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(De)centralization of Social Services in the Czech Republic

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Abstract

Social services are an important integral part of social protection of citizens on one hand and are also an important part of responsibilities of state, regional and local governments. The division of responsibilities, means of communication, roles of different stakeholders, financial flows current and suggested will be dealt with in this paper.

The paper is based on the author's participation in the international project on the assistance to the Czech Republic in the reform of social services, her position of an "inside" observer of processes of policy-making in the sphere and her coordination role in the preparation of the Czech White Book on Social Services.

The author tries to identify risks and challenges in the continuation of the reform of social services. At the end she puts forward some recommendations for the future steps in the reform.

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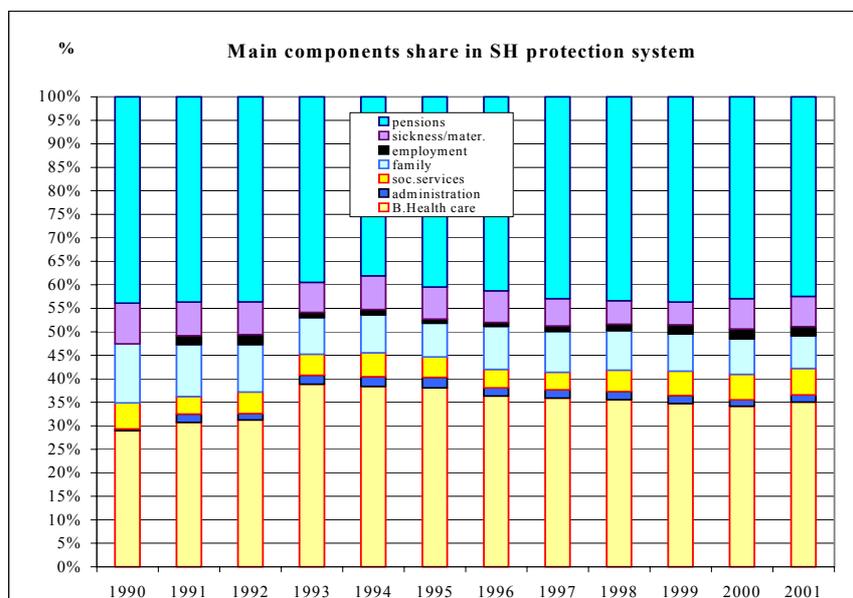
I. Place of social services in the Czech social protection system

I.1. What is perceived as social services?

The old, however still valid law in the Czech Republic distinguishes the **target groups** of citizens, which are primarily concerned and potentially in need of services. This often-amended law on Social Security of 1988 defines the following groups. We can see that it does not fully correspond with needs of modern social services schemes.

- families and children;
- the handicapped;
- elderly citizens;
- people who require special assistance;
- people who cannot adapt socially (e.g. discharged prisoners etc.).

Among traditionally offered **services** we can find residential care institutions, sheltered housing, centres of personal hygiene and domiciliary care services. In the nineties, by far most thanks to the rising number and especially increased activity of NGOs, the scope of services has broadened by personal assistance, home care, early intervention, supported housing, shelters, counselling centres, contact centres, day-centres, etc.



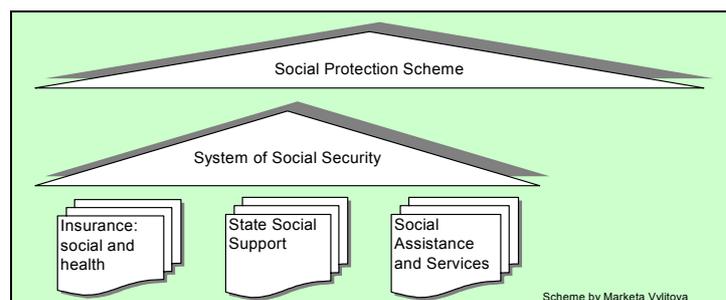
Various means and **methods** are also employed to help and support people (clients of services), such as arranging transport, helping with personal hygiene, arranging meals, contacting young people in “hazardous” environment, distribution of syringes, giving advice and information, dialogues, skill practising, etc.

