

**Ministry of Labour and Social Affairs of the Czech Republic  
Employment Services Administration**

# **Country Report**

**Project: VP/2005/008**

**Project title:**

**PUBLIC AND PRIVATE SERVICES:  
TOWARDS A QUALITY ASSURANCE  
SYSTEM**

**Prague, 19 May 2006**

## **1. Legal framework for the functioning of the labour market in the Czech Republic**

### **PPP implementation at government level in the Czech Republic**

The coordination point for the implementation of Public-Private Partnership projects in the Czech Republic is the PPP Centre (*PPP Centrum*), which operates as an interdepartmental body under the Ministry of Finance of the Czech Republic.

Under Resolution No 7 of 7 January 2004, the Government approved the 'Public-Private Partnership Policy of the Government of the Czech Republic'. This document contains the principles of the Government's approach to the issue of Partnerships and defines how state administration is to proceed in this field.

Under Resolution No 791 of 25 August 2004, the Government approved 'Information on the Systematic Implementation of Public-Private Partnerships'. This document shed light on partnership developments in the Czech Republic. It had the following annexes: proposals for legislative changes required for the systematic implementation of partnerships, a schedule for pilot project management, criteria for the submission of a draft pilot project, and a list of bodies whose representatives will be members of an interdepartmental team for the implementation of partnerships.

Under the above-mentioned Resolution No 7, the Ministry of Finance of the Czech Republic, as the sole shareholder, asked the National Property Fund of the Czech Republic to transform the inactive company KRAS, a.s. into the PPP Centrum a.s. effective as of 1 July 2004. The decision by the Czech Government and the Ministry of Finance to make systematic and targeted headway in PPP matters in the Czech Republic has resulted in the establishment of the PPP Centre as a centre for the implementation of PPP projects in the Czech Republic. The main mission of the PPP Centre is to ensure the swift, coordinated preparation of legislation, including methodological processes, and to disseminate time-tested knowledge related to PPP project proceedings and realization on the part of the public sector.

The establishment of the PPP Centre complied with the World Bank's recommendation to create an autonomous unit specializing in the fiscally safe implementation of PPP. The PPP Centre was set up based on the model provided by Partnerships UK.

In its Policy, the Czech Government declared that the systemic and programme-based application of the PPP method would contribute to:

- the more effective allocation of public resources,
- the provision of high-quality public services,
- economic growth and a rise in foreign direct investment by stimulating private investments in the public infrastructure and public services,
- active control of the formation of long-term commitments by the public sector,
- a restriction in the negative impacts of non-systemically implemented PPP projects,
- a reinforcement in the availability of European Union funds by increasing the share of co-financing provided by the private sector in public-interest projects.

The activities carried out by the Ministry of Finance in this field have so far focused primarily on the gradual creation of conditions for the fulfilment of the objectives outlined above.

### **Legal framework in the field of employment services**

The basic legislation for Public-Private Partnerships in the Czech Republic is the Public Procurement Act. (This law was promulgated in a new wording in the Collection of Laws of the Czech Republic on 19 April 2006.) This law lays down general rules for public procurement and all state authorities are required to abide by this legislation.

The basic legislative framework for the activities of the Employment Services Administration and the employment office is provided by Act No 435/2004 on employment, which was passed in 2004 and entered into force on 1 October 2004. This law defines the status of individual labour market participants and is also the fundamental legal regulation for cooperation between public employment services the private sector.

Considering the sheer scope of the law, only the most important sections in relation to Project VP/2005/008 have been selected.

### **Selected extracts from Act No 435/2004, the Employment Act**

Section 7 – defines the powers of employment offices. Employment offices in the Czech Republic are responsible for a particular district. Delegated employment offices operate at regional level.

Section 8: - specifies the activities carried out by employment offices

#### *The employment office*

- a) draws up a concept for the development of employment in its administrative district, systematically monitors and evaluates the situation on the labour market, and takes action to influence labour demand and supply; to this end it cooperates with coordinating employment offices and may seek information from employers regarding their employment plans,*
- b) cooperates with administrative authorities, territorial self-governing units, social security bodies, state health administration authorities, employers and other entities in accordance with separate legal regulations in the creation and implementation of measures connected with the development of the labour market and employment,*
- c) adopts measures to support and achieve equal treatment between men and women, persons without prejudice to their nationality, racial or ethnic origin, persons with disabilities and other groups of persons who have an exacerbated position on the labour market, as regards their access to employment, retraining, vocational training and specialized retraining courses, and adopts measures for the employment of such persons,*
- d) assumes responsibility for and supports projects and measures connected with the development of human resources in relation to the labour market which are implemented in its administrative district, including participation in international programmes and projects, programmes and projects with international participation, and programmes financed from*

*the European Structural Funds and in the scope of employment programmes and European Community programmes; it assesses the effectiveness of new instruments under the active employment policy,*

*e) mediates employment for job-seekers and persons interested in employment, and provides further employment services in accordance with this Act,*

*f) provides natural persons and employers with consultancy, information and other services in the field of employment,*

*g) ensures that instruments of the active employment policy are applied in accordance with this Act, provides contributions from resources for the active employment policy, and pays unemployment benefit and retraining benefit,*

