

POLICY STATEMENT OF THE GOVERNMENT OF THE CZECH REPUBLIC

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1. Introduction

The Czech Government, formed by the common will of the Czech Social Democratic Party, the ANO 2011 Movement and the Christian Democratic Union – Czechoslovak People's Party, presents itself to the Czech public and the Chamber of Deputies of the Czech Parliament convinced that it is seeking confidence built on a clearly communicated programme of new government policies.

The Government shall guide the Czech Republic, on the basis of a socially and environmentally oriented market economy, towards prosperity, and shall seek to maintain social cohesion in the country.

The Government shall promote an economic programme for the Czech Republic which is based on the support of entrepreneurship, efficient and transparent government, an efficient labour market, a sustainable pension system, social peace in society, and investment in education, science and research.

The Government shall engage in active social dialogue with social partners as a means of maintaining social peace and shall establish an effective system for the exchange of experience between the Government and social partners.

The Government shall actively strive to create conditions conducive to the adoption of the euro.

The Government shall strive to improve the quality of legislation. Citizens and their families should feel free and content in the Czech Republic and be proud of the country. Traders, entrepreneurs and companies should engage in business safely and freely, pay taxes and provide jobs in the Czech Republic. As a matter of priority, the state shall improve its own operations and, together with the implementation of the Civil Service Act, services for citizens, shall hold taxpayers in esteem, and shall avoid wastage in the redistribution of the taxes they have paid.

2. Government priorities

The Government shall promote the following priorities for the development of the Czech Republic:

- The development of conditions for free enterprise, law enforcement, the kick-starting of sustainable economic growth, the increased competitiveness of the country's economy, job creation, with an emphasis on vulnerable groups and problem regions, effective assistance to people living in hardship, and the balanced development of regions and municipalities. Efficient use of European funds in the pursuit of these objectives and the intensification of infrastructure construction.
- Effective solutions to all proceedings of the European Union pending and prepared against the Czech Republic, and the maximum efficient exhaustion of funds under programs for the 2007–2013 programming period. The development of effective management and control systems for the 2014-2020 programming period, leading to the establishment of fair conditions and simpler administration for applicants.

- The stock-taking and reconstruction of the state. The rationalisation of the state's economic management. An audit of each ministry. An audit of state assets, and, where appropriate, the monetisation thereof in an indisputable and transparent manner. A ban on the state from doing business with companies with unclear ownership. The elimination of all forms of waste of public resources. Transparent procurement. The computerisation of invoices in the state sector and the transparent disclosure of expenditure paid from taxpayers' money, including small-scale contracts. The reinforcement of the public administration management and control system and the extension of the State Audit Office's powers.
- An uncompromising fight against all forms of corruption, serious economic crime, usury, the abuse of enforcement procedure and unfair insolvency. Support to increase the financial literacy of Czech citizens.
- The development of high-quality, universally accessible public services in education, health, the social system, transport and security. Universal support for education, science, the arts and sport.
- The development of civil society, the activities of non-profit organisations and public participation in decision-making and the administration of public affairs as an essential part of a functioning democratic rule of law. The Government shall submit a draft constitutional law on general referendums, including referendums based on popular initiatives, which will allow citizens to decide directly on major issues related to the functioning of the state.
- Active membership of the European Union and NATO in accordance with the Czech Republic's interests, action within the United Nations to eliminate risks to international peace, the promotion of equal cooperation between nations and involvement in efforts to counter international terrorism and cyber terrorism.
- The adoption and implementation of a well-functioning, high-quality civil service law. This law must ensure the full depoliticisation of public administration, clearly define criteria for the appointment and remuneration of officials, lay down conditions for career advancement, and guarantee that officials are highly educated.
- Effective use of information and communication technologies (ICT) in public administration, combined with support for the internet economy. The faster implementation of high-speed internet. The adoption of a strategy to increase digital literacy and develop the e-skills of citizens.
- The strengthening of parliamentary control of the Czech Republic's intelligence services. The Government shall submit a bill establishing the scope and method for the control of intelligence services by the Czech Parliament. This law shall be based on the principle that all the Czech Republic's intelligence services must be subject to parliamentary control. The law will introduce a two-tier system of control. Therefore, in addition to the establishment of control bodies within the Chamber of Deputies, the Czech Parliament shall also set up a derived expert control body composed of trusted, security-cleared citizens respected by the public.

In its activities, the Government shall strive for the substantive and temporal fulfilment of these priorities.

3. Ministerial priorities

Government policy shall be based strictly and entirely on the *Coalition Agreement between the ČSSD, the ANO 2011 Movement and the KDU–ČSL for the 2013-2017 Electoral Term*. Individual ministries shall pursue the following priorities in particular:

3.1 Ministry of Finance

- The Government's budgeting priorities for 2015 shall mainly focus on identifying operating savings, and on restricting, in particular, the outsourcing of legal services, marketing and consulting. The Government shall introduce the concept of state expertise for the entire field of capital construction under public contracts. In addition, mandatory and quasi-mandatory expenditure under the central government budget shall be reviewed. During its term of office, the Government shall ensure compliance with the Maastricht fiscal criteria, especially the maintenance of the government deficit below 3% of the gross domestic product. The Government shall also focus on the preparation of an amendment to the budgetary rules, i.e. the law according to which the budget is prepared. This amendment shall include a stronger role for the Ministry of Finance in the management of the liquidity of state resources, the amendment of rules on the implementation of funds from the European Union budget entailing the introduction of a stronger role for providers, and the implementation of the Directive on National Budgetary Frameworks.
- The Government shall take the measures necessary to improve the efficiency of tax and customs duty collection, prevent the abuse and circumvention of tax rules (for example, by digitising tax administration, introducing measures aimed at the effective control of revenues reported from retail sales of goods and services, extending the rules on VAT reverse charging, and improving communications between tax authorities, the Customs Administration, the Financial Analytical Service of the Ministry of Finance, the Czech Police and the Public Prosecutor's Office). The Government shall strive to increase the taxation of gambling. The Government shall take the necessary steps concerning proof of the origin of acquired assets and, in this regard, shall take reasonable measures under tax and criminal law. The Government shall seek changes in tax legislation which – while maintaining tax revenue – will reduce the cost of tax administration to the honest taxpayer.
- The Government shall promote the centralisation and control of all state administration accounts in the Treasury. The Ministry of Finance shall streamline the management of state liquidity, in particular by introducing cash pooling. The consistent involvement of all state institutions in the Treasury shall facilitate the active, efficient and transparent management of expenditure centrally. The Government shall disclose data from the Treasury to the public and prepare informative material on the central government budget for citizens.
- All immovable (and, at a later stage, significant movable) state property shall be centrally recorded and managed, resulting in the rationalisation of the portfolio of immovable property and in the optimisation of the use thereof. Purchases of goods and services shall be centralised to the maximum extent possible. The state shall actively assert its property rights (compensation for damage, unjust enrichment, etc.), especially through the Office of Government Representation in Property Affairs, the legal competence of which shall be further strengthened and strictly adhered to.

- The Government shall seek the elimination of duplicate ex-post controls. It shall expand the powers of the Supreme Audit Office and create a new law on an internal management and control system that will reinforce managerial accountability and enhance functional independent auditing. The aim is to for most expenditure to be checked before the payment of invoices.
- The Government shall ensure the more efficient collection of taxes from lotteries and similar games and shall prevent evasion from the operation of illegal lotteries and games on the internet. The Government shall harmonise legislation in the field of online betting and lotteries with European Commission requirements and secure additional tax revenue by taxing lotteries and games on the internet, regardless of whether they are operated by Czech or foreign companies. The Government shall also seek to cut down on slot machines and, in particular, to reduce the number of people dependent on these machines. The Government shall strive to concentrate gambling establishments into more controllable units.

3.2 Ministry of Labour and Social Affairs;

- The Government shall prepare an amendment to the Pension Insurance Act relating to the regulation of conditions for pension increases as of 2015. The Government shall terminate the rule on the reduced indexation of pensions and shall ensure that, from January 2015, pensions are again increased by the 100% increase in consumer prices and by one-third of the increase in real wages. It shall establish an expert committee to terminate Pillar II and propose changes to the pension system, and to draft a long-term systemic solution to family policy in the Czech Republic. The Government shall prepare a detailed proposal to close retirement savings schemes while respecting the ownership rights of the participants, and shall draw up a comprehensive and coherent summary of specific proposals for changes in the pension system that will establish a long-term stable structure and the proportionality of benefits granted.
- The Government shall create conditions for the contractual and technical establishment of a system for the payment of non-insurance social security benefits and state employment policy benefits, including all ancillary applications, via the infrastructure and information systems at the Ministry of Labour and Social Affairs.
- The Government shall prepare a proposal to adjust the minimum wage (an amendment to Government Regulation No 567/2006 on the minimum wage) and raise the minimum wage after consultation with social partners so as to ensure a dignified life for workers devoid of social benefits. The minimum wage shall be sufficiently motivational and should gradually approach 40% of the average wage, taking into account the economic and social contexts.
- The Government shall create a transparent, efficient and fair system for the funding of social services, especially in connection with the transfer of the funding of social services to the regions as of 1 January 2015. The Government shall secure sufficient financial resources from the central government budget for social services, which shall not be lower than in 2014 and shall take into account the rate of inflation. The Government, in cooperation with the Ministry of Health, shall address the issue of cross-cutting social and health services.
- The Government shall stabilise and increase the staffing of branches of the Labour Office of the Czech Republic with a view to performing employment policy activities and disbursing non-insurance social benefits, including the necessary social investigations. It shall develop an active employment policy with a focus on

particularly vulnerable groups, such as women with children, young people under 30, people approaching retirement age, low-skilled people, people at risk of social exclusion and people with disabilities. It shall also ensure effective checks to combat illegal labour and investigate employment relations (working and wage conditions).

- The Government shall propose a temporary 12-month exemption from social security contributions for those employers who employ persons particularly vulnerable in the labour market. The contributions for these employees shall be covered by the state. Citizens vulnerable in the labour market shall be defined in a way that minimises the possibility of abuse of this measure, and shall include university graduates, persons aged 50 years and older, and parents returning to the job market after maternity leave who, prior to finding employment, are registered as unemployed. Support shall be limited to employers who, fail in the reporting period, do not reduce their number of employees. The amount of such support per employer shall be capped. This support shall be designed to be essentially budget-neutral.

3.3 Ministry of Health

- The Government shall ensure the economic stability, efficiency and transparency of the public health system, health insurance companies (including VZP) and health service providers.
- The Government shall insist on compliance with the principle of solidarity between the healthy and the sick, the non-profit making and the universal availability of quality health care paid for by public funds. It shall create a predictable, stable system, consistent with average costs, for the coverage of all types of health care. The principle of identical payments for an identical scope and comparable quality of care shall apply. The Government shall introduce the regular indexation of payments for the state insured, and shall push for a reduction of VAT on medicines. It shall introduce an equitable model for the redistribution of contributions that takes into account the actual expenditure on costly diagnoses and results in major system savings, especially in the cost of drugs and medical devices. The Government shall promote a transparent and auditable system of public funds, introduce the mandatory disclosure of contracts between health insurance companies and care providers, as well as contracts between public hospitals and their suppliers. The Government shall not reintroduce fees for hospital stays. With effect from 1 January 2015, prescription fees and outpatient treatment fees will be abolished. Only the regulatory fee for the use of emergency services will remain in place. The central government budget will compensate the public health insurance system and, subsequently, care providers for the funding shortage associated with the abolition of regulatory fees.
- The Government shall consistently keep ownership of healthcare facilities and health insurance companies separate and shall prevent the mutual or third-party control thereof.
- The Government shall strengthen state control over the flow of health insurance and the functioning of health insurance companies. It shall ensure state control over the introduction of the DRG system by having the Ministry of Health take over this activity from the National Reference Centre. The Government shall further enhance the effectiveness of the State Institute for Drug Control and its drug policy and pricing in order to ensure better access to medicine for citizens.
- During 2015, the Government shall submit a draft law on public non-profit hospitals to facilitate the more transparent and efficient management thereof. In this respect, it

shall foster conditions for the creation of accepted practices in professional medical care.

3.4 Ministry of the Environment

- The Government shall establish conditions for the maximum utilisation of funds under the Operational Programme Environment in the 2007-2013 programming period for meaningful projects that contribute to environmental improvements in the Czech Republic. The Government shall seek to simplify conditions and eliminate unnecessary bureaucracy in the utilisation of funds under the Operational Programme Environment in the new 2014-2020 programming period in order to minimise the risks of losses in the use thereof. The Government shall prepare an amendment to the Environmental Impact Assessment Act according to European standards in order to set clear rules and deadlines in the EIA process. The Government shall decide on an effective, uniform and simple system for the regulation of water supply and sewerage systems, for example by setting up a central regulator in this area within the Energy Regulatory Office.
- The Government shall secure adequate funding which, via the New Green Savings scheme, will allow the programme for the insulation of public and private buildings to continue, thus contributing to the development of the construction industry and creating many thousands of jobs. The Government shall prepare for the implementation of a Green Programme in regions with a long-term poor-quality environment (the Moravian-Silesian Region, the Ústí nad Labem Region), drawn up by the state with contributions from towns and municipalities and major businesses. The Government shall also make maximum use of cross-border cooperation and European Union cooperation. The Government shall draft a law reducing the Czech Republic's dependence on fossil fuels insofar as this is not detrimental to the country's competitiveness. The Government shall support the continued modernisation of individual furnaces (the "boiler subsidy"). The Government shall not allow further exploration and subsequent mining of gold or the continuation of exploration and subsequent production of shale gas in the Czech Republic.
- By mid-2016, the Government shall prepare an amendment to the Waste Act in order to reduce the share of landfilled waste and increase the recycling of waste, including biological waste, to the level reported by developed European countries. The Government shall encourage waste prevention schemes and establish a system of incentives and fees that will motivate citizens to sort waste.
- By mid-2016, the Government shall prepare a strategy for adapting to climate change in the Czech Republic, including specific projects for water retention in the landscape, the restoration of waterways and floodplains, the consistent protection of groundwater, etc.
- The Government shall maintain the current legislatively guaranteed level of civil rights relating to the environment, and shall advocate more environmental education in schools.

