



## **Annual National Report 2009**

### **Pensions, Health and Long-term Care**

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## 1 Executive Summary

The Czech pension system is still dominated by the basic pension scheme (pillar I). Its parameters were amended based on a result of broad political consensus in 2008. These parametric changes should ensure financial sustainability of the scheme for the next 30 years.

Further reforms aimed at a liberalisation of the existing pillar III and the attempt to allow for an opt-out of the public scheme were postponed due to the political crisis in April/May 2009 (change of the Czech Government and elections to the new Chamber of Deputies in autumn 2009). In the political and public discourse doubts grew about the latest reforms due to the global economic crisis and recent experiences with financial market risks.

The Czech health care system is based on a mandatory public health insurance principle and more than two thirds of hospitals are publicly owned. The existing legal framework and organisation ensures the protection of human rights related to health. Health care reforms, prepared and partly implemented in the period 2006-2009 have created risks with regard to a fair access to care, its quality, public ownership and political control. For-profit privatisation of publicly owned hospitals and public health insurance would represent a practically irreversible change with consequences regarding access to health care. The development has been quite worrying, since only a limited number of citizens and policy actors have been fully aware of the risky consequences.

Long-term care facilities are confronted with increasing problems as they are underfinanced. Long-term care is not effectively coordinated on community level (e.g. chronic disease management). The primary health care segment is being neglected, physicians are not systematically involved in further education focused on geriatric care. Outcomes of long-term care and the health status of elderly above the age of 64 are below EU average (old Member States). The health gap of this age group is growing, and 10% of elderly in residential social care facilities are victims of violation.

The Czech Republic is currently confronted with consequences of its own reforms, politically decided at the end of 2007 and implemented as from January 2008 onwards (reduction of tax and social contribution in combination with zero growth of government expenditures in next two years) and the global economic and financial crisis. Both of these processes are reducing domestic demand and have negative social consequences in terms of growing unemployment as well as cuts in social, health and education expenditures/consumption. Currently, effective strategies to cope with the economic and financial crisis and its interaction with recent reforms are limited.

## **2 Current Status, Reforms as well as the Political and Scientific Discourse during the Previous Year**

The political system in the Czech Republic has repeatedly led to weak coalition governments. In the 2006 elections both the left and the right wing parties gained exactly 100 seats in the Chamber of Deputies. A government formed of a coalition of the Civic Democrats (ODS), the Christian Democrats (KDU-ČSL), and the Green Party (SZ), and led by the leader of the ODS, Mirek Topolánek, finally succeeded in winning a vote of confidence in January 2007. This was thanks to two members of the Social Democrats (SSD), who were influenced/corrupted by the ODS and thus supported the Government until 2009. Yet in 2009 one of the two Social Democratic members resigned from his mandate. Due to the inner conflicts in all three coalition parties several other members dropped out on supporting the Government, and on 23 March 2009 the Government of Mirek Topolánek lost a motion of censure. It was a critical political change with substantial influence on ongoing reforms of the pension system and in health care. In fact, these reforms were stopped until the election of the new Chamber of Deputies in autumn 2009.

Social protection administration in the Czech Republic has a long-standing tradition of self-governance, similar to that of Germany and Austria. During the transformation of many CEE countries such traditions were renewed only to a limited extent, leaving out main principles of the Bismarkian original. For example CEE countries have hardly been able after their historical experience of communism to formulate democratic, managerial and economic principles of governance in their new public corporations. Thus, current Czech public health insurance funds are conceived by many actors as state organisations and not as public corporations. It could be interpreted as a misunderstanding of the governance principals in public corporations or as an intention to just create a different type of organisation. The public pension system is still administered as a state organisation, as opposed to a public corporation, i.e. as a self-administered organisation. Recently, there have been proposals by the Czech Ministry of Finance to integrate revenue administration not only in the tax and customs system, but also in social protection and in public health insurance. However, such a reform could thwart the capacity of strengthening principles of self-governance in the public corporations.

### **2.1 Pensions**

#### **2.1.1 Overview of the system's characteristics and reforms**

The public pension insurance system in the Czech Republic continues to be effected directly by the state. During the transformation process of Czech society in the 1990s, the system was not decentralised and converted into public-law corporations as was the case during the First Republic (between the two World Wars) and as it is now the case with the present Czech public health insurance system. Public pension insurance funds had thus remained in the first half of the 1990s a part of the state budget, and were consequently under a stronger influence of political parties and the Government. During these times, surpluses from revenues (about CZK 45 bn) were used in state budget for financing of other needs.

A major mistake as to decisions taken in the early 1990s was the variant assessment base for self-employed persons compared to employees in the PAYG system. The preference of self-employed persons to minimise social security premiums will cause them to have low pensions once they retire, and possibly lead to serious social problems. This would have to be addressed on the basis of social solidarity through social assistance systems, and financed from taxes. If self-employed persons paid premiums on the same assessment base, the annual income of the pension system would be higher by several tens of billions of Korunas.

Some aspects of the present way of pillar I administration by the state is now an easy political target for incremental transformation by right-wing governments (e.g. opt-out).

The pay-as-you-go public insurance system (PAYG) has indeed been subject to pressure during ongoing transformation since 1990. The present right-wing Government (Programme Declaration of the Government, January 2007<sup>1</sup>) discussed between January 2007 and May 2009 an opt-out option which would lead to a further reduction of the contributions paid to the PAYG scheme. It is, however, not expected that the Government will be able to implement such an option (see the planned third stage of the Government reform<sup>2</sup>). Last year (2008), the Civic Democratic Party also proposed to reduce contributions to the public insurance system by two percentage points (from 28% to 26%) in 2009.<sup>3</sup>

Such a reduction was, nevertheless, thereafter formulated as a part of the Czech anti-crisis plan in February 2009 and politically approved by Parliament in May/April 2009 for a limited period of two years. Such short-term pragmatism is based on the existence of a small surplus in the pension budget.

The characteristics of the current pension system and the three phases of its 2007-2010 reform were described in the National Report on Strategies for Social Protection and Social Inclusion 2008-2010 and in previous Strategy Reports. With the basic pension scheme (pillar I) still prevailing, the Czech Republic, unlike many other Central and East European countries, has not introduced a mandatory funded pillar. In 2008, the parameters of PAYG were amended based on a relatively broad political consensus (Act on Pensions Insurance).

In 2005, an important document was published (National Strategy Report on Adequate and Sustainable Pensions), prepared by a team of economic experts headed by a bank representative, and elaborated in cooperation with representatives of the parliamentary political parties, the Prime Minister, the Minister for Labour and Social Affairs and the Minister for Finance. Three proposals made by the report were accepted by the policy makers: (1) to keep the key role of the PAYG mandatory basic pension scheme; (2) to introduce parametric changes in pillar I – a gradual increase of the retirement age; (3) to further develop supplementary voluntary pension provision (pillar III). The fourth proposal – the separation of financial resources of the first pillar from the state budget and the establishment of a financial reserve for future long-term reform, was not accepted. A more pragmatic short-term approach prevailed.

The actual development of the pension reform in 2008 was in line with the Czech Government reform programme (Programme Declaration of the Government, 2007), oriented towards parametric changes but also including two other aspects: the deregulation of existing private pension together with the proposal of introducing an opt-out option. In the context of

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<sup>1</sup> Programme Declaration of the Government 2007, retrievable from [http://www.mfcr.cz/cps/rde/xbcr/mfcr/KOPr\\_200703\\_EN\\_pdf.pdf](http://www.mfcr.cz/cps/rde/xbcr/mfcr/KOPr_200703_EN_pdf.pdf).

<sup>2</sup> <http://www.finexpert.cz/Rubriky/Budoucnost-penzijniho-pripojstveni-v-CR/sc-17-sr-1-a-23244/default.aspx>, The future of pension co-insurance, 9 September 2008, interview of Jiří Ruson for FinExpert.cz.

<sup>3</sup> <http://www.radio.cz/cz/zpravy/103479>.

the global economic crisis at the end of 2008, and after the Czech Government crisis in April 2009 it is now evident that this reform process will rest until the result of the autumn 2009 parliamentary election.

### **2.1.2 Overview of debates/political discourse**

The development of the political discourse and communication has importantly determined the quality, effectiveness and democratic dimension of social policy making and implementation in the Czech Republic. Yet, this process has currently been strongly influenced given the context of economic globalisation. Many policy actors are influenced through informal networks which are controlled dominantly by transnational corporations and by stakeholders in the financial sector. The present political discourse is thus influenced by traditional economic concepts which give little attention to the role of law, human rights and other normative approaches, which can be found in research and evaluation of public policy outcomes. This mainly economic view is reflected critically by a growing part of the society (trade unions, activities of seniors). The activities of the previous Czech Government in the period January 2007 to May 2009 is now evaluated in public surveys and by social partners (repeated strikes organised by trade unions in 2008-2009) as a socially non-sensitive, irresponsible, unbalanced approach to private sector interests. The Czech President Vaclav Klaus criticised the openness of the Czech Government to lobbying (*Rozhovor prezidenta republiky pro Lidové noviny*, 16 May 2009).

While the parametric changes in the basic pension scheme were publicly and politically accepted in 2008, other reform plans, oriented towards the deregulation of supplementary pension funds and also geared towards the opportunity to opt-out from the system, were subject of an intense and critical political discourse. Opposition parties (Social Democrats and Communists) and the Czech-Moravian Confederation of Trade Unions have been strongly critical during the past two years. The trade Unions organised a series of warning strikes, including a strike specifically against the pension reform in May 2008.

The actors involved in the political discourse on pension reforms can be grouped according to their interests and expected gains and losses (see Table 1). The recent political discourse did not result in a consensus on the pension reform. Important events in the discourse were the 2008 elections of regional self-administration and the Senate. The Social Democrats won both elections. During the electoral campaigns it became evident that within the Czech society negative expectations were on a rise, resulting from the continuation of reforms which are mainly geared towards stabilised public finances, including changes in the health care sector and the already discussed further changes in the pension system. Notwithstanding, the Czech Government continued, at the end of 2008, with the discussion and corresponding policy making of further pension reform steps.