*h) provides employers where more than the workforce comprises disabled persons with a subsidy to promote the employment of disabled persons,*

*i) for employment purposes, keeps records of vacancies, records of persons interested in employment, records of job-seekers, records of disabled persons, records of foreigners and records of permissions granted for the performance of artistic, cultural, sports or advertising activities by children; information from these records is transferred to central registers maintained by the Ministry [Section 6(1)(j)],*

*j) at the request of a social security authority<sup>12)</sup> provides information about the registration of a natural person in the records of job-seekers, about the provision of unemployment benefit and retraining benefit, and information about the cooperation of a job-seeker with the employment office in the mediation of employment,*

*k) for the purposes of granting a permanent or temporary residence permit, issues confirmation to a citizen of the European Union concerning his period of registration in the records of job-seekers, and issues confirmation to a seasonal worker of the existence of an employment contract, agreement on work activities or agreement on the performance of work,*

*l) conducts inspections in the scope laid down by this Act, including the imposition of fines,*

*m) fulfils other obligations arising under this Act and separate legal regulations.<sup>13)</sup>*

*(2) In addition to the activities specified in paragraph (1), an employment office listed in Annex No 2 to the Act (a delegated employment office at regional level) shall also carry out the following activities for the territorial district defined in the aforesaid annex:*

*a) the preparation of an employment concept and strategy and the processing of statistics, analyses and outlooks,*

*b) the coordination of the activities of employment offices in the implementation of the active employment policy,*

*c) activities in the scope of European Employment Services,*

*d) cooperation in the production of international programmes or programmes with international participation concerning human resources development and financing from the resources of the European Structural Funds,*

*e) the establishment of training and retraining centres and, for disabled persons, work rehabilitation centres,*

*f) cooperation in matters related to the provision of employment, the mobility of the workforce and the development of human resources with territorial self-governing units, the competent trade unions and employer organizations,*

*g) the production of documentation for the granting of investment incentives.*

## **HEALTHCARE FACILITIES**

**Section 9:** *(1) At the request of employment offices, healthcare facilities shall conduct an examination of the state of health of a natural person, in return for a fee, within 14 days (Section 21).*

This paragraph essentially orders cooperation, with the relevant financial compensation, between an employment office and healthcare facilities, which may be public or private.

## **JOB AGENCIES**

Who can mediate employment and where

Under the terms and conditions laid down in Section 14 of the Employment Act, besides employment offices, employment in the Czech Republic may also be mediated by natural or legal persons holding a valid licence for this activity from the labour ministry.

Enabling private intermediaries to operate on the labour market, in the Czech Republic and beyond, offers a suitable alternative and range of diverse services aimed primarily at mediating employment.

Job agencies may mediate employment within the Czech Republic, from the Czech Republic to another country, or from another country to the Czech Republic.

Legal and natural persons established in another Member State of the European Union for the purposes of mediating employment may, in accordance with the legal regulations of that country and under the terms and conditions of a declaration by the Ministry of Labour and Social Affairs of the Czech Republic, provide such services only temporarily and in rare cases.

Other forms of employment mediation

Under the Employment Act, the mediation of employment also includes the positing of employees by a foreign employer to perform work in the Czech Republic, based on a contract with a Czech legal or natural person concerning the hire of labour.

A job agency may temporarily assign its employee (with whom it has concluded an employment contract or an agreement on work activity with a view to the performance of work at a user) to perform work for a user – another legal or natural person who assigns work and supervises the performance thereof – further to a written agreement on the temporary assignment of an employee. This form of mediation may be provided solely by job agencies; employment offices cannot offer this form of mediation.

Possibilities of remuneration for mediation – profit-making activity

For the natural persons for whom employment is mediated, by law this service is free. In this respect, all forms of deductions from wages or other remuneration provided to an employee for work done are outlawed.

Searches for employees on behalf of an employer looking for new labour, or the temporary assignment of an employee to perform work for another legal person or natural person (a ‘user’) may be subject to a charge. In these circumstances, this is classified as profit-making activity.

## Conditions for the granting of a licence to mediate employment

the attainment of 23 years of age,  
full legal capacity,  
good character,  
professional eligibility,  
residence in the Czech Republic.

A natural person is considered to be of good character if he has not been convicted of a premeditated offence or an economic crime. Good character is evidenced with an extract from the Crime Register.

For the purposes of mediation, a natural person is considered to be professionally eligible if he has

- completed university education and has at least two years' experience of employment mediation or experience in the field for which employment mediation is to be licensed,
- completed secondary education and has at least five years' experience of employment mediation or experience in the field for which employment mediation is to be licensed.

For legal persons, these conditions must be met by a natural person holding the office of responsible representative for the purposes of employment mediation. A natural person may hold the office of responsible representative for a maximum of two legal persons.

In the application, the applicant must specify inter alia

- the form of mediation for which the licence is being sought,
- the type of work for which the employment mediation licence is being sought,
- the district in which the applicant plans to provide employment mediation services.

Together with the applicant, the applicant submits a plan in which he describes the practical application of the types of employment mediation to be licensed.

