National Reform Programme of the Czech Republic 2016
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List of abbreviations
AEP  Active Employment Policy
CMZRB  Czech-Moravian Guarantee and Development Bank
CSRs  Country-specific Recommendations
CTIA  Czech Trade Inspection Authority
CZSO  Czech Statistical Office
ČEB  Czech Export Bank
EC  European Commission
EFSI  European Fund for Strategic Investments
EGAP  Export Guarantee and Insurance Corporation
EIA  Environmental Impact Assessment
EIB  European Investment Bank
ERDF  European Regional Development Fund
ERS  Electronic Records of Sales
ESA  European Space Agency
ESF  European Social Fund
ESIF  European Structural and Investment Funds
EU  European Union
GDP  Gross Domestic Product
ICT  Information and Communication Technologies
IROP  Integrated Regional Operational Programme
ISDS  Information System of Data Boxes
ITS  Intelligent Transport Systems
KETs  Key Enabling Technologies
LO CR  Labour Office of the Czech Republic
MEYS  Ministry of Education, Youth and Sports
MF  Ministry of Finance
MIT  Ministry of Industry and Trade
MoA  Ministry of Agriculture
MoE  Ministry of the Environment
MoH  Ministry of Health
MoI  Ministry of the Interior
MoJ  Ministry of Justice
MoLSA  Ministry of Labour and Social Affairs
MoRD  Ministry of Regional Development
MoT  Ministry of Transportation
NET  National Electronic Tool
NIF  National Innovation Fund
NPPA  New Public Procurement Act
NRP  National Reform Programme
OG  Office of the Government of the Czech Republic
OP E  Operational Programme Environment
OP EIC  Operational Programme Enterprise and Innovation for Competitiveness
OP Emp  Operational Programme Employment
OP PGP  Operational Programme Prague – Growth pole of the Czech Republic
OP RDE  Operational Programme Research, Development and Education
OPC  Office for the Protection of Competition
PA  Priority Axis
PAP  Public Administration Portal
PP  Public Procurement
PPA  Current Public Procurement Act
PSC  Point of Single Contact
PW  Public works
p.p.  Percentage Point
RES  Renewable energy sources
RIA  Regulatory Impact Assessment
R&D  Research and Development
R&D&I  Research, Development and Innovation
SEA  Strategic Environmental Assessment
SME  Small and medium-sized enterprises
TA CR  Technology Agency of the Czech Republic
VAT  Value Added Tax
1. Introduction

The National Reform Programme of the Czech Republic 2016 is a conceptual document from the government of the Czech Republic in the field of economic policy. Its aim is to formulate key measures leading to the Czech Republic’s prosperity and competitiveness. The measures are based on the programme priorities of the government of the Czech Republic, and are linked to other strategic materials and action plans at the national level, in particular the **Action Plan to Promote Economic Growth and Employment in the Czech Republic**. This document also takes into account the EU’s economic and social priorities set forth in the Annual Growth Survey 2016\(^1\), which the government of the Czech Republic supports. The NRP, together with the Convergence Programme of the Czech Republic, is annually submitted to the EC within the scope of the European Semester for economic policy coordination of EU Member States.

The introductory passage of this document outlines the macroeconomic context of the NRP. The key part is represented by overview of structural measures in various stages of preparation or implementation, and proposals that can be further elaborated at the national level in the forthcoming period. Special emphasis is placed on measures aimed at fulfilment of the CSRs addressed to the Czech Republic in previous year\(^2\), as well as measures in areas which the EC highlighted in its Country Report for the Czech Republic\(^3\), released in February of this year. The final part of the document evaluates progress with regard to the fulfilment of national targets, which the Czech Republic set for itself within the scope of implementing the objectives of the EU economic Europe 2020 strategy, including an evaluation of the ESIF allowance. This document is the result of close interdepartmental cooperation, coordinated by the Office of the Government of the Czech Republic. On a formal and informal basis, preparation also closely involved representatives of economic and social partners, the Parliament of the Czech Republic, and other relevant parties from the ranks of the general public.

In terms of content, the document follows up on the measures of last year’s NRP. In the coming period, the government of the Czech Republic will continue its efforts for greater competitiveness of the Czech Republic both on European and global scale. In particular, this will involve measures aimed at ensuring long-term economic growth and stable employment. The economy’s record-breaking performance last year, including a significant reduction in the unemployment rate, represents a binding commitment for the government also in the forthcoming period. Maintaining the positive growth trend requires not just systematic implementation of initiatives that have already been adopted, but also participation on preparation and approval of new measures. In this respect, the government will especially focus on proper implementation of recently adopted measures aimed at combatting tax evasion and stabilisation of public administration. Ongoing activities will focus on further improvement of the situation on the labour market and increase quality of primary and higher education. With respect to strengthening long-term growth and investments, the government will also focus, on improvement of cooperation between research institutions and the business sector, implementing measures to establish favourable investment environment, and continuous effort

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\(^1\) These include: (i) relaunching investments; (ii) continued structural reforms leading to economies’ modernisation; and (iii) responsible fiscal policy.


regarding digitization of the economy (also in the context of the ongoing discussion about existing and future impacts of the so-called Fourth Industrial Revolution). Future steps by the government will also involve responsible approach to public finances and emphasis on proper drawing from EU funds.

The *National Reform Programme of the Czech Republic 2016* was approved by the government on 27 April 2016. After evaluating the document at the EU level, the EC should publish a new proposal for CSRs in mid-May. In autumn of this year, the government will evaluate the extent to which the stipulated measures have been fulfilled in its regular evaluation report. The government will devote itself to monitoring proper fulfilment of individual reform steps continuously throughout the year.
2. The macroeconomic context of the National Reform Programme

The macroeconomic bases of the NRP are set in the *Macroeconomic Forecast of the Czech Republic - April 2016*, prepared by the Ministry of Finance, and are identical to the macroeconomic scenario of the update to the *Convergence Programme of the Czech Republic 2016*.

For the first time since the 2008-2009 crisis, the Czech economy now finds itself in a boom. This phase of the economic cycle corresponds to certain development in a number of macroeconomic statistics: the unemployment rate is rapidly decreasing, companies’ profitability is high, and the confidence in the economy is also very high. Considering the current phase of economic cycle, the very low level of inflation is not typical (it has been fluctuating under 1 % since the beginning of 2014). However, this is caused mainly by significant drop in prices of raw materials, especially oil, and related decrease in producers’ prices.

One of the important factors of favourable economic development is the continuing economic recovery of the Czech Republic’s main trade partners, which, however, remains fragile. The drop in the price of oil has contributed to significant growth in private investment in the Czech Republic (owing to companies’ higher operating surplus), which was also influenced by above-average capacity utilisation and generally very relaxed monetary policy, characterised by extremely low interest rates. However, in the coming years, such dynamic investment activity cannot be expected as 2015 was unique in several ways. Aside from the positive commodity prices shock, significant factors contributing to this result were increased government investment due to the completion of projects co-financed from EU resources from the 2007-2013 programming period that was coming to an end, as well as the one-off statistical effect of the financial leasing of JAS-39 Gripen planes. With the exception of 2016, government investment is expected to grow faster than private investment, contingent on gradual increase in share of investment projects co-financed from the new 2014-2020 programming period.

Thus, starting with 2016, future economic growth should have a more balanced structure. Household consumption should become the dominant component of domestic demand being stimulated by stable growth of disposable pensions, low inflation rate and growing household confidence in further economic development.

Increasing private demand will contribute to the inflation rate gradually returning close to the Czech National Bank’s target of 2 %. According to the Czech Republic’s forecasts, such development will be further supported by gradual increase in the price of oil and increase in wages, narrowly exceeding growth in productivity of work.

The economic boom is also favourably reflected in all labour market indicators; the rate of employment is growing and the number of unemployed is rapidly falling. The unemployment rate (according to the Labour Force Survey) in the fourth quarter of 2015 fell to 4.5 %, and after Germany it was the second lowest in the entire EU. The structure of employment is changing in favour of employees, which may signal reduction in instances of illegal contracting of workers as self-employed persons, as companies do not feel as serious financial restrictions as they did especially during the recession period of 2012-2013. However, even now regional inconsistency is emerging between supply and demand for specific jobs, which will slow down further decline in the unemployment rate. Other factors restricting further reduction of unemployment are the constantly high and growing proportion of long-term unemployed persons, and rather low correspondence between labour market requirements and the knowledge and skills of graduates from the educational process.

In 2015, the Czech economy recorded a surplus of the current account on its balance sheet for the second year in a row, which is considered a very positive occurrence. Thus, the surplus amount
of the balance of goods and services has once again exceeded the long-term deficit in the balance of primary incomes. In particular, this is due to profits of foreign-controlled companies (i.e. foreign direct investment), regardless of whether these are reinvested in the Czech Republic or repatriated to the country of origin. Direct investments are usually export-orientated, and their effect on the Czech economy can be evaluated as clearly positive.

The risks for future development of Czech economy mainly stem from external developments. This specifically involves uncertainty regarding future development of Chinese economy, which does not pose a direct threat to Czech economy, but given the interconnection of global supplier chains it can have significant impact through other trade partners. Geopolitical developments and the migration crisis pose other risks, or rather uncertainty. However, the impact of these factors cannot be reliably predicted, let alone quantified.

On the other hand, the previously accentuated risks arising from tension between Russia and Ukraine, and the deep recession in Russia have not been confirmed. Exports to Russia may have fallen by roughly one-third in 2015 compared to the previous year, but results in other territories have more than managed to compensate for this lapse.

However, there are also internal risks which could slow down the development of the economy.

More detailed information on macroeconomic development is set forth in the Convergence Programme of the Czech Republic 2016.
3. Structural reforms

3.1 The tax system and taxation

3.1.1 Combating tax evasion

With respect to combatting tax evasion, the Czech Republic received the CSR in 2015. Measures in this field are based on three mutually interconnected pillars, which are: the reverse charge mechanism, VAT Control Statement, and the Electronic Records of Sales (ERS).

During 2015, the application of the reverse charge mechanism was expanded to include selected types of goods and services (mobile phones, notebooks, game consoles, precious metals, as well as selected cereals and industrial crops, including oilseed and sugar beet). From January 2016, the reverse charge mechanism will be used for real estate and, with effect from February 2016, it also extends to supply of natural gas and electricity. The Czech Republic welcomes the presentation of the EC Action Plan regarding VAT. It would also welcome if the EC were to use its legislative initiative to propose a temporary exemption allowing for broad use of reverse charge.

VAT Control Statement effective from January 2016 is aimed to counter fraud involving illegitimately claimed excessive VAT deductions.

In April 2016, the Act on ERS came into effect intending to prevent concealment of taxable income. In comparison with the two aforementioned measures, ERS’s scope of authority is broader and will also cover income tax. The Act will come into force in December 2016. The introduction of ERS is accompanied with compensatory measures, which entail introduction of a one-off income tax deduction for self-employed individuals. Both chambers of Parliament also approved the introduction of compensation for businesses in the accommodation and food service sector. Restaurant services will be reclassified from the basic to the reduced VAT rate, with the rate dropping from 21 % to 15 %.

The Cobra team, established in June 2014 and comprised of representatives of the tax administration, customs administration and the police, also devotes itself to combating tax evasion. To date, the team’s work has managed to prevent tax evasion amounting to approximately 4.1 billion CZK.

As one of the measures taken against aggressive tax planning, the Income Tax Act now includes a rule entailing non-application of the exemption of shares in profits flowing to the Czech Republic in case that there are related sums deductible from the taxable amount in the payer’s Member State. In March 2016, an amendment to the Act was approved by the Chamber of Deputies.

3.1.2 Increasing the efficiency of tax collection

Measures for simplification of the tax system relate to increasing efficiency of operation of the Financial Administration, greater degree of computerisation in the circulation of tax documents to reduce administrative costs, and to enable tax administrators to react faster to current threats regarding tax evasion. Specifically, this involves introduction of an obligation for all VAT payers to submit tax reports only electronically beginning in January 2016 (this allows for faster reaction and prevention of possible tax fraud). The obligation to submit electronic tax reports was also introduced in 2015 for most entities subject to income tax of legal persons, and the option to submit electronic reports relates to other taxes, too. For this purpose, tax report forms are available on the tax administration portal with the option of online verification of the details entered. Computerisation reduces costs for both the tax administrator and the taxpayer. In the short term, this may mean an increase in the administrative burden for tax subjects. Nevertheless, in the long term, the Czech Republic actually expects it to decline, as it presumes that tax subjects will adapt their accounting and
other information systems to allow for only electronic communication with the tax administration, which will lead to greater efficiency.

Furthermore, it involves the option of changing the tax administrator’s territorial jurisdiction from the tax subject’s virtual address to the location where the company actually carries out its business activity (this means increased efficiency of investigation and audit procedures throughout the Czech Republic, more efficient allocation of personnel capacities, and corresponding improvement in services for taxpayers). This option has been effectively available since January 2015. The aforementioned measures, combined with newly-introduced VAT Control Statement, will mean reduced likelihood of tax audits by the Financial Administration for all taxpayers who properly fulfil their tax obligations. Thus, audits will be more specifically focused only on problematic subjects. The administrative burden in the Czech Republic is also reduced by the lower frequency of tax payments, which is quarterly for large companies, biannual for small and medium enterprises (SMEs), and only annual for the smallest businesses. At present, the legislative process includes a proposal for introduction of the institution of waivers, which will rectify possible sanctions for failures to submit VAT Control Statement. The Czech Republic has received the CSR in this area as well.

3.1.3 Taxation of work, and transfer of taxation to other fields

Another CSR is focused on reduction of the high taxation levied on low income earners by shifting the taxation to other areas. Starting in 2015, the Czech Republic adopted measures to reduce the tax burden of working pensioners and families with children. According to the draft Act, which is now being discussed by the Chamber of Deputies, the tax deduction for the second and subsequent child should be further increased beginning in 2016, regardless of the Act being approved only in 2016, as the legislation will be applied retroactively.

The issue of childcare services is being resolved by introduction of a tax deduction for enrolment in pre-school care, including kindergarten, up to the minimum wage amount (the so-called kindergarten deduction). This measure entered into force in 2015, but the deduction may also be applied for the 2014 taxation period. The basic deduction for all personal income tax payers, the Czech Republic guarantees non-taxation of gross income up to about 120 thousand CZK per year for every employee, or the equivalent profit of approximately 160 thousand CZK per year for self-employed individuals, which is higher than the minimum wage.

Possible comprehensive solution addressing the difference between the taxation of employees and self-employed individuals is now under analysis with the prospect for potential implementation in the new Income Tax Act.

The Czech Republic is carrying out activities to achieve the declared increase in environmental fees, introduced in the Czech Republic’s NRP 2015. In particular, this relates to groundwater consumption, wastewater discharge (currently addressed in the draft Water Act, which is in the phase of completed comment proceedings), and remittances for mineral extraction (amendment to the Mining Act, effective from January 2017). The Czech Republic also plans to introduce new measures by increasing landfill waste disposal fees.
3.2 Budget policy, fiscal framework and long-term fiscal sustainability

3.2.1 Budget policy
According to data published by the CZSO, the total financial balance of the government sector in 2015 ended with a deficit of 0.4 % of GDP. In comparison with 2014, there is a significant increase by 1.5 p.p., while in structural representation there is a reduction of 0.7 p.p. The structural balance reached - 0.3 % of GDP, which means the Czech Republic surpassed its medium-term objective, corresponding to structural balance of - 1.0 % of GDP. In 2016, the Czech Republic expects slight growth in the deficit, reaching 0.6 % of GDP. The structural deficit should reach the same value, so in 2016, the Czech Republic should remain above its medium-term objective. This obviously significantly alters the need for fiscal effort of 0.5 p.p. recommended by the Council. In light of the current development, this CSR can be regarded as outdated; the Czech Republic should currently maintain its structural balance at the level of its medium-term objective. The structural balance is expected to keep declining in 2017, reaching - 1.0 % of GDP and it will stay at this level in 2018 and 2019, too. More detailed information about the setting of fiscal policy is presented in the Convergence Programme of the Czech Republic 2016.

3.2.2 Fiscal framework
The Czech Republic’s fiscal policy is transparent and produces good results. The macroeconomic outlook of the Ministry of Finance is always compared with the outlooks of other institutions and is discussed with them. For now, the legislative process of approving draft government legislation in the field of fiscal responsibility remains unfinished. This legislation should result in further strengthening of the national fiscal framework and in the implementation of the EU Directive on requirements for budgetary frameworks of the Member States. The legislation is proposed to take effect as of January 2017. Accession to the so-called Fiscal Compact was approved by the government in March 2014. While the Senate approved the accession in August 2014, only the first reading has taken place in the Chamber of Deputies so far.