Table 1a: Main national actors (representing the state), participating in pension reform debates/political discourse in the period 2006-2009

| Actors  | Website   | Their formal roles and responsibility,   | Their action in political communication  | Objectives of their action, interest  |
|---|---|--|--|---|
| Elected representatives in the two chambers of Parliament | <a href="http://www.psp.cz">www.psp.cz</a><br><a href="http://www.senat.cz">www.senat.cz</a>  | Public policy making, political decisions on the national level, legislation, control of the Government.   | Over-ruling style and corruption is prevailing as opposed to consensus and political stability.                          | In agreement with their manifestos.   |
| Political parties   | <a href="http://www.ods.cz">www.ods.cz</a><br><a href="http://www.cssd.cz">www.cssd.cz</a><br><a href="http://www.kdu.cz">www.kdu.cz</a>  | The political system is based on the free and voluntary foundation and free competition of political parties respecting fundamental democratic principles and rejecting force as a means of asserting their interests. | Agenda setting. Deficits in political culture and evidence-based approaches.   | Different according to individual parties and their ideology.   |
| The Czech Government                                      | <a href="http://www.vlada.cz/en/default.htm">http://www.vlada.cz/en/default.htm</a>   | The supreme body of executive power.   | The Government makes decisions as a body. Resolutions require the consent of an absolute majority of all its members.    |   |
| Government Commissioner for Human Rights                  | <a href="http://www.vlada.cz/en/pracovni-a-poradni-organy-vlady/zmocnenec-vlady-pro-lidska-prava/cinnost/zmocnec-en-17253/">http://www.vlada.cz/en/pracovni-a-poradni-organy-vlady/zmocnenec-vlady-pro-lidska-prava/cinnost/zmocnec-en-17253/</a> |  |  | Draws up national concepts for the long-term development of human rights protection for the Czech Government. |
| Government Legislative Council (GLC)                      | <a href="http://www.vlada.cz/en/ppov/lrv/uvod-en-24877/">http://www.vlada.cz/en/ppov/lrv/uvod-en-24877/</a>   | Advisory and working body of the Government responsible for work related to the legislative commitments (EU membership, plan of legislative work).   | A total of <b>six working commissions</b> have been established within the GLC. Insufficient public access to documents. | To protect implementation of constitutional rights, human rights and EU legislation.                          |
| Ministry of Labour and Social Affairs                     | <a href="http://www.mpsv.cz">www.mpsv.cz</a>  | Responsible for pension policy agenda and legislation, supporting and organising research of social development.   | Explaining to citizens reforms, policy making; legitimising changes.   | Public interests, solution of existing social problems.   |
| The Czech Social Security Administration (CSSA)           | <a href="http://www.cssz.cz/en/news/">http://www.cssz.cz/en/news/</a>   | Social insurance administrator including over 2.5 million pensioners receiving more than 3 million pensions.   | Publishes different informational matters (booklets, leaflets or annual reports).  | Looks after the social security issues of nearly 8 million clients.   |
| Ministry of Finance                                       | <a href="http://www.mfer.cz">www.mfer.cz</a>  | Administration of the public finance system and control tasks.   | Public access to public finance data   | State administration.   |
| Constitutional Court                                      | <a href="http://www.concourt.cz/">http://www.concourt.cz/</a>   | Jurisdiction over constitutional complaints.   | Reports substantiate its rulings in a complex way.   | To protect human rights against violation.  |

Table 1b: Main national actors (non-state, civic society), participating in pension reform debates/political discourse in the period 2006-2009

| Actors  | Website  | Their formal roles and responsibility,   | Their action in political communication   | Objectives of their action, interest  |
|---|--|--|---|---|
| Private pension funds and their Association         | <a href="http://www.apfcr.cz">www.apfcr.cz</a>                             | This is not a formal actor.  | Economic results in the past two years are not positive. They are loosing trust.  | Aiming at economic gains, as opposed to sustainable protection of pensioners.                 |
| Banks, investors                                    |  | They are not formal actors.  | They support the idea of pension reform based on pillars II and III.  | Control financial capital.  |
| Think tanks   | CEP<br>CEVRO<br>Liberální institut   | No formal actors, financed predominantly from private sources.   | They usually support private sector interests.  |   |
| Senior Council of the Czech Republic (Rada senioru) | <a href="http://www.rscr.cz/">http://www.rscr.cz/</a><br>civil association | Not explicitly formal actor, but they participate in democratic communication.                                   | There is evidently growing participation in political communication and public policy making events.                    | Their objective is focused on human dignity and quality of life of seniors.                   |
| Trade Unions  |  | In agreement with international law they are participating in social dialogue.                                   | They are in fact the most active actor in the present period oriented towards critical reflection of existing problems. | Their objectives are related to labour law and effectiveness of social protection mechanisms. |
| Society as whole; public interests                  | Centre for research of public opinion and others.                          | It is formalised by the Constitution of the Czech Republic.  | It is reflected in sociological surveys.  | Public interest.  |
| Trade market, entrepreneurs                         | Many actors  | Their representatives are formalised in social dialogue (tripartite setup).                                      | They communicate as tripartite partners.  | Their objectives are focused on the price/costs of the work force.                            |
| Mass media  | Very broad spectrum of actors  | Not a formal actor.  | TV, newspapers, internet portals.   | Democracy support.  |
| Research, and academic community                    | <a href="http://www.vupsv.cz">www.vupsv.cz</a> next to many others         | They represent independent research, funded from public finance according to the freedom of scientific research. | Books, scientific journals, public domains, public debates, theoretical, medial and public discourses.                  | Their objective is independent critical research and the development of knowledge.            |

In April 2009, an international seminar was organised by the Czech-Moravian Confederation of Trade Unions for experts and trade union representatives from other countries (Poland; Sweden; Hungary; Slovakia) together with representatives from the Czech Ministry of Labour and Social Affairs. The seminar evaluated risks of a pension reform allowing for an opt-out, especially in the context of the current economic crisis and the economic results of private pension funds and the negative burden of such reforms for public budgets and public pension schemes.



### 2.1.3 Impact assessment

The pension insurance reforms underway in the Czech Republic are gradual and concern primarily the system's parameters. In 2008, a further increase of the retirement age was implemented (as it has been described in the National Strategy Report in detail). But there is currently no broader political consensus as to how to continue with the reforms.

Earlier opportunities to reform the pension system more fundamentally were not taken advantage of. The so-called "transaction costs of the Czech Republic transformation process"<sup>4</sup> in the 1990s represented some CZK 600bn (*Analýza transformačních nákladů*, 2005). These transformation losses prevented the creation of the resources necessary to transform the pension system. Based on this situation, efforts to further reduce labour costs in response to globalisation did not, to some extent, allow for the possibility of building up adequate savings in the pension funds.

On a microeconomic level the impact of the pension system development is assessed by means of family accounts (household income and living conditions) and the consumer price index – data are collected and processed by the Czech Statistical Office<sup>5</sup> and supplemented by regular surveys by the Czech Sociological Institute (Public Opinion Research Centre). There is, however, a need of a more complex, independent evaluation, e.g. by the Research Institute for Labour and Social Affairs.<sup>6</sup> But the research institute has not been systematically geared towards this important subject. It is under the strict control of the MoLSA. If the pension system were to be discussed in a broader analytical framework, and not only in terms of positivistic descriptions or models of its parameters, then it would be necessary to evaluate the existing social context with growing income inequalities in the labour market (OECD, 2008b), and, subsequently, even more discriminating policies in the form of pillars II or III, which are neither targeted at redistribution nor do they provide for discussion of the topic of replacement rates. The PAYG system is somewhat in the situation of a poor Cinderella. It would require its own independent capacity for research and evidence-based policy formulations. Administrators of the pillars II and III have access to more resources and can finance academic researchers for their own objectives, purposes of political and media communications.

According to the poverty threshold indicators used by EUROSTAT, it may seem that the situation in the Czech Republic were favourable compared with other countries.<sup>7</sup> However, a relative poverty indicator of 60% of the median income, as used by EUROSTAT, does not

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<sup>4</sup> The meaning of the term "transaction costs" represents here a series of losses of the whole Czech economic system after the Velvet Revolution of 1989, during the economic and legal liberalisation. Such financial crises were usually caused by regulatory failures, frauds (so called "tunnelling" of national enterprises, banks or public health insurance funds). It was necessary to pay for such losses derogating the state budget. That means that privatisation revenues were in several cases used for such payments and it was not possible to use these assets for the purposes of pension reforms. CZK 600bn is roughly representing the financial flow in the Czech PAYG system over three years. In other words, we can speak about a lost opportunity from the perspective of public finance/the public pension fund, i.e. the price for the Czech transformation process was high.

<sup>5</sup> Czech Statistical Office, <http://www.czso.cz/>. Household income and living conditions 2006, retrieved from: <http://www.czso.cz/csu/2006edicniplan.nsf/engp/30n2-06>. Expenditures and consumption of households included in the Household Budget Survey in 2007, Volume I - Households by Status and Age of Head of Household, by Municipality Size, Income Brackets <http://www.czso.cz/csu/2008edicniplan.nsf/engp/3001-08>.

<sup>6</sup> Research Institute for Labour and Social Affairs, <http://www.vupsv.cz>.

<sup>7</sup> EUROSTAT poverty indicators for the Czech Republic should be further analysed, as the poverty rate is higher after social transfers than before social transfers.

reflect upon the fact that the actual purchasing power of the vast majority of the population is low even during their economically active years. The reduction of the pensioners' real income to below one half of their previous gross income leaves them close to the subsistence level.

There is a growing number of student's thesis focusing on ageing society and seniors' problems (Kovářová, 2006; Čížková 2008). They are usually reflecting the seniors' situation in a more complex approach, including normative aspects, quality of life criteria, their adaptability, etc. The Czech Statistical Office and official research activities organised by the state are mainly positivistic and contribute to a basic description, but not to in-depth and more complex research.

In addition to the above mentioned research activities, valuable and more realistic feedback is provided by civic associations of seniors and trade unions. In the Czech Republic, senior associations play an increasing but still not dominant role. The most interesting one is the Council of Seniors (*Výroční zpráva o činnosti rady seniorů České republiky za rok*). The senior associations are also cooperating with trade unions. Their growing political power might result in the future development of a more autonomous administrative control of the PAYG pension system. Yet, such an alternative is strongly dependent not only on the results of the elections to the Chamber of Deputies in autumn 2009, but also on the development of civic society and independent and more critical research, financed and organised by the public sector. The current political power of the private sector is higher and based on strong financial incentives to control private pensions funds. The Czech Republic has still not found its formula for an equilibrium of economic powers, the law and human rights. The public sector and its relevant legal and organisational forms are under the pressure of privatisation. Public corporations and neo-Bismarckian models are presented in the media and the private sector as "inefficient" and "old-fashioned" remnants of state activity.

#### **2.1.4 Critical assessment of reforms, discussion and research carried out**

The current discourse on pension policies in the Czech Republic is still open and may result in completely different strategies.<sup>8</sup> The solutions depend on the approaches employed to tackle the social consequences of economic globalisation. The consequences of an introduction of alternative pillars to pillar I is critically determined by the development of incomes and inequalities. Moreover, current returns of pillar III are very low (profit of about 1%) and are strongly determined by future cycles of economic growth and recessions.

The political discourse about different approaches to pension reforms ("pension wars"; political debates; different types of discourses) are characterised by two main alternatives, represented, for the one part, by representatives of financial markets together with right-wing political parties with neo-liberal arguments/measures (Harvey, 2005). Representatives of this group are also in the academic community and public administration. Actors of this part are often using lobbying techniques, with prevailing positivist scientific methodology falling short of a normative evaluation of social consequences, demographic projections of ageing societies, the retrenchment of the welfare state, but bringing arguments for the priority of economic growth, or the natural character of existing and future growth of income inequalities. Critical social situations like ageing of the society may be recognised by these actors as an entrepreneurial opportunity (Klein, 2007; Reich, 2008). Usually they do not work

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<sup>8</sup> In the theoretical discourse, the demographic pressure on pension policies is not so substantial and can be faced by a feasible sustainability of pillar I (Barr 2006). Financial markets are still rather an unstable factor in mixed public-private pension systems. Thus, economic factors play in fact a more risky role for pension systems than the demographic development.

with concepts of social exclusion, human rights, democracy. Their approach is oriented towards technical aspects and towards the discussion of a mixed-pillar structure within the pension system.

For the other part, there are usually trade unions, seniors, human right advocates, left-oriented or conservative political parties with preferences on solidarity, social fairness, a number of representatives of the academic community and public administration. These actors tend more to integrate in their work also normative methodology, evaluation of social impacts (legitimacy), measurement and discourse of income and other types of inequalities, living standard, quality of life, human rights, concepts of justice, conditions of working longer, investments in health and education (Večerník 1997, 2002). Financial sources of these actors, are limited to several foundations supporting democracy development (e.g. Open Society Fund). Oftentimes they are working on a voluntary basis.