To a certain extent, the fulfilment of the terms and conditions required of applicants under the law forms the basis for the provision of serious (good character) and professionally conceived (education and experience) services which are free for persons interested in employment.

## Employment mediation licence, possibility of revocation thereof

A licence is issued by the Ministry of Labour and Social Affairs for a maximum period of three years, and may be reissued. In addition to the legal conditions regarding the expiry of a licence, there are further legal conditions concerning the revocation of a licence:

- an agency ceases to comply with the legal conditions under which the entity was granted the licence,
- an agency mediates employment in contravention of legal conditions.

Cases exist where a mediator has been proven to have mediated employment for a person interested in employment in return for a fee. In these cases, the licence is revoked and fines are imposed for breach of the Employment Act.

Mediators who are not licensed are often at risk of a conflict with criminal law as their activities are classed as engaging in business without a licence.

## Cooperation between agencies and employment offices

The Employment Act contains provisions on cooperation between private job agencies and employment offices. While this practice is not particularly common, roughly twenty per cent of employment offices can confirm that elements of cooperation with the private sector in employment mediation do occur.

The forms of cooperation vary, but mainly involve the forwarding of information about vacancies and suitable free (unemployed) workers; in better cases, agencies help to place the unemployed in jobs. In any event, employment offices recommend the services of worthy agencies to job-seekers and persons interested in employment. Nevertheless, the situation is slowly changing for the better and work is currently under way on a system of shared databases of vacancies.

## Statistics

As at 31 January 2006, 1,304 valid licences had been issued to job agencies in the Czech Republic (of this total, 179 were for third-country agencies).

However, in 2005 only 450 job agencies reported statistics concerning their activities.

The total number of vacancies for which employment mediation was requested and which job agencies were able to offer amounted to 103,631.

The number of natural persons who found employment mediated by job agencies was 31,914.

The number of employees performing work at a user was 151,109.

Available statistics reveal that job agencies mainly apply Section 14 of the Employment Act, subparagraph b) of which reads: *'the employment of natural persons for the performance of work by such persons for a user, i.e. another legal or natural person who assigns work and supervises the performance thereof (hereinafter referred to as 'user'),'*. This method of employment mediation may be applied solely by job agencies, not by employment offices.

**This paragraph also specifies the possibility of cooperation between employment offices and private job agencies.**

The activities of job agencies are restricted in Section 58 of the Employment Act. Section 58 provides the following:

*(1) Job agencies may mediate employment within the Czech Republic, from the Czech Republic to another country, or from another country to the Czech Republic.*

*(2) Job agencies may mediate employment free of charge or for a fee, including a fee which results in a profit. In the mediation of employment for a fee, payment may not be sought from a natural person for whom employment is mediated.*

*(3) In the mediation of employment for a fee, deductions from wages or from other remuneration provided to an employee for work done may not be made in favour of a job agency or user.*

## **REPORTING OF VACANCIES BY EMPLOYERS**

*Section 35 of Act No 435/2005 on employment provides that:*

*An employer is obliged, within ten calendar days, to notify the competent employment office of vacancies and the characteristics thereof (Section 37) and to notify the filling of such vacancies without undue delay, such being within ten calendar days. 'Vacancies' means newly created or vacated jobs for which an employer intends to obtain employees. The time limit for notification commences on the day following the creation, vacation or filling of a job.*

Theoretically, this obligation means that employment offices should have information about all vacancies in the Czech Republic at their disposal. In reality, employment offices have information primarily about vacancies that require lower levels of education. Job agencies tend to come to the fore when vacancies exist for managerial positions.

## **RETRAINING**

*Section 108 of Act No 435/2005 on employment provides that:*

*(1) 'Retraining' means the acquisition of a new qualification or an increase, expansion or intensification of an existing qualification, including the maintenance or renewal of a qualification. The acquisition of a qualification to enhance the job prospects of a natural person with no previous qualifications shall also be deemed to be retraining. The basis for determining the content and scope of retraining is current qualifications, state of health, the skills and experience of the natural person who is to be retrained to acquire new theoretical knowledge and professional skills within the scope of further vocational training.*

*(2) Retraining may be provided solely by an accredited establishment or by a training or healthcare facility which has accredited training programmes. An accredited establishment or a training or healthcare facility with accredited training programmes means an educational facility under separate legal regulations or a facility or department set up for training purposes by an employer which is granted accreditation by the Ministry of Education, Youth and Sports in accordance with the terms and conditions laid down in an implementing regulation issued by the Ministry of Education, Youth and Sports in agreement with the Ministry, or a healthcare facility in accordance with the terms and conditions set by the Ministry of Health in accordance with a separate legal regulation<sup>53)</sup> (hereinafter referred to as 'retraining facility').*

*(3) A retraining facility which, by agreement with an employment office, provides retraining for job-seekers or persons interested in employment may have the costs incurred in connection with such retraining reimbursed by the employment office.*

Cooperation between employment offices and private providers of retraining courses is also regulated by Decree No 519/2004 laying down in detail the forms of retraining and the calculation of the form of reimbursement for the retraining provided.