3.2.3 Long-term sustainability of the pension system
The reform efforts of the last five years have led to significant improvement in the pension system’s position in terms of its long-term sustainability, which was also confirmed by the Fiscal Sustainability Report 2015. In projections until 2060, expenditure on pensions should grow from the current 9 % of GDP to the projected 9.7 % of GDP. The pension system contributes to improvement of the overall fiscal position of the Czech Republic, represented by the indicator of long-term sustainability S2 falling to 3.2 (from a value of 5.5 in 2012). The improved position of the Czech pension system is also the reason why, in the year 2015, the Czech Republic received no CSR in relation to pensions.

Pension system reforms have not been implemented at the expense of pensions’ adequacy. Over the last 10 years, the Czech Republic has managed to maintain the compensation ratio at a stable

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4 The medium risk of long-term sustainability as per the S2 indicator, discovered in 2015, means that, in order not to increase the ratio of government debt to GDP, the Czech Republic needs to adopt measures as of 2017 in order to improve the structural balance excluding interest expenditure by 3.2 p.p. of GDP, particularly with respect to pensions and health care.
level - slightly above 40% with certain year-on-year fluctuations. The Czech Republic is preparing some other reformative changes, so as not to weaken the adequacy of pensions in future years. Following on the government’s decision from March 2016, the first change is the introduction of the maximum retirement age limit which will be either 65 or 67 years (the government will decide between these variants at the end of June 2016). At the same time, partially based on the 2014 CSR, a procedure is to be established for regular revision of the retirement age, in relation to the development of life expectancy. The main target of this part of the proposal is to link the determination of the retirement age to the expected development of life expectancy and, in the long term, to enable citizens of the Czech Republic to spend approximately one-quarter of their lives (within a tolerance band of 24-26% of anticipated life expectancy) on retirement pension. In comparison with the current situation, the prepared proposal would worsen the long-term sustainability measured by the S2 indicator by 1.5, but only if the retirement age stops increasing at 65 years and does not increase anymore even if life expectancy is expected to grow further. If the retirement age continues to increase above 65 years, in accordance with the anticipated development of life expectancy, so that persons who live to this age spend approximately one-quarter of their lives as pensioners, the impact on the S2 indicator will be +0.4.

Slow growth in prices and wages in 2014 and 2015 translated through the current pension indexation algorithm into very low nominal increase of pensions in January 2016, changing by only 40 CZK (0.35%) on average. In the context of GDP growth of more than 4% and growth in wages of approximately 3%, this was generally met with extremely negative reaction. As a reaction in February 2016 the government approved an amendment to the Act on Pension Insurance. Its objective is to enable the government, in the event of very low nominal statutory indexation in future years, to consider arbitrary increase within given limits. The amendment to the Act will allow the government to increase pensions by up to 2.7% in case that the statutory minimum increase is lower. In the event of their regular application, this change in indexation rules would worsen the S2 indicator. The Expert Committee on Pension Reform works in parallel to the prepared change on indexation rules and focuses on more fundamental change to the indexation mechanism.

Based on a recommendation by the Expert Committee on Pension Reform and deputies’ initiative, further changes have been implemented to additional pension insurance (the so-called third pension pillar). The main changes, which aim to promote pension savings, include the option of contracts for additional pension insurance even before 18 years of age. In return, the participant is entitled to payment of benefits when they reach 60 years of age already. After drawing the pension for at least 10 years, the revenue from the saved funds will be exempt from income tax. From 2017 the limit for tax incentives is to increase, both on the employer’s side (an exemption increase from 30 thousand CZK to 50 thousand CZK), and on the participant’s side (from 12 thousand CZK to 24 thousand CZK). The sum that may be deducted now is equal to the sum of contributions which, in individual months of the taxation period, exceeded the amount by which the maximum state contribution pertains. The Expert Committee on Pension Reform is continuing its discussions about other possible changes to the third pension pillar.

### 3.2.4 Cost effectiveness and administration in healthcare

Measures aiming at improving cost effectiveness and administration in healthcare, in accordance with the CSR, continue to be implemented. In particular, these measures include the project DRG Restart, which will ensure effective distribution of financial resources in accordance with the healthcare actually provided. The project is being carried out according to the approved schedule. A network of reference hospitals has been established and DRG (Diagnosis Related Group) methodology has been prepared. Other planned steps include the publication of a new methodology for economic
evaluation of hospitalisation cases and its implementation in the reference network of hospitals within the Czech Republic.

The proposed amendment to the Act on Healthcare Services, which is currently being discussed in the Chamber of Deputies, will enable insurance companies to share data with the MoH and is therefore essential for formation of a database for the project. The state’s efficient and modern information base will be used for statistical, controlling and analytical purposes used for comparison of healthcare systems within EU, and will allow for measurement of the healthcare system's efficiency.

The shift towards increased transparency of the public resources administration system was approved by the so-called transparency amendment in August 2015. For instance, it introduces mandatory publication of contracts between contracting authorities and suppliers including annexes, and the definition of obstacles preventing the functions of Directors and board members of employee health insurance companies, in order to more effectively prevent conflicts of interest. The legislation also newly regulates the provision of information by health insurance companies to the MoH needed for preparation of a decree regulating healthcare reimbursements.

The distribution of healthcare resources is assessed by the Expert Committee, which since its establishment in 2014, has held 16 negotiations and has discussed applications for 248 devices. Of these, approximately 63 % involved the refurbishment of existing devices (old, broken down, or after end-of-service support). The Committee did not recommend the acquisition of 23 devices as new capacities. First and foremost, it did not recommend the placement of magnetic resonance devices, computer tomographs or hybrid PET/CT scanners (positron emission tomography/computer tomography), i.e. devices which entail high requirements for reimbursement from public health insurance resources. The total estimated annual savings for public health insurance financial resources for devices not recommended so far amounts to approximately 300-350 million CZK. The evaluation also emphasises the provision of a uniform network and the accessibility of the evaluated devices.

The centralised purchase of selected commodities continues to be secured, with the purpose of reducing the costs of their acquisition for the Czech Republic’s largest health care providers – the organisations directly managed by the MoH. This involves savings in the order of millions of CZK annually.
3.3 The labour market, social policy and employment

3.3.1 Employment policy and employment services

Active employment policy

In 2015, significant steps were taken to increase efficiency and impact of the instruments of the active employment policy (AEP). The conditions of material support for creation of new jobs in the investment incentive system were modified in order to support creation of new work opportunities. An amendment to the Investment Incentives Act led to an expansion of the regions for which the aforementioned support can be provided, so as to include regions in which the proportion of unemployed persons exceeds the national average by 25% (the original limit was 50%). This was followed by an amendment to the government decree on material support regarding the gradual segmentation of the level of support provided. In regions with the average rate of unemployed persons exceeding the national average by 25–49%, material support can be provided in the amount of 100 thousand CZK per newly created job. In regions with the proportion of unemployed persons exceeding the national average by 50%, this amount can be 200 thousand CZK and, in favoured industrial zones, it is 300 thousand CZK.

In January 2015, in order to increase the efficiency of AEP instruments and focusing on the support of long-term unemployed and low-skilled persons, the maximum period for which an employer may be provided with an allowance to create public works (PW) was adjusted from the original 12 months to 24. In the case of persons who have been registered as job seekers for a long time, employers are provided with an increased allowance in order to reimburse wage costs within the instruments of PW and subsidised employment.

For the purposes of prevention of unemployment in the case of serious economic breakdowns or large-scale natural disasters, an allowance for a period of partial unemployment became part of the AEP instruments in October 2015. If reasons justifying the allowance arise, employers that are temporarily unable to assign work to their employees shall be entitled to a partial compensation for their wage costs.

For 2016, the MoLSA is preparing a pilot test for a new AEP instrument, which consists of an allowance to support regional mobility. The allowance will be granted to job seekers who find employment outside their area of residence. The allowance level will depend on the commuting distance and will be provided to long-term unemployed persons at a flat rate (the beneficiary will be able to use it to reimburse transport costs and possibly to reimburse the costs of temporary accommodation or care for a child or another dependent person).

Efficiency of public employment services

In 2015, the activities of the MIKOP (Methodology of Individual and Comprehensive Work with Clients of LO CR) project were ended. These included the creation of methodologies for LO CR workers, aiming to enhance the efficiency of their work with clients. In the new programming period, this project is followed up by the EFES (Effective Employment Services) project, which further strengthens the work system of LO CR employees.

In cooperation with the Research Institute for Labour and Social Affairs, the MoLSA intends to implement a systemic project within the scope of OP Emp, aimed at developing a systematic approach to evaluation of the effects of the AEP. The project will focus both on implementation of the ad hoc in-depth analyses of the AEP’s impacts on target groups, and also on the operational component of AEP enabling continuous evaluation of its impact.
The efficiency of employment services will be further strengthened by the KOMPAS project. The aim is to develop a comprehensive forecasting system for the labour market, based on the knowledge base of employment services and other partners, particularly at the regional level, including employers’ representatives. The planned output entails the development of a system capable of forecasting labour market developments, in regards to future required skills and other labour market requirements on the labour force. Furthermore, such system could monitor the situation on the labour market and identify potential dysfunctions well in advance.

**Youth unemployment**

As regards to fulfilment of the Youth Guarantee Implementation Programme in the Czech Republic, it should be noted that young people under 25 years of age (60 % of those registered) are removed from the LO CR register within four months of registering. That is, before the expiry of the period which obliges the LO CR to offer the young unemployed not engaged in formal education (NEET) the options of quality employment or returning to education. Despite this fact, more than 60 % of newly registered young persons have received this offer. In the significant majority of cases (approximately 80 %), this was an employment offer.

During 2015, the project Work Placements for Young People Under 30 Years was completed. This year will see the launch of follow-up projects, within the Youth Guarantee Implementation Programme of the OP Emp, which will test innovative measures of the AEP, including trial work placements, internships abroad and returning to education.

**Social entrepreneurship**

In 2016, the government will be presented with the draft proposal of the Social Entrepreneurship Act, which will contribute to the development of the social economy in the Czech Republic as another instrument promoting employment at the local level. The Act defines characteristics of a social enterprise and specific forms of integration social enterprise. Such enterprise has the ratio of at least 30 % employees who are socially or physically disadvantaged in the labour market, and facilitates their employment and social integration. Integrating social enterprises represent an opportunity to use market principles to integrate socially or physically disadvantaged persons and prepare them for the open labour market.

**3.3.2 Women’s participation in the labour market**

**Childcare services - children’s groups**

Quality childcare services that are accessible in terms of price and location are of utmost importance for the Czech Republic, which is in accordance with the CSR. In November 2014, the Act on Children's Group became valid, and in connection with this, an amendment to the Income Tax Act, involving pro-family fiscal measures, came into effect. In June 2015, the option (not an obligation) to register a children’s group was introduced in the amendment to the Act on Children's Group. At present, there are 91 children’s groups registered with approximately 1,320 places for children, and other applications for registration are currently being processed. There is also an information website: [www.dsmpsv.cz](http://www.dsmpsv.cz).

A significant advantage for providers of children’s groups is the option of receiving funding from the ESF in the order of billions of CZK. The first call for grant applications for the building, transformation and operation of children’s groups was launched in November 2015. Support for children’s groups continues within the scope of OP Emp with an adjusted scale of unit costs.
In January of this year, the Implementation of Children’s Groups project commenced. It provides comprehensive counselling and methodological support to providers of children’s groups for implementation of the Act on Children's Group. As a part of this project, a national database of children’s groups and an internet communication platform for providers will be created. Since the start of this year, there is a new project to support care for the youngest children. It supports creation and trial runs of a new method for providing care and education to very young children, from 6 months of age, in a small group (a maximum of 4 children) in so-called micro-nurseries. 140 million CZK have been set aside by municipalities and non-profit organisations for persons interested in establishing such nurseries.

Other measures to support the reconciliation of family and work life

Other new projects are also proposed within OP Emp, focusing mainly on support for families with children and on childcare services. The aim is to create a stable childcare service system until the children reach mandatory school age and form a platform for family policy. Demographic structure is taken into account when supporting families with children even after children reach mandatory school age, via support for the after-school care for young school children.

Since 2012, the MoLSA represents the Vocational Qualifications Authority for two professional qualifications: Nanny for children until the children reach mandatory school age, and Nanny for the Children's Corners (as per the Act on Recognition of Further Education Results). In 2015, the MoLSA granted the total of 13 authorisations and 426 applicants received certificates of eligibility for these professional qualifications.

The year 2015 saw the establishment of the Expert Committee for Family Policy, which focuses on the formation of a proposal for long-term and systemic solution of family policy in the Czech Republic. The Committee also cooperates on preparation of the Family Policy Concept, which will be presented to the government in 2016.

Within the OP Emp the support of entrepreneurship of women will be an integral part of the investment priority 1.2 Gender Equality in All Areas, including access to employment and career advancement, reconciliation of work and private life and the promotion of equal pay for equal work.

Gender equality in the labour market

The framework for supporting gender equality, as a prerequisite for social cohesion and sustainable growth, is provided in the Government Strategy for Equality between Women and Men in the Czech Republic for 2014-2020. In order to support equality of women and men in the labour market, the first half of 2016 will see the formation of a methodology for broadening measures to coordinate work and private life, taking domestic legislation into consideration. The methodology will be primarily dedicated to public administration but can also be used by private subjects. The government will also carry out a media campaign aimed at raising public awareness regarding gender equality in the labour market and also the prevention of domestic and gender-based violence.

Since March 2016, a systemic project called 22 % TO EQUALITY has been implemented. Its chief aim is to eliminate the causes of unequal remuneration of women and men and to reduce this gap through involvement of principal parties in the given field (including the MoLSA, the State Labour Inspection Office, LO CR, Office of the Public Defender of Rights etc.).

3.3.3 Social protection

In accordance with the national target in fighting poverty and social exclusion, the government supports measures contributing to the integration of socially excluded persons and those at risk of social exclusion into society. The increase in the labour market’s inclusiveness is complemented by
the improved accessibility, quality and sustainability of basic sources and services, including respectable income, accommodation and education. Even in 2016, the government continues to fulfil the Social Inclusion Strategy 2014-2020, a national umbrella document regarding social inclusion or the Concept of Preventing and Tackling Homelessness Issues in the Czech Republic until 2020. The issue of preparation of the society for ageing is addressed in the context of implementation of the strategic document called the National Action Plan for Positive Ageing for the Period 2013-2017, with its regular evaluation report to be presented to the government by June 2016. Furthermore, this year, the government will be presented for its approval with an action plan for the Strategy for Combating Social Exclusion for the period 2016-2020, which is aimed at elimination and prevention of socially excluded localities.

Social Workers Act

The main instrument for social inclusion is social work, which involves a number of fields - for instance, inclusive education, individual work in the field of employment, prevention of homelessness, and fieldwork in socially excluded localities. A legislative intent of the Act on Social Workers will be presented to the government for consideration by the end of April 2016. The articulated version will be presented to the government of the Czech Republic in September 2016. The Act is expected to come into effect in July 2017. The basic pillars of the prepared legislation are the state-regulated prerequisites and conditions for all social workers to perform social work, the opportunity for professional growth, professional status and protection of professional title, including the setting of and binding compliance with ethical principles. The goal is to increase the quality of social work and its guarantee within the scope of a pro-client approach towards social work beneficiaries.

Social housing

In October 2015, the Concept of Social Housing in the Czech Republic 2015-2025 was approved. According to the approved outlook of government legislative work, the Social Housing Act will be presented in the first half of 2016. The Act should stipulate the legal framework for the social housing system. Social housing is defined as social rental housing for persons in need of housing and persons at risk of being in need of housing with the aim of preventing social exclusion and poverty. The basic principle of the social housing system should be ensuring and maintaining long-term quality standard and spatially non-segregated social rental housing through a set of tools of the housing and social policies. The system should be linked to execution of social work, provision of housing allowance and it should follow up on the social services system, as per the Act on Social Services, specifically shelters.

In the specific objective 2.1 of the IROP the support for social housing will be provided as a grant. Calls for proposals are scheduled for mid-2016, while 70 % of the allocation will be directed to the municipalities with extended powers, in which there are socially excluded localities.