The core of the above described policy conflict between the two groups is the control of financing in private pension schemes, entrepreneurial actions in the capital market in combination with neo-liberal measures of economic globalisation processes. Some of the consequences of such economic and social changes are now being reflected in growing social tensions, inequalities, discrimination and injustice (Hrubec, 2008; Hausner, 2007, Pick, 2008). Independent critical research of the current Czech society is inadequate and there is a need for new approaches to research policy.

Another question concerns the development of the Open Method of Coordination and its impact on the future evolution of the Czech pension reform. The Czech society nowadays confronts a new challenge of critical reappraisal of social policy, its efficiency, appropriateness and the impact of reforms in relation to the objectives agreed in the OMC – adequate retirement incomes for all and access to pensions (Skrivanek 2008). It could be supported also by the progress in the theory of social policy and public economics taught at universities (Hamernikova, 2007; Krebs, 2005; Potucek, 2005; Sirovátka, 2000; Keller, 2005). Innovative approaches to evaluate social protection policies – more people in work and working longer, progress in the research of determinants of health and diseases (Kopulety 2009) – are not widespread. Principles of functional approaches to public finance and welfare reforms in the context of a real convergence process, balancing contributions and benefits of pension schemes in an appropriate and socially fair manner are formulated only marginally in the theoretical discourse or in critical reflections by trade unions (Hamernikova, 2007; Expertni seminar, 2009).

## **2.2 Health**

### **2.2.1 Overview of the system characteristics and reforms**

The Czech health care system started after the 1989 velvet revolution with a legacy of the previous regime – an oversupply of beds, a shortage of technologies, low income of health care workers – but also with good human resources, including adequate management capacities and education. The early transformation in 1990-1994 was focused on market-oriented reforms in the provision of health care services together with a provider/purchaser split, including a pluralistic public health insurance model and a fee-for-service payment. This resulted in uncontrolled growth of total health care expenditures and thus it was necessary in the following period 1995-1997 to regulate the health insurance system: the number of health insurance funds was reduced from 27 to 9 and the Ministry of Health embarked on the process of restructuring the hospital sector (Czech Republic 2005).

The public health insurance system consists of self-administered organisations which are controlled and coordinated by the Ministry of Health, the Ministry of Finance, as well as the Government and the Parliament of the Czech Republic (Chamber of Deputies), and evaluated in terms of their economic results and insurance plans (monthly by ministries, yearly by the Cabinet and the Chamber of Deputies). The Cabinet and the Chamber of Deputies are informed at mid-year. This mechanism has consistently failed for many years. The Ministry of Health is responsible for the performance of large Medical Schools. Public administrators in 14 regions and Prague are responsible for the performance of district hospitals and the network of outpatient services, including pharmacies. Health care providers are financed by health insurance funds. But there is no coordination between the regional public administration and public health insurance funds. Communication between regions and the Ministry of Health is very difficult.

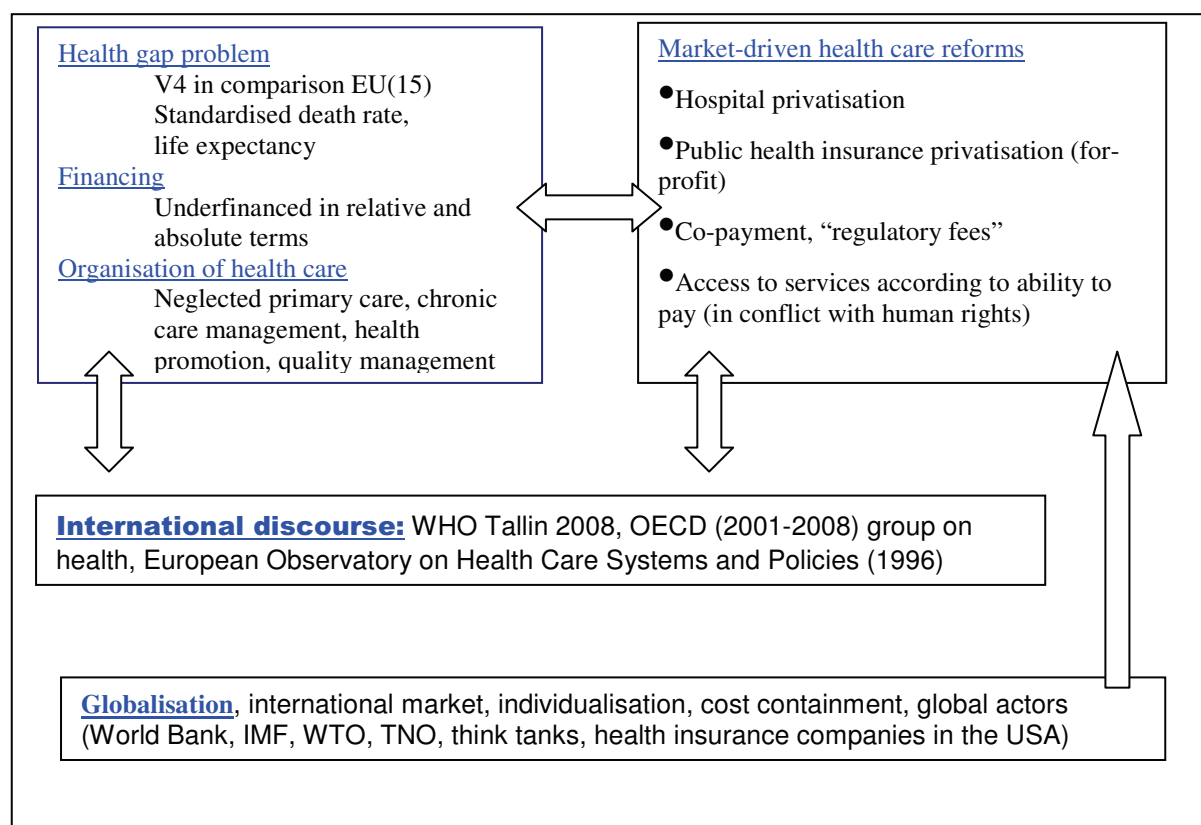
Another reform period before the accession to EU was devoted to a public administration reform and to the decentralisation of acute hospitals' administration from the state level to the regional level. Health care providers were suffering for many years from an unbalanced allocation of resources in the public health insurance system due to a faulty system of risk adjustment. Eight health insurance funds had growing surpluses and one large health insurance fund continual losses. The problem was solved after many years of recurring discussions in 2006. The pre-accession period was an opportunity to modernise and update health care legislation (medical devices; pharmaceuticals; public health; health care workers and their education) and its quality. However, this was only partly effective. Health policy priorities were oriented towards the further autonomy of the hospital sector. The organisational and legal form of many hospitals was changed by establishing institutions under private law which were still publicly owned – i.e. prepared for privatisation (Rokosova et al. 2005).

The most profound reform changes were introduced after the 2006 parliamentary elections resulting in a right-oriented coalition government. The leading political party (ODS – Civic Democratic Party) and its Minister for Health prepared several new acts which were targeted at the privatisation of large hospitals with medical schools and all nine public health insurance funds. At the beginning of reforms in January 2008, regulatory fees were introduced for all kinds of services and for all patients, without any social exemptions. Furthermore, ceilings of contributions for high-income groups were implemented.

The above described health care reforms were characterised by strong interests on the part of the health care providers and administrators of the health insurance system. But more attention to the health care system was also paid by entrepreneurs from other sectors and countries, financial markets, and health care policy was influenced by these different groups of actors, with different aims and objectives. After 2000, during the last reform period (2006-2008) an increased influence of neo-liberal measures and principles could be observed. Reforms in Visegrad countries were organised according to the same global scenario (Hava, Maskova-Hanusova 2009).

Such health care reforms were not aimed at the existing health gap problems, organisation of primary health care services or quality management in accordance with the international discourse of such problems, but on for-profit privatisation of health care services and health insurance.

Figure 1: Global context of reforms



The Czech health care system is still on the crossroads between a European social model and its American market alternative. Political decision is still in two minds about the alternatives.

For-profit privatisation of publicly owned hospitals and public health insurance would represent a practically irreversible change with consequences regarding access to health care. The development has been quite worrying, since only a limited number of citizens and policy actors have been fully aware of the risky consequences (Hava, Maskova-Hanusova, 2007a,b).

Total health care expenditure has been on the level of 7% GDP for many years and is growing in absolute terms per capita. It is determined by economic policy, economic growth and political decisions (contribution rate, transfers from the state budget to health insurance funds, out-of-pocket payments). Shadow economies may represent another 1% of GDP (personal estimation based partly on previous surveys in 2004, 2005).

Figure 2: Selected events of Czech health care reform between 2007 and 2009

- *Nov. 2007 – public finance reform incl. changes in health insurance and regulatory fees for health services*
- *Jan. 2008 – implementation of regulatory fees (all visits of all persons, outpatient, inpatient services, and in pharmacies)*
- *Apr. 2008 – principles of the seven reform acts were accepted by the Government of the Czech Republic*
- *Jun. 2008 – under the growing critical reflection of political opposition, trade union, medical schools, and even coalition partners three of these reform acts were stopped*
- *Oct. 2008 – elections to the Senate and regional self-government*
- *Nov. 2008 – four reform bills approved by Government*
- *Jan. 2009 – change of the Minister for Health (Filipiova)*
- *Feb. 2009 – discussion of reform bills postponed*
- *Feb. 2009 – After an extended political debate in Parliament about the complete abolishment of regulatory fees a compromise was achieved only in partial reductions of regulatory fees (group of persons, financial limits)*

Since 2008 the Czech Republic has been going through residual public finance reforms and through private substitution of public financing. Total health expenditures on the level of 7% or 8% of GDP are still below the average of EU-15 or OECD.

A continuation of the neo-liberal approaches in the Czech health policy and financing of health care would result in the severe growth of inequalities of accession to care and a widening of health gap (Háva, 2008, 2009). After alternative privatisation and conversion of public health insurance funds into private-for-profit organisations with a profit of 15% this would mean lower actual financial resources. Such development could result in a lack of modern technologies and a lower level of quality of health care. In fact, it would be the introduction of a two-tier system for higher and lower income groups or an even worse version corresponding to the present situation that all are members of public insurance but commensurate with the ability to pay more some patients would be able to receive better care.

### **2.2.2 Overview of debates and the political discourse**

The political discourse is a determining process of the health care reform. However, it is weakened due to missing research in the field of health care services or health policy. A critical reflection of social changes and an understanding of its global context is still not common.

There are strong interest groups, particularly those who are financed by the pharmaceutical industry, influenced by commercial actors (U.S. Commercial Chamber and its representations in individual countries) and other entrepreneurs expecting profitable business in the health

sector. Informal networks of these actors are relatively strong (Hava, Maskova-Hanusova 2009; Fric, 2008).

Reforms have been influenced by economic interests. The Czech society has not yet managed to develop a sustainable balance between financial interests and their social consequences. A major role in this plays a lack of legal awareness and collective identity. The 2007-2009 Government too one-sidedly put the emphasis on the financial goals of its economic policy, and did not fully appreciate the significance of social goals. This became manifest in low expenditures on education, health care and social policy (data see in OECD Fact Book, 2006, 2007, 2008 e.g.).

Reform efforts have met with fierce criticism from the opposition as well as from certain Members of the Parliament from the government coalition parties. The Ministry of Health, however, had stubbornly tried to continue with the reforms and to dose them out in smaller bites. In mid 2008, the Prime Minister had to curb the activities of the Minister for Health, who had ordered, as the founder of some large hospitals, that preparations for their privatisation commenced, without the relevant political decisions reflected in changes of the legal framework. This event illustrates the approach with which the former Ministry of Health tried to gain power and ownership control over key organisations in the health care system.