## TARGETED PROGRAMMES

Nevertheless, the definitive provision handling targeted employment programmes is Section 120 of the Employment Act, which in paragraph (4) states: *'In the implementation of targeted programmes, employment offices may cooperate with other entities or may ensure the provision of such programmes through other legal or natural persons based on a contractual relationship'*. This paragraph also provides that *'Part of an agreement to provide a targeted programme is an agreement on the contribution to be made to the legal or natural person for the provision of the targeted programme'*.

This provision in the new Employment Act has opened up a wide range of possibilities for cooperation between Employment Services of the Czech Republic, or employment offices, and a whole number of other entities operating on the labour market or in related areas, and the outsourcing of services by employment offices (Employment Services of the Czech Republic) can now be developed on a broad scale in line with this modern employment law. Although the Employment Act has not been in force long, the first results are starting to appear, and cooperation between employment offices and the private sector is developing rapidly.

This development has benefited in particular from the Czech Republic's accession to the European Union and from the possibility of drawing on resources from the EU's Structural Funds; these Structural Funds provide funding for a number of targeted employment programmes and have been instrumental in nurturing the broader integration of the private sector into projects co-financed by the public sector.

## 2. Service outsourcing

### Basic strategy in the field of employment services

The Employment Services Administration tries to transfer the provision of those services not directly related to the performance of state administration to private entities. The cornerstone of this cooperation is the conclusion of the relevant contracts between service providers and the Employment Services Administration or the relevant employment office. These contracts must include not only a precise specification of the required solution or service, but also the methods of quality control and the required solution perimeters.

In plotting the spectrum of services which are outsourced or purchased, the general system used for the functioning of employment services in the Czech Republic should be taken into account. Individual employment offices have a high degree of autonomy here in the management and purchase of services. At central level, in particular services used for the technical requirements of employment offices are provided, i.e. mainly the purchase of services related to the information and economic system, and the purchase of services connected with personnel management and with the appointment of procedures to be applied in employment services.

### Purchase of services at central level

An important function performed at central level in the Czech Republic is the development of an information system – an internal information system, communication infrastructure, and information system designed for the general public. In all these cases, the Employment Services Administration acts as the development coordinator and investor. The actual technical aspects are the responsibility of private entities. All suppliers of information systems for employment services are required to demonstrate that the products they supply conform to the Public Administration Information System Life Cycle Standard (certification is issued by the Ministry of Informatics of the Czech Republic). A further requirement is process quality ensured via an established QMS system certified in accordance with ISO 9001:2001.

The method used to evaluate the quality of these projects is as follows:

**OKPráce internal information system** – this information systems is the basic technical solution required for the proper functioning of employment offices. At present, it is used at all 77 employment offices and at the Employment Services Administration. The system includes all basic agendas run by the employment offices (employment mediation, benefit payments, labour market monitoring, the maintenance of employers' vacancies, an agenda for the employment of foreigners, an inspection and legal module, a module for the selection of occupations, a module for the management of retraining course procurement, a module for the administration of projects financed from ESF resources, and a statistical module).

The Employment Services Administration, as the coordinator of developmental work, has set up working parties for the development of the OKPráce IS. These working parties are set up to handle all activities covered by the employment offices in the Czech Republic. The working parties prepare requirements in a given area for implementing teams and hold consultations on the emerging solutions over the course of developments. After the new

solution is active, they check whether the resultant design satisfies requirements in all respects.

In order to test the functionality of new versions of the internal information system, 'test employment offices' are set up. The task of these test offices is to confirm the functionality of the new version of the information system in real conditions. A test report is drawn up on the testing procedure. The document on the takeover of the new version cannot be signed and financial payment cannot be made to the supplier until all the test offices have certified the new version of the information system as ready for use.

## **Communication infrastructure**

The Ministry of Labour and Social Affairs has implemented a WAN development project to handle the data interconnection of individual offices coordinated by the Ministry of Labour and Social Affairs. The WAN is an extensive network used to provide voice and data services for all employment service workers. In accordance with a long-term contract, this network is managed and leased by private entities.

## **External information system – Integrated Information Portal of the Ministry of Labour and Social Affairs**

Since the beginning of 2005, an external information system of the Ministry of Labour and Social Affairs, designed for employment requirements, has been in live operation. The key objective of the MoLSA Integrated Information Portal project ('portal') is to create an electronic labour market with the same client services as those available during personal visits to an employment office.

This external system comprises an Internet application – the MoLSA Integrated Information Portal ([portal.mpsv.cz](http://portal.mpsv.cz)) and the use of the necessary databases. The supplier of the technical solution is the same software company as that commissioned for the internal information system. This company is responsible for the technical support of the system (software and database maintenance and development) and for the technical updating of information. Management of the process of publishing information rests with the responsible staff of the Employment Services Administration. They also conduct inspections to check whether the information they supply is available on the Information portal within the required time. A development coordinator has also been appointed for the Integrated Portal at the Employment Services Administration; his job is to check the technical parameters of the solution (availability, response speed for clients, the compatibility of the system with Czech legislation and with the requirements raised by the Employment Services Administration for the needs of reporting and monitoring financial flows of subordinate organizations, i.e. employment offices). With developmental work, the basis for checks of the quality of the work supplied is 'request sheets'. These request sheets provide a precise specification of the required solution, including a detailed description and analysis of the problem, and the estimated difficulty of the solution.