A **model** of social services, to which the Czech Republic would like to come, looks as following: strategies, co-ordination, national standards or minimal levels and control are the tasks of the central

government, while guaranteeing the provision of social services lies with municipalities, which can either provide for services themselves or contract them out to non-government organisations, charities etc.

I.2. The development of social protection scheme in the post-communist history of the country

Since 1989 there have been attempts to reform the system of social security, the concept of which is finally today based on three fundamental tiers: traditional social insurance and social assistance and besides that a so-called “state social subsidy”.



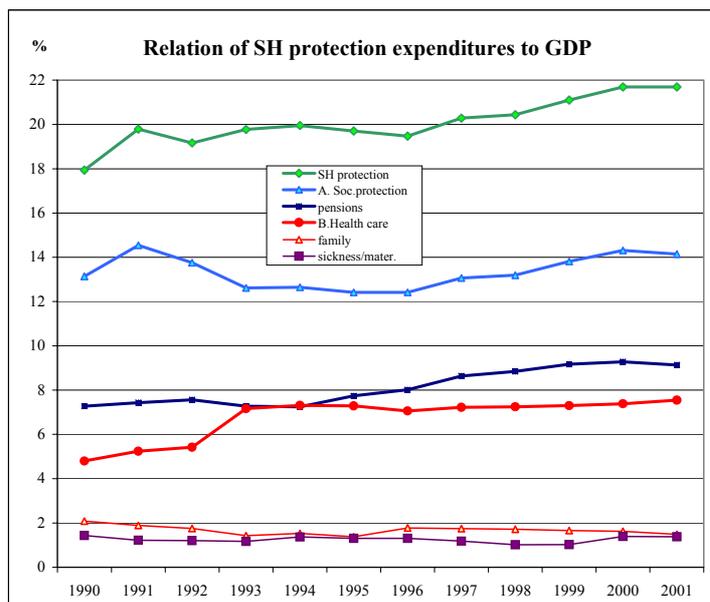
In the beginning of nineties, a transformation of economy was the most important task for political representation in the country. Thus, building up of new

systems of social security was slightly delayed.

Firstly, employment services were established right in 1990 and rules for early retirement loosened. Social safety net was created shortly after the “revolution” (minimum wage, subsistence minimum, minimal pension) for smoothing impacts of economic transition. Next to old demographic poverty the Czechs started to face a “new”, young economic poverty besides the old “demographic” one – but that is not an issue of this paper.

An insurance-based pension scheme as well as insurance-based health care scheme started in 1993 and in 1995 a scheme of state social subsidy was introduced, of which the main task was to support families with children. Year 1996 has brought a new pension law.

However, a new legal framework for social services and social assistance is still waiting for being properly prepared and adopted.



Besides the three outlined schemes there are also other policies, which aim at protecting and development of inhabitants. One of them is housing policy, where the state supports people who invest in their housing. Education free of charge can act as another example. However, we will deal with social services system only. The following graph shows the expenditures on social-health system in relation to GDP. We can see that the Czech Republic is similar to developed countries as far as the spending is concerned.

