



the role of Prague and the city's economy

A successful and respected city

Prague is working on projects that will help it become a successful, competitive and respected city that has a prosperous economy, guarantees its people good living conditions, attracts visitors, has a prosperous business environment and also the available resources to bring public policy to fruition.

In an effort to realize this strategic vision the city administration (elected bodies, authorities and city organizations) in co-operation with the public and private sectors and the people of Prague are pledged to do the following:

- Develop Prague as an important central European city and capital of the Czech Republic, a city that is ambitious, progressive and respected as a political, commercial, tourist, cultural and social centre.*
- Utilize and further develop the potential Prague has to create a competitive economy which in turn will bring benefits to the people and the country as a whole.*
- Promote Prague as a place where the tourist industry is a linchpin to development and where services are continually being improved.*
- Do its best to achieve a sensitive economic development program, particularly where preserving and upholding the uniqueness of Prague is concerned, and provide a selection of activities spread throughout the whole of the city that will respect the needs and potential of the individual boroughs.*
- Secure the base necessary for an open market for Czech or foreign investors and workers alike, and present Prague as a place with a good address for reliable businesses and international institutions.*

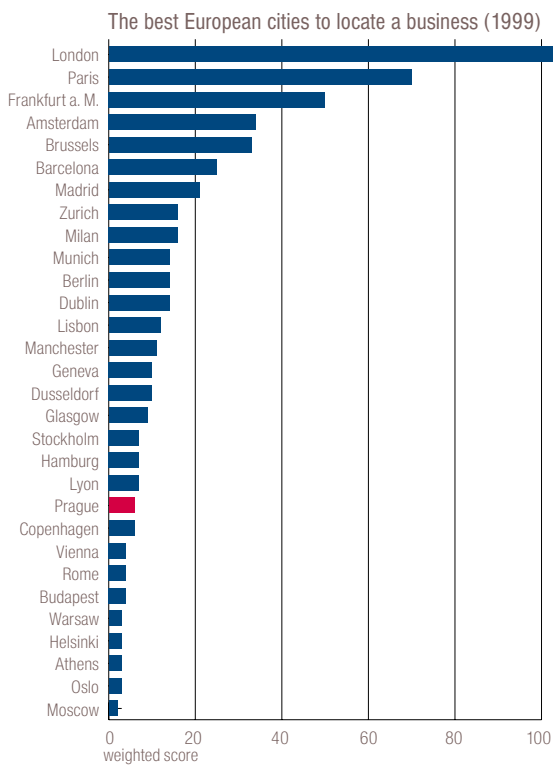


Prague – an important city within central Europe

Since the beginning of the 1990's the barriers have been gradually broken down in international relations between states, regions and cities across Europe, barriers that had been built up over the previous decades. In joining the new geopolitical environment in Europe, Prague plays an exceptional role for the Czech Republic.

Prague dominates the Czech Republic as the hub of its business life. It attracts international contacts and activity and is the key to the Czech Republic's international relations. Prague has an important role in providing new information and creating and maintaining Czech identity. The development of these natural functions is in the interests of the whole of Czech society. Prague must make its presence more strongly felt in the European chain of cities. In the previous decades Prague has not always been able to make the most of its location and cultural or political potential while other cities, like Vienna and Berlin for example, made better use of their opportunities. Today, though, Prague has been given another chance to join the metropolises of Central Europe. In communicating with these other cities Prague must find ways and means of utilizing her advantages. Prague emphasizes its favourable location, cultural tradition, well-educated population and above all its beauty and extraordinary atmosphere in the creation of its strategic plan. Prague has the ability to offer conditions that are exceptional and unrepeatable both in European and worldwide terms. Prague is able to compete in this era of tough competition and globalization due to the uniqueness of its architectural and spiritual richness combined with its long tradition of culture.

Being able to take full advantage of this opportunity is based on one condition – the removal of various current obstacles and limitations presented by incomplete transport and technical infrastructure, an average level of communication and international connections (up until now, that is) and a population that is unprepared for what a more open city brings, complete with the bad reputation that certain Prague services have acquired over the years. Prague has a role that is multifaceted and impossible to substitute in the continuing process of EU integration. The anticipated EU membership is a great opportunity for the Czech Republic and its capital, too. This chance is, however, limited by time considerations and therefore requires speedy but thorough preparations. The integration into the European structure has therefore been given top priority in the strategic plan.