A very important quality criterion is the compatibility of the solution with global W3C standards, especially as regards solutions for the blind and sight-impaired.

The guarantor of the technical solution on the part of the contracting authority is the Informatics Department of the Ministry of Labour and Social Affairs, which is also responsible for monitoring quality standards. The individual requirements of qualitative parameters are the subject of the relevant contracts, i.e.:

- implementation contracts (for the development of the portal)
- maintenance contracts (for maintenance and the provision of operating changes)

### **Integrated information portal and public services**

The portal offers a technical solution for the creation of an electronic labour market. Besides services of an informative nature, electronic matching between vacancies and offers to work made by job-seekers is available. The following basic applications are required for this matching to work properly:

For job-seekers:

- the possibility of creating and publishing an offer of work
- the possibility of creating and publishing a professional, structured CV
- the possibility of accepting job offers from employers
- the possibility of automatically sending vacancies complying with the required criteria

For employers:

- the possibility of managing the supply of vacancies
- the possibility of running searches in offers of work from job-seekers
- the possibility of effectively addressing job candidates
- comprehensive information on the possibilities of cooperation with the public sector in the field of ESF projects

Of the functions described above, the electronic system for the management of vacancies is a particular boon. This system is designed for employers; it can be used round the clock, at any time of day or night, to carry out the full maintenance of the user's vacancies. This system was first offered in 2005, and there has been a major surge of interest recently. The system is particularly suitable for large retail chains and companies with offices in many places. Through this system, they can maintain their range of vacancies for any of their establishments in the Czech Republic. In cases where vacancies are reported by telephone or in writing, in accordance with the Employment Act it is necessary to report the vacancies to the locally competent employment office.

With the MoLSA Integrated Information Portal ('portal'), a new element in employment services is the expediency of cooperation between the public and private sector. Here, the private sector provides the following services, which have been of fundamental significance in the launch of the new service:

- It is responsible for the technical implementation of the required solution.
- It provides training for the public so that citizens are able to use the portal efficiently.
- It helps promote the portal.
- It is responsible for the technical side of training for employment service staff and cooperating organizations.
- It carries out the technical installation of MoLSA Information Booths. These information booths are mainly located in employment offices. Besides access to the portal, they also offer an Internet connection. The information booths are available for use free of charge, and the aim of installing them is to make the electronic labour market accessible to persons who otherwise would have no web access.

All the components of the electronic labour market are available free of charge for employers and job-seekers. The database of vacancies and job-seekers that has been created is also used by private recruitment agencies; access is not restricted.

## **Purchase of other services intended for end users**

### **Employment mediation**

In this field, public employment services and private job agencies operate parallel to each other. The cooperation between these two types of entities is very limited. There are several reasons for this. In particular, the Employment Act requires that all employers provide public employment services with information about their new vacancies. As this theoretically gives public employment services a monopoly as regards vacancies, the information about vacancies is made available to the public by the employment services without any limitations. Information is available free of charge from the MoLSA Integrated Portal (at <http://portal.mpsv.cz/sz/download>), and is classified either for the relevant district or for the whole of the Czech Republic. So far no efforts have been made to collect information about vacancies from job agencies because, under the law, these agencies should not offer vacancies other than those available to the public employment services. In reality, however, employment offices do not have information about all vacancies, especially positions requiring a university degree.

The aim of the decision to provide information about vacancies to the public (and hence to all recruitment agencies) is to mediate employment for as many people as possible irrespective of whether the employment is mediated by a private job agency or public employment services. Private agencies make extensive use of this information source.

### **Retraining and consulting programmes**

Unlike the employment mediation process, where cooperation between the private and public sector has been limited, cooperation in the field of retraining and training for the clients of employment offices is highly developed. Employment offices do not have their own training facilities for training the public and therefore the training centres of private entities are used.

With several precisely defined exceptions, a contract to provide a retraining course or consulting programme for job-seekers and persons interested in employment (in accordance with Section 22 of Regulation No 518/2004 implementing the Employment Act) may be granted only to an entity whose training programme has been accredited by the Ministry of Education, Youth and Sports of the Czech Republic (Regulation No 524/2004).

There is a database of accredited retraining courses, which is used by employment offices to select potential service providers based on their own criteria and experience.

Decisions on what types of retraining courses or consulting programmes, in what structure and for what duration, are made by individual district employment offices. However, the selection of a service provider is subject to the Public Procurement Act. During a retraining course or consulting programme, the employment office runs checks to make sure that all the criteria laid down in the contract with the service provider are met (the scope of teaching, the technical teaching facilities, the quality of the trainers, etc.).

### **3. Projects co-financed from EU Structural Fund resources**

In the Human Resources Development Operational Programme (HRD OP) and the Single Programming Document for Objective 3 of the City of Prague (SPD3), employment services implement the projects of the European Social Fund (ESF) via employment offices.

