Standard Summary Project Fiche

Project Number CZ 9902.02

FV31/5/99

Title
Promoting Employability / Employment Measures

Sub-Programme
Economic and Social Cohesion

Geographical Location
Ministry of Labour and Social Affairs (MoLSA)

Objectives
- to develop MoLSA programming and implementation capacity at national and regional level to implement the European Social Fund (ESF) upon accession;
- to promote local/regional solutions to unemployment based on bottom-up approach.

Institutional Framework
MoLSA, namely its Employment Services Administration section, is responsible for designing and implementing the employment policy and managing the employment services network consisting of 77 District Employment Offices and their local branches.

The Ministry of Education, Youth and Sport is responsible for education and vocational training (except for re-qualification, which is also within the purview of MoLSA). There is no Ministry responsible for the overall human resources development (HRD) policy, however the National Training Fund (NTF) has made a lot of effort to fulfil this gap.

The NTF is a foundation established by Government decision in 1994, initially within the framework of Phare, with the objective to support human resource development especially in the area of management training and human resource development in enterprises. It works in close co-operation with key ministries and the economic and social partners.

The NTF operates under the supervision of its Board of Directors, chaired by the Minister of Labour and Social Affairs, which provides all necessary strategic guidance and ensures accountability to all donors. The NTF also operates as the Programme Management Unit or strategic implementation unit for a number of Phare financed programmes and projects in the fields of employment, education, social protection and public administration. Since 1998 the NTF running costs have been covered by the recipient ministries.

The Government declaration No. 159 of 4 March 1998, appointed MoLSA as the lead Ministry and administrator for the ESF, while emphasizing the need for close co-operation between other relevant technical ministries. The Government declaration No. 417 of 17 June 1998 recorded agreement to the establishment of an institutional framework for preparation of the Czech Republic for Structural Funds.

This includes gradual building of
(i) programming units within all the ministries involved,
(ii) administrative units within ministries-administrators of individual funds and
(iii) appointment of pre-monitoring committees and creations their secretariats.

The Ministry of Labour and Social Affairs has recently prepared the National Employment Plan outlining employment policy priorities for the years 1999-2000. Final draft of the document will be consulted with the Council for Economic and Social Agreement (the top body for social dialogue) in March 1999 and consequently submitted to the Government for approval in April 1999. The Programme refers to the EC Treaty’s new Chapter 8 and other decisions adopted at the European Council meeting on Employment in Luxembourg in November.

This 1999 Project will be monitored and supervised by the Pre-Monitoring Committee for HRD sector (PMC), which is scheduled to be established in April 1999 as a sub-committee of the National Programming Committee for Economic and Social Cohesion (NPC-ESC). The PMC will replace the existing Palmif (Pro-active labour market intervention fund) Steering Committee (PSC) upon the start of this project. It will be chaired by MoLSA, with representatives from the Ministries for Education, Youth and Sport, Industry and Trade and Regional Development and economic and social partners. The PMC will supervise and co-ordinate all activities related to the preparation of the EU policies in Employment and HRD field in the Czech Republic and future use of the ESF.

Description

This 2.0 MEUR Project consists of 2 Sub-Projects: (1) Preparation of the National Employment and Human Resource Development Strategy and the Establishment of Pre-Structures for the ESF (2) Support for Employment and Human Resource Development Projects.

1. Preparation of the National Employment and Human Resource Development Strategy and the Establishment of Pre-Structures for the ESF

This 0.5 MEUR Sub-Project (1), to be delivered via close co-operation with EU Member States and the EC, will complement actions under the 1998 Special Programme for Preparation for EU structural policies (SPP), in particular the SPP component for “Establishment of the National Development Strategy and Support Structures for the SF”. The SPP will provide overall assistance and methodological guidance in all matters related to Structural Funds with a special attention to regional development.