The position of citizens as actors of health policy is weak. They are not informed, access to economic data is limited and rather complicated and difficult to understand. Health insurance funds are in fact public corporations, but public representatives in these corporations are not democratically elected and they do not act according to their role as public owners. There is still little understanding of governance in the public sector, of distinctions between public and private law and of the mix of the public and private sector, and of market failures.

The consequences of economic globalisation – reduction of the public sector and solidarity, the loss of collective identity – play a major part in Czech health care policy. Media discourse, however, does not sufficiently reflect on the newly developing risks for the further development of the health care system. Paradoxically, the media often pay more attention to numerous technical details of regulatory fees. Civic society is starting to reflect critically upon the situation. There is, however, a shortage of information and, consequently, a lack of knowledge. It would therefore be very useful to provide translation of some of the numerous relevant books and documents published by the EU, the European Observatory on Health Care Systems and Policies and the OECD. European structural funds are used in the Czech Republic primarily in the area of e-health, with little attention paid to other sectors.

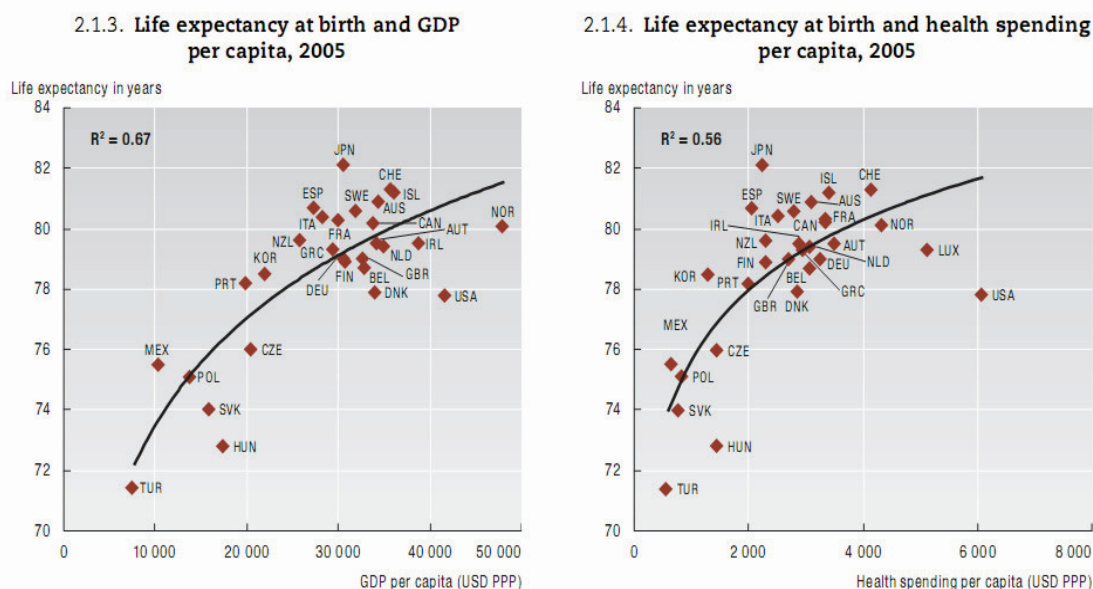
### **2.2.3 Overview of impact assessment**

Evaluation frameworks of health care systems are usually concerned with health status developments, effectiveness of health and disease determinants (health promotion), organisation of health care services, access to services and their quality, human resources, financing and payment mechanisms, macroeconomic sustainability, development of total health care expenditure both in per capita or percentage of GDP terms. Such evaluations include also policy analyses, evidence-based approaches to health policy making vs. the role of informal lobbying. An important, but complicated subject of study is the health care law system and its relation to the system of international law, human rights, and human rights protection (WHO report 2000, Murray, 2000; Roberts et al, 2004; Saltman, Figueras, 1997).


Basic descriptive and comparative evaluations of the Czech health care system are published by the European Observatory on Health Care Systems on behalf of the European Office of the WHO in Copenhagen (Rokosova et al, 2005; Highlights on health 2005, Czech Republic 2005).

The Czech health care system suffers from a number of imbalances in its financing and its organisational arrangements, as well as from a low level of social responsibility (Rokosova 2005; Háva, 2008, 2009). Its financial resources are on a lower overall level than is the average of developed OECD or EU countries. The health gap and the gap in the economic level (the share of overall health care expenditures in GDP and the absolute amount of expenditures recalculated per capita) next to problems in the sphere of human resources, health promotion and insufficiently developed mechanisms of a modern system of governance are producing an unsustainable situation for the further development of the Czech health care system.

Graph 1: Life expectancy and GDP in OECD countries (2005)



Source: OECD Health Data 2007.

StatLink  <http://dx.doi.org/10.1787/113221054683>

Obesity, tobacco consumption, the mental health reform, the primary health care reform, the development of public corporate governance, transparent data collection and processing, together with easy public access – though posing major problems with regard to health promotion, health care organisation or financing – were not the important subject of the reforms. The health gap (in terms of standardised mortality rates or life expectancy) of the Czech Republic in comparison with the EU-15 is widening, the incidence of tumors is one of the most intensive in international comparison. The Czech Republic has currently no action plan against obesity. Health promotion infrastructure and effectiveness are critical (Hodnocení politiky podpory zdraví, 2004).

Preventive care is still performing relatively well when it comes to care for mothers and children, including vaccination. Other types of preventive care are more dependent on economic incentives (e.g. mammography). The worst situation is in the case of primary preventive care, health education and investments into health via public and social



programmes (health promotion). The results are an increased rate of obesity, tobacco consumption, incidence of tumors and numerous civilisation or chronic diseases.

There are important inequalities as regards access for the homeless and ethnic minorities (immigrants, especially illegal immigrants). Furthermore, there are differences in the access to health care in terms of a novel supply of private services for patients who are able to pay more (in Prague). The respective facilities may contract insurance funds and, at the same time, also ask for out-of-pocket payments. They offer their patients what they call a higher quality of care – no waiting times, preventive care etc.

Health technology assessment is not used to an effective scale. The evaluation of health and health care policies is still insufficient.

## **2.2.4 Critical assessment of reforms, discussion and research carried out**

To the public, reforms reducing the public role are explained by the authors of the reforms, in the terms of their short-term approaches and causes, as a necessary consequence of the achievement of the economic convergence criteria (EU accession; single currency). In the long run, such a strategy can easily constitute a disruption in the accessibility of health care and the development of two levels of health care, depending on the patient's ability to pay. But such an approach could lead to increased social exclusion of more groups in the future.

Present health care policy makers scare the public with the consequences of future demographic developments. Many politicians understand demographic developments as inevitable, without looking for ways of addressing them or discussing the factors which cause them. Demographic developments have become some sort of a handy argument for liberal politicians supporting the “shock-changes” of related policies,<sup>9</sup> without further ado about legitimate and socially beneficial alternatives of public and social policies.

The health care reform of 2008, introducing regulatory fees, payable by patients who were hospitalised, visiting a physician or purchased drugs at a pharmacy led to a reduction in the utilisation of health care services. But this measure led to quite some dissatisfaction, discrimination of low income groups also on the part of politicians in opposition. In the elections of autumn 2008 this regulatory experience was looked upon by many patients as negative. After a public and political debate major liberal reform measures were stopped (privatisation of large hospitals and public health insurance funds – both these measures were in conflict with applicable law).

When comparing total health care expenditures (THCE) in relative and absolute terms it can easily be recognised that health care systems in such countries like the Czech and Slovak Republic or Hungary and Poland are underfinanced in comparison with EU-15. More OECD member countries raised their total health care expenditures as a percentage of GDP from 6 to 9.5 (in average). This development was strongly influenced by new effective technologies and it is also related to an improved health status in terms of mortality rates. Visegrad countries continued during the past 15 years their financing on the level of 6%. Yet, more developed countries raised their THCE as a percentage of GDP even during the period of slow economic growth. Health was accepted in these countries as a priority. In comparison with this trend, the current health care reforms in Visegrad countries were oriented towards totally different objectives: to achieve lower utilisation of health care services, and lower THCE. This means at the same time worse parameters of health status (life expectancy, mortality rate) than in the

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<sup>9</sup> Klein, N. *The Shock Doctrine. The rise of disaster capitalism.* Metropolitan books, New York 2007.

EU-15. It is questionable if such an orientation of health care reform can be regarded as a politically acceptable decision, creating a long-term comparative disadvantage.

A modern approach of primary health care includes a coordinated provision of services by general physicians and specialists. With regard to the number of staff or the character of human resources management in the health care sector, the prevailing approach in the Czech Republic is liberal, relying on market forces. Now, the country is approaching a new era of managed care and a further reduction and cost containment strategies can be expected. Such trends would be nevertheless incompatible with the current debate of the labour market concept “living longer - working longer”.

No such thing as a group purchasing of medical devices has been implemented in the hospital sector. This sector loses more than CZK 10bn each year. Several relevant activities were in fact stopped in the field of research, assessment and evaluation. In 2005, the Institute of Health Policy and Economics, the research institute of the Ministry of Health, responsible for the scheduling of health policy research, health services research, health promotion and health economics was abolished.

Quality improvement in the health care sector lacks a number of factors, reaching from proper health care legislation, an effective pharmaceutical therapy system (medication policy), education and human resource management in health care, health care service research, all the way through to the development of treatment procedures and standards.

The present political discourse in the Czech Republic interprets the ageing of the society as a problem rather than a challenge to which we must respond in line with existing human rights related to health. Human rights related to health are a neglected aspect, as well as their efficient reception and, above all, deficits of human rights protection mechanisms. The recently discussed changes in the organisational and legal form of hospitals and health insurance funds could mean nearly irreversible long-term implications.

### **2.3 Long- term care**

Long-term care services make part of primary health care comprising home care, rehabilitation facilities, daily stationary health and social care, residential long-term care facilities in the health care and the social sector, psychiatric hospitals, mental health care on community level, psychotherapists/psychologists, pharmacies, meals on wheels, and, for example, different types of social services. Long-term care services are in the competence of two ministries: the Ministry of Labour and Social Affairs (social sector), and the Ministry of Health (health sector). It is not easy to achieve efficient co-ordination in the policy making process of these two ministries and, linked with it, also on community level (policy implementation). The Czech society is trying to find the optimum in the public-private mix of long-term care.

Long-term care in the social sector is currently provided according to the Act No. 108/2006 Coll. on Social Security. After the reform change in 2006 new market-oriented principals have been implemented (deinstitutionalisation of services, contracting of services between providers and users, and purchasing of services directly by users who receive financial benefits). General principles of the Act No. 108/2006 Coll. on Social Security are up-to-date and in agreement with human rights related to social rights. But the implementation of this new tool in providing social services is nevertheless connected with many unexpected practical problems as to their organisation, administration and financing (Social services;

Matoušek, 2007). There is an obvious need for better regulation of this sector, using evidence-based approaches (evaluation research).