#### **Grant projects**

Grant projects are implemented by employment offices within the scope of Measure 1.1, in accordance with the approved regional grant schemes for the 'Support of the Active Employment Policy', in all regions of the Czech Republic. In 2005, the employment offices announced the first and second rounds of calls for grant projects; they selected and supported several hundred projects which in the overwhelming majority of cases had been presented by private entities; to a lesser extent, projects were proposed by municipalities or schools. The Employment Services Administration operates a supra-regional grant scheme for the 'Support of the Active Employment Policy', which is open to private entities' projects covering several regions of the Czech Republic. In addition, the Employment Services Administration operates a supra-regional grant scheme called 'Integration of Groups at Risk of Social Exclusion' and a supra-regional grant scheme entitled 'Support for the Equal Opportunities of Women and Men on the Labour Market'. Several dozen projects are being implemented under these grant schemes, where the Employment Services Administration cooperates with the implementers of these projects.

As part of the measure 'Adaptability and Support of the Competitiveness of Enterprises and Organizations, the Employment Services Administration at supra-regional level and employment offices at regional level, as the name suggests, cooperate in the management of hundreds of projects implemented by private companies. These projects are financed from public resources with the support of the European Social Fund and responsibility for the implementation of these projects is fully in the competence of the employment services.

The process of contracting grant projects is continuing in 2006, and we can assume that this channel will result in the support of further hundreds of projects by employment offices, where the employment services of the Czech Republic will work with private entities.

#### **National projects**

National projects realized by employment offices at NUTS 3 level are implemented in accordance with Section 120 of the Employment Act as targeted programmes of the employment offices, primarily in cooperation with a private or natural person in the form of a contractual relationship.

Section 120 of the Employment Act clearly defines this relationship:

*Paragraph (1):*

*Problems of a municipal, district, regional and national nature in the field of employment may be handled by means of targeted programmes, including international programmes, programmes with international participation, and programmes financed within the scope of the Structural Funds of the European Community and other programmes of the European Community.*

*Paragraph (2):*

*A ‘targeted programme’ means a set of measures intended to increase the possibilities for natural persons or groups thereof to assert themselves on the labour market; part of such a programme is a specification of the conditions for the implementation thereof and a drawdown schedule. National targeted programmes are approved by the Government of the Czech Republic and programmes of a municipal, district and regional nature are approved by the Ministry.*

*Paragraph (4):*

*In the implementation of targeted programmes, employment offices may cooperate with other entities or may ensure the provision of such programmes through other legal or natural persons based on a contractual relationship. Part of an agreement to provide a targeted programme is an agreement on the contribution to be made to the legal or natural person for the provision of the targeted programme.*

At present, several types of projects are being implemented on this principle in all regions of the Czech Republic. These projects for the support of the active employment policy are run by employment offices tasked with regional coordination; depending on the needs of the regions, they adapt the projects to the specific conditions and requirements of the local labour market and the employment needs of job-seekers and persons interested in employment.

The main projects are described below:

**‘Return to Work’** – the aim of this project is to enhance the effectiveness of the active employment policy in ensuring the employment of job-seekers and persons interested in employment, including the promotion of new forms of employment.

The projects also aim to expand the services offered by employment offices, and increase the employment and employability of the target group. They focus primarily on improving motivation, increasing qualifications and providing work experience in line with the requirements of the region’s employers, and thus help the target group to find employment. One step on the way to achieving this goal is the provision of training in general skills, the regaining of work habits, an improvement in general orientation on the labour market, and the mediation of professional work experience. The programme should result in informed citizens who are capable of using modern communication tools and who will wield newly acquired or refined knowledge and practical skills sought after by employers.

The target group here is usually persons with primary education who have been registered as unemployed for longer than 12 months (or longer than six months if they are younger than 25). The project may also include the mediation of work and job support.

**‘Find a Job’** – the aim of this project is to help persons interested in work to make the fastest possible return to the labour market.

The project is mainly intended for job-seekers, persons interested in employment, and persons potentially at risk of losing their job. These are not persons who have been registered as unemployed long term, but persons who have recently lost their job, who have been made redundant, and who are highly motivated and sufficiently skilled to work. This target group has an active approach to searching for employment and the advantage of vocational knowledge which needs to be supplemented with further skills only in certain cases.

Under the part on employment support in the measure ‘Integration of Specific Groups of the Population at Risk of Social Exclusion’, extensive projects are implemented in individual regions with the title

‘**Gearing Up for Work**’. The aim of these projects is to reconcile opportunities in access to education, employment and other social and employment matters for members of certain high-risk groups of the population on the labour market.

These projects are aimed at preparing people for work in the individual regions of the Czech Republic. The target group here is the long-term unemployed, i.e. persons who have been registered with an employment office for more than six months (if they are younger than 25) or more than twelve months and who are also disabled persons or suffer from other serious problems which hamper their attempts to find employment. The guiding principle of these projects is to focus on enhancing the skills of the individual and to provide broader and comprehensive services from motivating, consulting and informative activities to support for the employment of the target group through probationary work experience.

One of the main objectives of the three types of projects described above is to provide assistance in eliminating barriers on the labour market, in gaining employment, and in expanding the set of instruments applied by public employment services for work with clients. The implementation of these projects is assigned, on the basis of award procedures, to private companies who place the best project bid.