This Sub-Project will provide an additional, more specialized and concentrated assistance on specific technical matters, including the further elaboration of analysis and programming, in the HRD field (especially its link to the European Employment Strategy, plus policy developments in the fields of: active labour market policies; education, training and qualification systems; employment services, management of human resources etc ) and specific tasks related to the administration of the ESF. It will support MoLSA, as a part of the overall multi-sectoral integrated approach to structural policies, in its co-ordinating role in programming and administration in HRD sector.

Phare support for this Sub-Project is proposed to be delivered primarily through twinning with EU Member State institutions and technical assistance where appropriate (especially for hiring local experts, if necessary). It will require inputs of one resident long term twinner to be based at MoLSA, for at least 12 months in total, accompanied by a limited number of short term specialists. This twinning arrangement will also support direct contacts of Czech experts with
DG V and partner institutions in EU countries in the form of workshops, seminars, study visits etc. ("networking programme").
Ad-hoc teams will be formed for specific tasks consisting of specialists from the relevant central and regional bodies, external Czech experts and supported by twinners.

The twinning experts will be responsible for following tasks:

i. to assist MoLSA with development of the strategy for gradual preparation to the ESF (which will define targets and tasks, identify administrative and financial requirements on the Czech side and estimate type and scale of assistance required; it would also include a time schedule for reaching targets identified and implementing preparatory activities);

ii. to provide MoLSA with practical knowledge about EU co-ordination of employment policy and its link to the European Social Fund;

iii. to improve MoLSA understanding of ESF policies, priorities, principles, mechanisms, operational procedures and administration requirements;

iv. to assist MoLSA with (i) finalising the national employment and HRD strategy and pilot Sectoral Operational Programme (SOP) in this policy field for the period 2000-2006,

v. to support MoLSA in its co-ordinating role in programming and administration of the HRD sector;

vi. to advice MoLSA on development of appropriate instruments for delivery of employment and HRD policies and programmes;

vii. to support MoLSA in the preparatory work for EU co-ordination of employment policies (Employment Policy Review);

viii. to support in preparing the necessary permanent and pilot structures for programming, co-ordination, implementation and monitoring incl. the legal, administrative and financial framework for the future use of the ESF.

The long term twinner will play a role of the twinning team leader. He/she should possess practical experience in employment and HRD policies and administration of the ESF. Preferably, he/she should work for the ministry or institution responsible for the ESF implementation in an EU Member State.
Team leader will ensure that the EU twinning partners and the recipients in the CR have a common understanding of the scope of assignment. He/She will keep a regular contact with all parties involved in the twinning programme, solve any problem arisen, discuss and propose changes or modifications in the content of the project. He/She will report to the Project Steering Committee and will prepare to circulate the quarterly progress reports to all parties. The short term specialist input will focus on specific questions related to the ESF administration requirements.

Expected outputs: Strategy for gradual preparation for the ESF, National employment and HRD strategy and pilot SOP in HRD sector, Model for administration of the ESF in the CR, Pre-structures for the ESF programming and implementation, Training and networking programme.

This **1.5 MEUR** Sub-Project consists of actions to further test local/regional economic and employment development mechanisms and active employment measures and tools, as part of MoLSA’s medium-term strategy to use **Palmif** as a model for the implementation of ESF type policies and programmes.

An emphasis will be given on promoting local/regional initiatives to cope with problems on the labour market, especially in order to solve regional disparities and support disadvantaged groups and adapt the workforce to continuing structural changes that will follow after enterprise restructuring. This will take place in the framework of preparation of sectoral and regional operational programmes to be prepared under the responsibility of respective sectoral ministries and supervised/co-ordinated by NPC-ESC.

Until now, Palmif has mainly operated at local (district) level following the present regionalisation of the CR. There is an intention to establish the leading Employment Office in each of the future 14 regions, to be established as of January 2000, and in each of the 8 NUTS II “regions”, in order to prepare the field for regionally based solutions related to unemployment.

The strategy for further development of Palmif includes:

- strengthening the Czech Republic’s knowledge and understanding of the ESF mechanism;
- strengthening the relevance of Palmif as a flexible tool to alleviate regional disparities in employment and to ensure the inclusion of disadvantaged groups into the labour market;
- use of Palmif as a key tool for MoLSA in developing inter-ministerial co-operation and interfacing with social partners seeking community wide solutions to economic and social cohesion.