1.3. The country's profile

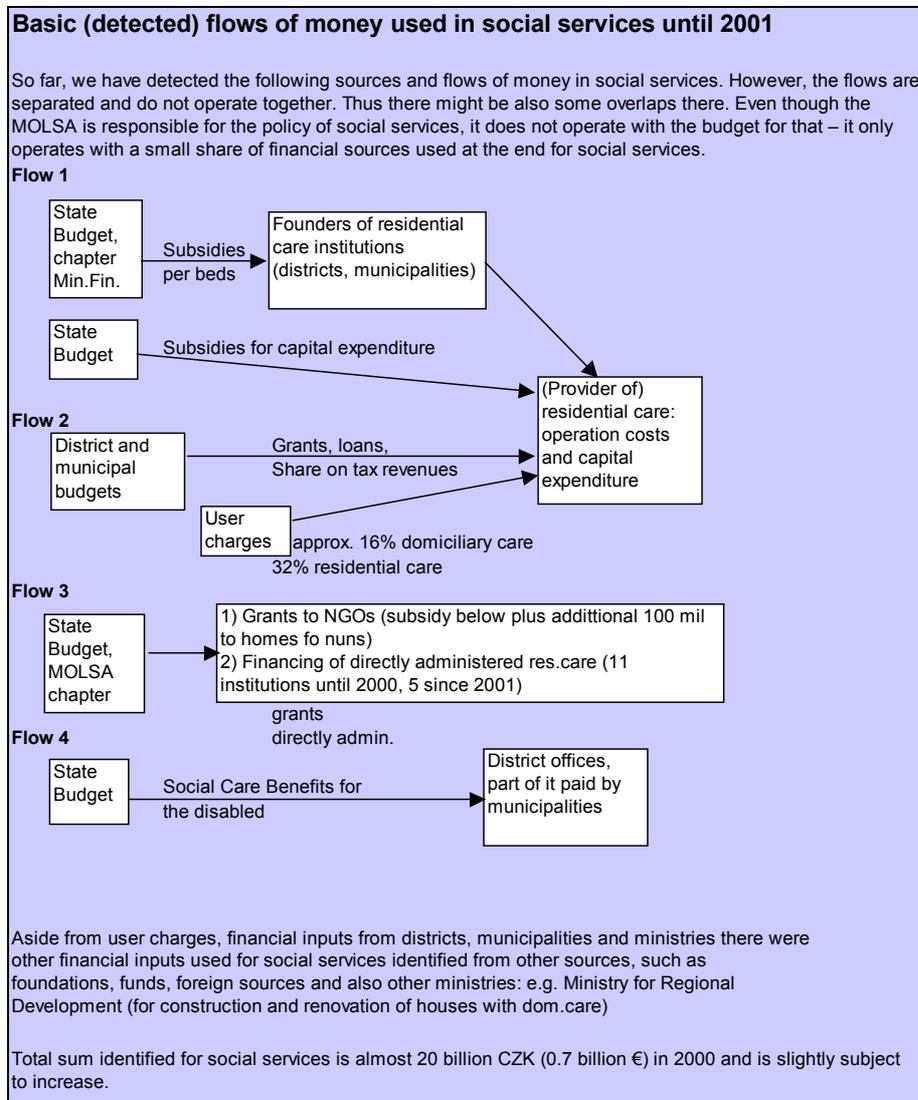
The Czech Republic is a Central-European country, which borders with Austria, Germany, Poland and the Slovak Republic. Its population is slightly above 10 million

and there is a natural decrease since 1995 of about – 0.25 % per year. The GDP in 2001 was 1515.1 milliard CZK (approx. 50.5 milliard €) in 1995 constant prices. The productivity of labour per person employed was 317,9 thousand CZK (10.6 thousand €, in 1995 prices) in 2001, 102.9 % of the previous year. The rate of unemployment has been constantly rising until 2000 (8.7%), while the country experienced a decrease to 7.3% in 2002. Estimation of population living under the poverty line is 4 %. Living standards are very similar in the whole country and so are the costs of living.

II. Reform of social services

There are several levels, which can be followed, when we try to analyse the reform of social services in the Czech Republic.