3.5 Ministry of Industry and Trade

- The Government shall restore the system of incentives for foreign and domestic companies, with a key role to be played by CzechInvest, including via its foreign branches, in the organisation of such incentives. The Government shall formulate new incentives to stimulate projects with high added value, with a high proportion of research and development, or strategic services, and to encourage investors to do business and reinvest in the Czech economy over an extended time frame .
- The Government considers goods and service exports to be an important driver of economic growth in the Czech Republic's open economy. To promote exports, the Government shall make maximum use of economic diplomacy and institutions such as CzechInvest, CzechTrade, the Czech Export Bank, the Export Guarantee and Insurance Corporation and CzechTourism. In addition to European Union countries, the Government shall support the expansion of exports into priority countries and countries of interest defined in collaboration with the private sector, where Czech companies have the opportunity to apply embedded high added value.
- The Government shall support the development of small and medium-sized enterprises, which remain an untapped reserve of growth and employment. One way forward shall be the development and capital strengthening of Českomoravská záruční a rozvojová banka, a.s. (Bohemian-Moravian Guarantee and Development Bank), a 100% state- owned bank with the wherewithal to finance and develop small and medium-sized business in particular. The Government shall promote the training of new entrepreneurs and, by simplifying the Public Procurement Act, their access to public contracts. The Government shall take action to minimise the administrative burden faced by businesses.
- The Government believes that the efficient use of European Union funds is a key priority in the support of industry. The Government shall give particular priority to projects that maintain or create jobs, especially in regions hardest hit by unemployment.
- The Government shall support the modernisation of industry in order to reduce its energy consumption. The Government shall arrange for the State Energy Policy and State Mineral Policy to be updated. The Government shall safeguard the country's energy security, resistance to large-scale malfunctions and disruptions in energy supply, and sustainable energy. In this light, the Government shall strive for the environmental sustainability of energy and seek to maintain high energy supply security while keeping to reasonable prices so that the Czech economy, and especially the manufacturing sector, is competitive. The Government shall also conserve energy resources for future generations and defend the state's interest in laying down conditions for mineral mining and use. The Government shall promote reduced energy consumption in public and private buildings, with a positive effect on the Czech Republic's energy balance. It shall therefore encourage their widespread insulation and the use of energy- efficient technologies and appliances. Where economically advantageous for the Czech Republic, the Government shall support the construction of new nuclear units at Temelín and Dukovany which, in the long run, shall replace a significant portion of coal energy as it reaches the end of its life. The Government also believes it is important to ensure that Dukovany Nuclear Power Plant continues to operate after 2025.

3.6 Ministry of Education, Youth and Sports

- Education is a cornerstone of Government policy. Therefore, the Government shall prepare a long-term strategy for the development of education and seek support for this strategy across the political spectrum and among professionals. A National Council for Education shall be established as a platform for professional discussion, the formulation of key paths in the development of the education system, and the tackling of current issues in education. All of the following steps shall be accompanied by an emphasis on improving the quality of education at all levels and by better teacher training in cooperation with the education faculties.
- The Government shall provide systemic support for preschool education. Drawing on EU funds and the newly established national fund, the Government shall provide municipalities with the resources required to build adequate capacity for nurseries and primary schools. It shall make the final year of pre-school education mandatory.
- The Government shall change the system for the financing of regional education and shall promote technical and vocational programmes so that the education system better reflects the needs of the labour market. The Government shall substantively and financially stabilise state school-leaving examinations and introduce proficiency examinations for certain specific apprenticeships.
- The Government shall analyse higher-education legislation and then submit proposed amendments. It shall guarantee free higher education in public and state higher-education institutions – tuition and enrolment fees will not be introduced.
- The Government shall introduce effective career rules for teachers with clear incentives linked to their appraisals as of 2015. It shall also seek a gradual increase in funds for the wages of teaching and non-teaching staff and for the modernisation of schools and their equipment.
- The Government shall be committed to the transparent financing of sport, shall set criteria for state aid for international sports events in the Czech Republic and shall draft a law on the promotion of sports.

3.7 Science, Research and Innovation

- The Government shall promote the balanced and effective management of research, development and innovation (RDI) so that the results, as a whole, contribute to the social and economic development of the Czech Republic and are long-term sustainable. New growth sectors of the digital economy, and cultural and creative industries, shall also be taken into account.
- The Government shall take this action primarily by enhancing the quality of RDI management and increasing motivation within the private and public sectors to use RDI results. The Government shall also take into account the important role played by social sciences as a source of knowledge and reflection for the social and economic development of the Czech Republic.
- The Government shall create conditions for a change in the way research institutions and projects are evaluated and funded to reflect their real contribution to the development of the Czech Republic. In particular, it shall reduce the dependence of basic research on targeted funding and shall reduce the advantages enjoyed by scale at the expense of quality.
- The Government shall strive to increase the quality of RDI and improve the contribution made by RDI to the long-term prosperity of the Czech Republic, in particular by improving the activities of the Government Council for Research, Development and Innovation, creating conditions conducive to the mobility of RDI

staff and PhD students, and strengthening doctoral disciplines that relate to the needs of the economy in applied fields.

- The Government shall increase systematic support for involvement of Czech research institutions and enterprises in international bilateral projects and European Union projects (including the in the ERA), and shall support applied research, including in the social sciences, e.g. by defining and increasing the number of applied research programmes, by engaging in consistent work with RDI priorities, by promoting functional facilities for technology transfer, and by supporting the application sphere, including the use of appropriate models for the use of venture capital.

3.8 Ministry of Transport

- The Government shall prepare and submit a law on linear structures which will simplify the processing of building permits for linear structures, including environmental impact assessments and conditions regarding the procurement of the land in question. The Government shall analyse existing project preparedness and opportunities to begin construction, and review the status of mortgaged buildings and the potential to continue them, including the financing conditions. The Government shall not restrict the volume of funds channelled into infrastructure, but shall try to use them effectively, especially as regards the utilisation of European Union funds. The Government shall complete segments of infrastructure connected to the TEN-T network. It considers a priority to be the construction of motorways and expressways, such as the R52, R6, R35, R43, R49, D3, D8, D11, the Prague Ring Road and linking roads, facilitating high quality connections with our neighbours. The Government shall consistently establish a system of preliminary, interim and ex-post financial controls relating to the creation of the functional methodical management of individual departments of investor organisations within the Ministry (the Road and Motorway Directorate, the Railway Infrastructure Administration, and the Waterways Directorate).
- The Government shall ensure the orderly, economical and, above all, lawful operation of all systems in the central vehicles register and other transport sector databases. The Government shall introduce tolls for road vehicles only where there are preconditions for a revenue stream based on a thorough analysis. The Government shall set tolls so that transport costs encourage the development of Industry in the Czech Republic and are compatible with surrounding countries. It shall pave the way for the transformation of the Road and Motorway Directorate into a state enterprise so as to ensure that efficient toll collection after 1 January 2017 is fully under the control of the Ministry of Transport.
- The Government shall prepare for the full implementation of Directive 2012/34/EU of the European Parliament and of the Council establishing a single European railway area, which will relieve the national carrier, Czech Railways, of the costs associated with the operation of its own service facilities, but which are also used by competing carriers. The Government shall set rates for the use of such service facilities. The Government shall support the transfer of cargo from road to rail.
- The Government shall ensure that services provided by external contractors are placed under the control of the expert services of the Ministry of Transport. In this way, it shall fulfil, with dignity, the responsibility of one of the largest contracting authorities in the country, creating jobs and reducing unemployment.

- The Government is aware of the importance of having the headquarters of the European Global Navigation Satellite System (GSA) in Prague, and of the importance of space-related activities for the further growth of Czech industry's technological and innovation standards, and shall continue to support the further development of transport telematics and space-related activities in the Czech Republic in close cooperation with the European Space Agency (ESA), the GSA and the European Union.

3.9 Ministry of Agriculture

- The Government shall create conditions to increase the Czech Republic's self-sufficiency in basic agricultural commodities by laying down terms conditions under the reformed Common Agricultural Policy and Rural Development Programme which will push forward the development of balanced agriculture and food processing in the Czech Republic. The Government shall increase the competitiveness of Czech agriculture and food processing. It shall strengthen and promote investment in primary production and downstream processing, especially in livestock production, fruit growing, vegetable growing and horticulture, with an emphasis on the production of higher value added and job creation.
- The Government shall focus on improving consumer protection and food safety in the Czech Republic through effective food market surveillance with the primary objective of preventing deceptive practices. The Government shall introduce strict rules for retail chains in order to improve the quality of food sold and to create a broader platform for high-quality Czech food. The Government shall seek to increase consumer awareness of the quality parameters of production, including origin.
- In water management, the increased protection of citizens and land from flooding will be crucial. Therefore, the Government shall introduce additional stages under the Flood Prevention Programme focused on water retention in river basins, and shall take flood control measures mainly in areas that are least protected against flooding. The Government shall protect the quality of arable land and land resources.
- The Government shall take action to change the economic policy of the state forestry enterprise Lesy České republiky, s. p., in order to increase employment in individual regions and strengthen the importance of the small and medium-sized forestry and timber industry.
- The Government shall ensure the completion of decisions at national level under the Common Agricultural Policy in accordance with its programme objectives, and shall set rules for the distribution of agricultural subsidies in the following 2014-2020 period. The Government shall defend the equal status of Czech farmers and food producers within the European Union, and shall ensure the continuity of national support and the reintroduction of green diesel.

3.10 Ministry of Culture

- The Government wishes to channel a share of central government budget expenditure approaching one per cent into culture as a public service, forge a direct link between tourism income and expenditure on the conservation and maintenance of the heritage

fund, and make consistent use of European Union funds and the Norwegian Financial Mechanism to repair monuments.

- The Government shall pass a law on culture, a law on a public institution in the arts which eliminates the shortcomings of today's organisations partly funded from the public purse, depoliticises them and ensures their stable funding. a new law on monuments, and amendments to the Copyright Act and media laws
- The Government shall promote a new model for the presentation of the Czech Republic abroad, based in part on exports of Czech art and Czech culture.
- The Government shall make access to public cultural institutions easier, e.g. by introducing a day of free admission and family discounts, and shall advocate a more effective model for the development of children's creativity in the form of art activities and cultural experiences.
- The Government shall support the amateur art activities, regional culture and public cultural services provided by non-profit organisations.

3.11 Ministry of Justice

- The Government shall intensify the supervision of bailiffs to prevent abuse of enforcement proceedings and debt recovery, and shall ensure that bailiffs, as representatives of the state, exercise their rights in a way guaranteeing the rights of both the creditor and the debtor. The costs of enforcement and the bailiff's fee must be consistent with the actual work performed by bailiffs. Enforcement according to the Rules of Enforcement shall be inadmissible in cases where obligations can be enforced in administrative enforcement procedure.
- The Government shall continuously the implementation of the new Civil Code and related legislation in practice, and, based on the results, shall prepare an amendment eliminating the shortcomings, gaps and uncertainties.
- The Government shall be committed to the preparation and implementation of a new Code of Civil Procedure which will significantly accelerate litigation while guaranteeing the right to a fair trial.
- The Government shall promote new legislation on criminal proceedings that guarantees the fair and expeditious hearing of criminal cases, including more effective means of confiscating the proceeds of crime. At the same time, the Government shall protect and improve the process of compensation for victims of crime.
- The Government shall promote a change in the policy on sanctions against perpetrators of less serious crimes, who, more than in the past, should receive punishments unconnected with imprisonment, and shall complete the long planned reform of the prison system in order to minimise the risk of re-offending upon release.
- The Government shall push for a new law on the prosecutor's office which better safeguards the independence of state prosecutors and their responsibility in criminal investigations, and establishes systemic and organisational elements required to specialise in the combating of serious and financial crime and all forms of organised crime, including corruption.

3.12 Human Rights and Equal Opportunities

- The Government shall seek a high standard of human rights protection. The Government holds the freedom and equality of all persons in terms of their dignity and rights to be not only a formal principle, but also a commitment to create conditions for the dignified and full life of all persons in the Czech Republic, including minorities of all kinds and any disadvantaged or weaker individuals. The Government shall place a comparable emphasis not only on political and civil rights, but also on economic, social and cultural rights.
- The Government considers the fight against social exclusion to be one of its priorities. It shall promote a coherent solution to social housing and the prevention of homelessness, social assistance and outreach work, the provision of social and hardship benefits, inclusive education, the employment policy, the fight against debt, free legal aid and counselling, and the prevention of abuse of the welfare system, e.g. trade in poverty in overpriced hostels.
- The Government shall strive to create a tolerant society. It shall rigorously oppose all forms of violence and manifestations of racial hatred, such as anti-Gypsyism and anti-Semitism. It shall support the development of the Roma culture and identity as a natural part of integration. The Government shall strengthen legal opportunities to put up a defence against discrimination, and shall intensify the Ombudsman's power to propose the abolition of unconstitutional laws.
- The Government shall strictly apply the principle of equality between women and men. The Government shall focus on the suppression of gender-based violence. It shall strive for the reconciliation of working, private and family life, including the provision of sufficient capacity at preschool facilities and the support of flexible and stable forms of work. It shall also seek to promote the greater representation of women in decision-making positions and equal pay for equal or comparable work. In the protection of human life, as defined by the Charter of Fundamental Rights and Freedoms, the Government shall not interfere with the current legal situation.

3.13 Ministry of Regional Development

- The Government shall complete preparations for the disbursement of funds for the years 2014 to 2020, and in particular it shall complete negotiations on the partnership agreement and coordination of the preparation of operational programmes. The Government shall urgently prepare an amendment to the law on regional development support.
- The Government shall prepare a new law on public procurement to reflect modern procurement trends in the European Union and harmonise requirements for the consistent transparency of procurement procedure with a view to preventing corruption and guaranteeing selection of the optimal supplier.
- The Government shall support the development of tourism and the quality promotion of the Czech Republic as a tourist destination, and shall prepare a law on tourism.
- In spatial planning and building regulations, the Government shall prepare an amendment to the Building Act to simplify and speed up permit procedures. The Government shall push for a new law on social housing that defines the standard for social dwellings and specifies those in a housing emergency who qualify for such housing.

