of strategic importance for Czech economic growth	40. Development of Cooperation Aimed at Knowledge Transfers between Business and Academia		5. In research, development and innovation sector

The headline targets of Europe 2020	Flagship initiatives	Integrated Guidelines
	5. An industrial policy for the globalisation era; 6. An agenda for new skills and jobs	6. Improving the business and consumer environment and modernising the industrial base;
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union	4. Optimising support for R&D and innovation, strengthening the knowledge
2. Increasing investment in research and development to 3% of GDP	2. Innovation Union; 5. An industrial policy for the globalisation era	4. Optimising support for R&D and innovation, strengthening the knowledge