Development of social services

The so-called minor amendment to the Act on Social Services from 2015 addressed the increase in allowance for care, measures to reduce illegally provided social services, specifications of conditions for providing social services without the consent of the residential social services client, and introduction of limits and rules for provision of residential social services in such cases. This amendment is to come into effect in July 2016. The so-called major amendment to the Act on Social Services is also being prepared. Its primary aim is to clarify and simplify the social services system, and to specify certain provisions so that they do not permit ambiguous interpretation. Furthermore, the amendment should result in greater transparency and efficiency, increased cooperation between public administration and the non-profit sector, elimination of duplicities in the system of social services, and, last but not least, clarification of the range of social services for the public. The expected
date of its presentation to the government is in mid-2016, and it is to come into effect in the second half of 2017.

In March 2016, the government approved the National Strategy of Social Services Development 2016-2025. This Strategy will be followed by an action plan for the period 2016-2018, defining the individual steps for its fulfilment in greater detail. Furthermore, funding for social services in the form of compensatory payment was prepared. Monitoring of the funding of social services as services of general economic interest will be based on EU regulations. The purpose of the monitoring is to ensure continuity of social services’ financing from public sources without significant impacts on the social services providers or clients.

Modification of the long-term health and social care system

The aim of the adaptation of the long-term health and social care system is to establish a solution that will ensure efficient and financially sustainable provision of long-term care services between the social and health sector. In connection with the modification of healthcare and social services a new amending law was being prepared in 2015. The document is to be submitted to the government in September 2016, and it is expected to take effect in June 2017.

3.3.4 Primary education

At present, the education policy of the Czech Republic is primarily aimed at improving conditions for pupils, teachers and schools at the primary education level in order to improve its quality and equality. Thus, in 2015, the amendment to the Education Act was approved, which redefines the equality of conditions for education of pupils with special educational needs, sets supportive measures for these pupils’ education, and stipulates their standard financial requirements. Attention was also devoted to reinforcing the quality of schools and modifying the career system for teaching staff. These measures will continue to be developed and reinforced also in accordance with the CSR: focus on appropriate professional training of teachers, ensure support for schools with weak results and adopt measures to ensure inclusion of disadvantaged children, including Roma, in the education process.

Early childhood education

To better prepare all students for compulsory education, specifically to assure their attendance during mandatory school age, MEYS has prepared an amendment to the Education Act, introducing compulsory early childhood education from 5 years of age. The amendment also includes preferential admission for children into kindergartens established by a municipality or a union of municipalities. Children from 4 years of age will get preferential placement in 2017, from 3 years of age in 2018, and from 2 years of age in 2020. The municipalities would be obliged to provide conditions for early childhood education of the preferentially-placed children. Initially, as per the draft amendment to the Education Act, children from two years of age can receive education at a kindergarten. At present, the amendment is going through the legislative process (it was approved by the Senate in April 2016), and the changes are expected to take effect in January that is practically in September 2017. In particular, the final mandatory year of early childhood education should strengthen the involvement of children from socio-economically disadvantaged backgrounds. At the same time, special supportive measures will be available for children with special educational needs in early childhood education. These measures will prepare all children for a good start in regular schools. To ensure the sufficient capacities of early childhood education, funds have been released from national as well as EU sources (IROP, OP PGP, OP Emp).

Inclusion in education
In January 2016, a decree on the education of pupils with special educational needs and gifted pupils was published in the Collection of Laws, implementing the amended §16 of the Education Act. These legislative changes strengthen collective education in regular mainstream schools, stipulate the entitlement of the child or pupil to free provision of supportive measures and set the basic parameters of changes regarding the education of these pupils. Thus, children, pupils and students with special educational needs can be educated using a broad registry of supportive measures of organisational, methodical and personnel nature. Standardised procedures for educational counselling facilities, which regulate and integrate the procedural, personnel and general standards of these facilities, have been prepared recently. At the same time, their methodological support, as well as the monitoring and revision mechanisms for ensuring a unified procedure of educational counselling facilities, is currently being modified. These legislative changes are to take effect in September 2016. Furthermore, other implementing regulations are being modified, which are directly connected to implementation of the amended Education Act in regard to education of pupils with special educational needs.

Effective from September 2016, there is an amendment to the Framework Educational Programme for Basic Education, which now also includes conditions for the education of pupils with mild intellectual disabilities.

Furthermore, in support of implementing collective education and the changes introduced by the amendment to the Education Act, a range of awareness-raising and training activities for head teachers and teaching staff of schools, educational institutions, educational counselling facilities and the general public, is prepared and currently being carried out. For 2016, funds have been secured corresponding to expected demands of introducing supportive measures and associated changes.

To support the implementation of collective education, there will be 4 long-term systemic projects funded by the ESF from OP RDE, the grant amounting to over 600 million CZK. The systemic projects will be aimed at education, methodological support, unification of the procedures of educational counselling facilities, monitoring the impacts of the changes in practice, methodological leadership of trainers in education, awareness-raising and training activities for schools, as well as supporting the implementation of collective education at the regional level.

Enhancing the quality of schools

In addition to equality in education, attention is also focused on enhancing its quality. Thus, 2015 saw the creation of the Criteria of Quality Schools, which should help the school management to actively create healthy educational climate by fostering relationships among teachers, pupils and also mutual relationships between teachers and pupils and their legal representatives, as well as mutual cooperation between all parties, including the implementation of efficient methods for preventing risky behaviour.

In 2016, the Czech School Inspectorate is to submit a systemic project seeking to improve the evaluation of education results at all levels of the education system. Within the project, the external evaluation and self-evaluation of schools will be interconnected. Also in 2016, projects funded by OP RDE will strive to explore the options of support for schools with weaker results, facing challenges due to their location in a socio-economically disadvantaged area or combatting the pupils’ socio-economic disadvantage. In 2016, these projects will be funded by more than 1 billion CZK. Support for schools showing weaker results is systemically covered by the Strategic Management and Planning project that is due to start in 2016.

Career system

Another measure contributing to enhancing the quality of education is the career system. The draft career system was prepared within the Career System national project. It aims to increase attractiveness of the teaching profession, to support teachers during the adaptation period, and to
innovate the professional development system of teaching staff. Its legislative version was elaborated in 2015 in cooperation with experts. An amendment to the Act on Educational Staff will be submitted for consideration within the legislative process in April 2016. The systemic project Career System Implementation will be submitted in order to support teaching staff’s preparedness and implement the career system in practice. Regardless of the career system, funds for teaching staff salaries in 2016 have already been increased by 2.5 billion CZK and there is an ongoing discussion regarding a significant increase in the salaries of teaching staff in the medium term.

Vocational education and training

In school year 2014/2015, unified final examination was introduced in secondary education for certain categories of educational fields with an apprenticeship certificate. The amendment to the Education Act imposed the mandatory use of unified final exams in schools. The new final exam corresponds to educational and qualification standards and has been accepted by both schools and employees.

Vocational education follows up on results of cooperation between MEYS and MIT achieved during the Year of Industry and Technical Education 2015 and during the implementation of the Pospolu [Together] national project. The Strategy for Digital Education continues to be implemented, and the development of digital competencies is also reflected in other fundamental government priorities, such as the digitisation of the economy.

As a fundamental step towards the desirable development of vocational education and training, a structured system for results of learning and education is going to be created for use in the areas of general education and key competences as well as in vocational education. The teaching/education results system will be conceived with the use of the complete professional qualifications of the National Qualifications Framework. Specific criteria will be defined to verify these results and tasks will be created to carry out the verification.

The planned project Modernisation of Vocational Education aims mainly to promote quality of vocational education and training so that the content of education better reflects employers’ qualification requirements, thereby significantly enhancing the employability of school graduates in the labour market.

3.3.5 Higher education

In 2015, in accordance with the CSR, a reform of higher education was being prepared, in particular through work on an amendment to the Higher Education Act, which was approved by the Senate and signed by the President in March 2016. The amendment to the Act contains several significant changes, including the following in particular: (i) establishment of rules for the internal systems of assurance and evaluation of universities; (ii) the introduction of two profiles of bachelor and master degree programmes: professional and academic, in order to create space for greater support for study programmes focusing on the needs of the labour market; (iii) the possibility for institutional accreditation in education in case of universities with an established and functional internal quality assurance system. The majority of the amendment’s provisions are to take effect in the second half of this year.

Regarding the amendment to the Higher Education Act, further discussions took place during 2015 regarding the form of key follow-up government regulation on standards for institutional accreditation, standards for the accreditation of study programmes, standards for the accreditation of habilitation procedures and procedures for the appointment of professors. The draft government regulation was completed in January 2016 and presented to the working group for consideration. After the working group’s consideration, the draft is expected to be submitted to the government in the second half of this year.
In 2015, the development of higher education was also boosted by the KREDO Individual National Project, which was successfully completed and presented its results. Firstly, this involves the *Strategic Plan for the Development of Higher Education in the Czech Republic until 2030 from the Perspective of Universities*, and other documents for strategic decisions in 6 main fields (including efficient funding, quality education and administration of higher education institutions).

### 3.3.6 Support for the arrival of skilled workers from abroad

Skilled labour force is one of the basic prerequisites for competitiveness and employers’ commercial success. This is a necessary condition for investment as it ensures the transfer of knowledge, the development of innovation, the introduction of new technologies, and also leads to the creation of new jobs. With regard to the contribution of skilled workforce to competitiveness and due to the openness and nature of the Czech economy, the government shall accept such measures in the field of migration policies that take into account the economic needs of the country. The Czech Republic is preparing to set new conditions for granting long-term visas for business purposes, and stipulate evaluation criteria for creation of government programmes with the purpose of achieving economic or other significant benefits for the Czech Republic, in the form of an amendment to the Act on the Residence of Aliens in the Territory of the Czech Republic.

**The Fast Track Project and the Welcome Package project for investors**

The Accelerated Procedure for Intra-corporate Transfers and Localisation of Foreign Investors' Employees and Statutory bodies (Fast Track) project and the Welcome Package for Investors project stipulate rules for accelerated transfer and localisation of internal employees, or, if applicable, foreign investors’ statutory bodies, for their placement in the Czech Republic, and helps to achieve a sufficient number of skilled workers. The Fast Track project is intended for established companies that have been doing business in the territory of the Czech Republic for at least 2 years, while the Welcome Package for Investors project is intended for foreign investors who have recently established an organisational unit or an ownership-linked company in the Czech Republic and to start their business they need to relocate the foreign investor's know-how to the Czech Republic. In 2016, the government will continue with successful implementation of the aforementioned projects.

**Pilot project: Special procedures for highly skilled employees from Ukraine**

The trial project, which has been successfully implemented since the government’s approval in November 2015, is intended for domestic employers with long-term difficulties to occupy a vacant job position with a highly skilled specialist from the ranks of the citizens of the Czech Republic or the EU. The project’s aim is to save time in administration of applications for employee cards and blue cards for specialists from Ukraine, who will perform highly qualified work in the territory of the Czech Republic in production or services or in the public sector. In 2016, the debate about possibilities to facilitate access of workers who are lacking on the Czech labour market, especially from Ukraine, will continue.

### 3.3.7 Support for legal migration within the Strategy on Migration Policy of the Czech Republic

The issue of migration is conceived by the government comprehensively and strategically. In July 2015, the government approved the Strategy on Migration Policy of the Czech Republic and the Communication Strategy of the Czech Republic on Migration. One of the core principles of the Strategy is to promote legal migration, which is beneficial for the state and citizens, so that the Czech Republic can flexibly react to the needs of its labour market and reflect the state’s long-term
needs. The objective of the Communication Strategy is to use public discussion on migration and its social impacts to provide objective information to the professional and wider public and, at the same time, systematically analyse impacts of these efforts.
3.4 Measures to support competitiveness

3.4.1 Reform of regulated professions

The Czech Republic has completed the last stage of the process of mutual evaluation of national legislation on access to professions, which is based on the EC Communication from October 2013, and a concurrently running pilot project of the ex-ante coordination of economic reforms aimed at the reform of regulated professions. In cooperation with the recognition authorities under whose responsibility the individual professions fall, a proportionality exercise was completed and a final action plan was prepared and sent to the EC in January 2016.

During the course of the transparency exercise, all 371 professions were examined. In accordance with the National Action Plan, planned legislative changes are related to 105 professions, while in case of 99 professions the reduction of conditions for performance of the regulated activity or profession is expected. In particular, ministries focused on the reduction of existing requirements, merges of similar regulated activities, and an embedding of the approach to regulated professions on the basis of the recognition of informal education via exams within the National Register of Qualifications.

The action plans should serve as a foundation for the EC when preparing specific recommendations for individual Member States for a change in regulation, and also for the preparation of a unified analytical framework and methodology for assessing the proportionality of both existing and planned regulation, as was announced in the Single Market Strategy. Based on these materials, the Czech Republic wants to continue in the process of transparency and assessment of proportionality.

3.4.2 Business environment

Reduction of the administrative and regulatory burden on entrepreneurs

In 2016, intensive work aimed at reducing the administrative burden on entrepreneurs across individual government authorities will continue. The status of implementation of the objective to reduce the administrative burden on entrepreneurs via 60 measures by the end of the year 2015 will be evaluated and will be part of the Report on the Extent and the Way of Reducing the Administrative Burden on Entrepreneurs in 2015 including Information on Individual Proposals to Support Chosen Measures within the Cohesion Policy of the EU in the period 2014 to 2020. The Report will also contain an evaluation of the approach of some EU countries to the agenda of reducing the burden for business, obtained from a survey conducted at the end of 2015. The report should also bring recommendations for the forthcoming period. It will be presented to the government of the Czech Republic by June 2016.

Another long-term objective in this agenda, based on previous activities, is the new re-evaluation of the burden on entrepreneurs in 2016. Within the scope of the new re-evaluation, there will be a comparison of the informational obligations identified during the re-evaluation in 2013. Thus, it will be possible to compare results with the previous re-evaluation, and evaluate whether a reduction in the administrative burden took place. Information about the results of the new re-evaluation will form part of the Information on Reducing the Administrative Burden on Entrepreneurs in 2016, including a proposal for further action regarding reduction of the administrative burden. It is to be presented to the government of the Czech Republic by June 2017.
Given the fact that the activity of the Expert Group for Reducing the Administrative Burden on Entrepreneurs\(^5\) contributed to an intensification of the effort to reduce the burden on entrepreneurs in 2015, the Group will be continued in the forthcoming period. It will continue to deal with proposals obtained directly from entrepreneurs’ representatives.

**Eco-audit**

During 2015, the next stage of the Proposed Solutions of Measures to Improve Competitiveness and Business Development in the Czech Republic in Terms of Legislation on Environmental Protection project, the so-called Eco-audit, took place. It included tasks from previous stages, as well as 46 new tasks, whereby the latest fulfilment deadline was set for December 2016. The tasks relate mainly to waste and water management, whereby their fulfilment is to achieve a reduction in the administrative and financial burden on entrepreneurs.

At present, 64 suggestions from business and employer unions and associations are being thoroughly analysed, proposing to amend the environmental legislation that excessively and unjustifiably burdens the business sector. During 2016, government material will be prepared containing proposals for specific measures. Information about the status of implementation of tasks from the preceding period, and proposed new tasks for the next stage of the Eco-audit, will be presented to the government by the end of 2016.

**Support for SMEs**

The *Action Plan for Supporting Small and Medium-Sized Enterprises for the Year 2016* was prepared to support the development of SMEs; it was approved in December 2015 and follows the government Action Plan from the year 2015 and the *Action Plan to Promote Economic Growth and Employment in the Czech Republic*. Based on these documents and the *Small and Medium Enterprises Support Strategy 2014 – 2020*, the objective is to specify concrete measures to focus on in the immediate future.

Another, and one of the most important priorities in the field of support for business for 2016, is support of competitiveness through drawing of funds from the OP EIC, whose primary objective is the achievement of a competitive and sustainable economy based on knowledge and innovation. To support Czech entrepreneurs, roughly 117 billion CZK have been set aside in this operational programme. During 2016, further calls are expected to be announced with focus on support for reduction of the economy’s energy intensity, as well as ICT, high-speed internet and other areas. This year, the Czech Republic will also focus on the implementation of measures which will aim to make the situation easier for all SMEs in all phases of their business cycle, i.e. facilitation of their establishment, acceleration of their development, access to financial resources, internationalization, efficient energy use etc.

Support of access to financial resources for SMEs also remains crucial for the Czech Republic. In 2014, the National Programme ZÁRUKA [GUARANTEE] 2015-2023 was approved. The second call for applications for guarantees was announced in February 2016. Within its scope, the Czech Republic plans to provide guarantees amounting to 1.8 billion CZK. Thus, support is also provided to fields of activity or regions (e.g. Prague) that cannot be supported from OP EIC.