3.14 Ministry of the Interior

- The Government shall stabilise staffing and the economic situation in the security forces. It shall promote the further development of the Czech Police, the Czech Fire Brigade and other units of the integrated rescue system. It shall create the personnel, material, technical and organisational conditions necessary for the preparedness of the integrated rescue system units so that they are always ready for action. The Government shall also address improvements in conditions for teams of volunteer firefighters. The Government shall emphasise the following security areas: the fight against terrorism, extremism, organised crime, corruption and racial intolerance.
- The Government shall reduce the number and complexity of official acts encumbering citizens due to the procedural modelling of agendas. The Government shall adopt a strategic framework for the development of public administration and eGovernment so that their further functioning is more effective and efficient. Citizens must have clear information, and officials must be properly trained.
- The Government shall find a comprehensive solution to tension in socially sensitive areas. It shall place an emphasis on preventive programmes, on close communication with local governments units, and on balancing elements of prevention and repression so as to effectively eliminate the causes of social conflicts.
- It is necessary to strengthen the overall participation of citizens in decision-making on major issues related to the functioning of the state. The Government shall ensure that citizens have control over the financing of political parties, and that they are engaged in public affairs. The Government shall guarantee unobstructed access to all legislation via the project for the electronic collection of laws and international treaties.
- The Government shall ensure the economic stability and transparency of the management of Czech Post and its further development. Citizens must have maximum accessibility to the services of Czech Post. Czech Post branch network optimisation shall be discussed with local authorities (regions, towns and municipalities).

3.15 Ministry of Defence

- The Government's primary task is to conduct a full analysis of the management of the Ministry of Defence and an audit of individual agendas and the resulting personnel requirements. The viability of outsourcing needs to be reviewed, the sale of redundant assets must be accelerated, and any unnecessary costs and areas of inefficiency should be eradicated.
- In order to comply with the commitments undertaken by the Czech Republic, our defence capabilities need to be developed. This is contingent on the corresponding technological standards within the Czech Army. Depending on economic trends, the Government shall seek adjustments in the financing of the Ministry so as to ensure the necessary development of the armed forces. Tenders and scandals related to acquisition procedures are a long-running problem. It is therefore a Government priority for the relevant steps at the Ministry of Defence to be absolutely transparent, for acquisitions to meet the real needs of the Czech Army, and for the greatest efficiency to be achieved.
- The Government shall focus on developing skills earmarked for emergency clusters within NATO and the European Union, and on establishing skills needed for collective defence under Article 5 of the North Atlantic Treaty. An emphasis will be placed on

interoperability, deployability, the capabilities of international cooperation and the management of joint operations. The Government shall actively contribute to international the operations of NATO, the European Union and the United Nations with the necessary mandate, if they are in keeping with the defined security and defence interests of the Czech Republic and commitments of the Czech Republic within NATO and the European Union. The Government shall protect Czech airspace with its own resources.

- The Government shall develop dialogue with the domestic defence industry with the aim of creating a cooperative environment and supporting the operations of the Czech defence industry in foreign markets.
- The Ministry of Defence shall submit two basic conceptual documents: the Long-term Defence Outlook up to 2030 and the Concept for the Construction of the Armed Forces.
- The Government shall complete the changes necessary in defence legislation.

3.16 Ministry of Foreign Affairs and Office of the Government of the Czech Republic

European Union

- The Government views states and institutions of the European Union as the main guarantors of security, prosperity, democracy and solidarity in Europe today. Therefore, it shall actively strive for a European Union which is politically influential and capable, economically competitive, a defender of democratic values and promoter of social cohesion and human dignity. The aim of our European policy is focus on the core of the European integration and operate in the European area as a comprehensible and credible partner.
- In accordance with the principles of subsidiarity and proportionality, and with an emphasis on the individual responsibility of Member States, the Government shall support the intensification of European integration and cooperation, especially in economic policy and the internal market, social solidarity and employment, energy, transport, financial services, research, development and the environment.
- The stabilisation of the economic and monetary situation in the European Union is a primary concern of the Czech Republic. The Government shall support steps towards the deeper coordination of economic and fiscal policy and towards the restoration of confidence in the European financial sector. It shall revise the existing reticent opinions on monetary integration and financial cooperation. As a sign of its responsible fiscal policy, the Government shall accede to the fiscal pact (the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union) and, in view of how closely the Czech and European financial sectors are integrated, the Government shall actively defend its interests in the emerging banking union, including preparations for accession.
- Considering the still untapped potential of the European Union's internal market, the Government shall push for the elimination of existing obstructions and the prevention of new barriers to the free movement of goods, services, capital and labour. The Government shall support a European Union open inwards and outwards while maintaining and strengthening social standards. In the Government's opinion, ambitious trade and investment agreements with third states are an integral part of Europe's competitiveness and its priority is to complete negotiations on the transatlantic trade and investment partnership between the European Union and the

USA. The Government shall actively participate in the formulation of the European Union's energy and climate policy so as to maintain the competitiveness of the economy. The Government shall promote a discussion on European and domestic economic reforms through the National Reform Programme as a key strategy document of national economic policy.

- Regarding the European Union's external operations, the Government shall place an emphasis on the greater efficiency and interconnection of the Common Foreign and Security Policy, the strengthening of the Eastern Partnership and the enlargement of the European Union, in particular to embrace the countries of the Western Balkans, upon fulfilment of conditions by the candidate countries. The Government shall continue to support the proportionate participation of the Czech Republic in missions and operations under the Common Security and Defence Policy.
- The Government shall make better use of the possibilities offered by European Union membership. To improve competitiveness and the quality of life in the Czech Republic, it shall draw on EU funds more efficiently, with a particular emphasis on supporting vulnerable and disadvantaged regions, and shall intensify supervision of the use of such funds. The Government shall take systemic measures to strengthen the Czech Republic's single and active policy within EU institutions. It shall play a more active role in posting Czech citizens to European institutions and shall establish regular dialogue with European institutions. It shall also cooperate more actively with representatives of the Czech Republic in the European Parliament.
- The Government shall increase dialogue with the Chamber of Deputies and the Senate of the Czech Parliament, social partners and civil society in formulating and promoting the interests of the Czech Republic. The Government shall provide a coordinated front to the European Union. Inter-ministerial coordination shall be the responsibility of the Government Office. European policy shall be developed in close cooperation between the Government Office, the Ministry of Foreign Affairs and other ministries. The Government shall prepare a concept for Czech operations in the European Union and shall implement a European communication strategy, under which it shall hold intensive dialogue on European issues with experts and citizens of the Czech Republic.

External policy

- The Government is aware that the future of Czech Republic depends on the quality of the international environment, the ability Czech Republic to pursue its own interests in international competition, and also its readiness to contribute to others. The Czech Republic has long sought an international structure where problems are addressed multilaterally and that is efficient, stable and fair at the same time. Therefore, at the UN it shall focus on peacekeeping, including readiness to participate in military missions, on disarmament, international development, and human rights, and on the reform of UN institutions. The Government shall also develop strong relations with non-European countries.
- Foreign policy shall be linked to the country's berth in the middle of Europe, in the European Union and in the Atlantic security framework. Membership of the European Union shall be a key factor in the foreign-policy thinking of the Czech Republic. The Czech Republic's European and foreign policy are closely linked. Its European and Atlantic orientation are mutually supportive. Therefore, the Government shall strengthen multilateral cooperation in the Euro-Atlantic area, especially through its

active NATO membership and its active approach to political, economic and security dialogue between the European Union and the USA.

- The Government shall place a stress on the development of neighbourly relations and continued cooperation within the V4. It shall seek deeper-rooted strategic dialogue with Germany, Slovakia, Austria, Poland and Hungary. It shall continue intensive bilateral and regional cooperation.
- Development cooperation, the promotion of human rights and humanitarian assistance shall be included in the Czech Republic's foreign policy. The Government shall work on the assumption that human rights include civil and political rights, and economic, social and environmental rights, and that these can be efficiently supported only in conditions of mutual respect and dialogue.
- The Government shall place an emphasis on economic diplomacy. The Ministry of Foreign Affairs and the Ministry of Industry and Trade shall draw up a concept in this area, which they shall jointly implement; this concept shall also involve the private sector.
- In the interests of the reliability and comprehensibility of the Czech Republic on the international stage, the Government, as the foreign-policy maker, shall seek to coordinate positions and achieve the broadest possible political consensus and cooperation with the President and the Czech Parliament. The Government shall update the existing Foreign Policy Concept of the Czech Republic and, further to the Civil Service Act, shall prepare a law on foreign service.

COALITION AGREEMENT

between the ČSSD, the ANO 2011 Movement and the KDU-ČSL

for the 2013–2017 Electoral Term

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The **Czech Social Democratic Party**, represented by its chairman Bohuslav Sobotka;

the **ANO 2011 Movement**, represented by its chairman Andrej Babiš;

and

the **Christian and Democratic Union - Czechoslovak People's Party**, represented by its chairman Pavel Bělobrádek;

enter into this Coalition Agreement on the basis of the results of elections to the Chamber of Deputies of the Parliament of the Czech Republic held on 25–26 October 2013:

I. Preamble

Further to their mandate from the citizens of the Czech Republic, expressed in elections to the Chamber of Deputies of the Parliament of the Czech Republic on 25 and 26 October 2013, the Czech Social Democratic Party, the ANO 2011 Movement and the Christian and Democratic Union – Czechoslovak People's Party have decided to form a coalition government.

The Parties shall guide the Czech Republic, on the basis of a socially and environmentally oriented market economy, towards prosperity, and shall seek to maintain social cohesion in the country.

The Parties shall promote an economic programme for the Czech Republic which is based on the support of entrepreneurship, efficient and transparent government, an efficient labour market, a sustainable pension system, social peace in society, and investment in education, science and research.

Citizens and their families should feel free and content in the Czech Republic and be proud of the country. Traders, entrepreneurs and companies should engage in business safely and freely, pay taxes and provide jobs in the Czech Republic. As a matter of priority, the state shall improve its own operations and, together with the implementation of the Civil Service Act, services for citizens, shall hold taxpayers in esteem, and shall avoid wastage in the redistribution of the taxes they have paid.

II. Government priorities

In the work of their clubs in both houses of Parliament, and in the Czech Government Policy Statement, the Parties shall reflect the following development priorities of the Czech Republic:

- The development of conditions for free enterprise, law enforcement, the kick-starting of sustainable economic growth, the increased competitiveness of the country's economy, job creation, with an emphasis on problem regions, effective assistance to people living in hardship, and the balanced development of regions and municipalities. Efficient use of European funds in the pursuit of these objectives and the intensification of infrastructure construction.
- The stock-taking and reconstruction of the state. The rationalisation of the state's economic management. An audit of each department. An audit of state assets. A ban on the state from doing business with companies with unclear ownership. The elimination of all forms of waste of public resources. Transparent procurement. The computerisation of invoices in the state sector and the transparent disclosure of expenditure paid from taxpayers' money, including small-scale contracts. The reinforcement of the public administration management and control system and the extension of the State Audit Office's powers.
- An uncompromising fight against all forms of corruption, serious economic crime, usury, unfair enforcement and insolvency.
- The development of high-quality, universally accessible public services in education, health, the social system, transport and security. Universal support for education, science, the arts and sport.
- The development of a democratic rule of law and self-governing units to strengthen public participation in decision-making.
- Active membership of the European Union and NATO in accordance with the Czech Republic's interests, action within the United Nations to eliminate risks to international peace, the promotion of equal cooperation between nations and involvement in efforts to counter international terrorism.

In their activities, the Parties shall strive for the substantive and temporal fulfilment of these priorities within the meaning of the provisions laid down in this Agreement.

III. Government programme

1. Economic developments in the Czech Republic

The Parties confirm that the long-term goal of their economic policy is to harness the knowledge and skills of Czech citizens in order to return the Czech Republic to its place among the most technologically advanced countries in the world, which base their prosperity on the involvement of science and research in the economy, advanced education and smoothly functioning legal, regulatory and economic institutions.

1.1 Sustainable economic growth and competitive industry

- ✓ We shall define a modern, comprehensive and pro-growth industrial policy for the Czech Republic and a long-term vision for its development. We shall set priorities with a clear timetable and personal responsible for tasks that arise from that vision. We want to take this opportunity to promote the renewal of sustainable economic growth. We want to recreate a system of incentives for foreign and domestic companies, restore CzechInvest's key role in their organisation, and redefine incentives to stimulate projects with high value added or with a high proportion of science and research, and, where appropriate, strategic services.
- ✓ Public-sector investment will be channelled primarily into building insulation, water retention in the landscape, transport and other public infrastructure, and social and health services responding to the aging population. The resources for these investments will come from the restructuring of public budget expenditure, mainly at the expense of operating expenses, subject to a maximum three per cent deficit of public finances. The state shall also actively use state enterprises and joint-stock companies to stimulate the economy.
- ✓ We consider goods exports to be an important driver of economic growth in the Czech Republic's open economy. To promote exports, we shall make maximum use of economic diplomacy and institutions such as CzechInvest, CzechTrade, the Czech Export Bank, the Export Guarantee and Insurance Corporation and CzechTourism. We would like companies to expand beyond the EU into other countries on other continents, where they can aspire to high value added, such as the BRICS countries.
- ✓ We shall support the development of small and medium-sized enterprises, which remain an untapped reserve of growth and employment. One way forward shall be the development and capital strengthening of Českomoravská záruční a rozvojová banka, a.s. (Bohemian-Moravian Guarantee and Development Bank), a 100% state-owned bank with the wherewithal to finance and develop small and medium-sized business in particular. We shall promote the training of new entrepreneurs and, by simplifying the Public Procurement Act, their access to public contracts. We consider it important to minimise the administrative burden faced by businesses.
- ✓ We believe that the efficient use of EU funds is as key priority in the support of industry. We shall give particular priority to projects that maintain or create jobs.
- ✓ We shall initiate a change in building legislation in order to establish clear and transparent rules that simplify planning permission and greatly reduce the potential for corruption in this area.
- ✓ We shall remove obstacles hampering the fastest possible transfer and practical application of scientific knowledge and results of research and innovation. We shall create rules that will encourage private companies to finance specific projects of research institutions and to support research, development and innovation, including the creation of conditions for

highly skilled foreigners to live and work here where this is essential to increase the competitiveness of Czech industry.