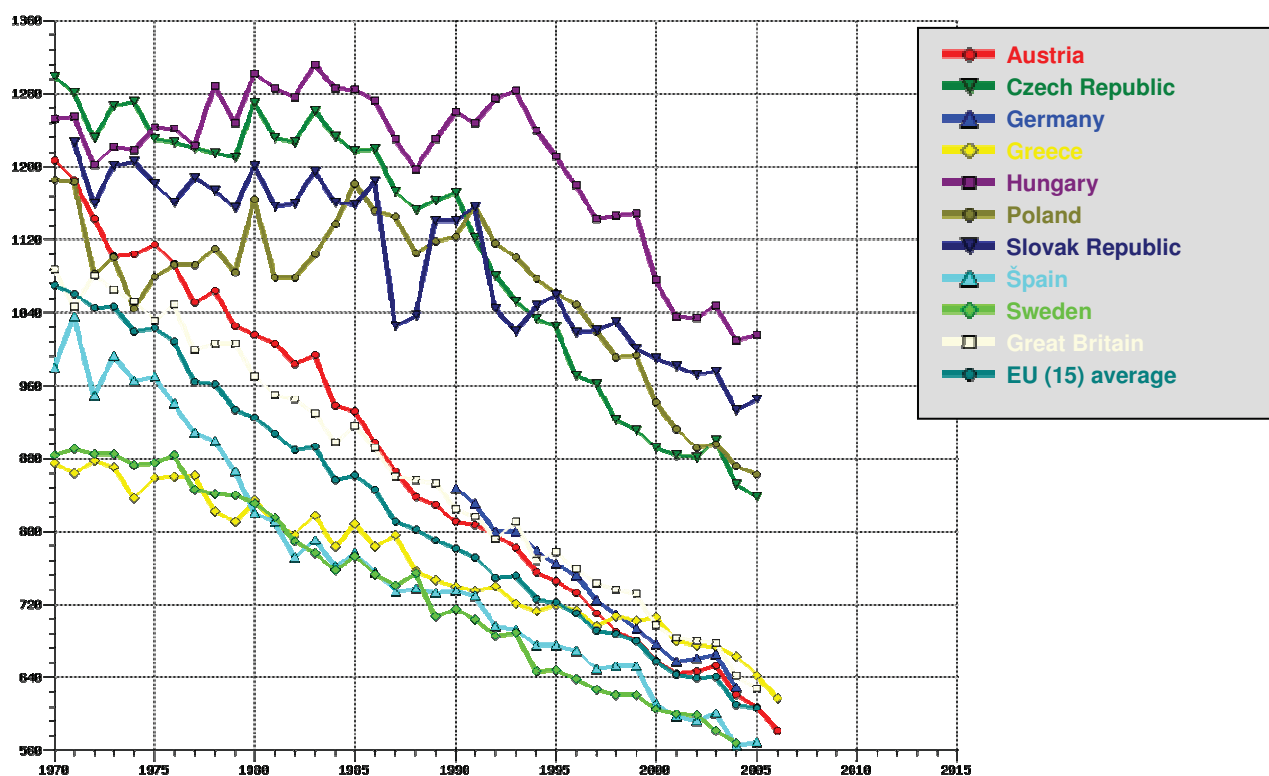
An important coordinator for the provision of health care services on community level is the general practitioner. They also coordinate care between acute hospital care and inpatient long-term care. The coordination of care and rehabilitation in in-patient long-term health care facilities (e.g. following myocardial infarction or stroke) functions well, except for small area variances. Home care is provided by agencies – some of them do coordinate health and social care.

Long-term care facilities (both in the social sector and health sector) are confronted with growing problems as they are underfinanced. Long-term care is not effectively coordinated on community level. The primary health care segment is being neglected, physicians are not systematically involved in further education focused on geriatric care. Outcomes of long-term care and the health status of elderly above the age of 64 are below the EU average (old Member States). The health gap of this age-group is growing, and 10% of elderly in residential social care facilities are victims of violation (Habart, 2005).

But the Government and the Ministry of Health had other priorities (privatisation) on their agenda rather than optimising long-term health care. Against this background, long-term care is in fact seriously vulnerable. There are differences in the level of care. Some inpatient long-term care facilities provide good quality, but unfortunately they are in the minority.

The relation between health outcomes and long-term care is not satisfactorily analysed. It would be useful to analyse the health status of elderly people (general and specific mortality rates, international comparison).

Graph 2: Standardised death rates in selected European countries 1970-2005 (all causes, all ages, men and women)



Source: WHO/Europe, European HFA Database, July 2008

Already last year, the Czech Association of Patients asked the Ministry of Health for a central register of complaints, yet there has been no reaction so far. Protectors of human rights play an important role especially in mental health long-term care facilities where an intense discussion about the quality of services has been embarked upon. There have also been voluntary activities in facilities of long-term social care which have helped to improve the situation in several cases of bad managerial practices and violation of clients. Moreover, relatives of patients have a stake in the improvement of quality, too. It is noteworthy to point out that civic society activities play an important part in this respect.

### **3 Impact of the Financial and Economic Crisis on Social Protection**

The Czech Republic is currently facing two parallel economic changes/crises: firstly, it is confronted with consequences of its own reform changes, politically decided<sup>10</sup> at the end of 2007, and implemented as from January 2008 (reduction of tax and social contribution, cutbacks in public spending – see Table 2: Main macroeconomic indicators; preliminary forecast of government expenditures). It was expected, that shortages from income tax would be substituted by VAT and consumer tax. But the objectives of the reform of public finance (so-called stabilisation of public budgets) expected a mere 0.5% increase of government expenditures in 2009 and a 0% increase in 2010. In fact, the public sector is under the pressure of serious shortages and at the same time provides its financial means to help the private sector (household consumption). This situation cannot be sustained, and one must expect difficulties in the public sector in the next two years if no corrections are made. It is necessary to mention here that tertiary education and health care have been among those spheres suffering from underfinancing for several years.

At the same time, it is surprising that such anticipated zero growth in state expenditures were accepted by the Chamber of Deputies. But what is even more troublesome is the fact that the Czech Republic falls short of a real economic policy which would represent the framework for a holistic evaluation of the relations between public finance revenues and expenditures together with economic and social objectives of the country. Czech documents related to the Lisbon strategy (National Reform Programme and other related documents and activities) are rather formal in this respect, i.e. they do not sufficiently reflect on an economically and socially responsible approach to public policy.

The Czech Government in the period 2006-2009 (Prime Minister Topolánek) has been conceived critically by the society, favourising economic globalisation trends by implementing neo-liberal measures. A very negative evaluation of the Government was surprisingly formulated also by the Czech President Klaus, pointing out negative aspects and a lack of potential of the Government in terms lobbying (Rozhovor prezidenta republiky pro Lidové noviny o pádu vlády, proměnách ODS a Lisabonské smlouvě, 2009).

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<sup>10</sup> Act on stabilisation of public budgets No 261/2007 Coll. from 19 September 2007.

Table 2: Forecast of main macroeconomic indicators

|   |                                 | 2005 | 2006 | 2007 | 2008           | 2009            | 2010 | 2008                     | 2009 | 2010 |
|---|---------------------------------|------|------|------|----------------|-----------------|------|--------------------------|------|------|
|   |                                 |      |      |      | <i>Prelim.</i> | <i>Forecast</i> |      | <i>Previous forecast</i> |      |      |
| Gross domestic product                      | <i>increase in %, const.pr.</i> | 6,3  | 6,8  | 6,0  | 3,2            | -2,3            | 0,8  | 4,0                      | 1,4  | 2,1  |
| Consumption of households                   | <i>increase in %, const.pr.</i> | 2,5  | 5,4  | 5,3  | 2,8            | 0,9             | 0,9  | 2,9                      | 3,2  | 3,0  |
| Consumption of government                   | <i>increase in %, const.pr.</i> | 2,9  | -0,7 | 0,4  | 0,9            | 1,8             | 1,2  | 1,5                      | 0,5  | 0,0  |
| Gross fixed capital formation               | <i>increase in %, const.pr.</i> | 1,8  | 6,5  | 6,7  | 3,1            | -4,9            | -0,2 | 4,5                      | -0,2 | 2,0  |
| Contribution of foreign trade to GDP growth | <i>p.p., const.pr.</i>          | 4,6  | 1,6  | 1,0  | 2,1            | -1,6            | 0,5  | 2,9                      | -0,7 | 0,2  |
| GDP deflator                                | <i>increase in per cent</i>     | -0,3 | 0,9  | 3,6  | 1,7            | 1,9             | 0,7  | 1,3                      | 1,8  | 1,8  |
| Average inflation rate                      | <i>per cent</i>                 | 1,9  | 2,5  | 2,8  | 6,3            | 1,1             | 0,9  | 6,3                      | 1,3  | 2,1  |
| Employment (LFS)                            | <i>increase in per cent</i>     | 1,2  | 1,3  | 1,9  | 1,6            | -1,0            | -1,6 | 1,5                      | -0,3 | -0,8 |
| Unemployment rate (LFS)                     | <i>average in per cent</i>      | 7,9  | 7,1  | 5,3  | 4,4            | 6,1             | 7,5  | 4,4                      | 5,2  | 5,9  |
| Wage bill (domestic concept)                | <i>increase in %, curr.pr.</i>  | 6,9  | 8,0  | 9,3  | 8,4            | 2,7             | 2,3  | 8,1                      | 4,2  | 5,3  |
| Current account / GDP                       | <i>per cent</i>                 | -1,3 | -2,6 | -3,2 | -3,1           | -2,9            | -2,6 | -2,8                     | -1,8 | -1,7 |
| <i>Assumptions:</i>                         |                                 |      |      |      |                |                 |      |                          |      |      |
| Exchange rate CZK/EUR                       |                                 | 29,8 | 28,3 | 27,8 | 24,9           | 26,9            | 25,0 | 25,0                     | 25,6 | 24,7 |
| Long-term interest rates                    | <i>% p.a.</i>                   | 3,5  | 3,8  | 4,3  | 4,6            | 4,3             | 4,5  | 4,6                      | 3,8  | 3,8  |
| Crude oil Brent                             | <i>USD/barrel</i>               | 54   | 65   | 73   | 98             | 53              | 66   | 98                       | 55   | 69   |
| GDP in Eurozone (EA-12)                     | <i>increase in %, const.pr.</i> | 1,8  | 3,0  | 2,6  | 0,8            | -3,3            | -0,5 | 0,9                      | -1,0 | -0,7 |

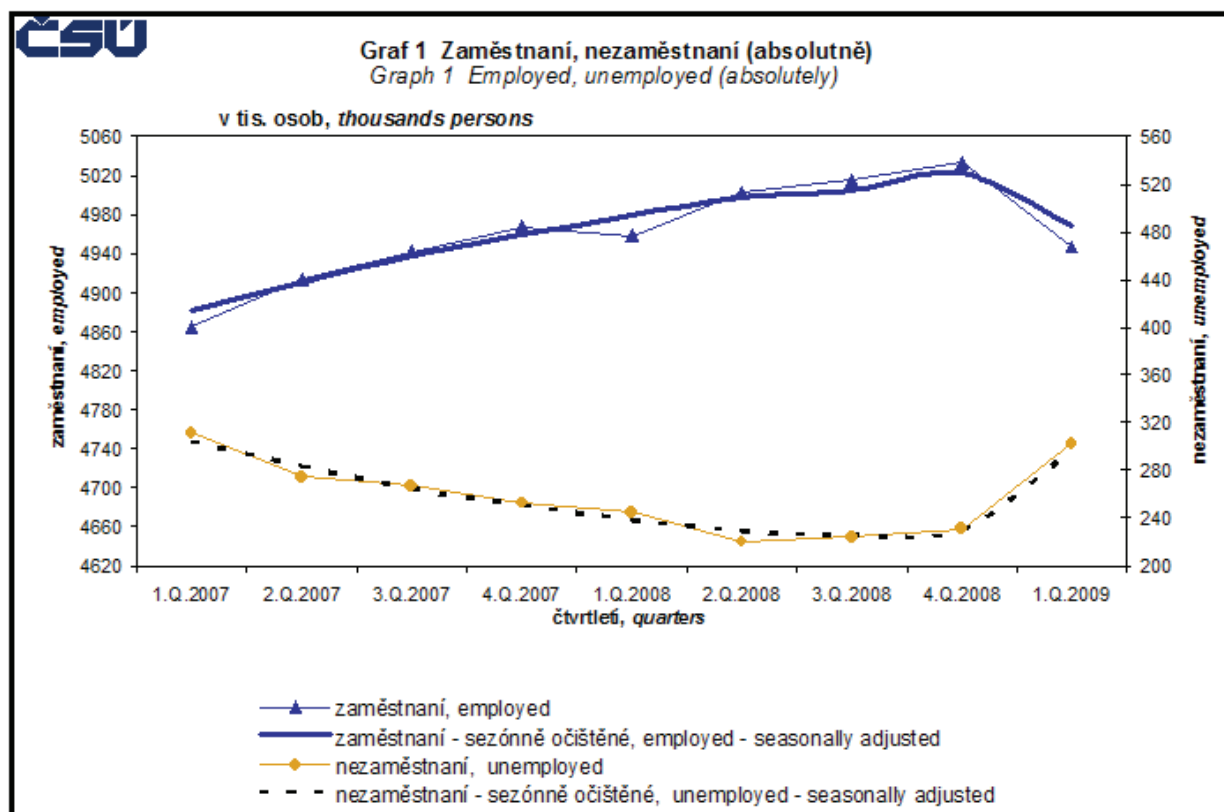
Source: Macroeconomic Forecast Czech Republic, Ministry of Finance, April 2009

Further to the national reform measures taken as described above, the national economic crisis has been severely accelerated by the global financial and economic crisis.