Capital and regional centre

Prague is the geopolitical and social centre of the country and its prime representative. Prague provides a base for the headquarters of the state authorities, important institutions and companies that operate throughout the whole Czech Republic. Moreover, Prague is ready and willing to create favourable conditions to entice new Czech and international organizations which will have positive knock-on effects, not only for Prague but also the nation as a whole. Above all Prague is the capital of the Czech Republic, a focus for the central region and home to over 1 million people. It is an integral part of the country's social, economic and settlement life and is aware of the responsibility this entails. It wants to be a pillar of support during the Czech transition to becoming a modern democratic state and wants to be a trustworthy partner to the other regions of the country.

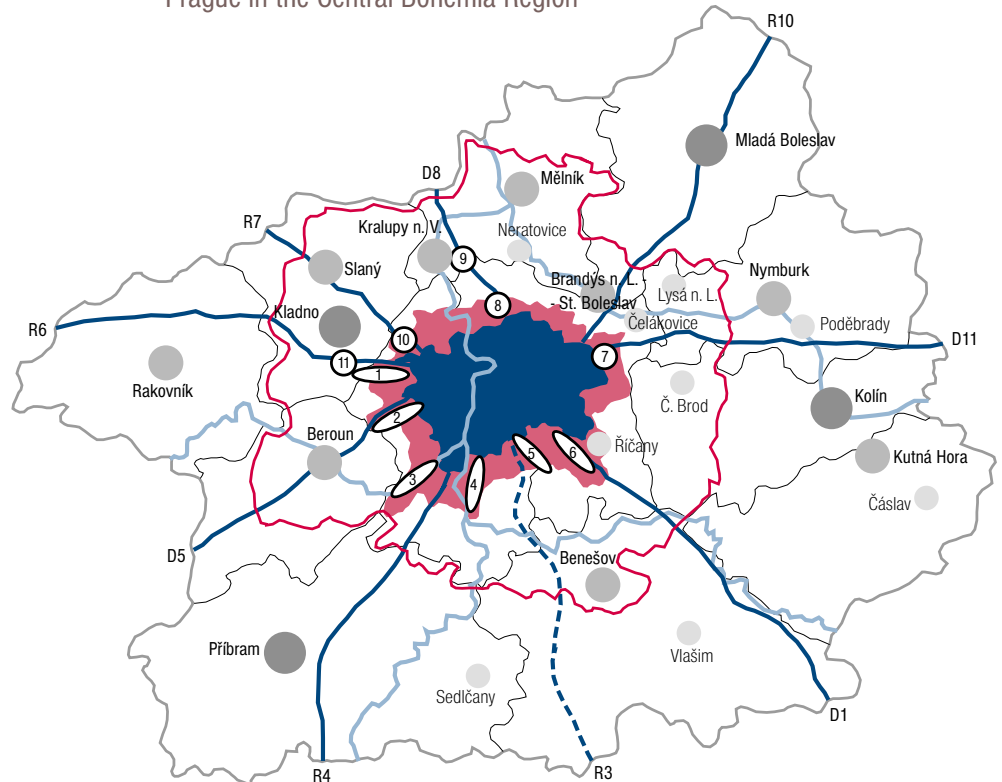
Prague acknowledges the special relationship with its neighbouring Central Bohemia Region. This closest region to Prague is home to some of the most valuable natural areas in the whole Czech Republic and is often rated amongst the most important natural areas of water resources and ecological stability (it is indeed the main source of drinking water for Prague). With regards transport networks, this area is of importance both to Prague and to the whole country, also having an extensive energy network and offering recreational opportunities as seen in the unusually high number of holiday homes in the area. The majority of economic activity is centred on the main means of communication – railway lines with regular intercity connections and along the surrounding road networks.

For the surrounding region Prague represents an important source of job opportunities, is a centre of education and culture and offers ample shopping facilities and other features. That part of the Central Bohemia Region which directly backs on to Prague has also un-