- ✓ We shall support the teaching, in particular, of technical subjects at all types of schools, with an emphasis on greater convergence between practical training and the needs of the business sector (e.g. by promoting a dual system of apprenticeship training).
- ✓ We shall support the development of high-quality data connection as one of the prerequisites for the further development of the economy.

1.2 Modern transport

- ✓ We shall draw up a comprehensive and sustainable transport strategy with a clear vision for the development of different modes of transport, including arrangements to ensure cost-effective and high-quality transportation as a basic public service for citizens, advancing hand in hand with regional development.
- ✓ The cross-sectional nature of transport is a factor determining its importance and the need for effective functioning. We are also keen to create conditions for the proper disbursement of funds in the 2014–2020 programming period. Accordingly, not only will we take steps to ensure that the Ministry of Transport and its organisations are professionally managed by skilled management teams guaranteeing their efficient control and competitiveness.
- ✓ We shall take action to stabilise the resources of the State Fund for Transport Infrastructure (SFTI). We want to increase the SFTI's share in proceeds from excise duty on mineral oils to at least 25%. The total amount of resources for transport infrastructure should approach 2% of GDP over the electoral term.
- ✓ We shall introduce expert opinions on the costs of construction investments in transport infrastructure over CZK 50 million in order to ensure the efficient use of public resources and assess the costs of such buildings over their life cycle.
- ✓ We shall submit legislative proposals to speed up and simplify the preparation and implementation of linear structures in the public interest.
- ✓ We shall continue to build key road, rail and water transport infrastructure. In this respect, we shall pursue not only the construction of a backbone motorway network and expressways (including the priority R35 road as an alternative to the D1 motorway and a motorway link to the Czech Republic's neighbours), or the completion of the third and fourth rail corridor and modernisation of important railway junctions, but shall also accelerate the preparation and implementation of the necessary bypasses, eliminate black spots and revitalise critical national and regional railways. We shall support the development of inland waterways, especially projects to improve navigation conditions on the Elbe (the Děčín and Přelouč terraces), as well as the development of backbone international airports in the Czech Republic. Quality transport infrastructure is a prerequisite not only for the regional development and economic growth of the state, but also for the mobility of citizens and their jobs.
- ✓ We shall increase resources for the repair and maintenance of transport infrastructure in order to bring an end to the long-term underfunding which degrades these networks. We shall also support measures to prevent road embankments from being degraded by overloaded freight vehicles, e.g. by increasing checks on weight limits.
- ✓ We shall place an emphasis on the preparation of major transport projects extending beyond the electoral term (e.g. high-speed rail), including the optimisation of land appropriation aimed at territorial protection. In the Danube-Oder-Elbe multi-purpose water corridor project, we shall support, as a matter of priority, the production of underlying environmental and economic documentation as a basis for discussions on project feasibility with the relevant neighbouring countries and with the EU administration. An international consensus must be reached before project preparations begin.

- ✓ In public transport we shall support the development of integrated transport systems, and ensure their interconnectivity and coordination in the Czech Republic. We shall also foster additional conditions necessary for effective, non-discriminatory market liberalisation (e.g. harmonised tickets, revenue clearing, information systems or access to service facilities). To ensure a level playing field among carriers in the liberalised railway market, we shall establish a regulatory rail transport office.
- ✓ We shall strengthen the role and appeal of rail transport in the Czech transport system, and reinforce the function of Czech Railways (as a national carrier providing access to public passenger transport) and ČD Cargo, a.s. (as a major freight carrier providing comprehensive services throughout the Czech Republic). We shall support the transfer of cargo from road to rail. We shall continue to harmonise conditions between rail and road transport, including rates for the use of railway infrastructure for freight and passenger transport.
- ✓ We shall promote the further development of a tolling and road pricing system where this is pragmatic on regulatory and economic grounds.
- ✓ As we intend to promote sustainable transport development, we shall encourage the gradual transition to environmentally friendly cars – especially in regions where environmental pollution is worst. We shall create conditions aimed at reducing individual car use in cities while developing opportunities for pedestrian and bicycle traffic.
- ✓ We shall take action to reduce the number of road traffic fatalities with the aim of achieving the average European level by 2020. At the same time, we shall pursue a goal of cutting the number of persons injured by 40 %. We shall support traffic awareness among children.

1.3 Energy

- ✓ We shall support the modernisation of industry in order to reduce its energy intensity (with a particular drive towards low-energy production that generates high value added). In addition, it is important to safeguard national energy security and sustainable energy. In this light, we shall strive for the environmental sustainability of energy and seek to increase energy supply security while maintaining reasonable prices so that the Czech economy, and especially the manufacturing sector, is competitive. We are also concerned about conserving energy resources for future generations and defending the state's interest in laying down mining conditions.
- ✓ We shall explore opportunities to diversify energy resources, especially oil and natural gas. The energy mix is the key to a stable situation in the energy sector.
- ✓ We want to promote reduced energy consumption in public and private buildings, with a positive effect on the Czech Republic's energy balance. Therefore, we shall encourage widespread insulation, and in doing so shall draw on funds raised from emissions trading, as well as EU and national resources.
- ✓ We are keen to revise the system for the promotion of renewable energy sources in order to lessen the impact that it has on the competitiveness of Czech industry. We shall back all efforts geared towards the rigorous examination of aid granted to the existing installations of photovoltaic power plants.
- ✓ We shall support research and development in renewable energy use and energy storage.
- ✓ We shall advocate the completion of Temelín Nuclear Power Plant insofar as this is economically beneficial for the Czech Republic.
- ✓ We also believe it is important to ensure that Dukovany Nuclear Power Plant continues to operate after 2025 (with the option of building a new block).
- ✓ We shall support the greening of district heating and combined heat and power.
- ✓ We shall promote the consistent, gradual re-cultivation of previous coal and lignite mining sites, with an emphasis on restoring the complete landscape in areas damaged by mining. As for the revision of mining limits in northern Bohemia, further discussion is necessary in the

process of defining Czech energy and mineral policy, with a definitive solution to be reached within the next two years.

- ✓ We shall support the development of smart grids and modernise electricity distribution and district heating networks, primarily in order to reduce losses.
- ✓ We shall seek approval of the State Energy Policy across the political spectrum to avoid major changes in strategy if there is a change of government.

1.4 Efficient utilisation of European funds

- ✓ In our view, maximum possible exhaustion of funds in the 2007–2013 programming period is a fundamental factor that will trigger the Czech Republic's development and stabilise the central government budget. Therefore, we shall pay close attention to this issue and, to that end, shall establish ad hoc expert crisis teams. We shall also make sure that problems surrounding any proposed corrections are consulted with the European Commission in a coordinated manner rather than in piecemeal fashion.
- ✓ We shall swiftly establish the Czech Republic's strategic development priorities that will be pursued with EU funds for the 2014–2020 programming period.
- ✓ We shall finish negotiating conditions for the utilisation of funds in the EU's 2014–2020 programming period in order to achieve the maximum possible effect for the Czech Republic's development while exploiting potential synergies to the utmost. Fund utilisation in the new programming period shall be strategically managed, with a focus on the implementation of the Czech Republic's development strategy. We shall work on the basis of pre-negotiated terms to avoid significant delays in the utilisation of funds.
- ✓ To ensure the proper and efficient use of EU funds, we shall create the simplest possible organisational structure with clearly defined responsibilities of each institution, an effective audit system and established appeal procedures and places.
- ✓ We shall support the use of European funds for the visible improvement of public infrastructure, the implementation of municipal and regional projects, and the development and overall conditions of life. We shall that a territorial dimension is applied in the 2014–2020 programming period and we shall define the role of the regions.

2. A rational central government budget and efficient tax collection

The basic principle for the preparation of the central government budget shall be the support of economic growth, employment, families with children and a smoothly functioning state while keeping the public finance deficit below 3% (in accordance with ESA 95 methodology) throughout the electoral term.

2.1 Changes as of 2014

- ✓ We shall not make any changes in tax legislation that would change the amount of tax in 2014.

2.2 Impacts of new civil law

- ✓ We shall immediately propose and seek approval of changes in tax legislation that will eliminate tax uncertainties arising from the new codification of civil law applicable from 1 January 2014.

2.3 Procedures in the process of tax legislation approval

- ✓ In the drafting of any changes in tax laws, we shall demand, as far as possible, that all proposed changes – including parliamentary coalition proposals – be publicly consulted over a period of at least 30 days.

2.4 Changes in the tax burden from 2015 to the end of the term

- ✓ We shall seek approval of amendments to the following tax laws with effect from 1 January 2015:
 - Restrictions on the flat-rate costs that may be claimed by the self-employed in the form of an absolute amount and/or a reduction in the percentage of flat-rate costs in order to achieve the purpose of this concept (to simplify the calculation of tax, not to endorse unjustified reductions in the tax base). The Government shall analyse the contributions made by employees and the self-employed to public budgets with a view to proposing measures for the fairer distribution of the costs of financing public services.
 - The higher taxation of gambling.
 - A reduction in the VAT rate on medicines, books, nappies and irreplaceable baby food from 2015. To finance this change, the coalition shall consider the introduction of sectoral taxes for regulated industries from 2015 with the aim of generating budgetary revenue of CZK 4 billion. From 2015, a gradual increase in tax credits for a second child and further children, so that the tax credit for second and further children is increased significantly by the end of the electoral term.
 - The renewal of tax credits for working pensioners.
- ✓ The coalition shall cancel the concept of the super-gross wage and the solidarity-based surcharge by introducing a second personal income tax rate. This tax rate shall be set in a way that neutralises the budgetary impact of cancelling the super-gross wage and the solidarity surcharge (i.e. the tax burden on natural persons will not be increased).
- ✓ We shall repeal Act No 458/2011 on the establishment of a single collection point, which has been rendered legislatively unusable following statutory measures adopted by the Senate. Nevertheless, the coalition supports the basic idea of a single collection point (simplifying the tax system and the administration of tax and insurance). Therefore, we shall also harmonise the basis for the calculation of health insurance and social security contributions with calculations of the corresponding taxable income. This change shall be designed to be

budget-neutral. We shall strive to simplify the collection and administration of taxes and insurance by combining tax and insurance administrative authorities in a manner that reduces the risk of the non-collection of taxes and contributions.

- ✓ We shall propose the temporary exemption of socially needy employees from social security contributions for 12 months (these employees' contributions will be covered by the state) in combination with active employment policy instruments. Socially needy employees shall be defined in a way that minimises the possibility of abuse of this measure, and shall include university graduates, persons aged 50 years and older, and parents returning to the job market after maternity leave who, prior to finding employment, are registered as unemployed. Support shall be limited to employers who, fail in the reporting period, do not reduce their number of employees. The amount of such support per employer shall be capped. This support shall be designed to be essentially budget-neutral.
- ✓ We shall ensure that the changes approved apply throughout the electoral term and that the stability of the Czech tax system is maintained.

2.5 Improved tax collection

- ✓ We shall propose amendments to tax legislation in order to improve tax collection. The proposed legislation shall be based on reasoned tax administration requirements, shall be duly consulted, and shall be designed not to have a significant adverse impact on honest taxpayers or jeopardise economic growth.
- ✓ After consultation with the EU, we shall seek to extend the rules on the transfer of tax liability for selected taxable transactions in order to minimise value added tax evasion in a way that minimises the negative effects (the administrative burden) on the taxpayer.
- ✓ We shall propose legislative measures aimed at maximum digitisation of tax administration. Specifically, we shall propose legislative and technical measures to effectively control revenues reported from retail sales of goods and services. These measures shall include, for selected entities, the online reporting of revenues, the obligation to issue uniquely numbered documents and a "receipt lottery". All measures shall be based on the principle that the cost of implementation will be borne by the state through tax deductions and not by the business sector. This measure shall be followed up by a cut in the reduced VAT rate.
- ✓ We shall push for a reduction in the limit for cash payments from EUR 15,000 to EUR 10,000. Breach of this obligation shall result, among other things, in the automatic loss of the tax deductibility of the costs paid.
- ✓ Payments by legal and natural persons to entities in tax havens shall be subject to special reporting obligations. Tax havens (or the relevant jurisdiction) shall be defined by a decree of the Ministry of Finance (a "blacklist"). Breach of this obligation shall result, among other things, in the automatic loss of the tax deductibility of the costs paid.
- ✓ Natural persons engaged in business (the self-employed) who, over an extended period of time, fail to report a business profit (i.e. who, after taking into account all taxable income, have no tax base) shall not be eligible for tax credit. This provision shall not apply to natural persons in the year of start-up and in the subsequent three years.
- ✓ The Tax Code or a special law on the proof of origin of property – in justified cases precisely defined by law – shall enable tax authorities to demand that natural persons prove that their assets are consistent with income declared for taxation purposes by such persons in the past (the "transfer of the burden of proof"). This legislation shall not replace separate rules applicable to politicians and senior government officials under the Act on Conflict of Interests.
- ✓ Tax administration shall benefit from increased human and technical resources to strengthen tax auditing.

2.6 Reduced tax collection costs

- ✓ We shall seek changes in tax legislation which – while maintaining tax revenue – will reduce the cost of tax collection to the taxpayer. For example, the tax and contribution bases will be completely unified, the principle of mandatory assessment will be expanded, and it will be possible for taxpayers to mitigate the risk arising from uncertainties in the application of tax legislation by reporting their tax position to the tax authority.

2.7 Competitiveness of the Czech Republic

- ✓ Tax legislation shall safeguard the Czech Republic's competitiveness in the international arena.

3. Agricultural and rural development

The Parties shall strive to increase the competitiveness of Czech agriculture, to ensure the equality of Czech farmers within the European Union, to engage in the strict control of food safety and to make an overall improvement in the quality of life in rural areas.