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Awareness of the business community

In 2016, the Czech Republic will continue to raise awareness among Czech entrepreneurs and citizens about existing instruments in the EU internal market, so-called integrated services for entrepreneurs, consisting of Points of Single Contact (PSC), Product Contact Points (ProCoP) and the SOLVIT network. This year, in addition to awareness raising activities focused specifically on the professional community and the general public, emphasis will also be placed on the reform of electronic PSC (ePSC). In the past year, cooperation was established between MIT and CzechTrade, the administrator of the portal BusinessInfo.cz, on which the ePSC is located, and a new structure of the ePSC was prepared in order to better suit entrepreneurs’ requirements. Then at the beginning of 2016, works on update of the ePSC content commenced. The aim of this reform is to harmonise the ePSC with EC requirements in order to create a clearly structured and user-friendly environment, both for entrepreneurs and for citizens of the Czech Republic and other EU Member States.

Support of export

Since 2014, the Client Centre for Export has been operating as the Point of Single Contact for Czech entrepreneurs who wish to expand to foreign markets. This assistance is aimed primarily at SMEs. Last year saw a significant increase in the number of successful business cases, while the costs of their arrangement decreased. In October 2015, the updated catalogue of the Client Centre for Export and the Unified Foreign Network was introduced. In 2016, the activities will focus on harmonizing the level and quality of services across the entire shared network, and its further development.

For 2016, 25 official participations in trade fairs and exhibitions abroad are expected. There will be a greater involvement in business missions, sessions of mixed bodies for economic cooperation, and organization of professional seminars and business forums, including the presentation of Czech industry at the Summer Olympic Games in Rio de Janeiro in Brazil.

In December 2015, the government discussed the document *The Activity of the Export Guarantee and Insurance Corporation (EGAP) and the Czech Export Bank (ČEB) - insuring and funding export with state support*. The document presents information on the principles of state support for export, the basic characteristics of both companies’ operation and current data about the economic situation. At the same time, it is a starting point for further systemic discussions on this topic.

In 2015, the government decided to increase EGAP’s registered capital by 2.775 billion CZK. Simultaneously with the increase in EGAP’s registered capital, it also decided to increase ČEB’s registered capital by 1 billion CZK in 2016. The offer of ČEB’s and EGAP’s products to exporters and their SME sub-contractors is essential and there is much to be improved in this activity. Generally, it is necessary to constantly increase the efficiency of communication flows to the business sector.

Within the Aid for Trade project, 8 projects with a total planned amount of 6 million CZK were implemented in 2015 (total drawing of 5.7 million CZK). In 2016, the implementation of 7 projects is expected with the same amount of allocated resources.

At the beginning of 2016, agricultural diplomats were sent to embassies in 4 non-EU countries (Russian Federation, China, Saudi Arabia, and Serbia). In 2016, territories will be selected and preparations made for sending of 3 additional agricultural diplomats. Deeper interdepartmental cooperation will also continue on economic diplomacy projects in the agricultural sector.

Consumer protection

In March 2016, the government approved the *Development Framework of the Czech Trade Inspection Authority as a Modern Supervisory Authority*, which establishes the main objectives of further development of CTIA in the period from 2017 to 2019, and quantifies the actual costs of its efficient operation. Within the framework of the planned development of the CTIA, there will be further
strengthening of law enforcement in the Czech Republic. In addition to this, an amendment to the Czech Trade Inspection Authority Act is being prepared, which is to be presented to the government by December 2016. This amendment should specify the powers of the CTIA, and also react to problems which it encounters while performing supervision.

**Improvement of the insolvency environment**

In March 2016, the government approved an amendment to the Insolvency Act. First and foremost, its main aim is consistent protection of the rights of participants in insolvency proceedings, strengthening of supervisory powers of the MoJ over the execution of the function of insolvency administrators, a reduction of the administrative burden on insolvency courts, regulation of the subjects providing services in the field of debt payment, and more intensive protection against the filing of so-called frivolous insolvency proposals.

**3.4.3 Quality of public administration and the legislative environment**

**Implementation of the Act on Civil Service**

In 2015, the implementing legislation to the Act on Civil Service came into force, which led to its full implementation. Civil service regulations and methodical instructions were issued, which stipulate further details and organizational affairs of civil service. Based on systemization approved by the government, rank-and-file state employees are accepted into the civil service system, and selection procedures were announced to fill positions in leading civil service authorities, senior executive positions, and positions of heads of civil service authorities. Before the end of June 2016, selection procedures will be announced to fill the positions of department directors and heads of units. The civil service examinations commenced in September 2015 (general and specific part).

Concurrently with the implementation procedure, talks are being held with EC representatives on fulfilment of the Act on Civil Service. Despite the risks connected with the implementation of the Act on Civil Service, it is evident that the Czech Republic has made significant progress in fulfilling its obligations from the Partnership Agreement.

**eGovernment**

In Czech Republic there is significant room for improvement in the field of eGovernment, which is an important factor for development of the economy. Increased accessibility to public administration via eGovernment is also one of the objectives approved by the Strategic Framework for the Development of Public Administration in the Czech Republic for 2014-2020. Detailed overview of fulfilment of all the framework’s objectives will be the subject of an evaluation report presented to the government by June 2016.

The priority area in development of eGovernment in the Czech Republic is to secure full electronic filing, which will increase user comfort and quality of services provided by public administration bodies, and will lead to an increase in use of eGovernment services by citizens of the Czech Republic. Prerequisites for full electronic filing are the public administration client’s electronic identity, and compliance with the principles of cyber security. Mutually linked electronic services can function if electronic identification, authentication and authorization are securely established. This is currently being addressed by the Regulation on Electronic Identification and Trust Services for Electronic Transactions in the Internal Market (eIDAS). National Identity Architecture was created based on this regulation. The so-called National Identity Authority represents a fundamental infrastructural element of this architecture. It ensures clear and secure interconnection of providers of identity verification and authentication with service providers. This authority is presently under construction and its launch is
planned for mid-2016, so that the Czech Republic can announce its identity schemes in relation to other EU countries by the required deadline.

At the same time, a technical, legislative and procedural proposal for the use of a chip identity card is being processed so that this identity card can be a fundamental instrument used by the citizens of the Czech Republic for both immediate and remote proof of identification with the highest level of trust guaranteed by the state. The identity card will then be used by all citizens of the Czech Republic in the EU digital single market as remote proof of identity, and at the same time, at their request, it will enable them to transfer authoritative data provided by individual public authority organs to a third party without the need for further proof of the authenticity of this data.

The close integration of the Public Administration Portal (PAP), and the Information System of Data Boxes (ISDS), offers an environment for publishing of electronic filing forms, which can be placed within the portal’s run-time environment, from where the logged-in user is now already able to send the filled-out form directly to the relevant authority. They will use their data box login details, so the submission will be sent from their data box. All public authorities can use this PAP environment to publish their electronic filing forms. Naturally, the PAP and ISDS cannot ensure the complete “loop” of electronic filing without involvement of other public administration information systems, which can process the submissions. There are plans for future expansion of the functionality in the PAP electronic forms environment which, in the online regime after login, would enable the transfer of data to the form from other information systems in such a way that the form and user could work with them interactively. This would also satisfy the option of using so-called pre-filled forms.

At the same time, the National Open Data Catalogue was built in 2015, which is accessible via PAP, and standards for publication and cataloguing of open public administration data were created.

In November 2015 the Development Strategy for Public Administration ICT Services and their Measures for Increasing the Efficiency of ICT Services was approved. It focuses on increasing accessibility and transparency of public administration using instruments of eGovernment, and increasing efficiency and reducing administrative costs of public administration services and related ICT services.

The National Cloud Computing Strategy builds on the Development Strategy for Public Administration ICT Services. Its main objectives include ensuring of maximal security and reliability of key state information systems, and economies in their operation amounting to as much as 2.5 billion CZK annually. The key measure aimed at existing applications/ICT services is their gradual migration to the eGovernment cloud.

The e-Collection and e-Legislation projects

The motivation for this project comes from general obsolescence of the instruments and procedures for publication and creation of law, and reacts on the absence of a verified source of information (data) on both valid and past law. Regarding instruments for access and creation of law, the Czech Republic lags behind most EU states. In connection with the outlined shortcomings, the project strives for accessible and comprehensible publication of valid and effective law in the territory of the Czech Republic, without any barriers, in electronic form, and also for better, more efficient and transparent preparation, creation and discussion of legislation. The project includes introduction of electronic instruments for announcement of legislation, creation of a verified and freely accessible database of past and current versions of legislation, including links to EU law (the e-Collection system), instruments for electronic creation and discussion of legislation in full wording (the e-Legislation system), and new procedures for legislative and publication works using these advanced instruments, with adoption of necessary corresponding changes into the legal system. The launch of both systems into full operation is planned for January 2019, taking into account the technology demanding
project implementation, the need to train system users, and last by not least the implementation of changes to enable regular use of the system in both chambers of the Parliament of the Czech Republic.

**Regulatory Impact Assessment (RIA)**

In the Czech Republic, RIA is applied in case of all generally binding legislation prepared by ministries and other central administrative authorities in accordance with Government Legislative Rules. The year 2015 saw the preparation of supplementary methodologies to the RIA General Principles, which focus on certain specific issues in impact assessment. These are the *Methodology for Evaluating the Impact of Regulation on Small and Medium-Sized Enterprises*, *Methodology for Evaluating the Impact of Regulation on Competitiveness*, *Risk Analysis Methodology* and *Regulatory Impact Assessment Methodology for the Administrative Burden on Citizens, including Impact on Privacy*. The year 2016 will see the preparation of methodology for measurement of the overall costs of fulfilling obligations arising from regulation, and a transposition methodology evaluating the potential impact of planned draft EU legislation on the Czech Republic.

**Liability for offences, related procedures and register of selected offences**

At present, the Chamber of Deputies is discussing a draft Act on Liability for Offences, and procedures on them. The aim of the draft is to unify the conditions of liability for offences by natural persons and administrative offences by legal persons and entrepreneur natural persons, thereby removing the deficiencies of current legislation concerning administrative liability, modify the procedural standards corresponding to the development of Czech legal system, and make offence proceedings more efficient. The date for the Act’s entry into force is July 2017.

Also in August 2015 an Act was announced in the Collection of Laws introducing the central register of offences, which will come into full effect in October 2016. Its aim is stricter punishment for repeated perpetration of selected offences, which will be subject to registration, and also more efficient verification of the offence reliability required by certain specific Acts.

**3.4.4 The fight against corruption**

Government agenda regarding fight against corruption is stipulated by the *Government Anti-Corruption Conception for the Years 2015 to 2017*. It defines the basic priority fields of government anti-corruption policy for a three-year period, describes its institutional framework, and specifies 2 main instruments, specifically Corruption Impact Assessment and one-year action plans. The evaluation of corruption risks, as a preventive legislative instrument, aims to comprehensively assess the corruption potential of proposed legislation, and to choose measures leading to removal of corruption risks during its application. The Government Anti-Corruption Council also plays a significant role by systematically addressing anti-corruption measures and discussing draft legislation connected with the fight against corruption in the Czech Republic.

In terms of the perceived level of corruption, according to some scales there has been a definite improvement in recent period. According to the Global Competitiveness Report 2015-2016, the negative score for corruption in the most problematic factors for business has fallen from 16.3 to 13.2. According to the latest edition of the global Corruption Perceptions Index, the Czech Republic has managed to improve its position from 53rd to 37th place.

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Anti-Corruption Action Plans

The Anti-Corruption Action Plans contain a set of legislative and non-legislative anti-corruption measures. The time schedule for fulfilment of the contained tasks is based on the plan of government’s legislative work and non-legislative tasks for the given period. Thanks to the Anti-Corruption Action Plan for 2015, many anti-corruption measures were launched last year. In 2015, the government approved essential legislative amendments, which are currently being discussed in the Chamber of Deputies. In particular, these include an amendment to the Act on Conflict of Interests, an amendment to the Act on Association in Political Movements, and an amendment to the Supreme Audit Office Act. Measures already implemented include the Act on Civil Service and its implementing regulations, and the Act on Contract Registry. The Anti-Corruption Action Plan for 2015, whose detailed evaluation was carried out in the first quarter of this year, is followed by the Anti-Corruption Action Plan for 2016, which was approved by the government in December 2015. The specific included anti-corruption measures are based on the government’s programme documents and the Czech Republic’s international commitments, or react to current social situation. It also includes other measures, for example the Public Procurement Act and its implementing regulations, which were adopted by the government in 2015, and whose practical implementation will be supervised by the Government Anti-Corruption Committee.

For example, the Independent Executive Branch priority field covers the publishing of senior workers’ CVs at the level of department directors or higher, proof of international corruption, and development of the evaluation of corruption risks as part of the evaluation of the impact of regulation. In the field of Transparency and open access to information, one of the tasks for the first half of 2016 will be formulation of new commitments and submission of the third Action Plan of the Czech Republic “Open Government Partnership” for the Years 2016-2018, while the general public can also participate on its preparation. Furthermore, it concerns the presentation of sector analysis dealing with corruption in healthcare. The field of Economic State Property Management will focus primarily on supervision of practical implementation of the amendment to the Public Procurement Act. The last priority field, Development of Civil Society, will primarily focus on draft legislation concerning solution for protection of corruption whistle-blowers, and conducting of sector analysis dealing with corruption in sports, which will focus primarily on manipulation of match results.

3.4.5 Public procurement

Strategy for computerization of public procurement for the period of 2016 to 2020

In accordance with the CSR, the Czech Republic is taking measures to increase transparency and efficiency of public procurement (PP). In January 2016, the government approved the Strategy for Computerization of Public Procurement for the Period of 2016 to 2020, Evaluation of the Efficiency of Operation, Proposal for Further Procedure for Using Electronic Public Administration Marketplaces and Proposal for Mandatory Use of the National Electronic Tool (NET). This Strategy stipulates the framework for computerization of public procurement and includes a proposal of fundamental measures, which will be implemented in the given period. The aim is to support computerization of procurement procedures between contracting authorities and suppliers (e.g. creation of an interdepartmental working group for the functionality of NET and the organisation of awareness raising and training events); optimization of operating individual modules incorporated into

7 NET is an electronic application for the administration of public contracts, public procurement and concessions, which was launched into full operation in August 2015. With the help of NET, the Czech Republic will ensure that EU requirements are complied with, and will fulfil its obligation arising from the new European procurement directives, which is the full computerization of public procurement no later than October 2018.
the National PP Infrastructure (e.g. a unification of the Bulletin of Public Contracts and the PP information system), or the implementation of measures connected with the computerization of PP based on the development of both national and European public administration computerization projects (e.g. ensuring compliance of electronic instruments with the European eIDAS regulation and the e-Invoicing Directive).

The Strategy makes a proposal for preserving the current functioning electronic marketplace model until June 2017. Afterwards, NET will be stipulated as the central state marketplace. According to estimates, the implementation of the aforementioned measures will lead to economies in operation of electronic public procurement instruments amounting to 134.5 million CZK. The Strategy also sets forth measures leading to gradual mandatory use of NET, in incremental steps, with the aim of setting this obligation for all contracting authorities no later than the end of 2018.

The Strategy also anticipates measures for 2016 such as continuous monitoring of foreign best practices in the field of computerization of PP, assessment of possible implementation of the best solutions in the legislative environment of the Czech Republic; awareness raising events aimed at introducing electronic PP; consulting for both contracting authorities and suppliers; revision and creation of methodologies for the new Public Procurement Act (NPPA) and its implementing regulations, with regard to significant strengthening of submitters’ obligations and creation of a new system of information publication.

The Public Procurement Act

The draft NPPA that implements the new procurement directives was approved by the Parliament of the Czech Republic on 19 April. In addition to the new procurement directives, it also implements directives 2009/81/EC, 89/665/EEC, 92/13/EEC, 2007/66/EC and 2014/55/EU. The aim is to reduce administrative burden, make the entire procurement process as efficient as possible, and also preserve transparency and equal access during its course. There will be an increase in the contracting authority’s liability, as the Act is not conceived as a precise instruction; instead, it stipulates clear and comprehensible rules, whereby the submitter is given much greater freedom to choose from many possible procedures (the NPPA enables the contracting authorities to choose from a whole range of possible evaluation criteria, according to which they can decide on the quality of the bids). The contracting authority is not required to have an evaluation committee. Thus, the new legislation gives the contracting authority more room, but this is also connected with higher level of responsibility. Beyond the requirements of the EU legislation, there are stricter rules on the possibility of changing the public contract on the delivery. The contractor has an option to change the agreed conditions of the contract, the change in individual case can reach up to 50%, however in total after deduction of the part of the contract that has not been materialised the limit is 30%. In order to provide adequate time for the contractors to peruse this comprehensive change and for their adequate training, the law enters into force six months after its publication in the Collection of Laws.