Prague in the Central Bohemia Region

- significant regional centres
 - other regional centres
 - significant lower level centres
 - territory of Prague
 - sphere of influence
 - Prague Central Bohemia Conurbation
 - boundary of the Central Bohemia Region
 - boundary of district
 - fast communications
- main development areas
- 1 Hostivice
 - 2 Rudná
 - 3 dolní Poberouní
 - 4 Dolní Břežany – Zvole
 - 5 Jesenice
 - 6 Průhonice – Modletice
 - 7 Jirny – Šestajovice
 - 8 Zdíby – Klecany
 - 9 Úžice
 - 10 Tuchoměřice – Kněževés
 - 11 Unhošť



dergone intensive development and it is safe to assume that there will be further pressure and demand for more land available for building. Those areas that form a crossroads with Prague and lie along its borders have witnessed a marked rise in development of commercial zones and with it the risk of fragmentation and isolation. Such extensive development has an enormous impact upon the landscape of the city and how it functions, on its entire structure, the economy, municipal prosperity and the pulling power of not only Prague itself, but also its neighbours, too. Therefore, the extent and success of future development hinges on good working relations and communication between Prague and the Central Bohemia Region along with a co-ordination of goals and the ability to put in place joint investment solutions. This would demand a direct improvement in joint relations and co-operation.

Competitiveness and prosperity

Prague's economic base has traditionally been founded on its importance and special place in the economy of the country. Prague generates more than 20% of GDP and attracts approximately one fifth of all investment into Czech Republic. A great part of the Prague economy has undergone change. The private sector has gradually adapted to the conditions of the new market economy. In trying to attract new investors, Prague should direct its efforts towards confirming itself as the innovative centre of the state. To do this Prague must use all existing factors of its prosperity as well as forefronting the initiative to set out the aims of the next phases of the economic transformation. Therefore, Prague should do what it can to pull down the barriers hindering this growth and development. There is a wealth of untapped potential that the city can draw upon: the extensive capacity of Prague university centres and, science and research facilities and the well-qualified workforce. Only through joint co-operation between the public and private sectors can Prague become competitive and have healthy competition between Czech and foreign investors based on equal trading conditions.

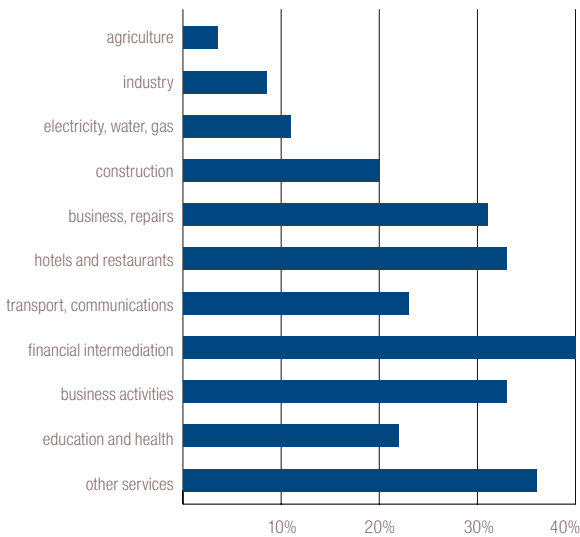
A good business address

In the majority of relationships within the Prague economy and in management struc-



tures there is an emphasis on foreign involvement, which has pan-European influence. Prague's strengths have influences on its economic performance, namely its position in Central Europe and the renewal of its former glory. The so far quick and relatively painless economic transformation is reflected in its current rating of A-. The Prague authorities are also determined to continue to improve the rate of growth of competition within the markets in the future by, for example, investing in suitable city properties. Special attention will be paid to the potential of manufacturing industries that will bring new and more modern technology with it. Prague's attraction to businesses is related to a strong and clear partnership between the private and public sectors in planning, running and financing these measures and the further development of the city.

Prague's share in performance figures within CR (value added, 1997)



Source: ČSÚ

Moving away from traditional manufacturing to service industries and new technologies

One of the clear signs of the development of the Prague economic base is the long-term expansion of the service sector and the subsequent fall in the manufacturing industries. The more or less stable sector structure of Prague is now on a par with other European cities. Now, more than ever before, it is going to be necessary to take a fresh look at small and medium-sized business before developing a support system for them. Industry is continually undergoing a reshaping procedure; today's spectrum of branches and management programs are aimed towards ensuring efficiency and the ability to be competitive. Investment in new technology and know-how has been marked, but is still inadequate in a number of firms. Businesses are having to make redundancies. Building firms have adapted to the new demands accordingly and have subsequently become a strong stabilizing factor in the Prague economy.

There has been a major increase in the number of wholesalers and supplementary branches to compliment the existing retail network. Retail chains have established themselves in Prague and massive commercial centres are being built that will attract people from far and wide.

Investors are still showing great interest in the accommodation capacity of Prague and many new hotels are going up quickly to complete the range of available accommodation. Tourism is still the cornerstone of the Prague economy.

