

Conditions for Cooperation of Local Partners in the Czech Republic

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Basic information on the situation in the Czech Republic

The Czech Republic (CR) has economic growth indicators putting it among the lower and mid range of rich countries (the 2008 GDP per capita stands at \$24 930¹). The level of employment is hovering around the average of the EU countries (see below). But the degree of income disparities (the Gini coefficient of 0, 26 in 2007) and especially the poverty rate is one of the lowest. In the mid of this decade, the poverty rate after taxes and transfers was at 11,5². The CR has a tradition of high levels of employment of women and a relatively generous system of social protection which acts as a prevention against the rise of poverty. Nonetheless, in recent years, reforms of the system of social protection took place and they were directed at the prevention of dependency on social benefits³. But this is helping increase disparities in the standard of living of households. Growing social disparities manifest themselves in a relatively high share of the poor among single-parent households and two-parent families with three and more children and, therefore, a share of poor children in comparison to the poverty rate of the whole of society (the CR is among the countries with the greatest gap between child poverty and poverty of the population as whole). In contrast to other social groups, one-parent families are not a special subject of interest to the system of family support but calculation of family benefits is, nonetheless, taking their status, into consideration. The threat of poverty significantly increases with unemployment of a family member. In comparison to the average poverty rate around 10%, the poverty rate in households with an unemployed parent reaches 44% (per SILC 2006 data).

Unemployment and its regional differentiation

The overall unemployment rate in the Czech Republic reaches 5.7% (April 2009, based on the ILO methodology). It is 5.0% for men and 6.6% for women. (At the end of 2008, the rate of economically active persons in the 15 – 64 age group was at 69.9% and the employment level was at 66.8%⁴). The current global crisis is negatively affecting the unemployment rate (it increased to the above-mentioned levels from 4.3 % in September of 2008, for women from 5.6% to 6.6%⁵). The unemployment rate exhibits significant regional differences. The highest one is in the north-east region of Bohemia and in Northern Moravia (for example, in May of 2009, the rate of registered unemployed in Most district was 15.3%, in Karvina 14.2%, on other hand in Prague it was only 2.8% with the CR average at 7.9%). In the CR, relatively large differences exist in employment and unemployment rates for women and men which is caused by prevailing „traditional“ views of men's and women's roles in society and by the different retirement age for men and women. The average employment level of women is „compensated for“ by a low (in

¹ OECD.Stat Extracts. <http://stats.oecd.org/Index.aspx?usercontext=sourceoecd>

² When using 60% of the median income as the poverty level. The same source as above.

³ Joint report on social protection and social inclusion. 2007. European Commission.

⁴ Eurostat, Data in Focus 14/2009.

⁵ Eurostat, http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

comparison to the rest of Europe) share of part-time work for women (8.6% compared to the 31.1% average in the EU-27)⁶. The decisive differentiating aspect for unemployment is education and qualifications. The unemployment rate of persons without qualifications (i.e. with at best a lower secondary education) greatly exceeds the overall unemployment rate in the CR. It also exceeds the average unemployment rate of persons without qualifications in the OECD countries (in 2007, it was 23% in comparison to the CR average of 5.4% and 10.3 % of the OECD rate for persons without qualifications⁷). The CR also has a significantly higher share of long-term unemployed, i.e. those without work for longer than one year, at 53.4% (the OECD average is 29.1%).

The latest modification of unemployment benefits was led by the effort to stimulate motivation in seeking employment and to increase employment of the most vulnerable groups. The objectives were similar to those established for changes in other social benefits. Unemployment benefits are (as of 1.1.2009) at 65% of the previous net wages for the first two months, 50% for the second period of two months and 45% thereafter. When an unemployed takes a requalification course, they are at 60 %. In 2004 – 2008, the unemployment benefit period for job seekers under 50 years of age was 6 months, 9 months for those between 50 and 55, and 12 months for those over 55 years. After 1.1.2009, these periods are 5, 8, and 11 months respectively.

Child poverty in the Czech Republic

Despite the already mentioned relatively low rate of poverty, child poverty in the CR is disproportionately high (18% in 2005). Although child poverty in the CR is not as serious problem as in some other countries, its reduction is from a societal standpoint highly desirable and it demands specific approaches to it. Child poverty in Czech families is a result of synergic influences of several factors; the most significant among them are the economic inactivity of a parent (or parents), the absence of one parent in a household, health handicaps, and a higher number of children in a family. In most of the cases, these factors strengthen each other. In 2005, the share of children living in households without an employed parent was, for children below the age of 17 years, 8.2%⁸. In one-parent families without employment, the rate of child poverty grows seven-fold and for a two-parent household without employment, four-fold⁹ in comparison to its average value.