### 3.1 Impact on labour market developments

Both of the above mentioned economic processes have been influencing domestic demand and have social consequences in terms of growing unemployment (see Table 2 and Graph 3), high inflation (about 6% in 2008), and cuts in social, health and education expenditures).

Graph 3: Employed, unemployed (absolutely)



Source: Czech Statistical Office

Possibilities to mitigate the influence of the economic crisis are limited due to a marked dependence of the Czech economy on export. Short-term effects as to growing domestic demand can be expected from a promotion of household consumption or infrastructural investment from public budgets. Long-term solutions for improvement are of structural character and would be based on modernisation, research, education and the development of new products as well as a diversification of export markets (Economic crisis, 2009). The present vulnerability of the Czech economy is caused by a loss of its previous capacity to deliver complete plant equipments to markets in developmental countries and the ability to produce more complex products in. The structure of the industry was reshaped and the Czech Republic is now in a position of a subcontractor waiting for the demand for its services from neighbouring countries.

Table 3: Unemployed and vacant jobs in 2008 and early 2009

| Period             | Unemployed persons | Unemployment rate<br>% | Vacant jobs    |
|--------------------|--------------------|------------------------|----------------|
| 4 / 09             | 456,726            | 7.9 %                  | 50,517         |
| 3 / 09             | 448,912            | 7.7 %                  | 55,412         |
| 2 / 09             | 428,848            | 7.4 %                  | 64,881         |
| 1 / 09             | 398,061            | 6.8 %                  | 68,494         |
| <b>year / 2008</b> | <b>352,250</b>     | <b>6.0 %</b>           | <b>91,189</b>  |
| 12 / 08            | 352,250            | 6.0 %                  | 91,189         |
| 11 / 08            | 320,299            | 5.3 %                  | 111,307        |
| 10 / 08            | 311,705            | 5.2 %                  | 130,124        |
| 9 / 08             | 314,558            | 5.3 %                  | 139,557        |
| 8 / 08             | 312,333            | 5.3 %                  | 150,907        |
| 7 / 08             | 310,058            | 5.3 %                  | 150,240        |
| 6 / 08             | 297,880            | 5.0 %                  | 151,900        |
| 5 / 08             | 302,507            | 5.0 %                  | 151,344        |
| 4 / 08             | 316,118            | 5.2 %                  | 152,267        |
| 3 / 08             | 336,297            | 5.6 %                  | 151,311        |
| 2 / 08             | 355,033            | 5.9 %                  | 150,328        |
| 1 / 08             | 364,544            | 6.1 %                  | 145,921        |
| <b>year / 2007</b> | <b>354,878</b>     | <b>6.0 %</b>           | <b>141,343</b> |
| 12 / 07            | 354,878            | 6.0 %                  | 141,343        |
| 11 / 07            | 341,438            | 5.6 %                  | 141,280        |

Source: <http://www.kurzy.cz/makroekonomika/nezamestnanost/A=1>

### 3.2 Measures discussed to tackle the crisis

Political discourse about the economic crisis and its impacts started in the Czech Republic in November 2008. In January 2009 Prime Minister Topolánek established an expert advisory and consultative body to the Government of the Czech Republic dealing with questions of the economy – the Government's National Economic Council (NERV, 2009). A National Anti-Crisis Plan was introduced on 18 February (Národní protikrizov plán, 2009).

Table 4: Overview of the Government's National Anti-crisis Plan measures and their impacts on general government in 2009 (annual basis)

| Measures  |   | R&E of the General Gov. |      |              |
|---|---|-------------------------|------|--------------|
|   |   | ESA 95 (in CZK bn)      |      |              |
|   |   | Rev.                    | Exp. | (R-E)        |
| <b>I. Realised and approved measures</b>                |   |                         |      |              |
| 1.  | Integration of resources from reserve funds   |                         | -1,5 | 1,5          |
| 2.  | Increase in guarantees to small and medium-sized enterprises                                | -0,5                    |      | -0,5         |
| 3.  | Support of agriculture entrepreneurs  |                         | 2,3  | -2,3         |
| 4.  | Increase in the Program of Countryside Development  |                         | 0,3  | -0,3         |
| 5.  | Investments in R&D above the framework approved by the state budget                         |                         | 0,3  | -0,3         |
| 6.  | Increase in investments into traffic infrastructure   |                         | 7,2  | -7,2         |
| 7.  | Increase in public sector wages   | 0,4                     | 2,7  | -2,3         |
| 8.  | Increase in expenditures on direct payments - co-financing                                  |                         | 1,0  | -1,0         |
| 9.  | Decrease in the social security contribution paid by employees by 1. p. p.                  | -18,4                   |      | -18,4        |
| 10.   | Decrease in the rate of the CIT   | -6,0                    |      | -6,0         |
| 11.   | Increase in the base capital of the Czech Export Bank                                       |                         |      | 0,0          |
| 12.   | Increase in the insurance coverage of the Export Guarantee and Insurance Corporation (EGAP) |                         |      | 0,0          |
| 13.   | Change of the law on the insurance of a state-supported export                              |                         |      | 0,0          |
| 14.   | Fiscal impulse of a support of R&D  |                         | 1,9  | -1,9         |
| 15.   | Decrease in advance payments on income taxes  |                         |      | 0,0          |
| 16.   | Broadening of the VAT deduction on personal vehicles  | -2,4                    |      | -2,4         |
| 17.   | Abolition of advances for taxpayers with less than 5 employees                              |                         | 1,0  | -1,0         |
| <b>Total</b>  |   |                         |      | <b>-42,1</b> |
| <b>II. Measures so far not approved or not realised</b> |   |                         |      |              |
| 1.  | Reductions for employers on SSC and the contribution for the state employment policy        | -18,0                   |      | -18,0        |
| 2.  | Faster depreciation in the 1st and 2nd depreciation group                                   | -9,4                    |      | -9,4         |
| 3.  | Guarantee and a support of small and medium-sized enterprises' credits                      |                         | 2,1  | -2,1         |
| 4.  | Subsidy programme of an energy buildings' demandingness reduction                           |                         | 0,0  | 0,0          |
| 5.  | Boost of the subsidy programme "PANEL"  |                         | 0,6  | -0,6         |
| 6.  | Expenditure increase in the provision of transport services                                 |                         | 2,0  | -2,0         |
| 7.  | Decrease of VAT on selected services  | -6,4                    |      | -6,4         |
| <b>Total</b>  |   |                         |      | <b>-38,5</b> |

Impacts of the mentioned measures are calculated under ESA 95 methodology. For this reason, they may differ from actual claims to public financing. E.g. an increase in CEB capital will take the assumed CZK 2bn, but in ESA 95 it is a financial operation that has no impact on the balance because one financial asset (decline in financial means) is just exchanged for another (increase in the state's stock in CEB). Similarly, involvement of means from reserve funds to cover the state budget deficit will represent a source of financing for the state budget, but it is not recognisable under ESA 95. Neither postponement of advance payments representing dropout in cash tax receipts means a change in the size of accrual taxes. In the case of reduction of the VAT rate on selected services, a yearly impact is given. However only its half size is included in the size of the reported deficit as this change is assumed to be effective from mid-year.

In connection with the Government's National Anti-crisis Plan, a positive impact of tying of individual chapters' operational costs is not mentioned as these means will be used to cover increased claims on social mandatory expenditures.



The National Anti-Crisis Plan included:

- *The total costs of the anti-crisis measures will make up 1.95% of GDP. The stimulus is equal to 4.7% of GDP.*
- *The plan created by NERV is the second stage of the Government's strategy which Mr Topolánek presented already in December.*
- *The first stage was implemented between October 2008 and January 2009. It included lower taxes for businesses, use of money from reserve funds of ministries and support to businesses in agriculture.*
- *The national anti-crisis plan also reckons with a drop in social insurance contributions, faster write-offs and a remission of advance income tax payments for small businesses and entrepreneurs.*
- *The proposals also concern the securing of regional transport, guarantees for loans from Ceskomoravská záruční a rozvojová banka (CMZRB - guarantee and development bank), thermal insulation for buildings and investments into R&D. (Anti-crisis measures, 2009)*

In January and March 2009 Czech-Moravian Confederation of Trade Unions (CMKOS) published a Study Analysing the Present Economic Crisis (Economic crisis, 2009). It is a two part document, published in Czech language in January and March (English version published in April 2009). CMKOS is a formal partner of the Czech (tripartite) social dialogue between the Government, the trade unions, the Confederation of Industries of the Czech Republic, and the Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic. Social dialogue is roofed under the Council of Economic and Social Agreement by the Ministry of Labour and Social Affairs. This tripartite platform for social dialogue with the Czech Government meets regularly on a monthly basis. CMKOS was among to the most critical actors in the period 2006-2009 and organised several warning strikes. The Confederation also formulated a set of suggestions in reflection on the National Anti-Crisis Plan. The following section, relating to the reforms of social security and public finance in the Czech Republic - Integrated Revenue Administration (Czech Republic. Report on a Vision and Strategy, 2009), are taken from that document (Economic crisis, 2009).