The range of offers is forever expanding while poor and limited services are gradually being eliminated and pushed out. However, the heavy concentration of visitors in the city centre only adds to its overburdening. Income from tourism makes up about 50% of total revenue from tourism in the Czech Republic but the benefits for Prague are not relative to this amount.

Within the corporate service sector there is tough competition which has created a stable core of international firms. This is backed up by a variety of other consultancy services (legal, accountancy, marketing and public relations).

However, the revamping and reshaping of the money markets is, as yet, incomplete and some of the anticipated changes on the international financial markets since the early 1990s are still being awaited.

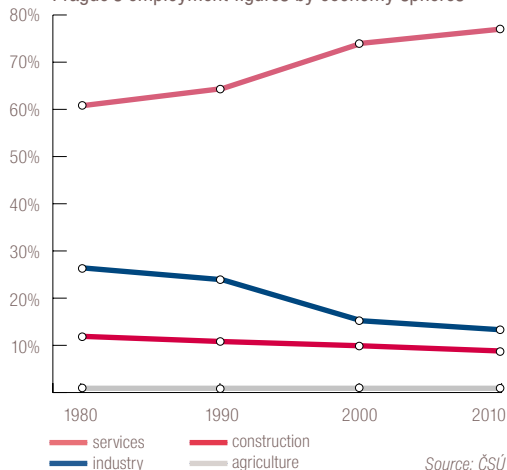
Even though there is still demand on the improving property market, the available offers have increased at an unusual rate. There is therefore the risk that several capacities will not reach completion.

A problematic issue remains the insufficient utilization of science and research field and its connection with the production base. The emergence of technology parks and incubation centres for small and medium-sized businesses is still at the initial stages. The co-operation between research institutes and university centres in funding solutions to the concrete problems is for the time being poorly developed. The city authorities have, however, declared their interest in the joint formation of the conditions conducive to the development of the knowledge industry.

The work market

In the context of the Czech Republic as a whole, Prague offers the most extensive range of job opportunities. Over the last few years Prague employment figures have risen

Prague's employment figures by economy spheres



Source: ČSÚ

Basic workforce figures (in thousands)

Labour resources	1998	2010/I	2010/II
No. of inhabitants	1,195	1,170	1,210
Of which in working age	739	735	765
Of that employed	566	565	590
Of which unemployed	15	25	25
No. of employed past retirement age	51	35	35
Foreign workers	48	55	55
Net number commuters	95	85	80
Total of available labour resources	775	765	785

Variation 2010/I – the basic forecast for limited growth in the number of foreign nationals working

Variation 2010/II – second forecast based on a more acute rise in the number of foreign national residents in the city, particularly those employed (the number of foreigners having long/short-term permits is now stabilizing)

Notes:

2010 = projections for the year 2010 by the Prague City Development Authority
foreign workers = foreign nationals with temporary and long-term (one-year) work permits

The minimal decline in the persons of productive age is largely due to the rise in the legal age of retirement, which will be fully phased in by 2007. A more rapid drop in these figures is forecast as a result of these changes.

slightly and account for 15% of the national figures, with around 770,000 employees.

These figures also include about 50,000 foreigners and 100,000 commuters.

Prague's capacity and diversity of opportunities is the exceptional value of her market place. There is a wide range of professions and a great number of the workers are relatively well-qualified.

The wide range of job opportunities has contributed to the relatively low level of unemployment. In recent times, though the rate of growth in the unemployment figures is comparable to the national average (the average level fluctuates around 4%, i.e. over 20,000 individuals registered unemployed). The present drop in the number of available jobs is evident from the vital competition in the market place and stimulates the necessary initiative of individuals to help themselves. Despite having a strong basis to suppose that Prague will be able to maintain these favourable levels, it is still necessary to start taking appropriate steps to create a pro-employment policy with the help of both the public and business sectors.

Demographic research has suggested that there will be relative stability among the available number of home labour resources over the next 10–15 years. Despite this, the size of the workforce can be dramatically affected by the freeing up of the work market across Europe and on a worldwide scale. The importance of the influx of foreign workers must be reassessed and given full attention.