- ✓ We shall prepare a long-term strategic vision for the development of the agricultural sector. We want to gradually achieve food self-sufficiency in the basic commodities that can be produced in the Czech Republic, and thus create new jobs in rural areas.
- ✓ Within the scope of many of the measures referred to in this Agreement, we shall strive to improve life in the countryside and to achieve general rural development.
- ✓ We shall defend the equal status of Czech farmers and food producers within the European Union, and, in particular, promote a non-discriminatory approach to the European Union's budget appropriations and development programmes. In the granting of national and regional subsidies, we shall do our best to ensure that Czech farmers and food producers enjoy equal conditions within the EU.
- ✓ We shall support high-quality domestic manufacturers and producers and the processing of agricultural commodities by drawing on CAP and PGRLF subsidy programmes. We shall place an emphasis on the fruit and vegetable growing and on the restoration of the livestock production sector.
- ✓ It is in the national interest to protect our quality food producers and, by means of quality control and effective sanctions, to send a message to all manufacturers and merchants that it is not worth their while making and importing low-quality products in the Czech Republic. We shall introduce strict rules for retail chains in order to improve the quality of food sold and to create a broader platform for high-quality Czech food. We shall strive for the transparent labelling of food origin.
- ✓ We shall increase cohesion between domestic agricultural enterprises and the Czech food industry by promoting the grouping of multiple primary-production entities in shared production facilities and points of sale.
- ✓ We shall provide high-quality rigorous checks in the retail network by expanding the work of field inspectors. We shall introduce severe penalties for non-compliance with product ingredients indicated on the label, and the penalties imposed shall reflect the company's turnover. The public must be informed in a clear and accessible manner.
- ✓ We shall support not only the output of manufacturers, but also the direct sale of products to the consumer.
- ✓ Supervisory bodies inspecting food quality shall be placed in the control of the Ministry of Agriculture.
- ✓ We shall continue to supply "green" diesel to active farmers.
- ✓ We shall preserve the zero rate of excise tax on still wines.
- ✓ Our priority shall be to support livestock production and speciality crops (fruits, vegetables, hops, potatoes, etc.) which clearly have a positive effect, especially on rural employment. We shall use the following instruments in the provision of this support: 1) Under the first pillar of the common agricultural policy, we shall make maximum use of direct payments to promote livestock production and speciality crops. 2) Payments under agri-environmental programmes shall be contingent on the sufficient use of farmland for livestock production. 3) Under agri-environmental programmes, we shall support the integrated production of fruit, vegetables and wine, and shall implement animal welfare requirements. 4) We shall promote sufficient financial allocations in support of investment in livestock production and speciality crops under the Rural Development Programme.
- ✓ We shall support the diversification of farmers' income intended to stabilise the sector economically. For example, we shall support biogas plants linked to livestock production and

also used to process biodegradable municipal waste where this is economically viable for the state.

- ✓ We shall change the way the state forestry company Lesy ČR is managed with a view to strengthening the role of the small-scale and medium-sized forestry and wood-processing industry, where hundreds of jobs can be created in mountainous and foothill areas.
- ✓ We shall not privatise state-owned forests.
- ✓ We shall establish, by law, the inalienability of state-owned forests. State-owned forests shall actively contribute to the maintenance of employment in the regions.
- ✓ We shall strengthen the legal protection of agricultural land to exacerbate changes in the classification of top-quality land, with the exception of the strategic interests of the state. We shall support changes in land management and focus on maintaining land quality. We shall launch an erosion control programme and a soil quality preservation programme.
- ✓ We shall counter increased risks of drought by developing efficient irrigation systems. For particularly vulnerable areas, we shall prepare comprehensive programmes to improve the water system.

4. Sound environment and sustainable development

The Parties shall comply strictly with Article 35 of the Charter of Fundamental Rights, which provides that everyone has the right to a favourable environment. A good environment is inseparable from the welfare of the nation as a whole, now and in the future.

4.1 Climate change and sustainable development

- ✓ We shall participate in international measures aimed at curbing climate change. We shall push for the adoption of an agreement to succeed the Kyoto Protocol with a particular focus on adaptation measures.
- ✓ We shall work with the opposition to draft a law reducing dependence on fossil fuels insofar as this is not detrimental to the competitiveness of the Czech economy.
- ✓ We shall revise the law on supported energy sources so that it does not burden the Czech economy and households, but taps into the effects of supported sources inherent in the Czech Republic (e.g. the promotion of solar panels on the roofs of homes and businesses).
- ✓ We shall help to link up areas where the generation of electricity from renewable sources is concentrated with centres of consumption.
- ✓ We shall support environmentally friendly products and services in government contracts as a manifestation of innovation potential.
- ✓ We shall push for a gradual increase in the energy efficiency of appliances (e.g. more stringent labelling standards).
- ✓ Further to applicable European legislation, we shall support the broad-scale insulation of private and public buildings via programmes such as New Green Savings, including the use of new materials. In doing so, we shall draw on funds raised from emissions trading, as well as EU and national resources.

4.2 Nature and landscape protection (water, soil, forests)

- ✓ We shall pursue a strategy aimed at improving the movement and retention of water in the landscape, mainly through natural measures, the construction and restoration of small water reservoirs, the reconstruction of waterways, the consistent protection of areas where groundwater is accumulated, and changes in forestry and agriculture.
- ✓ We shall also condition towns and municipalities to the need to retain water in the landscape by creating areas suitable for water retention and infiltration.
- ✓ We shall increase the protection of surface water by reassessing protection zones and introducing water conservation into agricultural practices.
- ✓ We shall protect the open landscape, which we view as a value in itself and which needs to be treated with maximum respect; we shall minimise the appropriation of such landscape.
- ✓ We shall prevent the further fragmentation of the landscape through land use planning and the consistent creation of a network of “ecological stability” (ecological corridors and bio-centres).
- ✓ We shall consistently make use of abandoned areas devastated by human activity for redevelopment. We shall restore the policy of rehabilitating sites contaminated by old environmental hazards by implementing targeted, specific and transparent projects that should also involve regional stakeholders with a direct link to such sites.
- ✓ We shall limit the loss of biodiversity needed for the long-term stability of our lives. We shall stabilise biodiversity in particular by protecting habitats. To do this, we shall engage in the prudent management of forestry and agriculture and the network of existing protected areas. We shall also consider creating new protected areas or national parks.
- ✓ We shall not permit a resumption of gold prospecting and mining or the launch of the exploration and subsequent production of shale gas.

4.3 Waste

- ✓ We shall not let our landscape become a “super-landfill” or a “super-incinerator”. We shall support programmes for the prevention, re-use and recycling of waste in accordance with the hierarchy of waste management agreed by the EU. We shall create a system of incentives and taxes to support developments in this regard and to motivate citizens to sort waste.
- ✓ We shall submit a new waste treatment strategy for the period from 2015 to 2025, and shall support its principles with legislation.
- ✓ We shall provide significant support for the separation and recovery of waste, including bio waste.

4.4 Clean air and quality of life

- ✓ We shall advocate the production of a “Green Programme” in regions with a long-term poor-quality environment (the Moravian-Silesian Region), drawn up with contributions from the management of towns and municipalities, as well as major manufacturers and businesses. In this respect, we shall draw on cross-border and EU cooperation.
- ✓ We shall support the upgrading of individual heating systems, boiler-replacement subsidies, and the current New Green Savings programme. We shall revise support schemes so that they are available to the widest possible group of people. By deploying a combination of grant programmes, we shall reduce the consumption of coal in domestic boilers and heating systems, with an emphasis on smog-threatened locations.
- ✓ We shall prioritise the construction of bypasses around towns where the air is particularly polluted.
- ✓ We shall support better disabled-access public transport aimed at significantly reducing individual car use in towns, including amendments to relevant regulations.
- ✓ We shall support the coordinated development of walking and cycling throughout towns and municipalities (street network planning, passageways, pedestrian zones, cycle paths).
- ✓ We shall expand and modernise the public water supply network and wastewater treatment system. We shall intensify the price regulation of water and sewage. We shall create a platform for sufficient investment in the water sector, in particular under the Operational Programme Environment, in the new programming period. We shall complete the construction of wastewater treatment plants in municipalities with a population of over 2,000 inhabitants.
- ✓ We shall consistently promote compliance with statutory pollution limits among businesses.
- ✓ In towns, we shall support technical measures to reduce noise hazards. In newly built structures, we shall ensure strict compliance with noise pollution regulations.

4.5 European funds and the environment

- ✓ We shall strengthen crisis management in the utilisation of funds under the current Operational Programme Environment, minimising the adverse impacts of mistakes made by previous governments.
- ✓ We shall revise the draft of the new Operational Programme Environment (OPE). This shall include the fact that the financial allocation for the new OPE will have the same approximate proportions as in the previous programming period. We shall expand the new OPE to include the financing of all components of the environment currently fragmented in other operational programmes.
- ✓ As a matter of priority, we shall channel European funds earmarked for the environment, in relation to businesses and citizens alike, into the support of measures to improve air and water quality.

4.6 Cooperation with civil society

- ✓ We shall maintain the current legislatively guaranteed level of civil rights relating to the environment, including public participation in administrative proceedings.
- ✓ We shall support the environment-related activities of interest groupings and associations, including children's and youth organisations, and shall create a system guaranteeing that the civil sector, in the field of environment, will be economically independent of changes in the political sphere.
- ✓ We shall engage civil initiatives in the preparation of laws from the outset.
- ✓ We shall strengthen environmental awareness and education and introduce environmental programmes in schools.
- ✓ We shall push for the rational amendment of the EIA process in relation to European standards, while protecting the environment and safeguarding the economy of the Czech Republic.
- ✓ We shall review the standards arising from our EU membership in order to optimise the level of regulation.
- ✓ We shall support the grouping of municipalities into functional units (micro-regions, local action groups, etc.) able to address common problems efficiently.

5. Decent pensions, support for families with children, the fight against poverty and social exclusion

The Parties shall strive to maintain social cohesion and assert principles of social justice, especially through the active employment policy, the protection of workers' rights, and the fight against poverty and social exclusion.

5.1 Pension system

- ✓ We shall strive to create dignified living conditions for the elderly. We shall push for a return to regular pension increases by the rate of inflation and a third of the growth in real wages, starting in 2015.
- ✓ We shall merge Pillars II and III. We shall put a stop to the diversion of resources away from the pay-as-you-go pension pillar. We shall initiate the establishment of an expert committee, coordinated by the Ministry of Labour and Social Affairs and the Ministry of Finance, composed of representatives of the coalition parties, the opposition, representatives of the tripartite and expert economists, demographers and sociologists, to prepare changes in the taxation of labour and in the pension system with effect from 2017 in order to ensure the payment of decent pensions, reinforcement of the principle of merit, the reconciliation of the transfer between the family and society, and the capping of the retirement age.
- ✓ In the initial stage, we shall support existing products in Pillar III, where the state provides contributions, and suggest improvements to their parameters in order to motivate people to save more for retirement.

5.2 Employment

- ✓ We shall restore the functionality of employment offices, inter alia, by transferring powers to district centres, bolstering the active labour market policy, and stressing assistance for the most vulnerable groups – school-leavers, disabled persons and those approaching retirement age. We shall also renew the obligation of employers to report vacancies to employment offices.
- ✓ After consultation within the tripartite, we shall gradually raise the minimum wage so that, over time, it approaches a level equal to 40% of the average wage.
- ✓ We shall rigorously promote equal pay for equal work for men and women and shall support the employment of persons with disabilities. We shall promote social entrepreneurship as a specific type of economic activity. We shall not tolerate any form of illegal employment. Subject to agreement within the tripartite, we shall renew the payment of sickness benefit in the first three days of illness.

5.3 Action against poverty and social exclusion

- ✓ We shall provide affordable, high-quality and effective social services, in particular by defining a network of social services, strengthening the role of planning in their development, and securing multi-annual funding. We shall support the variability of social services according to user needs, including support for those who care for their loved ones at home. We shall establish clear rules for the calculation of subsidies to service providers and for the use of care allowances.
- ✓ We shall revise rules on the granting of care allowances and the entitlement to a disability pension for persons with disabilities so that their state of health is fairly taken into account.
- ✓ We shall intensify social work in the field at municipal level, and in socially excluded sites we shall foster cooperation with the NGO sector. Through social work with families at risk of

poverty, we shall avoid the removal of children into institutional care merely for economic reasons.

- ✓ We shall push for a law on social housing that defines the standard for social dwellings and specifies those who qualify for such housing. We shall prohibit trade in poverty, i.e. the renting of overpriced hostels covered by social housing benefits.
- ✓ We shall support hospice care and the reconciliation of payments for beds in long-term care facilities.

5.4 Support for families with children

- ✓ We shall promote the extension of the childbirth allowance to the second child. In cases where the other parent fails to pay proper maintenance, we shall promote legislation on backup maintenance provided by the state under clearly defined conditions.
- ✓ Drawing on European funds, we shall start, in cooperation with municipalities, constructing small-area social housing and starter homes for young families.

6. Quality health care accessible to all

The Parties shall promote the health sector as a public service based on the principle of solidarity of the healthy with the sick, and on the principles of non-profit, equality and universal access to high-quality, advanced health care.

6.1 System for the coverage of health care

- ✓ We shall create a predictable, stable system, consistent with average costs, for the coverage of all types of health care. Reimbursement shall be mandatory for all health insurance companies: the same coverage and payment method shall apply to the same procedures by a healthcare facility.
- ✓ Over the space of two or three years, we shall change the concept of the reimbursement decree, including the revision of the list of procedures, to better reflect the costs incurred by healthcare facilities to replace instrumentation and restore immovable property.
- ✓ We shall regularly make index-linked increases in payments on behalf of those insured by the state, based on economic parameters (inflation growth, the average wage growth in the health sector). Health insurance contributions shall not be capped.
- ✓ We shall remove administrative barriers to the co-financing of social and health care from social security and health insurance resources.