*“The CMKOS study analyses the risks stemming from the strengthening of economic restriction in connection with a reduction of taxes and social security contributions and points out the lack of budgetary reserves for alleviating economic and especially social repercussions of the economic crisis in the Czech Republic.*

*According to the study the precondition for effectiveness of any measures is a close involvement and co-operation of major stakeholders - the Government, employers and workers, both at the domestic and EU level.*

*It is necessary “to unfold a social safety net”. In this area, key measures include the following:*

- *Increasing social benefits and extending the period of their payment. This applies mainly to unemployment benefits, sickness and family benefits (social assistance benefits) and allowances providing relief in acute distress situations. Equal attention should be paid to living conditions of pensioners, considering possible extraordinary valorisation of pensions.*
- *Resolutely rejected should be the policy of reducing public expenditure in the area of social transfers, which is the basis of the public finance reform implemented by the Government. Large groups of the population are likely to be affected by the expected increase of*

*unemployment, including long-term unemployment. These workers cannot be treated as individuals who refuse to work and opt for being supported by social benefits and allowances. It is not possible to tolerate that these workers, hit by the crises for which they are not responsible, would become impoverished, together with their families. One should also consider the ensuing possible increase of crime.*

- *Fieldwork in the social area has to be considerably strengthened. It should be aimed at a systematic identification of persons who are in need of assistance (individuals with specific handicaps, older persons, etc.). In major cities, which are threatened by emergence of slums, social support centres should be established to counter emergence of ghettos of low-income people with all accompanying adverse phenomena observed already in some places. This would require a change of principle in the existing social systems. The policy followed by the Government was designed for a period of prosperity and has been aimed mainly at reducing public expenditure across the board.*
- *Needed is also a change in the framework of housing regulations including regulation of rents. It is necessary to promote the systems of social housing and to redefine the concept of usury. A new system of refinancing of mortgages should be developed with a view to dealing with situations where, due to the crisis, people are unable to repay their debt.*
- *In addition to regulation of rents the Government should consider the introduction of regulation of prices for items of basic need, in particular the prices of fuel and energy.*
- *Additional allocation of resources should also be directed at active labour market policies and employment policy as a whole.”*

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- WORLD HEALTH ORGANISATION, *Highlights on health in the Czech Republic*, European Office, 2005

## 4 Abstracts of Relevant Publications on Social Protection

### [R] Pensions

[R1] General trends: demographic and financial forecasts

[R2] General organisation: pillars, financing, calculation methods or pension formula

[R3] Retirement age: legal age, early retirement, etc.

[R4] Older workers activity: active measures on labour market, unemployment benefit policies, etc.

[R5] Income and income conditions for senior workers and retired people: level of pensions, accumulation of pensions with earnings from work, etc.

**[R5, R1]** ČÍŽKOVÁ, L., «Nerovnováhy v životních situacích seniorů a jejich představy o způsobu intervence, Thesis, Masarykova univerzita Brno 2008,

[http://is.muni.cz/th/185241/fss\\_m/?lang=cs](http://is.muni.cz/th/185241/fss_m/?lang=cs)

“The imbalances in seniors’ life situations and their ideas of the ways of interventions”

*The thesis deals with the problems of social services for seniors, and, respectively, to which degree the structure and the offer of these services in a given locality reflect the needs of seniors. The main research question of the thesis is: “Which imbalances in the seniors’ lives can be noticed in the chosen localities. What ideas about the ways of intervention have the seniors and to what extent is this intervention accessible in the chosen locality.”*

*The theoretic part determines in four chapters the target group of seniors as persons with limited abilities to satisfy their everyday needs, itemises unfavourable life situations of an old person, gives an account of ideas of elderly about contented old age and about the ways of intervention. The last chapter concerns the social services, i.e. the instruments of intervention.*

*The methodological part accounts for the choice of the qualitative strategy, the data collection methodology, the examination and survey units. It depicts operational issues of research interrogation and organisational aspects.*

*The analytic part concerns analysis and interpretation of the established facts in the following areas: characteristics of the chosen locality, characteristics of the seniors’ life situations, imbalances in the seniors’ life situations and how seniors experience and solve it, expectations and conceptions of seniors about happy old age, and the ways and range of accessible intervention in the chosen locality.*

*In conclusion, according to the presented findings, the main research question is answered and recommendations are made for enlarging and better aim the services provided to seniors of the chosen locality which could contribute to improve the quality of their lives.*

**[R1]** CMKOS, «Economic crisis – CMKOS view»; Study Analysing the Present Economic Crisis, Czech-Moravian Confederation of Trade Unions, January 2009, 19 pp.,

<http://www.cmkos.cz/homepage/1433-3>

*The study analyses the risks from strengthening economic restriction connected with a reduction of taxes and social security contributions and points out the lack of budgetary reserves for alleviating economic and especially social repercussions of the economic crisis in the Czech Republic.*

**[R2]** CZECH-MORAVIAN CONFEDERATION OF TRADE UNIONS, «Expertní seminář k důchodovým reformám», Prague, April 2009,  
<http://www.cmkos.cz/uvodni-strana/aktuality/1491-3/video-expertni-seminar-k-duchodovym-reformam>

“Expert seminar on pension reforms”

*In the seminar risks of the current pension reforms were evaluated based on an opt-out approach.*

**[R1]** Employment and Unemployment in the Czech Republic as Measured by the Labour Force Sample Survey 4<sup>th</sup> Quarter 2008,  
[http://www.czso.cz/csu/2008edicniplan.nsf/engpubl/3101-08-4th\\_quarter\\_2008](http://www.czso.cz/csu/2008edicniplan.nsf/engpubl/3101-08-4th_quarter_2008)

**[R1]** GAJDŮŠEK, V., «Základní aspekty reformy veřejných financí v ČR», Masarykova univerzita, Ekonomicko-správní fakulta, Brno květen 2008, 58 stran,  
[http://is.muni.cz/th/136588/esf\\_b/](http://is.muni.cz/th/136588/esf_b/)

“Main Aspects of the Reform of Public Finance in the Czech Republic”

*The subject-matter of the Bachelor thesis “Main Aspects of the Reform of Public Finance in the Czech Republic” gives an analysis of economic impacts of the reform of public finance. The first part of the thesis deals with the theory of public finance, public debt and the structure of public finance. The main emphasis is on the state budget as the main part of public budgets. Furthermore, the condition of public budgets at the beginning of the reform in 2003 are described. In the second part of thesis governmental reforms since 2004 with a focus on current reform endeavors are depicted. In the closing part the reforms of the respective governments are compared and their effects analysed.*

**[R5]** KOVAŘOVÁ, Petra, «Kvalita života v období stárnutí a stáří», [Thesis] Brno: Faculty of Education, Masaryk University, 2006, [http://is.muni.cz/th/55806/pdf\\_m/](http://is.muni.cz/th/55806/pdf_m/)

“Quality of life in the period of ageing and old age”

*This thesis deals with the period of ageing and old age in human life, its accompanying changes, and also with the prevention possibilities and an active approach to one`s own health and with the enjoyment of retirement age. The research part of the thesis is focused on the evaluation of the subjective perception of seniors` quality of life.*

**[R2, R1]** SKŘIVÁNEK, M., «Ovlivní vstup České republiky do Evropské unie náš penzijní systém?», Bakalářská práce MU Brno, Ekonomicko-správní fakulta, 2008,  
[http://is.muni.cz/th/171494/esf\\_b/](http://is.muni.cz/th/171494/esf_b/)

“Is the Czech pension system determined by the EU entry?”

*The European Union achieves targeted objectives by realisation of various policies that are stipulated by the European Union`s legislation. These policies determine a scale, form and instruments by which the Member States are influenced. This Bachelor thesis is focused on the Member States` pension systems. It identifies relevant policies of EU in relation to pension systems of the Member States and factors of their stability and sustainability. The ageing of the population is the most important factor that causes “pressure” on public finances. The aim of the thesis is to analyse the process of coordination of the Member States` pension systems with a focus on the long-term fiscal sustainability. Another part is concentrated on an analysis of the Czech pension system and “commitments” to EU followed by a description of the basic alternatives for a pension reform together with suggested recommendations.*

[R1] SOUKUP, T. a kol., «Důstojná práce v ČR? Národní zpráva pro ILO», Praha: VÚPSV, v.v.i., 2008, [http://praha.vupsv.cz/Fulltext/vz\\_272.pdf](http://praha.vupsv.cz/Fulltext/vz_272.pdf)

“Decent work situation in the Czech Republic. National report for ILO”

*The report summarises the situation and main trends in the Czech Republic in 11 areas of the decent work concept since 1995. The report, together with other country reports (from 19 states), provides background material for the European Regional Meeting, which is arranged by the International Labour Office every four years. The paper represents a unique overview of the trends in 11 thematic areas. Next to descriptions of the situation and trends it deals with trade-offs and trade-ins between different working and employment conditions and finally the bottle necks in each of the areas are defined.*

#### [H] Health

[H1] Health expenditures: financing, macroeconomic impact, forecasting, etc.

[H2] Public health policies, anti-addiction measures, prevention, etc.

[H3] Health inequalities and access to health care: public insurance coverage, spatial inequalities, etc.

[H4] Governance of the health system: institutional reforms, transfer to local authorities, etc.

[H5] Management of the health system: HMO, payments system (capitation, reimbursement, etc.)

[H6] Regulation of the pharmaceutical market

[H7] Handicap

[H4] HÁVA, P., MAŠKOVÁ, P. (2007a) «The Corporatisation of Hospitals », proceedings of the conference, 20-21 September 2007, Faculty of Social Sciences, Charles University, Prague

[H4] HÁVA, P., MAŠKOVÁ, P. (2007b), «Role soukromých nemocnic ve veřejném sektoru», (Role of Private Hospitals in Public Sector). In: Sborník z mezinárodní konference Sociální ekonomika, sociální podnik a sociální kapitál, která se konala 1.-2.11.2007 v Ústí nad Labem – pořadatel Univerzita Jana Evangelisty Purkyně

[H4] HAVA, P. (2008a) «Současná reforma českého zdravotnictví v kontextu euronovely Ústavy ČR 2001.», Sborník z konference Ústavu štátu a práva Slovenskej akadémie vied ve spolupráci s Nadáciou Friedricha Eberta, Bratislava 23.-24. Októbra 2008

“Current Czech health care reform in the context of Euroamendment of the Czech Constitution 2001”

*The objective of this study is an analysis of human rights protection processes in the context of EU-related amendments to the Czech Constitution as part of the current health care reform in the Czech Republic. The objectives of the health care reform are discussed in relation to the Lisbon strategy and the international development of interpretation of human rights related to health. Amendments to the Czech Constitution (2001) have a significant negative and limiting impact for human rights protection on the national level. The amendment represents a risk factor in regard of the reform objectives, which are primarily oriented to economic goals (economic growth) and not to their social consequences.*

[H4] HÁVA, P. (2008b), «Péče o zdraví a spravedlnost. Teoretické a praktické aspekty veřejných finance. XIII. Roční mezinárodní odborná konference. Vysoká škola ekonomická v Praze 11.», -12.4. 2008, Nakladatelství Oeconomica 2008, Sborník, ISBN 978-80-245-1378-2



[H4] HÁVA, P., MAŠKOVÁ, P. (2009a), «Market-oriented health care reforms in the Czech Republic, Slovakia and Poland according to the same scenario? », 67<sup>th</sup> International Atlantic Economic Conference, Rome, Italy, 11-14 March 2009

[H3, H1, H4] HAVA, P., MASKOVA-HANUSOVA, P. (2009b) «Zdravotní politika visegrádských zemí v éře globalizace.», Zdravotnictví v ČR 2009, Vo1.2.