Development which does not harm the city

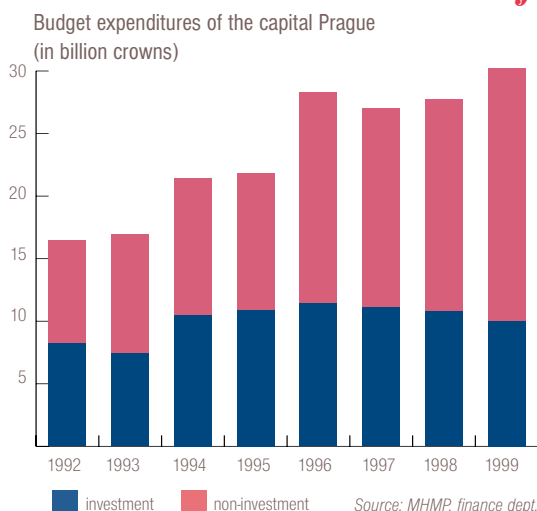
The development program for Prague must stem from the recognition of the long-term relationship between prosperity of business growth and its side effects on the city and its people. The principle of sustainable development must be taken as a priority in the decision-making process.

The restructuring of industry has forced the end of production of various unsuitable products and the reduction in their harmful effects upon the natural environment. Several deserted and abandoned industrial plants have become a real problem for the city. The authorities must give special attention to the renewal of these areas and finding new uses for them.

The development of Prague must be founded in its real needs and the limitations of the sites must be taken into account, both across the whole of Prague and in its individual boroughs.

All those business entities that operate in Prague should not only form the resource base for bringing about the transition to a polycentric structure, but also should play active roles in the implementation process. The future economic development of Prague should always take note of the need to reduce the burden on the city environment and to find solutions that are less demanding on city resources.

A well-functioning city



The city's development is and will be influenced in the future by the city's own budget and to a certain extent the national budget. The main brunt of securing Prague's competitiveness, especially regarding the standard of available public land and the basic business regulations and conditions, is shouldered by the city itself. The state's involvement in the development process is not proportional to the fact that most of the state institutions and administrative head offices are based in Prague.

Prague has the highest level of income from the regional budgets of local authorities in the Czech Republic, in both absolute terms and per head. Due to the fact that 75% of this income is taken up by taxation and other fees, direct income depends on the state distributed processes (the tax system, budget regulations), upon which there is little connection to the amount of profit made by firms operating within the city. This is especially true when considering the potential of the tourism industry. Therefore, Prague's low share in income from organizations founded by the city remains a problem.

Transport makes considerable demands upon city financial resources, which according to long-term forecasts will account for over 50% of the city's expenditure. The amount of expenditure that goes towards the technical infrastructure development and the environ-



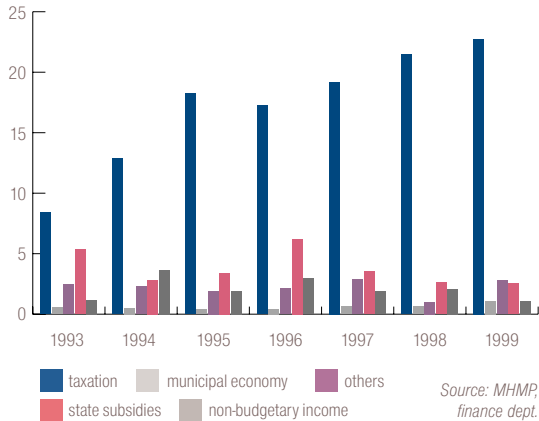
ment is also growing. Education accounts for about 60% of the boroughs' expenditure. Currently a considerable amount of expenditure, from external resources, is taken up by the approved strategic priorities and concrete programs.

The need to secure the financing of the more demanding projects, particularly transport, and the dramatic cuts in state support since the start of the 1990's has led the city to the conclusion that it must secure greater external funding. The good rating (A-) that Prague has along with the overall strength of the city's economy and previously low level of debt created a reliable and well-trusted environment for the integration and linking up with foreign institutions into the development process.

Such participation involves issuing bonds, loans from the European investment banks and syndicate credit. For these reasons the city debt has rapidly increased over the last two years and in 1999 reached a total of 11.7 billion crowns which makes up about 30% of the total regional debt in the Czech Republic. Annual repayments on credit take up about 17% of annual income. Despite this, the Prague debt level remains well within the limits of the model that was prepared for Prague by renowned financial institutes.

It is vital to create within the municipal budget an effective instrument with initiatory functions in relation to state and private sector expenditure as well as various financial resources, including European Union financial support. It is therefore taken for granted that there is a complete financial, property and capital policy, including the appropriate system of checks and balances. The city therefore intends to prepare a mid and long-term plan of its budget planning, paying particular attention to investment and the utilization of all appropriate resources.

Budget incomes of the capital Prague
(in billion crowns)



Source: MHMP,
finance dept.