In the field of public procurement there is ongoing intensive lecturing activity, beyond the scope of the Educational System in the Programming Period 2014-2020. As per the procedures stipulated in the existing Public Procurement Act (PPA), and as per the procedures stipulated in the Methodical Instruction for Public Procurement Procedures in the Programming Period 2014-2020, the managing authorities and mediating subjects were trained in PP, and training of beneficiaries (contracting authorities) is also possible. In addition to the theoretical part, the training is also aimed at practice, and the decisions of the OPC or the European Court of Justice, which directly relates to the provisions of the Methodical Instructions. In 2015, 16 training courses concerning Methodical Instruction were held in total. Training in relation to the amendment to the PPA and NPPA also took place at the talks of the working group for PP. The Czech Republic is currently preparing a menu of training and professional consultations for the NAPP which is intended, for example, for central institutions,
auditors, Union of Towns and Municipalities, or regions. Departments, regions, statutory cities and Union of Towns and Municipalities were approached with the offer of vocational training of their employees. Until mid-2016, several hundred contractors will be trained, training will also take place in the second half of the year. More than ten lecturers who are co-authors of the law will participate in the training.

**The Act on Contract Registry**

The Act on Contract Registry was published in the Collection of Laws in December 2015. Its aim is to increase transparency of public procurement process. The Act makes the validity of certain contracts concluded by public authorities contingent on their publication on the Public Administration Portal. Furthermore, it establishes the contract registry as a public administration information system used to publish contracts.

The Act will come into effect partly in July 2016, and partly, in terms of the penalty of contract ineffectiveness and cancellation if it is not published, in July 2017.
3.5 Long-term growth and investment

3.5.1 Research, development and innovation

Environment for research, development and innovation

In February 2016, the government approved the National Research, Development and Innovation Policy for the years 2016-2020, with an outlook to the year 2025. This is a national strategy document, which in the coming years will set the main direction of development in the field of research, development and innovation (R&D&I). It focuses on development of key fields, which include management of the R&D&I system, the public R&D&I sector, cooperation between the private and public R&D&I sectors, and innovations and challenges for the focus of R&D&I.

The document is based on expert analytical materials and statistical data from CZSO, Eurostat and OECD. In relation to these conclusions, and taking into account current international trends, the R&D&I policy in the Czech Republic has focused on the following core areas since 2016: (i) improvement of management of the R&D&I system, including clear definition of competencies, application of approach based on transparency and active participation in the process of preparation of R&D&I policies; (ii) introduction of research organizations evaluation and increasing the efficiency of institutional funding system, where the evaluation must become an important source of information for strategic management, and the institutional funding system must stimulate research organizations to efficiently fulfil their role in the R&D&I system; (iii) creation of strong applied research foundation by stimulating part of the existing research capacities to transform themselves into research- and technology- oriented centres conducting applied research to the requirements of businesses and other public sector users; (iv) strengthening of research and innovation activity of businesses by stimulating them to commence and develop research and innovation activities and assist with the development of dynamic SMEs.

After the transfer of the agenda of the National Research and Innovation Strategy for Smart Specialization of the Czech Republic (RIS 3) from MEYS to the OG, the wording of RIS 3 was amended during the year 2015 in the field of implementation, and the results of the process of discovering business opportunities taking place at national and regional level have gradually been incorporated. The so-called National Innovation Platforms have recently been established. The entire process, i.e. finalization of the RIS3 and its Implementation Plan, should be completed at the end of 2016, also in order not to jeopardize the fulfilment of ex-ante conditionality 1.1 Research and Development.

Development of conditions for excellent research

The government will continue to implement the measures of the Roadmap of the Czech Republic’s Large Infrastructures for Research, Experimental Development and Innovation for the years 2016-2022, combining unique facilities for the performance of research, experimental development and innovation, operated on the principle of an open access to their capacities. A methodical framework will be prepared for the first interim evaluation of large infrastructures, approved to provide goal-directed support by a government resolution. Simultaneously with the commencement of the ongoing evaluation, a call for possible new proposals of large infrastructures will be announced for the purpose of the first update of their roadmap. This process will be synchronized with the process of updating the Roadmap of the European Strategy Forum on Research Infrastructures. While the operational

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8 Dated the 15 June 2015, no. 482, and dated the 21 December 2015, no. 1066.
expenses of large infrastructure for research, experimental development and innovation will be paid from the Czech Republic’s state budget expenditure on R&D&I, investment costs necessary for further technological development of their facilities will be funded from ESIF through OP RDE. The factually relevant call will be issued during the year 2016. Among others, the aforementioned measures will contribute to fulfilling the commitment of long-term sustainability of the capacities recently built in the Czech Republic while using EU cohesion policy instruments, including their further development.

The long-term sustainability of all research and development capacities, which were built in the Czech Republic in the years 2007-2015 using the resources of the Operational Programme Research and Development for Innovation and the Operational Programme Prague-Competitiveness, will be supported by implementing the measures of National Sustainability Programmes I and II. In 2016, the government will focus primarily on continuous evaluation of funded projects, the same way as in case of large infrastructures for research, experimental development and innovation.

Following the approval of OP RDE and the announcement of first calls, support for research and development will continue primarily by supporting cooperation between the research and application spheres, support for mobility of research workers, and development of human resources in research and development. Calls in 2016 will complement the 2015 calls for support of excellent research and employment of excellent researchers.

The Czech Republic is preparing synergic and complementary ties of OP EIC to community programmes and Horizon 2020. First activities have already begun in the area of innovations with growth potential for SMEs, such as SME Instrument. In the area of support of the regional aviation industry, the initiative CleanSky2 has been supported by signing a Memorandum of understanding. Currently, the action plan for implementation of these R&D&I interrelated initiatives within the European area is prepared.

R&D&I information system concept

In January 2016, the government approved the R&D&I Information System Concept for the Period 2016-2020. It is a part of public administration information systems, and defines 18 specific measures whose aim is to contribute to the strategic management of R&D&I at all levels, make public support for R&D&I more efficient, and last but not least improve cooperation between the public and business sectors.

New parts, which primarily monitor innovation activities and which until now have been missing, are to be introduced into the information system. It involves one of the measures aiming at better management of innovations in the Czech Republic and at supporting cooperation between the public research sector and industry. Other measures relate to the clearer recording of applied science results, recording of activities supported from ESIF, and recording of investments in large instruments and facilities procured for R&D&I. The implementation of the measures is spread over 3 years. Legislative change is a necessary requirement.

Inter-Excellence programme

Strengthening and further deepening of the internationalization of research and innovation environment in the Czech Republic will be supported by the government through a new instrument for funding of the Czech Republic’s international cooperation in research and development; the Inter-Excellence programme. The programme will focus on financial support for the participation of important Czech subjects in international programmes, such as COST and EUREKA, development of the Czech Republic’s bilateral cooperation in research and development (particularly with states outside the EU), support for research and development performed by research organizations in foreign and international organizations, including participation in their managing authorities, and also on support for awareness raising and consulting services relating to participation in the EU framework
programme for research and innovation, Horizon 2020. The relevant OP RDE call will also support international mobility of researchers from Czech research organizations.

**Evaluation of research organizations**

Based on the completed project Efficient System of Evaluating and Funding Research, Development and Innovation, the Council for Research, Development and Innovation commenced preparations for a new evaluation methodology. Its main elements are the change of the evaluation principle from evaluating results to evaluating organizations, the introduction of peer review as one of the main evaluation methods, and extension of the evaluation interval from annual to evaluation once every 3 to 5 years. The aim is to switch to standard evaluation of individual research institutions and their performance, excellence of the performed research, internal environment, management and level of social relevance (cooperation with the industry and services sectors) depending on the evaluated institution’s mission. The methodology should be used for the first time in the year 2017.

**Cooperation between the research and business sectors**

Current priorities include support of more closely linked cooperation between the research and business sectors aimed at application of research and development results in practice and their subsequent commercialization in order to increase competitiveness of Czech businesses.

In order to support commercialization of R&D&I results and taking into account the structure and development of the Czech economy towards production with higher added value, the year 2015 saw the creation of TRIO, a programme of support for applied research, which will serve to develop the potential of the Czech Republic in the field of Key Enabling Technologies (KETs) in the years 2016 to 2021. In the first half of 2016, the first public tender of the TRIO programme will be evaluated, while the first projects aimed at increasing the applicability of R&D&I results in the field of KETs in the business sector will begin to be implemented from mid-2016. Allocation for the programme for the year 2016 amounts to 300 million CZK, which will be used exclusively to support projects carried out in cooperation between businesses and research organizations.

In the current programming period, support for competitiveness of the Czech Republic is also connected to functioning of operational programmes, whereby OP EIC has been designated for companies with innovation potential in individual regions of the Czech Republic. Its priority axis (PA) 1 - Research and Development for Innovation is aimed particularly at support of building infrastructure, implementation of research projects, establishing cooperation in R&D&I, transfer of technologies and patent protection.

In 2016, new programs are planned to be finalized, specifically the plans of goal-directed support to applied research: BETA2 for support to research for state administration, ZÉTA for support of young researchers in applied research and ÉTA for the new social science research programme, particularly in relation to the new social challenges connected with the National Initiative Industry 4.0. This will also be an important theme in the announced public tenders aimed at cooperation between research organizations and the business sector, designed to fulfil the tasks stipulated by the government. The National Competence Centres programme will be created.

Within the scope of existing programmes, the year 2016 will, among others, see the announcement of public tenders for support of applied research and experimental development projects, whose results

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9. Within the framework of programmes announced by TA CR, 1,479 projects with 3,497 participants were being implemented as of 15 January 2016. Within the framework of these projects, the total of 3,685 applied results and 4,333 publication results have already been created. The number of patents from projects implemented with the support of TA CR has been growing.
have a high potential for rapid application in new products, manufacturing procedures and services, and for support of testing the practical applicability of the research and development results created in research organizations.

**Selected projects of the Technology Agency of the Czech Republic (TA CR)**

During the year 2015, TA CR announced public contracts within the scope of the GAMA programme (focused on verifying the practical applicability of the results of research and development), the DELTA programme (focused on support for international cooperation with Chinese provinces and Taiwan) and the OMEGA programme (focused on social science research and development).

Furthermore, TA CR, in cooperation with other ministries, successfully implemented the project INKA - Mapping of Innovation Potential. The main aim of the project was creation of a time-sustainable methodology of mapping the innovation environment of the Czech Republic, which will facilitate comparability of data in subsequent field research. The results of the project, which were created by combining macroeconomic and microeconomic data with controlled interviews with owners and senior managers in more than 450 companies and 80 research teams, offer a comprehensive picture of the innovation environment and identify fields of intervention for the support of innovation business and scientific and research activities.

For 2016, TA CR is preparing other development projects aimed at improving its functioning, or more precisely provision of goal-directed support to the R&D&I, for example the project PROEVAL - Evidence-Based Management of R&D&I Support Programmes, and the project Analysis of the Fulfilment of Conditions and Proposed System of Rules for Provision of Public Support.

**Preparation of the R&D&I Act**

During the year 2015, the draft text of the R&D&I Act was prepared. The Act anticipates the rationalization and increase in efficiency for the entire R&D&I system, strengthening of support for and management of innovations, and introduction of support mechanisms for large-scale national innovations. One of the steps towards fulfilment of this objective is the establishment of a new Ministry for Science and Research. The articulated version of the Act will be prepared during the year 2016. The draft Act should be presented to the government by the end of the year.

**Space activities**

In the field of space activities, the objectives for 2016 are: (i) within the scope of the activity of the European Space Agency (ESA), the Czech Republic is to undertake to participate in ESA activities including carrier rockets, satellite telecommunication, Earth observation, development of technology and satellite navigation, with a sum of at least 730 million CZK annually in accordance with the National Space Programme; (ii) to provide initial support for the commencement of production of components for Ariane 6 carrier rockets; (iii) to stimulate the penetration of cosmic applications in the Czech Republic; (iv) to establish the National Space Programme as a third party programme within ESA. In the long-term, the strategic objective is to establish the National Space Agency.

**3.5.2 Investment policy**

**National Innovation Fund**

The Czech Republic will continue to implement its plan to revive the market of investment in start-ups (venture capital). The aim is to support the innovation environment and development of new companies based on original know-how with rapid growth potential. To this end, the National Innovation Fund (NIF) investment platform will be launched, which will implement financial instruments of capital inputs from OP EIC resources. The support will be aimed at start-up and
developing innovation companies, and at commercializing the results of research and development in public research organizations. The recoverable nature of capital inputs controlled by professional management will ensure revolving of invested resources and possibility of their repeated use. At the same time, high share of private resources will be required for co-financing of individual projects. The primary purpose of the capital input financial instruments is the activation of private investment market in accordance with market mechanisms. The implementation of the NIF investment platform will involve the European Investment Bank (EIB) group in terms of fund management (see below) and the NIF investment company, whose establishment was approved by the government in 2015. The implementation of support from the NIF investment platform will be supervised by an investment committee. The investment committee, the cooperation with EIB and the establishment of the NIF investment company is planned for 2016. It is anticipated that 65 million EUR will now be set aside for the NIF investment platform.

**Involvement in projects at the supranational level**

Following the NIF investment platform, the government will discuss involvement of the Czech Republic in the EIB group’s Central European Fund project, which assumes participation by the Czech Republic, Slovakia, Hungary, Austria and Slovenia. The project is aimed at investment in subsequent expansion phases of developing SMEs, and thus follows on from support provided within the scope of NIF from OP EIC. The Czech involvement assumes an investment of 600 million CZK from state budget resources and, including EIB sources and private investors, the total investment is estimated to amount to at least 1.2 - 1.5 billion CZK.

The government will continue to support the involvement of Czech projects in support from EFSI. Thanks to the covering the risks from EFSI, the Czech-Moravian Guarantee and Development Bank (CMZRB) will continue to implement the ZÁRUKA [GUARANTEE] national programme for the provision of guarantees to domestic SMEs. Thus, the counter-guarantee from EFSI provided via the European Investment Fund will enable support for loans for up to 1,500 SMEs in the years 2015-2017, amounting to a total of over 4.4 billion CZK.

**Innovative financial instruments**

The Czech Republic is planning an increase in use of innovative financial instruments. In comparison with the past, more subjects in more sectors will implement them. The financial instruments are prepared by several ministries (MIT, MoE, MoRD, MoT, as well as the Municipal Authority of the Capital City of Prague). The financial instruments prepared by MIT will aim at increasing the competitiveness of SMEs, which will be supported by concessionary loans and guarantees, as well as at increasing energy efficiency in the business sector. Venture capital for support of businesses in their initial phase of operation is to be provided by NIF. MoE plans to support waste management and energy efficiency projects with concessionary loans. MoRD is preparing concessionary loans to support energy efficiency in the residential sector. Financial instruments are also being considered in the transport sector, and to support SMEs in the territory of Prague. The first MIT and MoE innovative financial instruments are expected to be launched in the second half of 2016.

To promote more efficient and more frequent use of innovative financial instruments, the centralization of their administration is being prepared at national level by creating a national holding fund. The initiative is to be part of a broader project of activating CMZRB as a national development bank. The relevant material, prepared in cooperation with the MF, MIT and MoRD, should be presented to the government approximately in mid-2016.
Investment incentives

The Czech Republic is interested in creating a more attractive environment for both domestic and foreign investors. Last year saw the implementation of an amendment to the Investment Incentives Act, which removed a number of restrictive obstacles for investors, particularly in the Act on Income Tax of Legal Persons, and also significantly reduced the minimum required number of newly created jobs for activities with high added value. This year, the Czech Republic will discuss other possibilities of improvement in the investment incentive system, e.g. for technology or strategic service centres, and support of investment projects of exceptional importance.

Regional policy

When implementing the investment policy of the Czech Republic, an emphasis will be put on its regional/territorial dimension. The aim is to contribute to reduction of regional disparities (equalizing goal), while allowing the use of local potential for increasing the economic and social level of individual regions (growth goal). Regional policy principles are set out in the National Development Strategy 2014-2020 and further refined in Action Plan on Implementation of the Strategy of the Regional Policy of the Czech Republic 2015-2016.