In connection with the adoption of this strategy, the Palmif mechanism was recently revised, with procedures and criteria based to a greater extent on those of the ESF. Applications to Palmif grants need to comply with these revised criteria and be consistent with employment priorities established by Employment Offices (EOs) in the framework of their yearly implementation plan. A Handbook was developed to serve as a guidance to all parties involved in Palmif and to strengthen the decentralization of management responsibilities to EOs.

This sub-project will support two types of employment and HRD projects:

*Local projects* will consist of initiatives developed at the district/regional level and targeted at the specific needs of a particular locality or disadvantaged group, such as unemployed youth, the Roma community, etc. These projects will be monitored and evaluated by Employment Offices under Palmif management supervision and in accordance with Palmif Handbook. The next grant-round is scheduled for IV/1999 and will absorb a bulk of financial resources (approx. 0.8 MEUR).

*Experimental projects* will finance operations of an innovatory nature and pilot projects concerning HRD sector (active labour market policies; education, training and qualification systems, particularly for disadvantaged groups, the Roma community; employment services, management of human resources etc.). Projects will be centrally managed, but majority of them locally implemented and will include technical assistance for preparatory, monitoring and evaluation operations of project implementation (approx. 0.3 MEUR).

Approx. 0.4 MEUR are set aside for investment support through pilot projects focused on innovative job creation and/or training measures. The eligible costs are defined in Palmif operational procedure and they are, for example, wage subsidies, participant costs in training courses, capital costs up to 20% of the total Palmif contribution.
The present management structure of Palmif is as follows:

- the Palmif Steering Committee (PSC) is responsible for overall policy guidance under this sub-project. It adopts Palmif strategy and criteria and endorses programming documents. It nominates members working at other Palmif bodies. The PSC decides on the selection of “experimental” projects and of large-scale “local” projects;

- the Palmif Advisory Commission (PAC) consists of representatives of MoLSA’s Employment Services Administration Section, Directors of district Employment Offices and NTF and can include external labour market experts. The PAC decides on the selection of local projects pre-selected by district selection committees and makes recommendations to the PSC concerning the selection of experimental projects and large scale local projects;

- the Palmif Support Unit at the National Training Fund is responsible for the day-to-day management of Palmif including the overall supervision of grant-rounds, co-ordination of participating bodies and liaisons with MoLSA and the EC Commission;

- District Employment Offices (DEO) are responsible for the pre-selection, monitoring and evaluation of local type projects and are involved in the implementation, monitoring and evaluation of experimental type projects.

This management structure shall be reviewed with a purpose to strengthen the regional level management responsibilities. The regional selection committees at the leading DEOs, where established, could decide on selection of projects providing that Palmif criteria and procedures are followed. Palmif procedures and criteria will be further aligned with the ESF model taking into account a proposal for a Council regulation on the ESF to be applied in the next programming period. New Palmif procedures, criteria and responsibilities will be experimented and further refined with adequate support provided to Palmif managers.

Co-financing from Czech resources

The analysis of PALMIF projects financial resources was carried out. It showed that MoLSA (state budget) contributed directly and indirectly (through EOs) to financing a number of PALMIF projects. In total, MoLSA share in co-funding PALMIF projects accounted to 13.5% of the total amount committed to these projects. Private sector contribution varies, depending on the nature of a project, from 25% to 50% of the total project costs. It is proposed to increase the Czech budget contribution to 17-20% in the next Palmif grant-round.

The Government has allocated around 40 MEUR for pro-active labour market measures under the 1999 national budget.