6.2 Availability of medical care

- ✓ We shall create rules for the formation of a network of healthcare facilities financed from public insurance by all insurance companies and providing comparable access to care. (For acute hospital care in the Czech Republic, the primary aim shall be to deliver comparable quality with an accent on essential outpatient services, including pharmacy services in remote areas, while for aftercare there shall also be an emphasis on expanding the capacity of such care to cope with the aging population.)
- ✓ We shall improve patients' access to spa care (a review of the treatment indication list placing a greater stress on rehabilitative care and avoiding the coverage of wellness services with public funds).
- ✓ We shall ensure that pharmacy services are available in small towns and municipalities. We shall review drug policy and pricing to ensure the better availability of medicines fully covered by insurance companies in each pharmaceutical group, and access to highly innovative medicines and treatment methods. In contrast, we shall restrict the coverage of medicinal products and medical devices that do not have a clearly clinically proven therapeutic effect.

6.3 Fees in the health sector

- ✓ We shall abolish the CZK 30 fees charged by the outpatient clinics of general practitioners, specialists and pharmacies.
- ✓ The emergency care fee shall remain at CZK 90, irrespective of the mode of transport used to reach the healthcare facility.
- ✓ We shall not reintroduce fees for hospital stays.
- ✓ The resulting loss of revenue for providers following the fee changes shall be compensated by health insurance companies further to a corresponding increase in resources from the central government budget, in particular by an increase in contributions paid on behalf of persons insured by the state.

6.4 Health insurance companies and healthcare facilities

- ✓ We shall create non-discriminatory and transparent conditions for contracting between health insurers and healthcare facilities. We shall arrange for public access to all health insurer contracts and public access to commercial contracts between healthcare facilities and health insurers as a means of preventing overpriced procurement.
- ✓ We shall establish a supervisory authority to oversee health insurance flows.
- ✓ We shall institutionalise the National Reference Centre (NRC), bringing it under the control and responsibility of the state.
- ✓ We shall consistently separate the ownership of healthcare facilities and health insurance companies.
- ✓ A reduction in the number of health insurers shall be subject to consultation with and the agreement of the coalition parties.

6.5 Public non-profit health care

- ✓ We shall adopt a law on public non-profit (public-law) healthcare facilities for the backbone network of hospitals at teaching hospitals, with universities contributing to the management thereof.
- ✓ These facilities shall maintain a uniform system of employee remuneration comprising both tariff and non-tariff components.
- ✓ We shall promote a system improving the quality of the care provided. We shall create conditions for the establishment of professional medical care standards (especially in relation to very expensive care).
- ✓ We shall involve the Czech Republic in the European network of centres of excellence (the retrofitting of top-class specialised centres) and secure effective access for patients.

6.6 Prevention

- ✓ We shall introduce a system that will motivate citizens (including education in schools) to lead a healthy lifestyle, assume greater responsibility for their own health (bonus programmes for preventive examinations) and exercise their patient rights.
- ✓ We shall draw up a project for the implementation and financing of the health priorities of the state, focusing on the prevention of cardiovascular diseases, cancer and other diseases, the development of rehabilitation, long-term care, hospices and mental health care, including affordable access to the early treatment of Alzheimer's, Parkinson's disease and other serious illnesses shortening the productive age of the aging population.

6.7 Legal protection and the training of health professionals

- ✓ We shall improve the legal protection of health professionals, including defence against physical attacks in the performance of their medical duties.
- ✓ We shall review the system for the continuing education of health professionals.
- ✓ We shall arrange for a rigorous state audit of processes in the specialised education of health professionals and supervision of educational programmes, with a view to simplifying the content and facilitating access to the labour market in the Czech Republic and the mutual recognition of qualifications within the EU.
- ✓ We shall facilitate the transfer of medical practices among physicians (inheritance, sale).
- ✓ We shall adopt new legislation on cases of conscientious objection for all those working in the health sector.
- ✓ We shall strengthen the position and responsibilities of nursing staff.
- ✓ We shall ensure that health professionals' salaries rise in accordance with the financial stabilisation of the health system.

6.8 Information for patients

- ✓ We shall introduce a system of information, understandable to patients, on medicines, medical devices, procedures, and preventive programmes covered by public health insurance, and on the quality and safety of health services.
- ✓ We shall not authorise any action inconsistent with the protection of life, from conception to its natural end (not active euthanasia).
- ✓ We shall introduce the electronic access of patients to their own individual accounts, with the possibility of disclosing selected data to a doctor.

6.9 Review of supervisory authorities

- ✓ The Ministry of Finance shall initiate inter-ministerial negotiations to review supervisory authorities that have an impact on public health in order to eliminate the fragmentation of supervision in the Czech Republic, remove duplicate powers or, conversely, fill in missing powers for specific areas. We shall conduct the review with due consideration for minimum EU requirements.
- ✓ We shall improve the regulation of the prices of medicines and medical supplies to reduce the cost to citizens and the public sector.

7. High quality, accessible education, support of science and research, the arts and sport

The Parties shall create an education system that not only trains students for a future career, but also forms a basis helping citizens to navigate their way round society and lead an active life. The state shall guarantee the quality of education and a uniform and permeable educational system, the main pillars of which are public schools. No institutional, statutory or social barriers shall be placed in the way of education.

7.1 Crèches, nurseries

- ✓ Drawing on EU funds and subsidies from the central government budget, we shall provide municipalities with the resources required to build adequate capacity for nurseries and crèches.
- ✓ We shall support the formation of corporate nurseries delivering an expert curriculum and teacher expertise.
- ✓ We shall make the final year of pre-school education, in principle, mandatory. On the issue of children's compulsory preparation for primary education from the age of five, we shall advocate possibilities that are in keeping with legislation for the first tier of primary school.

7.2 Quality of education

- ✓ We shall intensify checks on the standard of education, including the quality of primary, secondary and tertiary schools, so that the state is in a position to guarantee such quality to its citizens.
- ✓ We shall seek the use of EU funds to modernise schools and their equipment.
- ✓ We shall organise lifelong learning primarily through existing schools, educational institutions and vocational facilities.
- ✓ We shall promote measures that will forge a stronger link between secondary vocational education and labour market needs, including lifelong learning. More practical training should be provided by the employers themselves (elements of a "dual system"). We shall support incentives to study science and engineering.
- ✓ We shall support special-interest education and extracurricular activities for children and young people.
- ✓ We shall support language learning in languages important in the open labour market.
- ✓ We shall strengthen the ethical awareness and forms of education aimed at active citizenship in schools (modelled after the best practices of developed democratic countries).

7.3 Affordability of education

- ✓ We shall not permit tuition or enrolment fees. We shall guarantee free higher education in public and state higher-education institutions.
- ✓ We shall ensure that an affordable system of school meals and care for children in after-school clubs is maintained.

7.4 Training and financial compensation of teaching staff

- ✓ As far as the state is economically able, we shall seek higher wages for employees in the education sector, including non-teaching staff.
- ✓ We shall introduce effective career rules for teachers, linked to the incentive-based appraisal of teachers. We shall work with teacher training faculties to pursue improvements in how teachers are trained for their profession.

7.5 Science, research and innovation

The Parties shall sharpen the Czech Republic's competitiveness by supporting strategic sectors offering immediate opportunities for application, such as biotechnology, nanotechnology, biochemistry, medicine, informatics and engineering. Notwithstanding the above, arts disciplines focused on the culture and history of the Czech Republic, and on understanding social phenomena and trends within Czech society and its relationship with the world around it, are equally important.

- ✓ We shall support better quality at higher-education institutions and the Academy of Sciences, and the creation of conditions for the cultivation of top-class centres of doctoral studies.
- ✓ We shall strive for change in the system used to evaluate and fund research institutions in the context of, and with the application of, foreign experience and positive examples from practice. We shall support elements leading to the concentration of workplaces and we shall reduce the scale advantages attained at the expense of quality.
- ✓ We shall strengthen accountability for results achieved in research and development with public funds, including the disclosure of results in accordance with EU requirements (Horizon 2020).
- ✓ We shall support the mobility of researchers and doctoral students between Czech and foreign research-oriented universities and institutes, in particular by opening up selection procedures to foreign researchers.
- ✓ We shall support the participation of scientists from the Czech Republic in the programmes of the European Research Council and the involvement of domestic institutions in the European research and development infrastructure; one of the ways forward here is specific co-financing.
- ✓ We shall strengthen support for applied research in scientific and engineering fields of study, including the development of doctoral studies with a focus on applied research.
- ✓ We shall support smoothly running business incubators and accelerators, allowing them useful access to cooperation with the sphere of applied research.
- ✓ We shall broaden the operations of regional innovation centres and apply best practice from places where such practice has proved its worth, particularly with regard to the promotion of activities in areas with higher unemployment rates.
- ✓ We shall support innovative business built on principles of venture capital, create mechanisms that will make a return on investments in successful projects, and produce tools to bring failed projects to a halt while they are still in the pilot phase.
- ✓ We shall overhaul the Research, Development and Innovation Council.
- ✓ We shall reduce the dependence of basic research on targeted funding.

8. Development of the arts and support of sport

The Parties shall promote the arts and sport as important elements of civil and social life, national identity and national presentation. From the state's viewpoint, culture must not be neglected or an after-thought.

8.1 Arts

- ✓ We shall define the arts, by law, as a public service.
- ✓ We shall pass a law on public institutions in the arts which eliminates the shortcomings of today's organisations partly funded from the public purse, depoliticises them and ensures their stable funding.
- ✓ The Czech Republic has a unique set of monuments which provides a source of considerable tourism income. Unlike most comparable countries, this fact is not taken into account when setting the Ministry of Culture's budget. We shall ensure that a direct link exists between tourism income and the funds spent on the preservation and maintenance of monuments. We shall also adopt a new law on state heritage protection. We shall use EU programmes, Norwegian funds, etc., to repair monuments.
- ✓ One of the Government's priorities is the responsible management of budgetary resources. Following an evaluation of these efforts after the initial year of the electoral term, we shall propose specific steps for the multi-source funding of the arts in order to progress towards the European standard amount of a 1% central government budget appropriation for culture.
- ✓ We shall prepare a system to classify the suitability of broadcasts for different age categories.
- ✓ Following the example of developed countries, we shall clarify rules on the concentration of media ownership.
- ✓ We shall reduce value added tax on books (see "A rational central government budget and fair taxes").
- ✓ We shall adopt an amendment to the Copyright Act which, among other things, simplifies licensing for the use of copyrighted works.
- ✓ We shall make access to public cultural institutions easier, e.g. by introducing a day of free admission and family discounts.
- ✓ The promotion and presentation of the Czech Republic abroad is fragmented, under-funded, and expensive, because it is inefficient. We shall work with the Ministry of Regional Development and the Ministry of Foreign Affairs to assess the shortcomings of current practices, and the efficiency of CzechTourism (Ministry of Regional Development) and the Czech Centres (Ministry of Foreign Affairs), and shall propose an effective and economical model for the promotion of tourism and for the presentation of the Czech Republic abroad.
- ✓ We shall seek more intensive and better conceptualised cooperation between the Ministry of Culture and the Ministry of Education in terms of promoting the artistic activities of children, for whom the arts should play a major role in shaping their moral, intellectual and aesthetic potential.
- ✓ We shall support non-profit organisations, amateur art activities, and regional culture.

8.2 Sport

- ✓ We shall promote a healthy lifestyle as an essential component of citizens' health and the ability to contribute actively to modern society. We shall increase utilisation of the health insurance companies' prevention fund aimed at combating obesity among the young.
- ✓ We shall intensify guidance towards sport and a healthy lifestyle in curricula.
- ✓ We shall encourage the creation of affordable after-school sports and recreational programmes.

- ✓ We want a stable environment for the financing of sports clubs, with an emphasis on working with young people, and an environment supporting the co-financing of sports activities.
- ✓ We shall prepare a new law on the promotion of sport.
- ✓ The state shall gradually pave the way for the multi-source funding of sport from the central government budget, regional budgets, municipal budgets and sponsorship.
- ✓ We shall establish criteria for the granting of state aid to international sports events in the Czech Republic.
- ✓ We shall create conditions conducive to youth coaches and sports instructors, including opportunities as a second career for active athletes.
- ✓ We shall support civic associations, clubs and non-professional organisations in the field of sport and physical education, and shall promote their transparent funding from the central government budget.

9. Democratic rule of law

The Parties shall develop the rule of law and democracy through consistent adherence to the separation of legislative, executive, and judicial power, and by increasing citizens' engagement in public affairs.

9.1 Promotion of democracy and fundamental human rights

- ✓ We shall submit a draft constitutional law on general referendums, based on popular initiatives, which will allow citizens to hold referendums on major issues related to the functioning of the state. The constitutional law shall also lay down a list of issues on which a referendum cannot be held. In the interests of economy, we shall promote the joint holding of elections and referendums in the same polling station.
- ✓ We shall push for the fulfilment of the constitutionally guaranteed right to legal assistance by enacting a new system of free legal aid to people whose social situation prevents them from arranging their own legal counsel.
- ✓ We shall seek an amendment to the Constitution, which, following the introduction of direct presidential elections, clarifies the rights and obligations of the various institutional actors in order to preserve the parliamentary nature of Czech democracy based on the free competition of political parties.

9.2 Quality legislation

- ✓ The Parties shall establish conditions suitable for the preparation of quality legislation by, inter alia, improving the quality of impact assessments of newly submitted standards, and by the proper transposition of EU law.
- ✓ We shall support a project to introduce an electronic collection of legislative acts available to everyone on the internet.

9.3 Self-government and independence of the judiciary

- ✓ We shall submit proposals for the establishment of the self-government of the judiciary to maximise the independence, efficiency and accountability of judicial decision-making.
- ✓ We shall push for a new law on public prosecutors to ensure the independence of prosecutors in criminal investigations, in part by establishing a fixed term of office for chief public prosecutors and by restricting opportunities to remove them from office to precisely defined reasons further to a decision by an independent disciplinary panel. New legislation shall include the establishment of systemic and organisational elements required to specialise in the combating of serious economic and financial crime and all forms of organised crime, including corruption.

9.4 Criminal law and criminal policy

- ✓ We shall seek legislation on criminal proceedings that guarantees the fair, effective and expeditious hearing of criminal cases, including more effective means of confiscating the proceeds of crime. Any and all changes to the criminal justice process should strictly respect the principle of the public nature of criminal proceedings wherever this is inherently impossible. We shall give maximum backing to the effective application of legislation on the protection and compensation of victims of crime.
- ✓ We shall revise crime policy with a view to curbing crime and the recurrence thereof. We need to reinforce preventive programmes, reform the prison system, streamline schemes for

offenders, and provide work for the greatest possible number of prisoners, thus tackling their debt.