For the purpose of meeting the equalizing target a Strategy for Economic Restructuring of Ústecký Region, Moravskoslezský Region and Karlovarský Region will be prepared in 2016. To meet the growth target, so-called integrated tools (integrated territorial investment plans and integrated development of the territory) will be implemented in major metropolitan areas and residential areas of the Czech Republic. Those tools contribute to increasing of the competitiveness of major urban centres of the country.

3.5.3 The digital economy


The aim of the Action Plan for the Development of the Digital Market, approved by the government in August 2015, is to support the digital economy in the Czech Republic. The action plan sets forth specific civil service measures in a number of fields, and also reflects the European debate on the digital single market. The 1st Report on the Implementation of the Action Plan for the Development of the Digital Market was presented to the government in January 2016. The majority of measures with deadline up to 2015 were successfully fulfilled or their fulfilment was commenced. The construction of high-speed infrastructure, approval of an act to reduce costs of its construction, and development of eGovernment projects will be the primary goals for 2016. In addition, ongoing activities for strengthening the Czech Republic’s cyber security and creating conditions for digitization of industry and for support of digital education will continue. The next regular Report on the Implementation of the Action Plan will be presented to the government in July 2016.

Digitization of industry

The National Initiative Industry 4.0, announced in September 2015, represents one of the documents which comprehensively contribute to the discussion concerning the onset of most significant technological and structural changes. The document maps the initial conditions for the implementation of the so-called fourth industrial revolution in the Czech Republic, and deals with themes such as technological prerequisites and visions, applied research, standardization, security, impact on the labour market, the educational system, and the regulatory environment. Based on this initiative and the task in the Action Plan for the Development of the Digital Market, an expanded version of the document has been prepared under the name Initiative Industry 4.0, including proposed measures for its development and promotion. The aim of the initiative is to predict requirements for our industry
arising from this new philosophy of systematic use, integration and interconnection of all types of technologies, while taking into account its continuous and rapid development; and to prepare conditions for realization of this new industrial revolution in both the manufacturing and non-manufacturing sectors in the Czech Republic. The long-term objective of this initiative is to maintain and strengthen the competitiveness of the Czech Republic at the time of global dawn of the aforementioned philosophy.

**Reduction the construction costs of high-speed electronic communication networks and simplification the construction process**

The Czech Republic considers the support of coverage of its territory with high-speed electronic communication networks as its priority. Obstacles to the development of networks can be seen not only in the need for financial investment, but especially in the complexity of administration associated with the construction, diverse practice of building offices, and inconsistent amount of fees associated with easements. In order to reduce construction costs, the Czech Republic will also transpose the Directive on measures to reduce the cost of deploying high-speed electronic communications networks, which has been approved at the European level.

By the end of 2016, the Czech Republic is aiming to complete the *National Plan for Development of Next Generation Networks* and to get it approved by the EC as a document representing the successful fulfilment of the ex-ante conditionality for drawing EU funds in OP EIC’s High-Speed Internet programme. The national plan focuses primarily on the use of public resources, simplification of the administration connected with construction, and reduction of fees associated with easements; it should facilitate public investment for the development of high-speed electronic communication networks in the Czech Republic. Furthermore, the government, in cooperation with the professional public, will focus on completion and approval of the draft Act on facilitating measures for network construction, whereby a priority will be the removal of administrative and legislative barriers to construction.

**Strategy for the Development of Terrestrial Digital Television Broadcasting**

The government deems it important to preserve a freely accessible TV broadcasting throughout the Czech Republic. Given the changes in the use of the 700 MHz band, based on international talks at ITU (International Telecommunication Union) level and EC proposals, a controlled transfer to broadcasting in DVB-T2 mode must be arranged. Hence the *Strategy for the Development of Terrestrial Digital Television Broadcasting*, which aims to stipulate the general conditions for the transfer process to the new type of digital TV broadcasting, is being prepared. It is to be presented to the government by June 2016.

**3.5.4 Transport**

In terms of quality and functionality, the Czech transport network, in its current condition, still does not reach the level of the original 15 EU Member States. This state is perceived as one of the main obstacles for achieving a higher rate of economic growth in the Czech Republic. For renewal of sustainable economic growth based on improved competitiveness of the Czech economy, the government considers it necessary to efficiently complete the core transport infrastructure and connect the remaining regions and major industrial centres to the main Czech and European routes, and to remove barriers for business in regions with transport accessibility of inadequate quality.

**Amendment to the Construction Act, and coordinated authorization procedures**

The main tasks of the government in the field of spatial planning and building regulations include an amendment to the Act on Spatial Planning and Building Code (i.e. the Construction Act) and
34 related laws, which will simplify, accelerate, and streamline administrative processes of licensing structures. It is proposed to combine planning and construction approval procedures into a single coordinated procedure, with the issue of a single coordinated permit, both for individual buildings and for sets of buildings (which may contain not only buildings within the powers of general building authorities, but also selected special buildings and others), while preserving the current separate regulation of planning and construction procedures. The environmental impact assessment process will be fully integrated into both the coordinated procedure and the separate spatial planning procedure. Furthermore, it is proposed to specify the content of binding opinions of relevant bodies with consequential protection of public interest and specification of the mode of collaboration between building authorities and the relevant bodies. Other changes are also proposed in the spatial planning part, e.g. shortening of the process of implementing changes and updating spatial planning documentation; the cycle of complete updating of spatial analytical materials will be extended from 2 to 4 years; facilitating the use of data which are a part of territory and spatial analytical materials, for all civil service activities; shortening of the time limits for submission of proposals for review of measures of general nature issued as per the Construction Act, or part thereof, by a court to 6 months from the day of its entry into force; publication of updates and changes to spatial planning documentation, including legal status after an update or a change, will be required for their legal effectiveness; publication of spatial planning documents on the internet will be mandatory. More extensive changes are also implemented in the Environmental Impact Assessment Act, and in the Act on the Acceleration of Construction of Transport, Water and Energy Infrastructure.

In March 2016, the draft act has been sent back to the proposer by the Legislative Council of the Government for fine-tuning.

Environmental Impact Assessment

For 2016, a technical amendment to the Environmental Impact Assessment (EIA) Act is planned with the goal of a transposition of the revised Directive 2014/52/EU. The transposition date stipulated by the directive is 16 May 2017. One of the reasons for amendment to the EIA directive is the fact that climate change will continue to damage the environment and endanger economic development. In this regard, it is appropriate to assess the impact of proposals on climate (e.g. greenhouse gas emissions). The impact of proposals on climate change should also become an important part of the assessment and decision procedures within the EIA process. Thus, after the transposition, it will be necessary that the EIA documentation of project proposals also contains a description of potential significant environmental impacts of the proposal, based on its effects on climate (e.g. the nature and volume of greenhouse gas emissions) and the proposal’s vulnerability to climate change. Likewise, it will be necessary to focus on evaluation of projects’ influence on the climate and exploiting of biological diversity.

The government is also focused on the issue of transport project of a significant value that are funded by the European funds and that have the EIA verification issued based on the legislation valid before the Czech Republic’s membership to the EU. Currently, intensive negotiations are taking place and a government resolution is being prepared. This will allow beginning the process of a revised EIA assessment for these projects, so the requirements of the EC are fulfilled and the drawing from OP T is secured for the upcoming years.

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10 For conducting the coordinated procedure, the appropriate body for general construction will be the general Building Authority; for selected transport constructions a special Building Authority; for water projects the appropriate Water Management Authority, and for selected energy construction the MIT.
Effective strategic planning and its implementation

The main strategic documents - *Transport Policy of the Czech Republic for 2014-2020 with the Prospect of 2050* and *Transport Sectoral Strategies* - facilitate the annual planning of the construction preparation process and the linking of the most important transport infrastructure investment projects to the state budget. These are linked to sub-concepts, which elaborate on solutions and funding methods for individual fields. Key priorities include development of transport infrastructure, harmonization of conditions in the transport market, development of rail and water transport, improvement of the quality of road transport, support for multi-modal transportation systems, stabilization of the funding of public transport, and utilization of alternative fuels (CNG, LNG, hydrogen and electricity).

In November 2015, the government approved the *National Action Plan for Clean Mobility*; furthermore, in 2015, the government approved the *Action Plan for the Development of Intelligent Transport Systems (ITS) in the Czech Republic by 2020 (with an outlook to 2050)* (ITS Development Action Plan) and *The Concept of Public Transport*.

Development of Intelligent Transport Systems

The *ITS Development Action Plan* is a strategic document for utilization of the most modern detection, diagnostic, information, control, and security technologies, global satellite navigation systems and Earth observation systems. The Action Plan stipulates targets for the development of ITS in the Czech Republic, follow-up measures, and an estimate of the costs of their implementation, as well as possible sources of funding. It will form the basis for the preparation of the *ITS Implementation Plan*, which will be presented to the government for discussion in the first half of 2016. The scope the Action Plan’s follow-up measures will be fulfilled via stipulated implementation projects.

The *ITS Implementation Plan* was not conceived as a final document, rather it will be an open and live document. Based on both long-term and short-term planning and on programmed selection of specific project proposals or development projects for funding, it will be continuously updated and added to until 2020.

Priority projects in infrastructure

Priority railway infrastructure projects mainly consist of the completion of railway transit corridors including railway nodes (by 2020) and the modernization of other lines on the main, and subsequently also the global, TEN-T network. Another priority is represented by the modernization of lines outside TEN-T, ensuring connection of important industrial zones (e.g. Nymburk–Mladá Boleslav) and lines important for suburban transport. The priority projects in road infrastructure include, in particular, the construction of the missing speedway and road sections of the global TEN-T network (until 2030, respectively 2050).

Regarding inland waterways, the government will continue to address navigability problems (including international links) and reliability on the Elbe-Vltava waterway. An important priority in the field of multimodal transport is ensuring that there are sufficient resources from European funds for the development of multimodal freight transport.

Great attention will also be devoted to the improvement of legislative conditions in the sector of transport and ITS development, which are also instrumental in optimization of use of transport infrastructure capacity. The year 2016 will see commencement of works on the *Fast Connections – a Study of Opportunities* which together with the already commenced *Technical and Operational Studies - Technical Solutions for High-Speed Lines* will be an important step towards the future introduction of a new fast rail transport sub-system in the Czech Republic.
3.5.5 Energy efficiency

Increasing energy efficiency is one of the priorities of the Czech Republic’s energy policy. The emphasis on energy savings and on the reduction of energy intensity of GDP creation comes from the need to ensure stable, secure and sustainable energy supplies. That is why the Czech Republic has long striven to increase energy efficiency in a cost effective way so that after 2020 the energy intensity of GDP creation in individual fields will be at the level of comparable EU economies.

To achieve this goal, the preparation for an update of the National Energy Efficiency Action Plan took place during 2015 and was approved by the government in March 2016. Within the scope of the update, the cumulative energy savings target for total consumption was recalculated as per article 7 of the Energy Efficiency Directive, in accordance with the Eurostat methodology, determining the value of 50.67 PJ (14.08 TWh), and predictions for fulfilment of this target with the help of alternative “political” measures were revised (the Czech Republic chose the so-called alternative schemes for fulfilment of the target by 2020). Given the fact that the fulfilment of this target by 2020 with the existing measures is at the borderline of feasibility, further political measures regarding residential construction, industry, transport, agriculture, and increased energy efficiency at local government level were added to the update.

Investment in energy efficiency from ESIF

In the new programming period 2014-2020, four operational programmes - OP E, OP EIC, IROP and OP PGP are planned to be used in the effort to reduce intensity of energy consumption. Autumn 2015 saw the announcement of first calls to increase energy efficiency within OP EIC and OP E. The support from OP EIC will be aimed at the field of renewable sources of energy, increasing energy efficiency of the business sector, development of grids, especially heating grids, and innovation in the field of waste energy. The allocation is set at 1.217 billion EUR. The announcement of the first call within OP PGP is planned for April 2016. OP E dedicates its PA 5 - Energy Savings to improvement of energy efficiency. This axis supports reduction of energy consumption and the use of renewable sources in public buildings. The allocated support amounts to 529.6 million EUR. Both specific targets of PA 5 had calls announced in 2015 and after the evaluation of the received applications, further calls will follow in 2016. In December 2015, the first call for reducing energy intensity in the housing sector within IROP was announced. In the programme, 623 million EUR is allocated for this type of support. The announcement of the first call within OP PGP is being prepared. This programme is focused on energy savings in city buildings and within public transport.

Increasing energy efficiency of buildings

In the PANEL 2013+ programme, the State Housing Development Fund provides loans for modernization of residential buildings, in order to reduce their energy consumption. The amount of 630 million CZK has been allocated within the fund. The Jessica programme was completed at the end of 2015 with the result of 153 concluded loan contracts in the total value of 601 million CZK. In addition to energy savings, these programmes can support repairs and modernization leading to increase in housing standards and extension of residential buildings’ lifespan.

The national programme New Green Savings Programme received applications for the first call for residential buildings in the Capital City of Prague in 2015; there were in total 290 applications amounting to 174.3 million CZK. It involves support for reduction in energy consumption for existing residential buildings (including the efficient use of energy sources).

In 2015, the second call addressed for family houses, in which 4,722 applications were submitted in the total amount of 1,066.7 million CZK for reduction of energy consumption in existing family houses, construction of family houses with very low energy consumption, and efficient use of energy sources, has taken place.
In autumn 2015, applications began to be accepted for the third call for family houses. The second call for residential buildings in the territory of the Capital City of Prague was also announced in February 2016. Both calls are continuous; i.e. the approved applications will be supported on an ongoing basis according to resources available at the time. This support is aimed at energy savings achieved mainly by insulation of peripheral structures and replacement of vent fillings; the heat source can also be replaced. Last but not least, installation of solar collectors and photovoltaic panels for the building’s own consumption can also be supported.

In addition to the operational programmes and the New Green Savings Programme national programme, the annually announced national programme called EFEKT is also involved in the fulfilment of the Czech Republic’s commitment to save 50.67 PJ (14.08 TWh) on energy consumption by 2020. In addition to typically provided forms of subsidies, the Czech Republic will also support the use of financial instruments as a form of public support. The establishment of the Coordination Committee for energy efficiency, whose members are representatives of the sectors in question, and the appropriate professional groups and unions, was one of the steps to help to improve coordination among individual programmes.

**Energy efficiency in transport**

In the field of transport, there has been a long-term support for more energy efficient types of transport, increasing the percentage of alternative fuels, and for an infrastructure for alternative fuels (e.g. also via the application of Smart Cities concept). To this end, the year 2016 will see the update of the *Strategy of Logistics Support from Public Funds*, which will now deal with the issue of freight transport more broadly in the new document *The Concept of Freight Transport*. From the energy perspective, the most effective option in passenger transport is the greater use of public transport, addressed by *The Concept of Public Transport* which has been approved by the government. In this context, we can note a positive trend in the development of transport capacity, particularly in rail transport (there has been a growth of 19% over the last 5 years, in comparison with the same approximate stagnation of individual car transport). The increase in share of alternative fuels and the infrastructure for alternative fuels are addressed in the government-approved *National Action Plan for Clean Mobility*. In the long-term horizon, the measures from these conceptual documents should lead to a gradual reduction of energy consumption in transport, a reduction of the transport sector’s dependence on petroleum products, a growth in energy efficiency, and a reduction of CO₂ emissions.

**3.5.6 The environment, efficient use of resources and agricultural policy**

The main priorities of the *State Environmental Policy of the Czech Republic 2012-2020* are the sustainable use of resources, climate and air protection, nature and landscape protection and safe environment. Based on medium-term evaluation of the State Policy, these priorities are still relevant and, in order to achieve individual environmental policy targets, attention will be devoted to proper implementation of the material. Individual environmental fields are elaborated on in more detail in the appropriate strategic documents.

Regarding one of the EU’s main priorities - transition to a circular economy - many themes contained in the EU Action Plan are already included in the *Policy of Secondary Raw Materials in the Czech Republic* and the *Waste Management Plan of the Czech Republic*.

**Waste management**

The Czech Republic’s overall waste management strategy is based on support for preventing waste creation, increase in level of material utilization of waste, and fundamental reduction in waste landfills.
The main conceptual document for waste management is represented by the Waste Management Plan of the Czech Republic (WMP CR) for the period 2015-2024, approved by the government in December 2014. WMP CR contains all the binding targets based on European legislation (e.g. the level of recycling in 2020 and the reduction of biowaste from landfills) and fully complies with the binding waste management hierarchy.

Based on European Commission recommendation, amendments to the Waste Act were also approved in 2014 and 2015. Most importantly these amendments introduced mandatory sorting of biowaste and officially prohibited disposal of recyclable and usable waste through landfills from 2024.