Expected outputs:

Total number of projects will depend on the amount granted to each individual project.
### Budget

<table>
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<tr>
<th>Sub-Project</th>
<th>Inst. Build. (IB)</th>
<th>Invest. (I)</th>
<th>Total Phare</th>
<th>Recipient</th>
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*IB = Institution Building, I = Investment, IFI = International Financial Institution*

### Implementation Arrangements

**Sub-Project 1**: Responsibility for the administration related to the procedural aspects of procurement, contracting and accountancy will rest upon the CFCU. Responsibility for the administration related to the preparation, technical control and implementation will rest with MoLSA. According to the Agreement signed between MoLSA and NTF, the NTF assists MoLSA with all tasks related to the preparation for the European Social Fund, including preparation of programming documents and setting up the appropriate administrative structure.

**Sub-Project 2**: The National Training Fund is nominated, at the request of and on behalf of MoLSA, by the National Aid Co-ordinator as the Implementing Agency for this Sub-Project. The NTF will thus ensure and will be responsible and accountable for the administration and application of Phare Programme financial, procurement and control regulations.

### Implementation Schedule

- **Start of tendering**: 4Q/99
- **Start of project activity**: 1Q/00
- **Completion**: 4Q/01

### Equal Opportunity

Equal opportunity principles and practices in ensuring equitable gender participation in the Project will be guaranteed.

### Environment

The investment components of this Project all relate to Institution Building activities.

### Rates of Return

The investment components of this Project all relate to Institution Building activities.

### Investment Criteria

The investment components of this Project all relate to Institution Building activities.

### Conditionality and Sequencing

Phare financing will be conditional on the provision of the co-financing specified above.

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**Annexes to Project Fiche**
1. Logframe Matrix
2. Detailed Cost Breakdown for Sub-Projects
3. Detailed Implementation Chart
4. Contracting and Disbursement Schedule for the Project
5. Relation of Project with Previous Phare Activities and On-Going Projects Financed from Other Source
### Annex 1

<table>
<thead>
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<td>EC Employment Policy Review attests consistency of CR’s Employment &amp; HRD policy and programmes with those of EU.</td>
<td>Employment Policy Report Statutes of ESF pre-structures, acts of nomination- Progress reports of Implementing Agencies Local unemployment statistic</td>
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<td>Decisions setting-up structures Innovative employment solutions designed at the local level Number of people trained and requalified; number of job creations</td>
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<tr>
<td>Results of Projects</td>
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<td>Czech Republic’s Employment &amp; HRD Policy and Programmes closer to EU standards Pre-structures for ESF programming and implementation in place Enhanced expertise of regional partners in dealing with local employment issues and preparing transition towards ESF</td>
<td>Strategies and Model submitted for approval to MoLSA and/or co-ordinating bodies for HRD sector and SF (WP10) MoLSA officials trained in ESF issues Selection of Palmif projects, contracts concluded with project providers, implementation of projects</td>
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<tr>
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### Sub-Project

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### Cumulative Quarterly Contracting Schedule (MEUR)

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### Cumulative Quarterly Disbursement Schedule (MEUR)

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<th>4Q 99</th>
<th>1Q 00</th>
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Past Phare assistance to Palmif has amounted to 4.4 MEUR since Palmif creation in 1991. Out of this allocation, more than 3.8 MEUR were granted to 136 employment projects spread across the Czech Republic. By the end of 1997 Palmif contracted 118 local projects and 18 experimental projects. In the last years, Palmif has started to decentralise its mechanism by partially transferring implementation responsibilities to the District Employment Offices.

Under the 1997 Programme an allocation of 2 MEUR for the Labour Market Development Project was made to support MoLSA in promoting employment development projects based on local initiatives and serve as a learning tool for MoLSA and all partners involved in understanding the route of access to the ESF. The Palmif Steering Committee has finalised selection of projects submitted under the last grant round and around 1 MEUR was committed to 21 projects by the end of August 1998. The rest of financial resources will be committed by mid-1999.

The 1997 Programme has also supported human resources development in private sector, via the National Training Fund (an allocation of 2 MEUR). NTF has already initiated human resources and management development projects in selected companies in regions facing major unemployment problems and is currently undertaking analytical studies with the view to promoting strategic thinking and a more conceptual and coherent approach to HRD in the Czech Republic.