- 1) Due to the fact that a new law had not been adopted earlier, reform of social services has finally collided with the timetable of **public administration reform**. Over the last two years, the CR has experienced a large public administration reform, also encompassing transfers of responsibilities to regions and municipalities. A new territorial structure was introduced, when self-governing regions were established in 2000 and districts (which executed the state power and duties) abolished at the end of



2002. This fact is very relevant to the reform of social services as districts used to run a significant number of social services, which started to be a matter of dispute and of apprehension in terms of the successor level (or bodies) for the guarantor of these services. The main clashing point: unclear suggestion of **financial flows** in the new system. As far as decentralisation is concerned, the state still plays the main role, bears the greatest responsibility for social assistance and may revoke decisions of local authorities in this field. However, the non-profit sector is growing and actions taken by municipalities

have raised its importance, too. (Though within tightened budgetary limits.) Nevertheless, coming back to financial issues, sources of funding of social services come this way or another from the state budget.

- 2) **Standards of social services** that will eventually be binding for providers have been developed, tested and published. Standards are implemented on a voluntary basis so far and this process is complemented by a training system and by a scheme of licencing of providers and also by a controlling mechanisms. Again, without law all this can be carried out only on a voluntary basis. Furthermore, results from voluntary inspections of quality of services do not influence the subsidy system for providers of services.
- 3) A pilot project of **community planning of social services** has been run with the aim of development of a guide on how to put together various stakeholders in social services on local level, how to recognize needs of the community and how to best meet those needs.

III. Context

Social services do not mean enormous spending or a large part of population. However, social services concern the most vulnerable and thus it is crucial to have a viable system in place. Social services may actually appear to be a small part of the public service. It consumes about 1% of GDP. But it currently provides services to some 200,000 needy citizens (2% of population) and provides jobs for 35,000 workers (0.7 % of the workforce) and supports the services provided by almost 900 NGOs². It is vital, for operational and political reasons, that these vulnerable users should feel secure that their services will not be subject to sudden changes. Share of municipal budgets and the state budget on covering of social services expenditures is close to 2:1.

III.1. Where we are now

Over the 13 years of transition, the Czech scheme of social services has undergone significant changes though legally it is still based on the old law. In the area of social assistance, which in the Czech Republic still encompasses social services, it was necessary above all to eliminate the state's monopoly and seek sources of financing from all concerned, that are citizens, the state, communities, providers and last, but not least, the client's family. The area of public services, of which social services create very important part, had to be made more accessible to citizens, and its means of assistance had to be humanised. The scope of social services provided needed to be expanded, and had to be provided not only ex post, but also in the form of effective prevention.

There were many attempts to introduce a new law, which was being prepared continuously³. In 1994 it was already in the form of the draft law, but not accepted. Then, in 1996 the government put the new draft law forward to the parliament, again it was not accepted due to the fact that lobby groups (mainly of the physically disabled) were against the draft law. After that, there were several more attempts to bring about a new law. A new approach to the preparation of the draft law on social assistance has been introduced under the social-democratic minister of labour and social affairs Spidla (1998-2002, now Prime minister): the preparation of law has been divided into two parts:

- Social services;
- Social assistance.

Three main lines of **development** in the area of the policy of social services may be observed:

- move from defining groups of citizens to defining situations of need;
- from providing benefits to a more extensive offer of services, including counselling;
- broadening of the scope of social assistance service providers.

However, as we have already mentioned, there have been no fundamental changes in the legislation so far. The state continues to retain its strong position in financing. It should be mentioned that financing of social services has been and is going to be an Achilles heel of the successful continuation of the reform unless a new system is introduced in an agreement between the Ministry of Labour and Social Affairs and the Ministry of Finance.

² In 2000, there were 70,000 people in residential care institutions and 110,000 citizens received domiciliary services. According to the MOLSA survey, the total number of people working in the field of social services was 36,000. From official statistics, we can identify 4700 workers in domiciliary services and almost 1000 volunteer-run services. The same survey provided information about almost 900 private social services providers, of which we can identify around 2000 active in residential care.