This tool and method of implementation should result in an improvement in the use of current methods for the integration of the workforce into the labour market and enhance the individual approach to clients, with particular consideration for disadvantaged groups. An individual approach will also be applied in the actual implementation of training and consulting activities. The possibilities of motivating employers will also be increased; they will apply flexible forms of work organization, which will facilitate the employment of groups at risk on the labour market. This instrument also contributes significantly to the development of cooperation between the employment services and the private sector, or organizations which are willing to develop activities in this area.

Employment offices tasked with regional coordination have already announced dozens of these ‘national projects’ (‘Find a Job’, ‘Return to Work’, and ‘Gearing Up for Work’), even though these are essentially projects implemented at the level of individual NUTS 3 regions. These projects are realized in the form of public tenders in which private organizations are invited to participate. Today there are dozens of private organizations in the Czech Republic implementing such projects.

The Ministry of Labour and Social Affairs, Employment Services Administration, is proceeding in a similar fashion and is currently running ‘Systemic Projects’ at national level. These projects have nationwide coverage and the implementers may be private companies or associations of legal and/or natural persons.

The most significant systemic project is implemented as part of the measure ‘Modernization of Public Employment Services’ (see ‘**Labour Market Institute**’). Other systemic projects will be realized within the scope of the measure ‘Further Vocational Training’. These projects will be announced by the specialist sections of the Employment Services Administration at the MoLSA; they are currently passing through the assessment and approval process.



Besides these projects, a new active employment policy tool has been put into trial operation in the Czech Republic in the form of cooperation between employment offices and a private company; this tool is mainly intended to find solutions to long-term unemployment.

This project is called '**Occasional Registered Work**' – [*Příležitostná registrovaná práce* (PRP)].

*The pilot project was launched in 2004.*

In April 2004, a call for projects was advertised in the scope of the PHARE 2003 programme Human Resources Development for Measure 1.1. 'Reinforcement of the Active Employment Policy'.

Sodexo Pass Česká republika a.s. responded to this call and won the award procedure. The employment offices in Hodonín, Vyškov and Znojmo became project partners. The Research Institute for Labour and Social Affairs and OKsystem s.r.o. were also involved. The Ministry of Labour and Social Affairs played the role of a cooperating organization.

The preparatory stage of the project was launched in May and was put into live operation after the culmination of the preparatory period in October 2005; it lasted until February 2006. The project came to an end in April 2006 with a final evaluation.

*The aim of the pilot project was*

to test the capability of the new active employment policy instrument in combating long-term unemployment. The primary aim of the project was to motivate the unemployed, to preserve their work habits, and to enable employers to fill short-term employment opportunities arising as a result of unexpected gaps caused by the loss of permanent workers or arising due to the seasonal or unpredictable nature of the work. The secondary aim was to create an environment to combat illegal work and to enable employers to select workers for subsequent permanent employment.

*Principles of the 'Occasional Registered Work' project*

The project enables unemployed persons registered with an employment office to earn extra money within the limits defined by Act No 435/2004 on employment legally and without restrictions in their unemployment benefit.

*Procedure for the implementation of Occasional Registered Work by job-seekers*

The employment office offers job-seekers the possibility of Occasional Registered Work. If they agree, the employment office posts job-seekers to employers. A posted job-seeker concludes a written agreement on the performance of work with the employer. The job-seeker carries out the agreed work for the employer, and receives a document certifying the work done – a voucher. These certificates of work done – vouchers are sent to the voucher system operator, which in the Czech Republic is a private entity – Sodexo Pass Česká republika a.s. This operator arranges for the payment of the registered work in the form agreed with the job-seeker.

### ***Procedure for the implementation of Occasional Registered Work by employers***

The employer reports a vacant employment opportunity to the employment office and offers this vacancy as Occasional Registered Work. The employer then purchases certificates of work done – vouchers from the system operator. This is the de facto payment of a deposit on the remuneration to be given for the work. The operator informs the employment office of this transaction. The employment office posts the job-seeker to the employer. After the work has been done, the employer issues the certificates of work done – vouchers.

### ***Pilot project evaluation***

The final evaluation of the project ‘Occasional Registered Work’ was conducted on 29 April 2006. During the pilot project, 581 job-seekers were informed of the possibility of participating in Occasional Registered Work. Of this number, 118 job-seekers were placed in the project. The total number of hours worked in the PRP pilot project was 3,770. 298 employers were approached. The number of employers who came forward of their own accord to express interest was 77. In all, 47 employers took part in the project.

### ***Observations from the pilot project evaluation***

- During the project, the private company intensively approached employers, which had an ‘activating’ influence on them.
- As the workload of PRP coordinators focused solely on activities connected with the PRP, they were able to devote all their attention to individual employers and select candidates tailored to their requirements.
- The operation of the project did not disturb or restrict the normal operations of employment offices.
- The project was managed professionally and the employment offices could apply some of the procedures for their own purposes.
- The cooperation between the individual project partners (between the private and public sectors) was of a high standard.
- For employers, Occasional Registered Work was attractive in terms of the price of the labour on offer.
- The PRP was implemented by means of agreements on the performance of work; candidates remain registered with the employment office and therefore employers are not required to pay health insurance or social security contributions for them. Furthermore, personal income tax is also paid on behalf of the employers.
- In particular, employers appreciated the administrative simplicity of the PRP.