In 2014, 46.5 % of municipal waste produced was reused, of which 34.8 % was used materially (30 % in t2013) and 11.8 % energetically (similarly to 12 % in 2013). 48.3 % of municipal waste was disposed through landfills (52 % in 2013).

Fundamental amendment to the waste legislation is to take place in 2016. The existing Waste Act (mainly due to the need for clarification) will be divided into two separate Acts, that is the Waste Act itself and the Act on Selected Products with Closed Life Cycle. In January 2016, both Acts were submitted for interdepartmental comment procedure, and will be subsequently discussed by the government. Both pieces of legislation are expected to come into effect in 2018.

Climate protection and adaptation to climate change
At the national level, the prepared draft of Climate Protection Policy in the Czech Republic represents the Czech Republic’s climate protection strategy for the period until 2030 with a long-term outlook until 2050 and in accordance with the transition to an efficient low-carbon economy. The stipulated goals are based on the Czech Republic’s international commitments regarding the reduction of greenhouse gas emissions and the relevant EU documents and strategies, particularly on the climate and energy package until 2020 and the new climate and energy framework until 2030. The extension of the Policy’s horizon until 2050 is necessary, so that this document can also fulfill the function of a national low-carbon strategy in accordance with the requirements of the UN Framework Convention on Climate Change, the recently approved Paris Agreement (2015), and reporting within the scope of EU Regulation no. 525/2013. The draft Policy will be presented to the government of the Czech Republic for information purposes by the end of May 2016, and subsequently it is to be submitted into the Strategic Environmental Assessment (SEA) process.

The year 2016 will see the preparation of a National Action Plan for Adaptation to Climate Change, which implements the Strategy of Adaptation to Climate Change in the Czech Republic prepared in 2015, and which sets specific tasks and deadlines across all fields in which negative impacts of climate change are expected (e.g. agriculture, water and forest management, transport, human health etc.).

Reduction of the risk of flooding and drought impacts
For the Czech Republic, it will be crucial to further reduce the risk of flooding, especially in areas with a significant flood risk. To this end, the Czech Republic will continue to support the realization of close-to-nature and technical flood protection measures. In accordance with the Plans for Flood Risk Management, which were approved in December 2015, proposed flood protection measures will be implemented in the period of 2016-2021, especially measures of non-structural character, as well as the close-to-nature and technical flood protection measures detailed in these planning documents.

The key area for the Czech Republic is the issue of drought and its impacts. In the period of 2016-2021, the measures proposed in the updated Water Basin Plans are to be implemented to moderate the risk of drought. In 2016, a government regulation stipulating minimum residual flow will be prepared and presented for approval. Other proposals to moderate the risk of drought will be put forth
in execution of the tasks arising from the material Preparation for the Implementation of Measures to Moderate the Negative Impacts of Drought and Water Shortage.

**Air Protection**

December 2015 saw the approval of the *Mid-term Strategy (by 2020) for Improving Air Quality in the Czech Republic* and the *Czech Republic’s National Programme for Reducing Emissions*. This Strategy represents a framework conceptual document which summarizes the results of the National Programme, as well as 10 programmes for the improvement of air quality prepared for 7 zones and 3 agglomerations. In 2016, these programmes will be issued as a measure of general nature. The national programme works with various scenarios of future development, and, in the proposal section, it stipulates the maximum volume of sulphur dioxide, nitrogen oxide, volatile organic substances, ammonia and PM2.5 fine dust particle emissions by 2020, as well as emission ceilings for individual sectors of the economy. At national level, these emission values are to be achieved with the help of 23 priority measures to reduce emissions and improve air quality, which are assigned to individual central government authorities for execution, and which are described in detail in the measure tabs in the appendix to the National Programme. Of these measures, 15 are aimed at the transport sector, 3 at industry, 2 at agriculture and 3 at the household sector.

Furthermore, during 2016, the amendment to the Air Protection Act is to enter into force. The Act now regulates possible inspections by air protection bodies aimed at stationary combustion sources located in households (expected to be effective from January 2017), recognition of foreign badges for entry into low emission zones and increases efficiency of announcing smog situations.

Within the scope of OP E (PA 2), in 2015, there was a call addressing individual regions to submit applications for award of grants to natural persons to replace solid fuel boilers. Individual regions prepared calls for grant applications addressed to owners of private family houses. The replacement of old heat sources for new ones complying with strictest emission parameters will contribute to improvement of air quality in the Czech Republic. Approximately 20 thousand unsuitable boilers will be replaced within the first call.

**Policy of Secondary Raw Materials in the Czech Republic**

The *Policy of Secondary Raw Materials in the Czech Republic* is implemented through the execution of tasks stipulated in the *Action Plan of Promoting the Czech Republic’s Self-Sufficiency in Raw Material Resources by Substituting the Primary Sources with Secondary Raw Materials*. The Action Plan, which was approved in July 2015, stipulates 20 specific tasks whose execution will ensure gradual fulfilment of the aforementioned Policy’s goal. The execution of the Action Plan will have a positive impact on efficient use of resources, especially in commodities such as Critical Raw Materials, metals, glass, paper, plastic, building materials and others. Further added value of the Action Plan is the support for dissemination of technical education concerning recycling and promotion of professions with this orientation. Awareness and education represent an important task, which will influence the fulfilment of the Policy and thereby also the successful transition to a circular economy (the new direction of the EU). The 1st year of the national competition Conversion of Waste into Resources was announced as part of the awareness efforts. A summarizing report on the fulfilment of the Action Plan is to be presented to the government by the end of April 2017.

**Policy of Raw Minerals in the Czech Republic**

Measures regarding raw minerals relate to the update of the material *Raw Material Policy of the Czech Republic in the Field of Raw Minerals and their Sources*, with the ambition to create a coherent strategy for the forthcoming 15-year period which will define limitations for the use of raw minerals from both domestic and foreign sources. The draft of the new state mineral policy implements
the principles of the European Raw Materials Initiative integrated strategy, on which preparation the Czech Republic has actively participated. The raw material policy is also updated in relation to the approval of the new State Energy Policy (2015) since it must create realistic projections and a raw material base for their fulfilment. The material was discussed by the government in February 2016; after the completion of the standard SEA procedure, its final version will be presented to the government for approval (the expected time-frame is during 2017).

**Agricultural policy**

The Strategy of the Ministry of Agriculture of the Czech Republic with an Outlook to the Year 2030, which is being prepared and which should be approved by the end of 2016, will be crucial for reforms in the agricultural and food sectors, as well as for further development in the field of forestry and water management. One of the Strategy’s important priorities is the field of forest management, whose scope will aim to create conditions to increase the competitiveness and viability of the entire value chain based on forest management, and increase the domestic use and consumption of wood. The forthcoming period will see an elaboration of the Strategy’s individual measures, while also taking into account the results of the second cycle of the National Forest Inventorying in the years 2011-2015. The principles of a non-discriminatory approach to wood from state-owned forest for all its processor groups, mainly SMEs, in relation to the approved conceptual documents relating to the Forests of the Czech Republic, will be preserved and developed further.

The Rural Development Programme for 2014-2020 was approved by the EC in 2015; the implementation of most of the programme measures, including the start of intake of applications, will take place in 2016. In May 2016, grant applications will be accepted for proposals related to measures of the Transfer of Knowledge and Awareness Raising Events, Development of Agricultural Businesses and Business Activity, Investment in the Development of Forest Areas and Improving the Viability of Forests, and part of the Cooperation measures. Another round of acceptance of applications will be announced in October 2016, specifically for the measures of Investment in Agricultural Businesses, some of the measures of Investment in the Development of Forest Areas and Improving the Viability of Forests, and Cooperation. Continuous acceptance of applications is taking place from February as part of the Land Consolidation operation. Poradenství [Consulting] and LEADER measures will have specific acceptance of applications. During April and May 2016, applications are accepted under the unified application 2016 for direct payments, i.e. single area payment, greening, young farmers, voluntary support tied to the production of sensitive crops, transitional national support as well as for the Agri-Environmental-Climate measure, Ecological Agriculture, Natura 2000 on Agricultural Land, Payments for Areas with Natural or Other Specific Restrictions, Animal Welfare, and Forestry-Environmental and Climate Services and Forest Protection. The continuous acceptance of application within the scope of the Afforestation and Creation of Woodland will take place until the end of November 2016.
### 4. Progress in meeting national targets under the Europe 2020 strategy

#### Table 1: Overview of the fulfilment of quantitative targets of the Europe 2020 strategy

<table>
<thead>
<tr>
<th>Field</th>
<th>National target</th>
<th>Reference value (year)</th>
<th>Current fulfilment status (as of which period)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increase the employment rate of persons aged 20-64 to 75 %</td>
<td>70.4 % (2010)</td>
<td>75.1 % (3Q/2015)</td>
</tr>
<tr>
<td></td>
<td>Increase the employment rate of women aged 20-64 to 65 %</td>
<td>60.9 % (2010)</td>
<td>66.6 % (3Q/2015)</td>
</tr>
<tr>
<td></td>
<td>Increase the employment rate of older persons (aged 55-64) to 55 %</td>
<td>46.5 % (2010)</td>
<td>55.9 % (3Q/2015)</td>
</tr>
<tr>
<td></td>
<td>Reduce youth unemployment rate of young persons (aged 15-24) by one third compared to 2010</td>
<td>18.3 % (2010)</td>
<td>12.9 % (3Q/2015)</td>
</tr>
<tr>
<td></td>
<td>Reduce the rate of unemployment of the low-skilled (level ISCED 0-2) by one quarter compared to 2010</td>
<td>25 % (2010)</td>
<td>21.9 % (3Q/2015)</td>
</tr>
<tr>
<td><strong>Poverty and social exclusion</strong></td>
<td>Reduce the number of people at risk of poverty, material deprivation, or living in households with very low employment intensity by 100 000 persons in compared to 2008</td>
<td>1566 thousand (2008)</td>
<td>Reduction by 34,000 persons (2014)</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td>Reduce the number of early leavers from education to 5.5 %</td>
<td>4.9 % (2010)</td>
<td>5.8 % (2015)</td>
</tr>
<tr>
<td></td>
<td>Achieve at least 32 % of the population with tertiary education in the age group from 30 to 34 years</td>
<td>20.4 % (2010)</td>
<td>29.5 % (2015)</td>
</tr>
<tr>
<td><strong>R&amp;D &amp; I</strong></td>
<td>Reach the level of public spending on science, research, development and innovation in the Czech Republic in the amount of 1 % GDP</td>
<td>0.62 % (2010)</td>
<td>0.66 % (2014)</td>
</tr>
<tr>
<td><strong>Climate and energy policy</strong></td>
<td>Reduce greenhouse gas emissions - the maximum allowable increase in emissions outside the EU ETS 9 %</td>
<td>+1.3 % (2005)</td>
<td>- 0.9 % (2012)</td>
</tr>
<tr>
<td></td>
<td>Increase the share of RES in gross final energy consumption (13 %) and the share of renewables in transport (10 %)</td>
<td>6 % (2005) and 0.5 % (2005)</td>
<td>13.4 % (2014) and 6.1 % (2014)</td>
</tr>
<tr>
<td></td>
<td>Increase energy efficiency - save 50.67 PJ (14.08 TWh) in final energy consumption</td>
<td>- (2014)</td>
<td>Cannot be defined</td>
</tr>
</tbody>
</table>

Source: Eurostat

#### 4.1 Employment

During 2015, progress has been achieved towards all of the observed national employment policy targets. This positive trend was influenced mainly by favourable economic development and improving situation in the labour market, where the unemployment fell and the number of job vacancies rose significantly. To successful fulfilment of the targets also helped the implementation of the Active Employment Policy, particularly in the case of younger and older persons and the low-
skilled, together with the labour market activity of LO CR facilitating cooperation with employers and searching for job opportunities.

Overall, the rate of employment of persons aged 20-64 in the Czech Republic in 2014 showed a year-on-year growth of 1.0 p.p., up to 73.5 %. The growth continued in 2015; in the 3rd quarter of 2015 the employment rate reached the value of 75.1 %, whereby the target of 75 % is gradually being fulfilled. From the 4th quarter of 2014, the Czech Republic assumes the 7th highest employment rate among the EU28 countries.

In the period 2010-2014, the unemployment rate of women aged 20-64 in the Czech Republic grew from 60.9 % to 64.7 %. In the 4th quarter of 2014, the employment rate of women was 65.8 %, which means that the Czech Republic fulfilled the national target (65 %) for the first time. In 2015 the value of this indicator increased, and in the 3rd quarter it grew to 66.6 %. Thus, we can expect this target to be fulfilled in the year 2020.

Similar development could be observed in the employment rate of persons aged 55-64. It increased from 46.5 % in 2010 up to 54.0 % in 2014. In the 4th quarter of 2014 it achieved the value of 55 %, i.e. the national target. In 2015 the employment rate of older persons grew and the projected target was fulfilled. The growth in the employment rate of older persons is mainly connected to the increasing of retirement age.

Chart 1: Employment rate overall, and among women and older persons

There has been a significant reduction in the unemployment rate of young people aged 15-24, from 18.3 % in 2010 down to 15.9 % in 2014. In 2015, the value of this indicator continued to fall. In the 2nd quarter of 2015, when the unemployment rate of young people was 12 %, the national target was fulfilled. This favourable development was influenced by demographic factors, and by implementation of projects aimed at increasing the employability of young people in the labour market.
The unemployment rate of the low-skilled (ISCED 0-2) has been falling over a long period; compared to 2010, in 2014 there was a decrease in of 2.9 p.p. down to 22.1 %. Nevertheless, its values are constantly fluctuating above the projected national target and the Czech Republic assumes the 6th highest position among the EU28 countries.

**Chart 2: The unemployment rate of young people and the low-skilled**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Youth unemployment rate (persons aged 15-24) (%)</td>
<td>26</td>
<td>24</td>
<td>22</td>
<td>18</td>
<td>16</td>
<td>14</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Unemployment rate of low-skilled persons (ISCED 0-2) (%)</td>
<td>26</td>
<td>24</td>
<td>22</td>
<td>18</td>
<td>16</td>
<td>14</td>
<td>12</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Eurostat

### 4.2 Poverty and social exclusion

The risk of poverty and social exclusion decreased in 2014 compared to 2008 by 0.5 p.p., i.e. down to 14.8 % or to approximately 1.532 thousand persons. Within this comprehensive indicator the Czech Republic is doing very well; the proportion of vulnerable people in the Czech Republic is the lowest of all EU countries (the EU28 average was 24.5 %).

The level of risk of income poverty increased slightly between 2013 and 2014, specifically from 8.6 % to 9.7 %. In 2014, there were 1.002 thousand persons at risk of income poverty in the Czech Republic (116 thousand more than 2013). In this indicator, the Czech Republic has long been achieving the best results in the entire EU (the EU28 average in the year 2014 was 17.2 %). The reversal of the previous trend of reduction in the level of risk of income poverty for unemployed persons began as early as 2010 as a result of the slowdown in the growth of household income which started in 2009 in connection with the impact of the global financial crisis. Conversely, the level of material deprivation across the whole population remained, according to the results in the year 2014, at roughly the same level as in the year 2013 (6.7 %). Resulting from the slight growth in the level of risk of poverty, and approximately the same level of material deprivation, in 2014 there was a certain worsening of the indicator for risk of poverty or social exclusion up to 14.8 % (compared to 14.6 % in 2013).

In connection with previous development regarding poverty and social exclusion, and in context of economic recovery, the achievement of the newly projected and more ambitious target of the Czech Republic (reduction in the number of persons at risk of poverty or social exclusion by 100 thousand persons) in 2015 appears to be realistic so far.
4.3 Education

Over longer periods of time the Czech Republic has shown a low rate of early school leaving (one of the lowest in the world). For this reason, implementation of across-the-board measures is not adequate. Reform steps in this area are focused on reduction in the rate of early school leaving in the most vulnerable groups, being pupils with disabilities and Roma pupils. Thus, almost all of the reform measures for 2016 are oriented in this direction. In the period 2016-2018, further measures of the Action Plan for Inclusive Education will also be implemented.