The care of the Czech state for favourable living conditions for children illustrates, for example, child mortality or accessibility of facilities for day-care for children. The first indicator is, in comparison with Europe, one of the lowest (the infant mortality rate was 3.7 in 2004, the prenatal mortality rate was 4.3 in 2003). Concerning the second indicator, that one is less favourable. Although there is a high percentage of children attending facilities for day-care for children above the age of 3 (specifically, for four and five-year olds it is more than 90%, for three-year olds over 75%), the number of facilities for younger children is very low, which in part corresponds to a low interest in childcare outside the home. Although these facilities are subsidised by municipalities (which are, most frequently, their owners) and municipalities also take into account the financial situation of families which want to place there their child, accessibility to these facilities is, due to

⁶ In the CR, the average weekly work hours of women is 38.1, compared to 33.1 in the EU-27 (same source as in ⁵).

⁷ Society at Glance 2009. OECD 2009.

⁸ Society at Glance 2009. OECD 2009.

⁹ Society at Glance 2009. OECD 2009.

their low numbers, limited. This also limits the potential role of these facilities in the protection of children against poverty.

From the general indicators of living conditions for children, it is worthwhile to mention the low rate of the youth (15-19 years) neither employed nor in an education or training, which went down between 1998 and 2006 from 6,7 to 4,7 % for boys and from 7,7 to 4,3 % for girls¹⁰. About 60 % of them are seeking employment while the rest are mostly with health handicaps or, in the case of women, homemakers. Most of the people in this age group are studying. (In 2005, 90% of 22-year old men and women had at least completed a secondary education; the share of early school-leavers reached a relatively low level of 6.4%, but it has a slightly growing trend¹¹).

The relevance of the City Strategy to the Czech conditions

The host country's strategy corresponds with the priorities of the CR government, concerning the implementation of social inclusion. One of them also is the support of decision-making processes at the local and regional level and the development of partnerships in a social inclusion policy. On the other hand, the current Czech strategy in fighting against poverty differs in recently moving the emphasis from supporting employment to an improvement of social services and seeking what their new forms might be. Mutual inspiration in finding suitable proportions among the partial strategies can be of benefit to the CR¹².

The theme of this Peer Review is dealing with the key agenda, which in the long-term affects the system of social protection in the CR - that is an insufficient experience and not-enough detailed methods and forms of cooperation among the various actors in the sphere of social work and related fields, such as support of employment or life-long learning (as instruments of an active employment policy). In general, the CR is wrestling with developing the communal policy (this is due to its suppression under the communist regime), as well as developing a civil society (for the same reasons). Even the individual components of the state system of social aid and support are not interlinked, precisely at the level of local policies. Formally, the Czech legislation allows for local policies but, realistically, the possibilities of the cities and villages are limited. Currently, the disputed division of competences and authority among the state and local governments is a product of the public administration reform.

On other hand, the state system of Labour Offices also prepares effective local active employment policy programmes which are focused on selected vulnerable groups. Good conditions for them represent the relative independent authority of Labour Offices which are located in every district (in total 77 of them in the CR). On top of that, these Offices also set up branches and permanent remote sites in order to be as close as possible to their clients. They are using tools directed at individuals as well as at employers and the creation of new subjects employing people. Nonetheless, a great deal depends on the individual initiative of the Labour Office representatives. Local programmes are often just a modification or customisation of the centrally prepared programmes.

¹⁰ Society at Glance 2009. OECD 2009.

¹¹ Joint report on social protection and social inclusion. 2007. European Commission

¹² But in this sense, the new impulses are brought up by recurrent increase of unemployment during the current economic crisis

A strategy similar to the City Strategy might help the CR to find a cure for a gap between the formal and the real conditions for solving unemployment and the social problems related to it. Formal prerequisites (legislation, network of Labour Offices, system of social aid and services) provide opportunities for an active employment policy and a reduction in social exclusion. In reality, the effectiveness is reduced by the limited scope of individual subjects (often narrowly specialized). For example, programmes of an active employment policy are relatively successful with less vulnerable groups of unemployed (the so-called creaming-off), although the law specifically refers to the most vulnerable groups on the labour market and the previous national action plans of employment and the current national programme of reforms of the CR (the part on employment) emphasize focusing on these unemployed.

The themes which need to be solved in the Czech Republic at the local level can be briefly characterized as follows:

- Interconnect instruments supporting employment with instruments of prevention of social exclusion of families with a long-term unemployed member (social assistance, education of children, etc.).
- Support employment of single mothers (problems with facilities for day-care for children, commute to work) and support the return of mothers to work after parental leave namely those who belong to the groups most threatened by unemployment (i.e. especially those with low qualifications).
- Bring a system into the local active employment policy programmes.
- Expand an individualized approach to unemployed people threatened by poverty and social exclusion.
- As needed, strengthen public transportation accessibility to support employment.
- Focus on preventing the development of ghettos of socially excluded groups of inhabitants.
- Increase the effectiveness of instruments to reduce the long-term unemployment of persons who are hard to place at the labour market (as specified at the Employment Act) and eliminate the manifestation of discrimination when entering or returning to the labour market.
- Improve enterprise infrastructure and availability of public transportation.
- Matching the qualification structure of the population of active age to meet the demands of the local labour markets.
- Solve the issue of competencies of the state, regional, and local authorities.
- Reduce the rate of the central redistribution of taxes – improve the financing and tax system so that the dependence of financial resources in the regions on their own tax revenues is increased.
- Update themes of communal planning and their tailoring to the needs of socially vulnerable citizens.