- ✓ We shall strengthen the role of the mediation and probation service in the application of alternative forms of punishment and in the strict monitoring of compliance with parole conditions, as well as assistance for prisoners ahead of their release and when they return to normal life, in order to prevent them from reoffending.
- ✓ We shall push for the acquisition of an electronic monitoring system to run checks cheaply and reliably on those sentenced to house arrest and, where appropriate, to replace custodial remand. One of the key aspects when deciding on the conditional release of convicted prisoners shall be efforts on their part to compensate the victims of their crimes.
- ✓ We shall clarify and tighten the law on the criminal liability of legal persons so that it encompasses all economic crimes.

9.5 Control of enforcement and the fight against usury

- ✓ We shall seek rules to reinforce judicial supervision of the activities of bailiffs and to prevent abuse in enforcement and debt collection procedure. Bailiffs must not be mutually competing entrepreneurs seeking to win the most enforcement orders. They should be representatives of the state objectively implementing the law and respecting the rights of both the creditor and the debtor. Therefore, we shall seek a fundamental reduction in the cost of debt recovery and enforcement, and hence in the total amount of debt, in particular by limiting the costs of legal representation for small (“trivial”) claims and public-sector claims. The costs of enforcement and the bailiff’s fee must be consistent with the actual work performed by bailiffs and their staff. Enforcement according to the Rules of Enforcement shall be inadmissible in all cases where obligations can be enforced in administrative enforcement procedure.
- ✓ The Parties shall promote a cap on the total amount of interest, statutory sanctions, and contractual penalties for financial liabilities, which shall be derived from the amount of statutory interest on account of late payment.

9.6 Civil law and the New Civil Code

- ✓ We note that the New Civil Code poses a threat to the legal certainty of citizens of the Czech Republic on account of how it was consulted and the lack of opportunity to prepare for its application. The Parties are aware that no constitutional procedures exist which are capable of pushing through a law on the postponement of the New Civil Code and related regulations by the end of 2013. Therefore, the Parties shall commission an ongoing analysis of the application of the New Civil Code, from the first day of effect thereof, and shall follow this up by preparing the necessary legislation eliminating the main issues behind the application of the new codification of civil law.
- ✓ We shall review civil proceedings and, subsequently, submit legislation to speed up judicial proceedings.

9.7 Reconstruction of the state and measures to combat corruption

- ✓ We shall submit legislative proposals to address themes under the “Reconstruction of the State” initiative.
- ✓ We shall submit an amendment to the law on conflict of interest introducing the electronic completion and publication of politicians’ asset declarations. Asset declarations shall also be submitted as at the date on which they assume office.

- ✓ We shall submit a bill, which in addition to bearer shares, also ensures the transparency of the ownership of companies with registered shares, and allows authorised state bodies to identify the holder of shares in a company at any time over the existence thereof.
- ✓ We shall submit a law on the central register of all contracts entered into by public authorities over a certain minimum financial limit; sensitive data (personal data, trade secrets, etc.) will not be disclosed. This register will be available on the internet.
- ✓ We shall submit a proposal to extend the powers of the Supreme Audit Office so that it can control all expenditures of public budgets while removing duplicate control systems.
- ✓ We shall support central procurement and electronic auctions in the public sector. We shall prevent wastage in service procurement by public authorities and shall reduce the promotional activities of state and parastatal companies so that their competitiveness is not compromised.
- ✓ We shall make the system for the funding of political parties stricter by introducing an expenditure limit for election campaigns and by enacting limits on gifts from individuals and legal entities. Parties must be dependent on voters, not on commercial sponsors. All election campaign revenue and expenditure must pass through transparent accounts.
- ✓ We shall seek the creation of mandatory standards for the nomination of state representatives to commercial companies and state enterprises, including the establishment of principles for the remuneration of their management.
- ✓ The Parties shall adopt a legislative solution to protect whistle-blowers.

10. Quality and transparent public administration

The Parties shall view high-quality, transparent and corruption-resistant public administration as the cornerstone of the solid functioning of the state, the mission of which is to serve citizens and defend the public interest.

- ✓ We shall seek the adoption of a well-functioning, high-quality civil service law. This law must ensure the full depoliticisation of public administration, clearly define criteria for the appointment and remuneration of officials, lay down conditions for career advancement, and guarantee that officials are highly educated.
- ✓ We shall push for strict adherence to the principle of the transparency of public administration, and the transparency of processes and decision-making on taxpayers' money. We shall concentrate on revising legislation on budgetary rules and on an internal public administration management and control system to replace the broken financial control and lack of competence of the Supreme Audit Office. We shall use all means to contain the any further excessive indebtedness of municipalities.
- ✓ We shall ensure the efficient use of human resources in public administration – we shall avoid overuse of external services to perform the basic tasks of public administration.
- ✓ We shall draw on all resources placed at our disposal by modern technology to introduce procedural models for the public administration agenda – we shall identify how much state administration costs us and shall set funding standards.
- ✓ We shall introduce the computerisation of tax documents and the computerisation of billing for state administration institutions and their suppliers.
- ✓ We shall review the efficiency of the public procurement process.
- ✓ We shall examine the existing e-Government system, its performance, and the effect it has on easing the lives of ordinary citizens. We shall intensify ICT centralisation. We shall prepare a new concept for the management of public investment in ICT, e-Government and the promotion of the information society with a view to improving the efficiency of public spending. To this end, we shall restore the Government Council for Competitiveness and the Information Society.
- ✓ We shall seek to end the anonymity of subsidy recipients and companies trading with public administration bodies. Anonymously-owned legal persons which do not reveal their complete ownership structure shall not have access to public contracts, small-scale procurement, subsidies, repayable financial assistance, loans from public funds, or the property of the state, municipalities or regions. The same requirement shall apply to their subcontractors. Ownership structure information shall be made available to the public, except where statutory limitations apply.
- ✓ We shall examine how the findings of numerous audits that were conducted, at great expense, to streamline public administration activities have been handled. We shall abolish redundant agendas.

11. Reinforcement of the Czech Republic's internal security

The Parties consider the protection of the life, health and property of citizens to be a key policy priority. We shall place an emphasis on increasing further the readiness and capabilities of all state security forces.

11.1 Czech Police

- ✓ We shall preserve the basic organisational structure of the Czech Police – the Police Presidium, the national departments, and 14 regional police headquarters. If operations prove to be inefficient, we shall propose the establishment of a single state organisational unit or the modification of the current system within the scope of the Czech Police.
- ✓ We shall start recruiting police officers with a view to hiring good people and resolving the discontinuity in generations and expertise within the police force. We shall analyse “police density”, especially the way the basic organisational units of the riot police are filled and what type they are. The purpose of policing and the recruitment of new police officers is not to control the consequences of unresolved social or ethnic conflict in exposed regions, but to fight and prevent crime.
- ✓ We shall comprehensively amend the law on municipal police. Municipal police should not effectively replace the role of the Czech Police, but should concentrate more on safety issues specific to their towns and municipalities.

11.2 Stabilisation of the security forces

- ✓ We shall not allow the provision of safety and security in the Czech Republic to be gradually privatised. Private security services cannot and must not replace the operations of the police and law enforcement officers. The high-quality and professional activities of these agencies are based on the establishment of legislative conditions for their activity in a new law.
- ✓ In response to recent developments and events, we see the need for a change in the mechanisms used to control the intelligence services, where the opportunities open to parliamentary supervisory authorities have proved insufficient. We shall examine the experience that other countries have of a civil supervisory body, derived from Parliament, composed of trusted, security-cleared and publicly respected citizens, which could supplement existing control mechanisms and inspect the internal activities of intelligence services, and provide information about whether the law has been broken and whether the services are operating in accordance with their mission and statutory designation.
- ✓ In the preparation of the above qualitative change and expansion of the supervision of secret services, there will be room to discuss and implement structural changes in the powers, focus and distribution of the powers of these services in order to achieve greater efficiency and divide their work and responsibilities.
- ✓ The primary task will be to stabilise the security forces, train new professionals and persuade experienced professionals not to leave. Funds for wages, pared down by the previous government, will be found by making savings at the Ministry of the Interior.
- ✓ We shall support the continuation and development of the Fire and Rescue Service and the FRS and the Integrated Rescue System. We shall earmark the funds raised by an amendment to the Insurance Act for the Fire and Rescue Service beyond the standard budget (the loss prevention fund and payments for responding to traffic accidents).
- ✓ We shall push for a systemic change in the payment of overtime so that the obligation to serve 150 hours per year without pay or compensatory time off applies only to the states of emergency and emergency situations (floods, terrorist threats, etc.) declared by law.

11.3 Fight against corruption and organised crime

- ✓ We are keen to put up a more vigorous fight against organised crime. We shall ensure that the accused have the obligation to prove the origin of assets they have acquired in all cases where serious economic and financial crimes or organised crime are suspected (in particular fiscal and drug crimes, corruption, human trafficking, etc.). If offenders are unable to prove the origin of their assets, such property shall be taxed.
- ✓ By harnessing the current organisational structure of the police or by creating a new special unit, we shall identify and confiscate the proceeds of criminal activity.
- ✓ We shall put an end to the business that creates socially excluded sites and worsens the security situation in the regions – some so-called “entrepreneurs” make a living out of housing benefits.
- ✓ In the fight against extremism, we shall apply the concept of a fortified (streitbare) democracy (partially adopted from Germany, a country with deep and painful experience of extremism), which does not passively look on as democracy is dismantled and extremists try to limit the freedom of others, while noisily declaring restrictions on their own freedom to be “undemocratic”.
- ✓ We believe that, in tackling crime, it is best to concentrate on prevention, especially where juvenile delinquency is concerned. In a situation where there is a general downward trend in crime, but an uneven level of security in the different regions of the Czech Republic, we are convinced that it is important to focus prevention activities in comprehensive programmes in those regions in particular.
- ✓ We will find a legislative and organisational solution to the involvement of volunteers in a broader range of safety activities (voluntary fire-fighters) so that neither employees-volunteers nor their employers lose out.
- ✓ To enhance the police performance in areas of financial crime, we shall assess whether conditions are right for the re-establishment of the Financial Police, while ensuring apoliticism, independence and better performance by the Financial Analysis Department of the Ministry of Finance, the responsibilities and powers of which must be associated with guaranteed apoliticism and greater analytical and executive output.

12. The Czech Republic's defence capacity, active EU membership and deeper international cooperation

The Parties note that, if a society is to develop healthily, it must be sure of a stable and secure external environment. Even a seemingly quiet Central European country without overt enemies may be affected by failure to contain global threats, such as organised crime, terrorism, the proliferation of weapons of mass destruction, environmental degradation, global economic volatility and social system instability. Our response to these threats are the effective defence of our country, our active EU membership and higher-level international cooperation.

12.1 Defence

- ✓ The kernel of the Czech Republic's defence lies in its NATO membership.
- ✓ We shall actively contribute to the EU's common security and defence policy.
- ✓ The Czech Republic shall continue to build defence capabilities which, if necessary be used for both the military and civilian operations and missions of NATO, the EU or the UN, which shall hold the necessary mandate.
- ✓ We shall stabilise the budget and staffing situation within the Czech Army. We recognise that maintaining our commitment to the collective defence of NATO and ensuring stability and security in our immediate EU neighbourhood in a situation where US engagement is contracting will require stronger national defence capabilities. This will require changes in the way the defence sector is financed.
- ✓ Therefore, we shall introduce a new method of budget planning within the Ministry of Defence, taking the form of multi-year budget outlooks approved by the Government and the Chamber of Deputies. This will enable us to link the allocation of resources to a medium-term defence planning system, safeguarding a more stable and predictable environment for the development of military capabilities and the procurement of military equipment, and therefore enhancing efficiency.
- ✓ We shall protect and defend Czech airspace with our own resources.
- ✓ In order to achieve maximum efficiency while making sure that we comply with the law, we shall revise the public procurement system in the defence sector and shall provide maximum assistance in investigations into suspicious past orders.
- ✓ We shall strive to build shared capacities, forces and resources for the main components of the security system (the army, the police, and the fire brigade) in order to achieve maximum effectiveness in the prevention and elimination of the consequences of catastrophes and natural disasters.
- ✓ We shall reconsider the optimisation of military districts.

12.2 European Union

- ✓ The Parties note that it is in the national interest of the Czech Republic to be an active member of the EU, geared towards the successful continuation of the process of European integration. We are keen to contribute to the further development of the EU, in which we shall respect the social-market and cultural diversity of Europe. This fundamental shift in the Czech Republic's stance towards EU membership shall be accompanied by the continuity of Czech foreign policy and compliance with all of the international promises and commitments made by the Czech Republic.
- ✓ We shall make effective use of the economic opportunities offered by EU membership to prepare the Czech Republic for entry to the euro area, including assessments of accession to the corresponding institutional steps (the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union, the Banking Union).

- ✓ We shall guide the EU Structural Funds so that, by tapping into this source, we are able to achieve better long-term competitiveness and quality of life in the regions of the Czech Republic, especially those which are weak and disadvantaged.
- ✓ We shall promote better public awareness of EU issues.

12.3 Foreign policy

- ✓ Foreign policy shall primarily be the responsibility of the Government of the Czech Republic. We shall create and implement foreign policy enjoying the broadest possible consensus. In this regard, we shall work closely with the relevant committees of both chambers of the Czech Parliament.
- ✓ We hold the fostering of good relations with neighbouring countries to be a matter of key importance. We shall seek deeper-rooted strategic dialogue with Germany as the Czech Republic's largest economic partner.
- ✓ We shall place an emphasis on multilateral diplomacy, and in doing so shall capitalise, in particular, on the external actions of the European Union, the United Nations and associated organisations.
- ✓ We shall promote respect for human rights worldwide. We shall place a particular emphasis on respect for the individual, social and economic rights, and environmental protection.
- ✓ We shall be active in development aid.
- ✓ Following on from the Civil Service Act, we shall anticipate a Foreign Service Act, which will include support for the top-class preparation of potential employees from the Czech Republic to work for EU institutions and other international organisations.
- ✓ We are committed to supporting the international community's efforts to prevent armed conflicts and settle disputes, where possible, peacefully and on the basis of international law.
- ✓ Priorities of Czech foreign policy shall include active participation in projects such as Visegrad cooperation and the Eastern Partnership.