The Czech Republic is doing well in increasing the proportion of the population aged 30-34 with tertiary education, and is successfully approaching the projected target share of 32%. In 2015 it reached the level of 29.5% which means a year-on-year growth of 1.3 p.p.; compared to 2010, the share increased by whole 9.1 p.p. Taking everything into account, the national targets should be achieved even before 2020. The positive development is resulting from the fact that the generation which benefited from significantly expanded approach to tertiary education is now approaching the 30-34 age category. In future years, the share of persons with tertiary education in this age category will continue to rise rapidly.
4.4 Research, Development and Innovation

As shown by the CZSO investigation into expenditure on R&D&I, in 2014 the state spent the total of 28 billion CZK on R&D&I, while the business sector spent over 43 billion CZK. The total expenditure on R&D&I exceeded 85 billion CZK. At the same time, private expenditure is growing much more quickly than public spending, and in 2014 it amounted to approximately 1.5 times the public spending (data for 2015 is not yet available). According to the latest figures of state budget expenditures on R&D&I from the Ministry of Finance for closed year 2015, it accounted for 27.85 billion CZK, i.e. approximately by 0.5 billion CZK more than in 2014. However, these figures do not include expenditures of local governments. Planned expenditures of the state budget for 2016 are 29 billion CZK.

Chart 5 indicates continuous steady growth until 2014 (figures for 2015 are Ministry of Finance’s data for the state budget expenditures without local governments, final data will be available in 3rd quarter of 2016). It is the implementation of the measures of the updated National Policy of Research, Development and Innovation No. 1, which has to be fulfilled by 2020. The same applies to the share of government expenditure on R&D&I on GDP. Important is the growth of total expenditures on R&D&I in the Czech Republic, which is significant especially in recent years due to increased expenditures of the private sector and the increasing use of foreign financial resources. According to CZSO data, indirect support for industrial research reached almost 2 billion CZK in 2012, and the total amount of deductible items exceeded 10 billion CZK.
4.5 Climate and Energy Policy

Greenhouse gas emissions

In the area of reducing greenhouse gas emissions, the Czech Republic meets the objectives of the Europe 2020 strategy (i.e. 20-20-20). Based on projections, it is assumed that the Czech Republic's commitments for 2020 have already been fulfilled based on the effective implementation of existing measures, without any need for further measures. The expected surplus of emission allowances in fulfilling the goal outside the EU ETS (Emissions Trading System) may represent a source of additional income if sold; nevertheless, given the fact that the market is not liquid (i.e. there is a significant excess of offered allowances over demand), we cannot realistically expect these allowances to be traded by 2020. For the Czech Republic, the maximum allowable increase for greenhouse gases outside the EU ETS by 2020 has been set to 9 % as compared to 2005. In mid-2016, the EC should publish a draft legislation for emissions which do not fall under the EU ETS system, including targets for the Czech Republic, for the period until 2030, which should also address the issue of emission allowance trading outside the EU ETS.

The Czech Republic contributes to the fulfilment of the approved EU target primarily through the emission allowance market EU ETS that is the EU-wide target of reducing emissions by 21 % by the year 2020 and by 43 % by the year 2030 compared to the reference year 2005. In the year 2014, the decrease in emissions in the EU ETS facilities continued at a slower pace than in the year 2013, being 1.5 % (1 Mt CO$_{2eqv}$). In the period 2005-2014, the emissions in the EU ETS facilities decreased by 19 %.
Renewable energy sources and energy efficiency

The updated State Energy Policy of May 2015 supports the fulfilment of goals in the field of renewable energy sources (RES) and energy efficiency. Within the balanced energy mix sub-priority, this strategy is also aimed at development of competitive RES in the fields of network access, permission processes, technological development and pilot projects, and simultaneously at general acceptability of the RES development with the aim of increasing its share in electricity production to at least 18%. Energy efficiency and energy savings are one of the 5 direct priorities of the approved State Energy Policy.

Long-term stable and sustainable conditions for support of energy production from RES are set via National Action Plan for Energy from RES (RES NAP), which also serves as a regulatory instrument for restricting the operational support of RES. Other regulatory instruments are introduced in the Act on Supported Energy Sources. In September 2015, the Czech Republic asked for notification for the support of the production of electrical energy in hydroelectric power plants with the installed capacity up to 10 MW even after 2015, and support for the operational production of heat from RES for factories with an installed output up to 500 kW using biogas. In January 2016, the update of the National Action Plan was approved.

Chart 6: Development of the share of RES in gross final energy consumption (GFEC)

Based on the Directive on the promotion of the use of energy from renewable sources, the EU as a whole has the target of 20% share of energy from renewable sources and 10% share of energy from renewable sources in transport by 2020. For the Czech Republic, the target has been set to at least 13% share of energy from renewable sources in gross final energy consumption. The fulfillment of this target must also ensure a minimum 10% share of renewable sources in transport. For 2020, the updated National Action Plan anticipates the achievement of a 15.3% share of energy from renewable sources in gross final energy consumption and a 10% share of energy from renewable sources in gross final consumption in transport.
Given the current legislative uncertainty regarding tax concessions for high-percentage and clean biofuels in the field of transport, the update has not resulted in any changes in this area (apart from reduction in share of energy from renewable sources in gross final consumption in transport by 2020 from 10.8% down to 10%), as the achievement of the prescribed target with tax support for the aforementioned biofuels requires completely different procedures than if it did not exist.
5. European Structural and Investment Funds

5.1 The interconnection of ESIF with CSRs

Some of the CSRs relate to structural challenges, which should be resolved by multi-year investments that are financed from ESIF, as is stated in the general regulation and in regulations for individual funds. The aim of linking the cohesion policy with the EU economic governance is to complement ESIF with other investments, and also to support them by legislative steps creating better investment environment.

The EU may ask the Member State to review its Partnership Agreement and the appropriate programmes and to propose changes, if necessary, to support the implementation of the relevant CSRs. Such a request may be made to support the implementation of the relevant CSRs. The EC request must be justified, with a reference to the need to support implementation of the relevant CSRs, and it must indicate the programmes or priorities in question, as well as the nature of the expected changes. The Partnership Agreement stipulates the needs of development and growth potential, with respect to thematic objectives and territorial aspects, taking into account requirements arising from the CSRs.

The Czech Republic observes and evaluates the links between CSRs and ESIF, both from the strategic perspective and in terms of implementation.

The main operational programmes which contributed to fulfilment of the 2014 CSRs are OP RDE (PA 1, PA 2, PA 3) - the CSR for higher education, R&D&I methodology, quality of compulsory education, and increased inclusion in education, and OP Emp (PA 1, PA 2, PA 3, PA 4) - the CSR for employability of older workers and healthcare, for improvement of public employment services and increased childcare services for children up to 3 years old. In order to fulfil the 2014 CSRs, the managing authorities of OP Emp and OP RDE prepared overviews showing consistency among the investment priority, the priority axis of the relevant OP, ESIF allocation (only ESF and ERDF) and the percentage share in the overall allocation of the relevant OP. This indicative quantification of the contribution of OP RDE and OP Emp to individual CSRs forms an annex to the particular programme documents.

Other programmes (e.g. IROP, OP PGP, OP EIC) only partially contribute to the fulfilment of CSRs with their thematic orientation.

In 2015, the Czech Republic received four CSRs. For the field of healthcare, a link was identified with IROP (PA 2) and OP Emp (PA 2). The CSRs for public contracts will be fulfilled within IROP (PA 3). The CSR for childcare services and accessibility of this type of education will be fulfilled from OP RDE (PA 3), IROP (PA 2), OP Emp (PA 1) and OP PGP (PA 4). The CSR to support schools which report weak results and to implement measures to increase of school attendance of disadvantaged children, including the Roma, will be fulfilled within OP RDE (PA 2).

5.2 Interconnection between ESIF and national targets within the Europe 2020 strategy

Table 2: Consistency between the national targets of the Europe 2020 strategy and individual operational programmes 2014–2020

<table>
<thead>
<tr>
<th>National target</th>
<th>Operational programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase the employment rate of persons aged 20-64 to 75 %</td>
<td>OP Emp (PA 1)</td>
</tr>
<tr>
<td>Increase the employment rate of older persons (aged 55-64) to 55 %</td>
<td>OP Emp (PA 1)</td>
</tr>
<tr>
<td>Reduce youth unemployment rate of young persons (aged 15-24) by one third</td>
<td>OP Emp (PA 1)</td>
</tr>
<tr>
<td>Goal</td>
<td>Programme(s)</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Reduce the rate of unemployment of the low-skilled (level ISCED 0-2) by one quarter compared to 2010</td>
<td>OP Emp (PA 1)</td>
</tr>
<tr>
<td>Reduce the number of people at risk of poverty, material deprivation, or living in households with very low employment intensity by 100 000 persons in compared to 2008</td>
<td>OP Emp (PA 2) IROP (PA 2) OP PGP (PA 3)</td>
</tr>
<tr>
<td>Reduce early school leaving dropout rate to maximum of 5.5 %</td>
<td>OP RDE (PA 3) IROP (PA 2) OP PGP (PA 4)</td>
</tr>
<tr>
<td>Achieve at least 32 % of the population with tertiary education in the age group from 30 to 34 years</td>
<td>OP RDE (PA 2)</td>
</tr>
<tr>
<td>Reach the level of 1 % of GDP of public spending on science, research, development and innovation in the Czech Republic</td>
<td>OP RDE (PA 1) OP EIC (PA 1) OP PGP (PA 1)</td>
</tr>
</tbody>
</table>

Source: MoRD

At present, calls have been announced in almost all of the aforementioned POs, but their impact on the fulfilment of national targets cannot currently be determined from mere allocations. The ESIF’s contribution to fulfilment of the national targets of Europe 2020 strategy will subsequently require deeper analysis, its specification will be possible only after the appropriate evaluations have been performed.
List of Annexes

Annex 1: Overview of the government’s strategic and conceptual documents connected with NRP

<table>
<thead>
<tr>
<th>NRP Chapter</th>
<th>Document name</th>
<th>Document status</th>
<th>Coordinator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Horizontal documents</td>
<td>Action Plan to Promote Economic Growth and Employment in the Czech Republic</td>
<td>Approved</td>
<td>OG</td>
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<tr>
<td></td>
<td>Partnership Agreement for the programming period 2014-2020</td>
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<td>MoRD</td>
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<tr>
<td>3.2 Budget policy, fiscal framework and long-term fiscal sustainability</td>
<td>Convergence Programme of the Czech Republic 2016</td>
<td>In preparation</td>
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<td></td>
<td>Macroeconomic Forecast of the Czech Republic - April 2016</td>
<td>Approved</td>
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<td></td>
<td>The State Budget for 2016 and its Medium-term Outlook for the years 2017-2018</td>
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<td></td>
<td>Medium-term Expenditure Framework for the Years 2017-2018</td>
<td>In preparation</td>
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<td>National Strategy Health 2020</td>
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<td></td>
<td>National Strategy for eHealth</td>
<td>In preparation</td>
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<tr>
<td>3.3 The labour market, social policy and employment</td>
<td>Strategy of Employment Policy until 2020</td>
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<td></td>
<td>Activation Measures to Address the Adverse Situation on the Labour Market</td>
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<td>Social Inclusion Strategy 2014-2020</td>
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<td>Strategy for Combating Social Exclusion for the period 2016-2020</td>
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<td>Strategy of Digital Literacy of the Czech Republic for the period 2015-2020</td>
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<td>Concept of Social Housing in the Czech Republic 2015-2025</td>
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<td>The Concept of Living in the Czech Republic 2020</td>
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<td>Concept of Preventing and Tackling Homelessness Issues in the Czech Republic until 2020</td>
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<td>National Strategy of Development of Social Services for 2016-2025</td>
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<td></td>
<td>Strategy for Education Policy of the Czech Republic until 2020</td>
<td>Approved</td>
<td>MEYS</td>
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</table>

11 The approval by the government is planned on 27 April 2016.

12 The approval by the government is planned on 27 April 2016.
<p>| 3.4 Measures to support competitiveness | Action Plan for Supporting Small and Medium-Sized Enterprises for 2016 | Approved | MIT |
| | Small and Medium-Sized Enterprises Support Strategy 2014-2020 | Approved | MIT |
| | Updated National Action Plan for Corporate Social Responsibility in the Czech Republic | Approved | MIT |
| | Government Anti-Corruption Conception for the Years 2015 to 2017 | Approved | OG |
| | Anti-Corruption Action Plan for 2016 | Approved | OG |
| | Action Plan of the Czech Republic “Open Government Partnership” for the Years 2016-2018 | In preparation | OG |
| | Development Strategy for Public Administration ICT Services and their Measures for Increasing the Efficiency of ICT Services | Approved | MoI |
| | National Cloud Computing Strategy | In preparation | MoI |
| | Politics Architecture and Building Culture of the Czech Republic | Approved | MoRD |
| | Strategic Framework for the Development of Public Administration in the Czech Republic for 2014-2020 | Approved | MoI |
| | Implementation plans of the Strategic Framework for the Development of Public Administration in the Czech Republic for 2014-2020 | Approved | MoI |
| | 2012-2020 Export Strategy of the Czech Republic | Approved | MIT |
| 3.5 Long-term growth and investment | Strategy for the Development of Terrestrial Digital Television Broadcasting | In preparation | MIT |
| | National Plan for Development of Next Generation Networks | In preparation | MIT |
| | Action Plan for the Development of the Digital Market | Approved | OG |</p>
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<tr>
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<tr>
<td>Strategy for Regional Development of the Czech Republic 2014-2020</td>
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<td>MoRD</td>
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<tr>
<td>National Document on the Territorial Dimension</td>
<td>Approved</td>
<td>MoRD</td>
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<tr>
<td>Transport Policy of the Czech Republic for 2014-2020 with the Prospect of 2050</td>
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<td>Transport Sector Strategies</td>
<td>Approved</td>
<td>MoT</td>
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<tr>
<td>Concept of Public Transport</td>
<td>Approved</td>
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<tr>
<td>Action Plan for the Development of Intelligent Transport Systems (ITS) in the Czech Republic by 2020 (with an outlook to 2050)</td>
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<tr>
<td>Implementation Plan for the Action Plan for the Development of Intelligent Transport Systems (ITS) in the Czech Republic by 2020 (with an outlook to 2050)</td>
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<td>National Action Plan for Clean Mobility</td>
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<td>MoT (MoT, MoE)</td>
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<td>Concept of Air Transport</td>
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<td>MoT</td>
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<tr>
<td>Strategy for Water Transport</td>
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<tr>
<td>Strategy for Freight Transport</td>
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<tr>
<td>National Road Safety Strategy</td>
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<tr>
<td>National Space Plan 2014-2019</td>
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<td>National Action Plan for Energy Efficiency in the Czech Republic - 2016 update</td>
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<td>Update of the State Energy Policy of the Czech Republic 2010-2030</td>
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<tr>
<td>Action Plan of Promoting the Czech Republic’s Self-Sufficiency in Raw Material Resources by Substituting the Primary Sources with Secondary Raw Materials</td>
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<td>MIT</td>
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<tr>
<td>Policy of Secondary Raw Materials in the Czech Republic</td>
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<tr>
<td>Raw Material Policy of the Czech Republic in the Field of Raw Minerals and Their Sources</td>
<td>In preparation</td>
<td>MIT</td>
</tr>
</tbody>
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\(^{13}\) Update of the Strategy of Logistics Support from Public Funds.

\(^{14}\) Currently being updated.

\(^{15}\) The material was acknowledged by the government in February 2016 by Resolution no. 77, in which the government also ordered an SEA assessment to be prepared for the material. After the completion of the SEA process, the material will be presented to the government for approval.
<table>
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<tr>
<th>Policy Name</th>
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<th>Responsible Ministry</th>
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<tr>
<td>Mid-term Strategy (by 2020) for Improving Air Quality in the Czech Republic</td>
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<td>MoE</td>
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<tr>
<td>Czech Republic’s National Programme for Reducing Emissions</td>
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<td>Plans for Flood Risk Management</td>
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<td>State Environmental Policy of the Czech Republic 2012-2020</td>
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<td>Strategy of Adaptation to Climate Change in the Czech Republic</td>
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<td>National Action Plan for Adaptation to Climate Change</td>
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<td>Catchment Area Management Plan</td>
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<td>MoA, MoE</td>
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<tr>
<td>Programmes to improve air quality</td>
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<td>Waste Management Plan of the Czech Republic for the period 2015-2024</td>
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<tr>
<td>Preparation for the Implementation of Measures to Moderate the Negative Impact of Drought and Water Shortage</td>
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<td>National Research, Development and Innovation Policy of the Czech Republic for the Years 2016–2020, with an outlook to 2025</td>
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<td>National Research and Innovation Strategy for Smart Specialisation of the Czech Republic</td>
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<td>Spatial Development Policy of the Czech Republic, Updated Version 1</td>
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