- Create a concept of social assistance focused on families as a target group (not only on individuals).
- Reduction of socially pathological phenomena which are frequently connected to (treat) of social exclusion.
- Create preventive programmes in relevant areas
 - Prevention of inter-generational transfer of low educational levels, unemployment, dependency on social assistance;
 - Prevention of debt-burden.
- Problem of “crowding-out” of at-risk population from the cities.

Similarities and dissimilarities between the Czech Republic and the host country

A specific characteristic of the CR is that the problems with increased rates of unemployment and a treat of social exclusion have areas with two different characteristics: 1) The large cities in structurally distressed and economically weak regions and 2) economically weak rural and border areas (in the case of the second group this is due to the previous regime). Only the capital city of Prague has more than a million inhabitants and an extended metropolitan area (the second largest city, Brno, has only 360 thousand inhabitants), so the social problems of the cities affect those of around 150 thousand inhabitants. This calls for different strategies than in the large cities.

As „positive“ specific conditions for the local programmes in the CR one can consider the following:

- Existence of a dense network of Labour Offices with their branches and relatively large competencies;
- Networks of regional volunteer centres (established according to the Volunteer Service Act) – which are devoted to, for example, working with unemployed graduates;
- Numerous non-governmental organisations of various focus and territorial scope;
- Expansion of communal plans and programmes with social aims at the level of municipalities and regions.

As troubled specifics one can name the following:

- From the institutional standpoint, limited experience with cooperation among the non-profit sector and agencies of state administration and local government and a weak tradition of employers' participation in the life of the regions;
- Existence of a numerous Roma minority exhibiting a high rate of unemployment and a degree of vulnerability to social exclusion; concentration of Roma populations in some regions and locations (for example, the Usti Region in northwest of Bohemia);
- Low degree of support from the majority of population to the integration of ethnic minorities; problems of xenophobia.

Instruments for evaluation of success of programmes of employment and reduction of poverty

Due to the general difficulty of measuring the effectiveness of instruments of employment and social policy, one must combine different methods. The employment statistics were, over the past twenty years, gradually improved; more relevant processing of data was implemented and the data was increasingly made more accessible to professionals and the general public as well. With the current processing, up-to-date monthly data are available and they are sorted according to a series of individual and system characteristics. This applies to data from all Labour Offices, including participation in programmes of an active employment policy. Another method used is an analysis of administrative data focusing at, for example, how targeted the programmes are (for example, an estimation of reduction of unemployment after the participants complete them). As part of the transfer of foreign experience, especially via the EU programmes, the Czech Republic also adopted some instruments for evaluating the success-rate of the programmes – the so-called evaluation programmes. An important part of an evaluation are sample surveys focused on specific programmes or groups of unemployed. They identify what the experience of representatives of targeted groups is.

In comparison, issues of poverty, specifically child poverty were, for a long time, in the CR underestimated and, therefore, this phenomenon is not even sufficiently captured in statistics. The effectiveness of instruments to reduce poverty is not verified systematically.

Transferability of the City Strategy programme and the conditions for its application

Fundamentally, the problem with transferring the programme City Strategy does not rest in legislative barriers, as those are minimal. The more fundamental limitations are in financing and in the limited experience with cooperation among subjects of different types. Possible, partial causes for limited transferability, for example, are:

- Limited possibility for application of selection criteria used in the United Kingdom – areas with elevated unemployment rate are characterized as larger geographical units, often including small villages (a result of fragmented settlements in the CR);

- Insufficient resources for financing of regional policies;
- Low mobility of the workforce and the population in general;
- Growing deficit in financing of infrastructure and housing;
- Questionable division of competencies between the state and local governments (simply said: local government is too much burdened by tasks which ought to be solved by state administration and this is reducing the possibilities of local government's own initiatives);
- Insufficient personnel capacity at some Labour Offices and other institutions.

Questions that should be discussed at the review meeting

From the standpoint of the situation in the CR, in the context of evaluation of benefits, costs and effects of the City Strategy programme, the following themes offer themselves:

- In what kinds of locations and to what extent can the given type of programmes be effective (where are its advantages most apparent)?
- What financial resources ought to be put together for such projects and on what principle?
- Adequacy of costs and effects of the programme?
- Impacts of the current crisis on the situation in socially vulnerable areas?
- Discussion of causes: why were more significant differences in results in selected and control locations not achieved (page 16 of the Discussion Paper), and what are the most likely requirements for improvement?