³ In the Czech perception, social assistance includes social services and social benefits (benefits of a mandatory kind – mainly subsistence minimum benefits and benefits discretionary – mainly on the ground of disability or old-age special needs)

The state has shifted **responsibilities for provision** of services to regions, which are nevertheless self-governing bodies. The original idea was to shift it to municipalities according to a subsidiarity principle. However, without clear guarantee of financial flows, municipalities (self-governing) refused to take the responsibilities over from the abolished districts (central government – state – level). Formerly district-run services were taken over mostly by regions in 2002. Municipalities have a possibility to ask for transfer of these services to them during a period of next couple of years, when it is envisaged that new rules for financial flows will be in place and municipalities will no longer be threatened by taking up new responsibilities and commitments (which running of e.g. residential homes definitely is). The possibility of further transfer of services is yet to be possible only for municipalities⁴ above certain size.

III.2. A vicious circle

We can observe a vicious circle in the reform of social services, which needs enthusiastic, responsible and dedicated people – partners – to be overcome. As there is no law on social services, municipalities can't be ordered anything without a change of law on municipalities and current law doesn't recognize the modern principles, standards can't be imposed on municipalities. For implementation of standards of social services in practice, some –money is also needed. However, we can't get any money through newly identified and defined flows without a new law (new flows based on law). This new law cannot introduce a completely new system: a long transition period would be needed first of all for clients themselves and also for financial flows, for training of inspectors and of trainers of standards and also for implementation of standards.

III.3. NGOs in social services provision

The role of non-government, non-profit organisations has been growing significantly since the beginning of 90's. The Czech Republic has a rich history of volunteer work and charitable associations dating back to the period of the First Czechoslovak Republic (1918-1938). The totalitarian regime, however, ruthlessly did away with the activities of these associations, seeing in them a potential centre of resistance. The previously dense network of these organisations has created good conditions for introducing and developing the system of social assistance as a pluralistic one. Non-profit organisations assume differing legal forms.

The non-profit sector has been active primarily in establishing and operating asylum facilities (activities which are often nation-wide in scope). Further, they compete with state caretaker services in providing domestic care and personal assistance. A few private homes for retirees also exist in the CR, but this is a marginal area of non-profit organisations' activities. Non-government non-profit organisations communicate with state government offices mainly in connection with requests for subsidies. Otherwise, after the permission obtained from the Ministry of the Interior, their activities are not limited in any way. Their professional quality is, according to the proposed law, to be ensured through the accreditation of entities which intend to provide social services. As far as services on a nation-wide scale are concerned, accreditation will be granted by the MOLSA, and in other cases by the district offices.

It is true in general that services provided by non-government non-profit organisations focus first and foremost on those forms of assistance which have long been lacking here, or which deal with newly-arising phenomena (the homeless, refugees, drug addicts and the like). The handicapped have come to the forefront of attention. New forms of assistance based on an individual approach, which acknowledge the handicapped individual's personality, are being developed.

The majority of these organisations provide more than one type of service, addressing one or more target groups. In the social sphere, organisations focusing on children and young people are met with most frequently –

⁴ The issue of municipalities in the CR is quite well-known, there are over 6000 municipalities in the state of 10 million people, most of them have less than 1000 inhabitants. Thus, in case of some administration tasks and also in case of social services, only a limited number of municipalities was selected, which are large enough to be able to take over the responsibilities.