### ***Continuation of Occasional Registered Work (PRP)***

During the pilot project, steps were taken to continue and expand the PRP in the Czech Republic. The aim of this expansion is to implement the PRP in various labour market conditions, i.e. in regions with varying degrees of unemployment, in municipalities of various sizes, and for a wide range of work activities. In March, the 77 employment offices throughout the Czech Republic took part in a survey to ascertain how much interest there was in involvement in the PRP. Fifteen employment offices were singled out on the basis of this

survey. At present, a project for the **Implementation of Occasional Registered Work in the Czech Republic** is being prepared for launch in January 2007.

#### **4. Strategic objectives and vision**

At present, the whole system of public employment services is undergoing radical transformation. Based on many years of cooperation with a private company specializing in process and personnel auditing, changes are being made to the organizational structures at the Employment Services Administration and at individual employment offices. In the future, these changes should separate strategic activities from operating activities. In the future, it is expected that public employment services will set the strategic course of development and provide services which, under the law, are exclusively in the competence of state institutions (especially services connected with administrative proceedings). In the field of operating services, the focus is increasingly on private providers. This trend has become apparent in the last few years, but previously it centred on areas and services designed for the running of the offices and the Employment Services Administration (information and economic systems, security, cleaning and catering services). In the wake of the Czech Republic's accession to the European Union, thanks to the European Social Fund, the focus has changed direction to centre on the broad involvement of the private sector in the provision of employment services to the general public. Proof of this can be found in the above-mentioned project in cooperation with the Economic Chamber of the Czech Republic. The objective of this project is to create a Labour Market Institute which should concentrate on services provided to the public, especially employers. In terms of scope and financial requirements, this project cannot be compared to other projects entailing cooperation between the Employment Services Administration and private entities. Standards of quality applied to this project are now being discussed.

#### **Labour Market Institute project**

This project is being finalized. Employment Services and Economic and Commercial Chambers of the Czech Republic will contribute to it. The principal objectives of the programme are as follows:

1. **Efforts to improve cooperation between employment offices and employers.** It is expected that in the future the Labour Market Institute will be responsible for the process of collecting information about vacancies from individual employers and will provide other services to the business community. This area is currently seriously undersized at employment offices. The reason for this is probably employers' obligation to report vacancies to the locally competent employment office. This obligation applies to all employers and is embodied in the Employment Act. Employment offices are therefore not exposed to the competitive environment, as is the case with employment services in other countries. In many cases, they simply collect information about vacancies without further cooperation with employers; employment offices often fail to provide employers with the services they need. The Labour Market Institute should change this situation, and the image of employment offices among the business community should be transformed from an 'office' or 'authority' into an institution providing services. This is very important because, by law, employment offices are required not only to cooperate with the business community, but also to inspect and penalize any failure to observe the Employment Act. It is extremely difficult to marry these two contradictory requirements, and this task is not always performed to the satisfaction of both parties.

2. **Efforts to create a functioning Employment Services Call Centre.** There are currently only two labour market cornerstones in the Czech Republic. These are the staff of employment office and the electronic MoLSA Integrated Information Portal. So far, there has been no call centre. This situation should change with effect as of 1 June 2006 when, in accordance with the above-mentioned project, an employment call centre will commence operation. In the initial pilot stage, the Call Centre will be available on working days between 6:00 a.m. and 8:00 p.m., and should be capable of responding to all basic enquiries connected with employment. The service provider will be the Economic and Commercial Chamber of the Czech Republic; the Ministry of Labour and Social Affairs will supervise the quality of the services rendered and will coordinate the preparation of model answers to clients' questions.

The quality of the Call Centre will be controlled at several levels:

- a. All telephone calls with clients will be recorded (clients will be informed of this at the start of the call); in cases where complaints are made about the method, form or content of the information provided, the recorded call will be used to assess whether the complaint is warranted.
  - b. Random checks of recorded calls will be made and the method used by employees to answer enquiries will be evaluated.
  - c. Where replies are made by e-mail, these replies will be sent as copies to the responsible members of staff at the Ministry of Labour and Social Affairs.
  - d. Model questions and answers will be regularly updated and supplemented based on evaluations of public interest. This activity will be the responsibility of the call centre supervisor nominated by the Ministry of Labour and Social Affairs.
3. **Form a basis for improved evaluations of information obtained on the labour market.** This primarily entails the preparation of various types of analysis and documentation related to the labour market at regional and central level.
  4. **Transfer the provision of other servicing activities not directly related to the performance of state administration to the Labour Market Institute.** It is expected that in the future the Labour Market Institute will take over other servicing activities currently performed by employment offices.

As the project is currently in the launch stage, no experience or results are available yet. However, it is a project that, given its scope and significance, will probably result in a major change in the whole system of providing services to employment service clients.

Therefore the main strategic objective for the immediate future will be to handle the process of restructuring public employment services and to set qualitative parameters of cooperation in the Labour Market Institute project so that there is a significant improvement in the quality of services provided to the public.