“Health Policy in Visegrad Countries in the Era of Globalisation”

*The aim of this article is a critical reflection of current health care reforms in Visegrad countries within the context of globalisation and in relation to the international discourse of these processes. The research questions are oriented at the essential concept, the causes for and the health and socioeconomic effects of these reforms. The main methods used in this work are methods of public policy analysis. Theoretical concepts target the evaluation of health systems and the critical reflection of social effects of economic globalisation. Finding: V4 countries are transitive economies with poorer health status (health gap) in comparison with more developed countries OECD. This problem is not solved by the reforms. The situation is deteriorating due to pressures of economic globalisation on labour costs and a decreased welfare states activities. Health care systems of V4 countries are long-term underfinanced and they do not reach the levels of development in OECD or EU countries. While objectives and results of reforms after 1990 were aimed at the development of democratic freedoms and civic participation, current reforms (after 2000) can be designated as negation of this development and as a restriction of civic and human rights. The increasing influence of supranational corporations and economic globalisation are seen as main causes of the current reforms. The objective of reforms in transitive economies is focused purely on economic targets, however, in the international discourse concepts are emerging with an emphasis on long-term sustainability through reinforced efficiency, quality and reconciliability of these concepts with human rights.*

[H4] MAŠKOVÁ, P., HÁVA, P., «České nemocnice v měnící se Evropě», (Czech Hospitals in a Changing Europe), Zdravotnictví v ČR 2007, 10(3): 82-91

[L] Long-term care

[L] HABART, P., HÁVA, P., «Týrání a zanedbávání seniorů, Problém „elder abuse” v zařízeních ústavní sociální péče v ČR», (Elder Abuse and Neglect on the Institutional Setting for the Elderly in the Czech Republic), Zdravotnictví v ČR 2007, 10(1): 22-27

[L] KOVAŘOVÁ, Petra, «Kvalita života v období stárnutí a stáří», [Thesis] Brno: Faculty of Education, Masaryk University, 2006, [http://is.muni.cz/th/55806/pedf\\_m/](http://is.muni.cz/th/55806/pedf_m/)

“Quality of life in the period of ageing and old age”

*This thesis deals with the period of ageing and old age in human life, its accompanying changes, and also with the prevention possibilities and an active approach to one`s own health and with the enjoyment of retirement age. The research part of the thesis is focused on the evaluation of the subjective perception of seniors` quality of life.*

## 5 List of Important Institutions

### **Výzkumný ústav práce a sociálních věcí – Research Institute for Labour and Social Affairs – RILSA**

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*The institute's principal activity is applied research on labour and social affairs issues at a regional, national and international level; this research is formulated in line with the current requirements of state government authorities and possibly non-profit or private entities. The institute also provides consulting services for the users of research outputs, organises seminars and conferences and publishes specialist materials. Research projects are planned every year in collaboration with the institute's founder and other concerned parties and take into account the continuity of the development of science and research in the areas in question. The institute's chief research fields are: the labour market and employment; social dialogue and labour relations; social protection; the family; equal opportunities; incomes and wages; social policy theory.*

### **Ministerstvo práce a sociálních věcí – Ministry of Labour and Social Affairs**

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Phone: +420221921111  
Fax: +420224918391  
Website: <http://www.mpsv.cz/en/>

*The Ministry of Labour and Social Affairs (MoLSA) was established in 1990. It is responsible for social policy (e.g. people with disabilities, social services, social benefits, family policy), social security (e.g. pensions, sickness insurance), employment (e.g. labour market, employment support, employment of foreigners), labour legislation, occupational safety and health, equal opportunities of women and men, migration and integration of foreigners, European Social Fund and other social or labour related issues. MoLSA provides methodological guidance for Labour Offices, Czech Social Security Administration, State Labour Inspection Office, Regional Labour Inspectorates and for the Office for International Legal Protection of Children.*

### **Česká správa sociálního zabezpečení – Czech Social Security Administration**

Address: CSSA Headquarters, Křížová 25, 225 08 Praha 5  
Telephone: +420 257 061 111  
Fax: +420 257 063 360  
E-mail: [posta@cssz.cz](mailto:posta@cssz.cz)  
Website: <http://www.cssz.cz>

*The Czech Social Security Administration (CSSA) is the largest financial administration body within the Czech Republic's civil service, and a unique one. The CSSA looks after the social security issues of nearly 8 million clients including over 2.5 million pensioners receiving*

more than 3 million pensions. 'The CSSA is a modern agency, a social insurance administrator whose efficient performance is based on processes using technology of the third millennium information society and whose exclusive focus is on providing maximum value for the client, thus doing the utmost to meet the client's expectations and satisfy his/her needs.'

**Ministerstvo zdravotnictví České republiky – Ministry of Health of the Czech Republic**

Contact person: Andrea Mimrová (press dept.)  
Address: Palackého náměstí 4, 128 01 Prague 2  
Phone: +420 224 972 424  
Mobile phone: +420 737 204 961  
Email: andrea.mimrova@mzcr.cz  
Website: <http://www.mzcr.cz>

**Ministerstvo financí České republiky – Ministry of Finance of the Czech Republic**

Address: Letenská 15, 118 10 Praha  
Phone: + 420 257 042 660 (press dept.)  
Website: <http://www.mfcr.cz>

*The Ministry of Finance is the central government body responsible for the State Budget, the State Final Account, the Treasury of the Czech Republic, the financial markets, taxes, customs duties and fees, the financial economy, financial supervision, accounting, audit and tax consultancy, foreign-exchange policy including bills payable to and claims on foreign countries, the protection of foreign investment, regulation of lotteries and similar games, activities with state property, the privatisation of state property, insurance companies, retirement funds, prices, and activities against the legalisation of revenues from illegal activities.*

*The Ministry of Finance represents the Czech Republic through its membership in international financial institutions and financial bodies of the Organisation for Economic Co-operation and Development (OECD), the European Union, and other international economic organisations, if this membership does not belong exclusively to the Czech National Bank.*

*The Ministry of Finance coordinates foreign assistance received by the Czech Republic.*

**Poslanecká sněmovna parlamentu České republiky – Chamber of Deputies of the Parliament of the Czech Republic**

Contact person: Name  
Address: Parlament České republiky, Poslanecká sněmovna, Sněmovní 4,  
118 26 Praha 1 – Malá Strana  
Phone: +420 25717 1111,  
Fax: +420 25753 4469  
Website: <http://www.psp.cz/cgi-bin/eng/sqw/hp.sqw>

*The Chamber of Deputies of the Parliament of the Czech Republic (Czech: Poslanecká sněmovna Parlamentu České republiky, abbr. PS PČR, usually referred to as Poslanecká sněmovna) is the lower house of the Parliament of the Czech Republic; the other is the Senate. It has 200 members, elected for a four-year term under the party-list proportional representation election system. Since the 2002 general election 14 constituencies (matching the regions) and the D'Hondt method have been used. The seat of the Chamber of Deputies is situated in palaces of Malá Strana in Prague.*

**Asociace penzijních fondů České republiky – The Association of Pension Funds of the Czech Republic**

Contact person: JUDr. Eva Vítková, director  
Address: Rumunská 1, 120 00 Praha 2  
Phone: +420 224 266 561  
Website: <http://www.apfcr.cz/en/index.php?page=home.php>

*The Association of Pension Funds of the Czech Republic (APF CR) is a voluntary joint interest association of legal persons, in particular pension funds. It was established on June 25, 1996 at the constituent meeting of members as an independent legal entity continuing the activities of the former APF CR which did not have legal identity, and whose existence terminated as of the date of establishment of the new association.*

**Vláda České republiky – Government of the Czech Republic**

Address: Office of the Government of the Czech Republic, nábřeží  
Edvarda Beneše 4, 118 01, Prague 1, Czech Republic  
Phone: 224 002 111  
Fax: 257 531 283  
Website: <http://www.vlada.cz>

*The Government of the Czech Republic is created on the basis of elections to the Parliament of the Czech Republic. The Government is the highest body of executive power, and is made up of the prime minister, the deputy prime ministers and ministers. The Government is responsible to the Chamber of Deputies*

**Rada hospodářské a sociální dohody ČR (tripartita) – Council of Economic and Social Agreement (RHSD)**

Address: Ministerstvo práce a sociálních věcí, Na Poříčnickém právu 1/376,  
128 01 Praha 2  
Phone: +420-221921111  
Fax: +420-224918391  
Website: <http://www.mpsv.cz/cs/6434>

*The plenary session of the RHSD CR – the highest organ of tripartite partnership – includes the Prime Minister of the Czech Government and seven members of the Czech Government, seven representatives of trade unions and seven representatives of employers. Currently, the social partners of the Czech Government are represented by the Czech-Moravian Confederation of Trade Unions (CMKOS), the Confederation of Industry of the Czech Republic, the Association of Independent Trade Unions, the Confederation of Employers and Entrepreneurs' Associations of the Czech Republic.*

*The Council was established in 1990 as a representative body for social dialog (tripartite partnership). Council represents an important feature of the European Social Model. The objective of this institution is to approach the social agreement in important economic and social aspects of country development.*

**Českomoravská konfederace odborových svazů – Czech-Moravian Confederation of Trade Unions (CMKOS)**

Website: <http://www.cmkos.cz/homepage>

*The CMKOS:*

- *is a voluntary, open, independent, democratic confederation of trade unions protecting wage, working and living conditions and rights of employees*
- *is an important social partner in tripartite negotiations in the framework of the Council of Economic and Social Agreement of the Czech Republic*

- works in the regions of the Czech Republic through Regional Councils of Trade Unions (RROS) and Regional Offices for Legal Assistance (RPP)
- is a member of the [International Trade Union Confederation \(ITUC\)](#), of the [European Trade Union Confederation \(ETUC\)](#) and of the [Trade Union Advisory Committee to the OECD \(TUAC\)](#).

**Rada vlády pro seniory a stárnutí populace** – Government Council for Older Persons and Population Ageing

Contact person: Chairperson of this council is the Minister of Labour and Social  
Address: Ministry of Labour and Social Affairs of the Czech Republic,  
Na Poříčním právu 1/376, 128 01 Praha 2  
Phone: +420-221921111  
Fax: +420-224918391  
Website: <http://www.mpsv.cz/en/4538>

*The Government Council for Older Persons and Population Ageing (hereinafter „the Council“) was established on March 22, 2006 by Government resolution No. 1482 on implementation of the National Programme of Preparation for Ageing for the period 2003-2007. The Council is a permanent advisory body to the Government of the Czech Republic on issues related to ageing and older persons. The Council’s mission is to promote conditions for healthy and active ageing, dignity in old age, and active participation of older persons in economic and social development in the context of demographic ageing. It aims to ensure equal rights for older persons in all areas of life, to protect their human rights and support development of intergenerational relationships in family and society. The Council meets at least three times a year. The Chairperson of the Council is the Minister of Labour and Social Affairs. The secretariat of the Council is a part of the organisational structure of the Ministry of Labour and Social Affairs of the Czech Republic.*

**Národní ekonomická rada vlády (NERV)** – National Economic Council, Government of the Czech Republic

Contact person: Government of the Czech Republic  
Website: <http://www.vlada.cz/en/ppov/ekonomicka-rada/national-economic-council-51372/>

*The Council's primary task is to analyse the risks and potential impacts of the global financial crisis on the Czech Republic, and to propose measures, steps and tools to mitigate or eliminate the potential impacts of the global financial crisis on the Czech Republic. The Council's permanent task will be to seek out and propose measures that lead to maintenance or acceleration of the Czech Republic's economic growth. The Council has ten members, and its activity is led and coordinated by the Prime Minister of the Czech Republic. The council is apolitical, and leading figures in the Czech Republic's economic environment and institutions have been invited to join.*

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These are:

- (1) to improve the knowledge and understanding of the situation prevailing in the Member States (and in other participating countries) through analysis, evaluation and close monitoring of policies;
- (2) to support the development of statistical tools and methods and common indicators, where appropriate broken down by gender and age group, in the areas covered by the programme;
- (3) to support and monitor the implementation of Community law, where applicable, and policy objectives in the Member States, and assess their effectiveness and impact;
- (4) to promote networking, mutual learning, identification and dissemination of good practice and innovative approaches at EU level;
- (5) to enhance the awareness of the stakeholders and the general public about the EU policies and objectives pursued under each of the policy sections;
- (6) to boost the capacity of key EU networks to promote, support and further develop EU policies and objectives, where applicable.

For more information see:

[http://ec.europa.eu/employment\\_social/progress/index\\_en.html](http://ec.europa.eu/employment_social/progress/index_en.html)