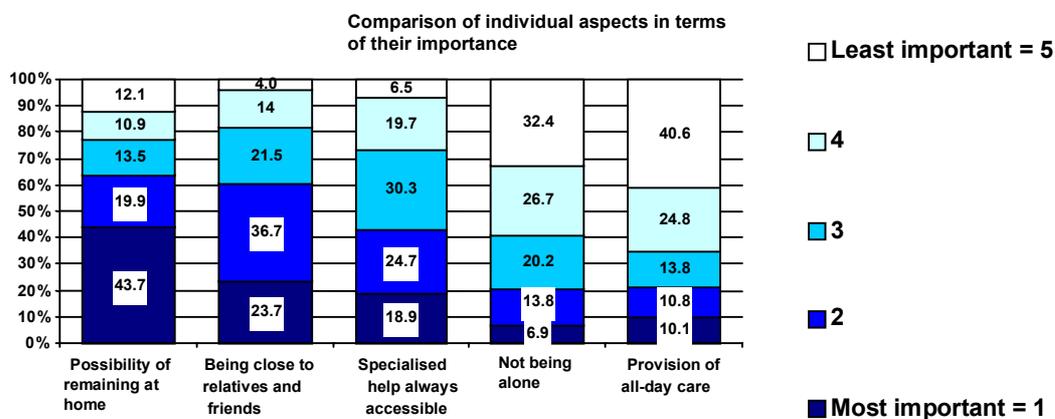
whether these are involved in leisure-time prevention activities or in organising integration programs for the handicapped. Organisations with a broad spectrum of social assistance for various social groups – asylum facilities for the needy and the like – are significantly represented; these are often Christian charities. In the area of health care, the largest number of organisations unite people with a certain illness or handicap or parents and friends of those affected. Initiatives dedicated to the diseases of modern life or the AIDS problem are becoming more frequent. The number of associations for people with sensory handicaps has traditionally been high. A certain portion of these organisations, mainly foundations, have been established in conjunction with health care facilities (including state facilities). These serve to supplement financial resources or to purchase medical technology.

There are problems with financing activities of these organisations. They compete for grants and obtain funds mainly from both central and local public administration bodies. The existing tax laws do not create adequate motivation for businesses to sponsor social activities of non-government institutions. The role of the state in the area of subsidies for non-government social services is very considerable at present. Non-government non-profit organisations are approximately from 90 % financed by state budget funds (through the ministries, municipal government offices or district offices). The role of non-government non-profit organisations, like the role of communities as the providers of social care services, should be significantly heightened based on the subsidiary principle. That is also the reason why new law on social assistance has still not been adopted: in the first stage of its preparation not all concerned agreed on the ministerial proposal. Discussions mainly with organisations of handicapped started just in the second round.

III.4. Goals of reform of social services

- 1) Provision of services that would best fit to individual needs and would respect the client.

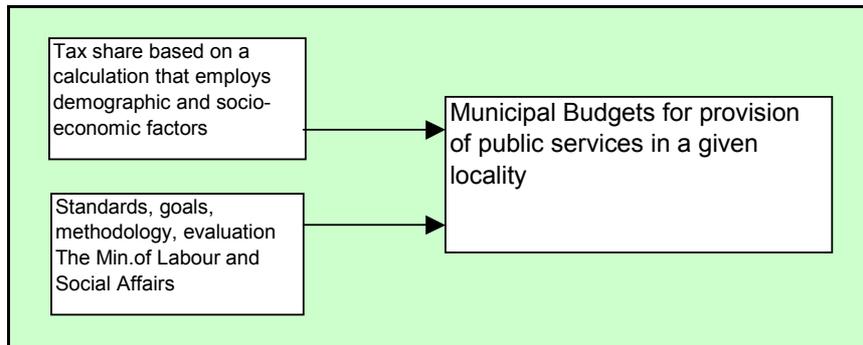
An example target group is the elderly. The elderly people want, according to many researches carried out, to stay at their homes and eventually make use of services there. The following results are from 2001 public poll carried out on behalf of the Ministry of Labour and Social Affairs.



- 2) Equal opportunities: equal treatment of state, municipal, regional and non-governmental non-profit providers of social services;
- 3) Effective spending of money based on planning, analysis of needs and subsequently on cost-effectiveness analysis and also on effective partnership of various stakeholders.

The following scheme shows, how the mid-term horizon could look like. This scheme has been developed under the Czech-British twinning programme “Assistance to MoLSA in reform of social services”. The idea is to pool

all resources used for social services at one place, ideally as close to citizens – clients – as possible, employ the subsidiarity principle.