IV. Principles of coalition cooperation

1. The Parties agree to a Government that will have a total of 17 members, of which eight will represent the ČSSD, five the ANO 2011 Movement, and three the KDU-ČSL, distributed as indicated in Annex 1 to this Coalition Agreement. The proposal contained in Annex 1 to this Coalition Agreement shall be submitted by Bohuslav Sobotka, as the Prime Minister delegate, to the President of the Republic.
2. In the Chamber of Deputies, with their votes the Parties shall support the composition of the bodies of the Chamber of Deputies, in terms of personnel and numbers, as agreed by the chairpersons of the parliamentary coalition clubs.
3. The Parties shall ensure that all of their members attend the session of the Chamber of Deputies at which the vote of confidence in the newly appointed Government is to be held, and shall ensure that they voice their confidence in the Government as appointed in the composition referred to in paragraph 1. This shall apply analogously throughout the electoral term of the Chamber of Deputies.
4. The Parties shall respect the Prime Minister's constitutional right to nominate the appointment and removal of government members to the President of the Republic. For each such step, the Prime Minister shall seek the support of the coalition party concerned. The chairperson of the respective coalition party may submit to the Prime Minister a proposal for the removal and appointment of a government member nominated on behalf of that party. Further action on such a proposal shall be subject to agreement between the Prime Minister and the chairperson of the coalition party concerned; the Prime Minister should respect the proposal put forward by the chairperson of the respective coalition party.
5. Any government proposal or government resolution supported by at least half of the Ministers present from each coalition party shall be regarded as agreed by the coalition.
6. The Parties undertake that government bills:
 - on the central government budget;
 - on taxes and charges, including laws to support the administration thereof;
 - having a significant impact on public budgets;
 - relating to the protection of property, electoral laws, referendums and constitutional laws;
 - on the state's foreign and defence policy;shall be presented exclusively as bills agreed by the coalition within the meaning of section 5.
7. In the personnel policies of their ministries, government members shall respect the principle of high expertise and moral integrity.
8. The Parties undertake, for the duration of this Coalition Agreement, not to instigate, in the Chamber of Deputies, a vote of no confidence in the Government or a vote to dissolve the Chamber of Deputies, nor shall they support such a vote.
9. The Parties shall support the adoption of the coalition's government bills in both chambers of Parliament. Amendments or additional proposals related to the coalition's government bills shall be supported by the Parties in both chambers of Parliament only by mutual agreement. Further, the Parties undertake that any bills and amendments submitted on the initiative of parliamentary deputies and senators from the coalition clubs or the accession of

parliamentary deputies and senators of coalition clubs to an initiative by parliamentary deputies from other clubs shall be consulted in advance by the chairpersons of the coalition clubs. Their support shall be contingent on the agreement of the Parties. Unless otherwise agreed, the coalition clubs shall respect the government position agreed by the coalition in voting procedure.

10. The Parties shall implement the Government's policy statement and the present Coalition Agreement, and shall cooperate effectively in the preparation of all executive and legislative measures of a fundamental nature, which shall be consulted in advance. To that end, the Parties agree that:

- A. The chairpersons of the coalition parties shall meet regularly, at least once a month, and whenever requested by any of them.
- B. The chairpersons of the parliamentary and senatorial clubs shall meet regularly, at least once a month, and whenever requested by any of them.
- C. The Government shall deliver to all coalition clubs in both chambers of the Parliament the legislative work plan for the relevant period.
- D. The member of Government responsible for the submission of a legislative proposal shall discuss the basic orientation thereof with any coalition club that so requests.
- E. The coalition clubs shall serve as points of consultation for government bills.
- F. The chairpersons of coalition clubs or their authorised representatives shall be invited to meetings of the Government Legislative Council.

11. Should any of the Parties consider any forthcoming legislative and executive proposals to be a matter of a fundamental nature, they shall be entitled to convene a meeting of the chairpersons of the coalition parties.

12. Any disputes arising from this Coalition Agreement shall be resolved in the first instance by bargaining negotiation of the Parties. In all cases, such bargaining negotiations shall be conducted with respect to a common approach of the Parties in matters that are not adequately addressed by the Government's policy statement or by the present Coalition Agreement. Matters of dispute shall be suspended until such time as bargaining negotiations thereon are completed.

13. If no coalition consensus is reached within the Government, the mechanisms of bargaining negotiation shall proceed to the level of the chairpersons of the coalition parties or the Coalition Council.

14. With a view to complying with this Coalition Agreement, the Parties undertake to abide by the following coalition mechanisms:

A. Meeting of the Chairpersons of the Coalition Parties

The chairpersons of the coalition parties shall meet at the request of the chairperson of any of the coalition parties. Such meetings shall address fundamental issues concerning coalition cooperation, The date of any such meeting shall be agreed by the chairpersons of the coalition parties.

B. Coalition Council

Meetings shall be convened by the Prime Minister usually once every two weeks. The delegation of each coalition party shall comprise the chairperson and a maximum of three other representatives of the coalition party. The Coalition Council shall address current and medium-term tasks, and fundamental personnel matters. Any chairperson of a coalition party may request that a meeting be called. The Prime Minister shall convene a meeting forthwith upon receipt of such a request.

C. Cooperation at the Level of the Parliament

Chamber of Deputies

Meeting of the Chairpersons of the Parliamentary Clubs

Meetings shall be convened on a regular, planned basis. These meetings shall address current tasks related to the agenda of the session of the Chamber of Deputies, and shall also address the election of parliamentary and non-parliamentary bodies. Attendees shall be responsible for maintaining the fullest possible participation of coalition parliamentary deputies in all major votes and elections. When the Chamber of Deputies is in session, the meetings of the chairpersons of the clubs shall be convened at any time upon request. A chairperson of a club may be accompanied to meetings by a further two club members.

Meeting of All Coalition Members

Meetings shall be convened at the request of any coalition party, usually ahead of an important vote in the Chamber of Deputies.

Senate

Cooperation in the Senate shall be analogous to cooperation in the Chamber of Deputies.

D. Cooperation of Expert Committees

The expert committees of the individual coalition parties shall communicate with each other especially in the preparation of legislative proposals. They shall meet at the request of any coalition party. The conclusions of joint meetings of expert committees shall be delivered to the leadership of the coalition parties and to the coalition parliamentary clubs.

E. Cooperation of Ministers with Committees

Ministers shall initiate informal joint meetings with the coalition parliamentary deputies and senators of the relevant committees usually twice a year. In addition to addressing current challenges, the aim shall be to strengthen coalition communication.

15. Bargaining negotiations

Where a dispute arises among the coalition parties regarding the implementation of this Coalition Agreement or fundamental matters of coalition cooperation not regulated by the present Coalition Agreement, each coalition party shall be entitled to seek the initiation of

bargaining negotiations. Where a dispute arises among the coalition parties regarding the implementation of this Coalition Agreement or fundamental matters of coalition cooperation not regulated by the present Coalition Agreement, each coalition party shall be entitled to seek the initiation of bargaining negotiations, the purpose of which shall be to resolve the dispute in good faith.

After a coalition parties seeks the initiation of bargaining negotiations in a request addressed to the other coalition parties, the first Prime Minister shall initially convene the Coalition Council, and, if this does not resolve the dispute, the Prime Minister shall convene a meeting of the chairpersons of the coalition parties.

V. Final provisions

1. Breaches of the obligations laid down in the present Coalition Agreement shall constitute grounds for withdrawal herefrom, subsequent to unsuccessful bargaining negotiations between the chairpersons of the coalition parties or by the Coalition Council.
2. Any and all amendments hereto or the termination hereof shall be made in writing and shall be subject to approval by all coalition parties and be signed by the statutory representatives of the coalition parties.
3. The present Coalition Agreement is executed in four counterparts, including Annexes 1 and 2 hereto, which have been signed by the statutory representatives of the coalition parties as referred to in the heading hereof and by all chairpersons of the coalition parties' parliamentary clubs in witness of their approval of the content hereof.
4. This Coalition Agreement shall enter into effect upon signature by the chairpersons of the coalition parties and the chairpersons of the coalition parties' parliamentary clubs.
5. In Annex 2, the parliamentary deputies of all coalition parties shall set their hands hereunto in witness of their agreement with the text of the present Coalition Agreement.

for and on behalf of the ČSSD

Bohuslav Sobotka
Chairperson of the ČSSD

Roman Sklenák
Chairperson of the ČSSD Parliamentary Club

for and on behalf of ANO 2011

Andrej Babiš
Chairperson of the ANO 2011 Movement

Jaroslav Faltýnek
Chairperson of the ANO 2011 Movement
Parliamentary Club

for and on behalf of KDU-ČSL

Pavel Bělobrádek
Chairperson of the KDU-ČSL

Marian Jurečka
Chairperson of the KDU-ČSL Parliamentary Club

Coalition Agreement between the ČSSD, the ANO 2011 Movement and the KDU-ČSL

Annex 1.

Distribution of Ministerial Posts among Coalition Parties

Prime Minister	ČSSD
Ministry of Finance/Deputy Prime Minister for Economics	ANO
Deputy Prime Minister for Science, Research and Innovation	KDU ČSL
Ministry of Culture	KDU ČSL
Ministry of Defence	ANO
Ministry of Labour and Social Affairs	ČSSD
Ministry for Regional Development	ANO
Ministry of Industry and Trade	ČSSD
Ministry of Transport	ANO
Ministry of Justice	ANO
Ministry of Education, Youth and Sports	ČSSD
Ministry of the Interior	ČSSD
Ministry of Foreign Affairs	ČSSD
Ministry of Health	ČSSD
Ministry of Agriculture	KDU ČSL
Ministry of the Environment	ANO
Minister for Human Rights and Equal Opportunities, Chairperson of the Government Legislative Council	ČSSD

Annex 2.

SIGNATURES OF THE DEPUTIES OF THE COALITION PARTIES

Chairperson of the ČSSD Parliamentary Club

Roman Sklenák

.....

Deputy Chairpersons of the ČSSD Parliamentary Club

Jan Hamáček

.....

Jan Chvojka

.....

Jaroslav Krákora

.....

Antonín Sedá

.....

Štěpán Stupčuk

.....

Dana Váhalová

.....

Roman Váňa

.....

Václav Votava

.....

Members of the ČSSD Parliamentary Club

František Adámek

Pavel Havíř

.....
Pavel Antonín

.....
Pavel Holík

.....
Jiří Běhounek

.....
Stanislav Huml

.....
Marie Benešová

.....
Milan Chovanec

.....
Jan Birke

.....
Igor Jakubčík

.....
Robin Böhnišch

.....
Vítězslav Jandák

.....
Karel Černý

.....
Zuzana Kailová

.....
Richard Dolejš

.....
Václav Klučka

.....
Jaroslav Foldyna

.....
Petr Kořenek

.....
Michal Hašek

.....
Jiří Koskuba

.....

.....

Jan Mládek

.....
Josef Novotný

.....
Pavčina Nytrová

.....
Miloš Petera

.....
Jiří Petru

.....
Lukáš Pleticha

.....
Pavel Ploc

.....
Adam Rykala

.....
Bohuslav Sobotka

.....
Miroslava Strnadlová

.....
Ladislav Šincl

Jeronym Tejc

.....
Lubomír Toufar

.....
Milan Urban

.....
Ladislav Velebný

.....
Markéta Wernerová

.....
Lubomír Zaorálek

.....
Jaroslav Zavadil

.....
Jiří Zemánek

.....
Václav Zemek

.....
Jiří Zimola

.....

Chairperson of the ANO 2011 Parliamentary Club

Jaroslav Falrýnek

.....

Deputy Chairpersons of the ANO 2011 Parliamentary Club

Helena Válková

.....

Radek Vondráček

.....

Members of the ANO 2011 Parliamentary Club

Andrej Babiš

Jiří Holeček

.....
Miloš Babiš

.....
Bohuslav Chalupa

.....
Margita Balaščíková

.....
Miloslav Janulík

.....
Martina Berdychová

.....
Jaroslava Jermanová

.....
Stanislav Berkovec

.....
Věra Jourová

.....
Richard Brabec

.....
David Kasal

.....
Milan Brázdil

.....
Martin Kolovratník

.....
Pavel Čihák

.....
Martin Komárek

.....
Ivana Dobešová

.....
Josef Kott

.....
Matěj Fichtner

.....
Roman Kubíček

.....
Josef Hájek

.....
Jana Lorencová

.....

.....

Radka Maxová

.....
Igor Nykl

.....
Ladislav Okleštěk

.....
Jana Pastuchová

.....
Stanislav Pfléger

.....
Ivan Pilný

.....
Pavel Plzák

.....
Roman Procházka

.....
Karel Rais

.....
Jan Sedláček

.....
Martin Sedlář

.....
Bronislav Schwarz

.....

Zdeněk Soukup

.....
Martin Stropnický

.....
Pavel Šrámek

.....
Pavel Volčik

.....
Jan Volný

.....
Josef Vozdecký

.....
Vlastimil Vozka

.....
Rostislav Vyzula

.....
Kristýna Zelenková

.....
Jiří Zlatuška

.....

Chairperson of the KDU-ČSL Parliamentary Club

Marian Jurečka

.....

Deputy Chairpersons of the KDU-ČSL Parliamentary Club

Jan Bartošek

.....

Members of the KDU-ČSL Parliamentary Club

Pavel Bělobrádek

Vít Kaňkovský

.....
Ondřej Benešík

.....
Jaroslav Kláška

.....
Ivan Gabal

.....
Petr Kudela

.....
Daniel Herman

.....
Jiří Mihola

.....
Ludvík Hovorka

.....
Tomáš Jan Podivínský

.....
Jiří Junek

.....
Josef Uhlík

.....