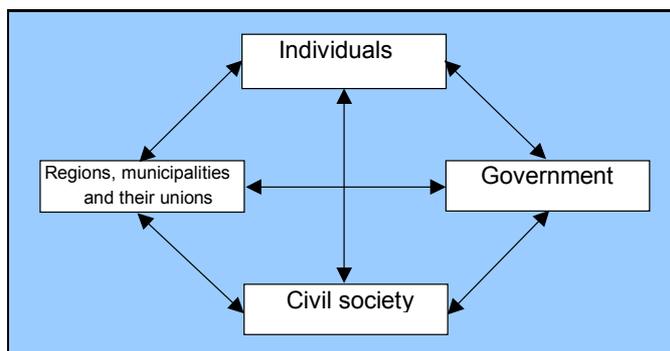
The proposed new way of financing is also led by principle of unity of responsibility for provision of services and of availability of financial resources for this provision.

In the meantime, however, before this unity is reached, we face a serious

development, which has brought about even threats to social services providers. The take-over of district-run social services by an upper level (regions), was basically against the principle of subsidiarity. As regions may also face existential (financial) problems and will first of all need to assure financing of residential care (which is very costly), they would not be motivated to support innovative services or even current non-residential services provided by NGOs. This may eventually lead to a reduction of the scope of provided services. When we look at the transfer of services from the perspective of central government, this option is definitely easier for central administration – mainly for the Ministry of Finance responsible for local budgets and formerly responsible for district, but also for the MoLSA responsible for grant subsidies to NGOs. An idea of MoLSA taking over district-run services was also brought about to the table during the preparations of transfer – that would however be completely unbearable on one hand and absolutely against the subsidiarity principle on the other hand. The chosen option, regions to have more responsibilities for social services and regions taking over the formerly district-run services, may though stop the reform of the system towards diversification of social services, its financing and provision.

Leading principles of social services reform and provision:

- Independence and Autonomy;
- Inclusion and Integration;
- Respecting Needs;
- Partnership;
- Quality;
- Equality;
- National Standards, Making Decisions on Local Level.



Social services have started to be based on a quadrilateral partnership in the Czech Republic, as shown in the scheme. Though not bound by law, in practice each of the partner sides understands that it has its own crucial responsibilities, which are to be faced by it and can't be replaced by any other party. Together, by and in a partnership, the partners can add an enormous value to the provision of social services and to a quality of life in the country.

III.5. Steps to be taken, options

The White Book on Social Services, which we have prepared, groups various actions already taken and also the proposed ones under the following titles:

- Creating a political environment – not a political straitjacket: the policies and strategies shall be carried out within a partnership;

- Driven by needs: social services shall be provided on the basis of need, not on the basis of the fact, that a person – client – belongs to any target group;
- Community planning: the best way to have an efficient and effective system of social services is to manage it on local level, where local needs are to be best known and met;
- Guarantee of quality – services and human resources: enthusiasm is necessary, but not the only prerequisite of good provision of social services; licencing schemes for service providers, legally bound standards of quality and well-developed schemes of initial and lifelong learning of social workers are also desirable in a modern system of social services;
- Financing individuals and communities, and not institutions.

These group titles clearly show the main principles as well.

Option of development with respect to the system of financing of social services:

How to get from the current unclear system of financing social services to a new one? The following scheme is about to bring a suggestion of smooth transition.

Transition from current to the mid-term position		2003	2004	2005	2006	2007
Own resources of municipalities from tax share	Own resources and res. from tax share					
Subsidy per bed (residential care institutions)	100%	90%	80%	65%		
Services provided by district offices	Transitional subsidy clearly linked to a particular service					
Clints's payments	Clints's payments					

The leading principle of transition has to be, that it must not in any case threaten vulnerable users of services. The users should feel secure that their services will not be subject to sudden changes. Again, this is particularly an issue of securing financial flows.

IV. Examples of good and bad practice

How international cooperation can help in the reform process

A desired partnership with the all relevant stakeholders has been established and started with a help of the Czech-British twinning programme. Among the identified reasons for not yet having a new law on social services, we can see an absence of dialogue between the MoLSA and the Ministry of Finance (responsible for municipal budgets also), Ministry of Interior (responsible for public administration reform), Union of Towns and Municipalities (advocating the rights of municipalities), associations of NGOs active in social services and many other partners. The dialogue has been established formally by a so-called Steering Committee for the above mentioned twinning programme and it has been established also informally by informal individual consultations that have been happening. On the other hand, the ministerial administration at MoLSA other departments than department of social services, which was involved in the Czech-British project, has started to play an opposition role towards the new methods of policy-making, which have been introduced by the project.

Positives reached:

- Wide consultation process

- Enthusiastic people
- Support from customers reached

Negatives faced:

Negatives are to be found prevailingly at the level of central administration crucial for social services, i.e. MoLSA.

- The department of social services experienced an enormous labour turnover. To a large extent we could experience lack of abilities to make use of the good knowledge of the requested bureaucratic procedures of the ministry (possessed by the original staff) on one hand and use of enthusiasm and practical experiences and expertise as possessed by the new staff, part of the team in social services department.
- The team at the MoLSA has not been comprehensive in the meaning of multiprofessional team with a well-based knowledge of all circumstances, mainly of legal environment.
- With several exceptions, the part of the team has focuses itself usually on one task (e.g. the draft law on social services) and when this task was modified or the results not accepted (usually politically), the team lost its energy and enthusiasm.
- Correspondingly with the predecesing point, we can also identify a lack of strong negotiation skills.

How practitioners can help in the reform process

Standards of quality in social services have been prepared, developed and later also tested in practice by several groups of practitioners around the country. The fact that it was people dealing with practice of social services on a day-to-day basis has highly contributed to a wide adoption of these standards among the providers as well as client groups in area of social services.

V. Conclusions, challenges and recommendations for the future

„The importance of social services shall be increased. Prosperous communities, to the life of which citizens can actively contribute, are one of the key aspects of modern democracy.” Says the draft White Book on Social Services.

The demand for social services has started to change. Similarly as in many other developed societies, the ongoing demographic and social changes mean that there will be an increasing number of people who will be in need of help to maintain their own independence and participation in community affairs.

System of social services is not new in the Czech Republic. Nevertheless, its reform towards a modern system respecting individual needs is a long-term project, which requires a lot of energy and determination over a period of several years.

The most important challenges faced by the Czech Republic in continuation of reform of social services can be characterised as following:

- Maintaining cooperation between the relevant parties of central government – ministries; without cooperation and continuous consultation process a new law on social services would hardly ever be introduced;
- New ways of collaboration between regional and local governments and the civic sector shall be found and established; this requires supportive legal provisions;

- Implementation of subsidiarity principle opens new horizons for regional and local governments; to make use of these horizons, clear and appropriate financial flows shall be in place;
- The central government needs capacities not to provide for services but to seriously guide local and regional self-governments and to exercise appropriate supervision over social services provision; it shall also aim at having standards of quality legally binding, as well as licencing process in place as it will ease evaluation of quality of provided services and it may also serve as an indicator for distribution of financial resources;
- Correspondingly, a system of monitoring and evaluation of social services shall be established;
- Finally, we shall not forget about innovative approaches that we have to be opened to; innovation is needed to cover new functions and we shall not be always fully bound or even blocked by old bureaucratic rules that may no longer respond to new needs.

The way to reform is far from clear. There are many actors with various interests, there are several options of reform. During the whole process and also afterwards we shall bear in mind that there is particularly a big need of continuous dialogue and consultation process between all actors, including clients, and on all levels.

List of abbreviations

CR Czech Republic

CZK Czech crowns

GDP Gross domestic product

Min.Fin.Ministry of Finance

MoLSA Ministry of Labour and Social Affairs

NGO Non-government organization

RILSA Research Institute for Labour and Social Affairs

SH Socio-health (protection system)

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