Strategic aims

E 1 Secure the role of Prague as a respected capital city and good neighbour

- E 1.1** Strengthen Prague's position as the nation's capital and focus of national pride
- E 1.2** Promote well-balanced and warm relations with the city's regional hinterland

E 2 Develop Prague as an important part of the new Europe

- E 2.1** Prepare the city for the step into the 21st century and find its place on the "market of European metropolises"
- E 2.2** Preserve and utilize Prague's uniqueness

E 3 Utilize the city's potential to secure its competitive economy and prosperity

- E 3.1** Speed up the restructuring process, and improve economic performance and efficiency
- E 3.2** Promote Prague as an innovative and enterprising centre for the whole country
- E 3.3** Improve Prague's profile as a good business partner, and secure a favourable business environment
- E 3.4** Forge new quality partnerships with the public and private sectors
- E 3.5** Secure the emergence of a functioning, open and well-structured labour market

E 4 Secure economic activity according to the needs and potential of the city; support Prague's distinctive character and the principle of sustainability

- E 4.1** Respect Prague's urban and historical heritage, the capacity of local environments and the intended long-term city development
- E 4.2** Find a balance between the development of the tourism industry and its effects on the city and its environment

E 5 Procure sufficient financial resources to secure the realization of these strategic aims

- E 5.1** Make optimum use of current and newly acquired city property and existing financial resources
- E 5.2** Balance the city's economy in the mid-term (4-6 years) via optimum utilization of external sources for large investment programs
- E 5.3** Clarify the relationship between municipal and state budget allocations and other public funds to the city's specific requirements; attain greater autonomy in taxation
- E 5.4** Strengthen the city's financial means derived from private sources through the principles of partnership

E 1 Secure the role of Prague as a respected capital city and good neighbour

The role of Prague as the nation's capital and the centre of the surrounding regions has not been either sufficiently respected or appreciated by the central government. That is why one of the fundamental aims of the city administration is to base its relations with the other regions on trust and equality so as to renew the pride that all Czech citizens have in their capital city. On the other hand, if Prague really wishes to become an innovative and dynamic centre, which pushes ahead the economic, social and spiritual development of the whole nation, then it must utilize all its existing resources to their full extent.

Selected activities and policies

E 1.1 Strengthening Prague's position as the nation's capital and focus of national pride

- Along with the central authorities, set out specific activities and requirements relating to the city's role as capital and foremost representative of the state, push for their fulfilment and secure their funding.
- Create a working relationship based on trust with the other regions and support the renewal of the people's positive attitude to their capital. Present Prague as a city willing to take on the lion's share of social responsibility.

E 1.2 Promoting a well-balanced and warm relationship with the city's regional hinterland

- As part of the preparation and implementation of the new state administration system, initiate full links with the political representatives and authorities of the Central Bohemia Region. Create a joint inter-regional workplace.
- Co-ordinate development procedures for the Prague area. Put together a consensual program aimed mainly at solving the issues of housing, employment policy, transport, technical facilities and recreation, along with health, education and business centre capacities.
- Have a clear vision of creating a well-connected area that is economically and socially strong enough to survive. To these ends create projects that could potentially be partially funded by the EU.



E 2 Developing Prague as an important part of the new Europe

Prague has great prospects for being brought into the European city system and its advantage must be based on joint project making, co-ordination and division of work, as well as on "symbiotic competition" among the big cities in the central European region. Speedy implementation and cultivation of these priorities and stressing Prague's ability to make the most of them and co-operation with other cities, principally with the nearest metropolises of central Europe (Budapest, Vienna and others) is the key to success in this competition.

Selected activities and policies

E 2.1 Preparing the city for the step into the 21st century and finding its place on the "market of European metropolises"

- Initiate decision making by the central authorities about the position of the city in the European area and the role of the state in fulfilling its duties.
- Develop the "Prague Presentation of Integration into the European Structure" program.
- Make Prague one of the cities at the continental crossroads of the communication routes and global information flow (e.g. the projects "Prague – a world historical, cultural and architectonic information centre", "Prague – the East-West information link", the communication integration into the continental road and rail networks and putting Prague at the crossroads of the airways).
- Prepare a program aimed at reviving and developing relations with associated cities. Co-ordinate development goals with important central European cities.

E 2.2 Preserving and making use of Prague's uniqueness

- Support Prague marketing strategy by offering Prague as a beautiful, unique and attractive city, but one that is dynamic and content to fulfil its obligations. Create and put new



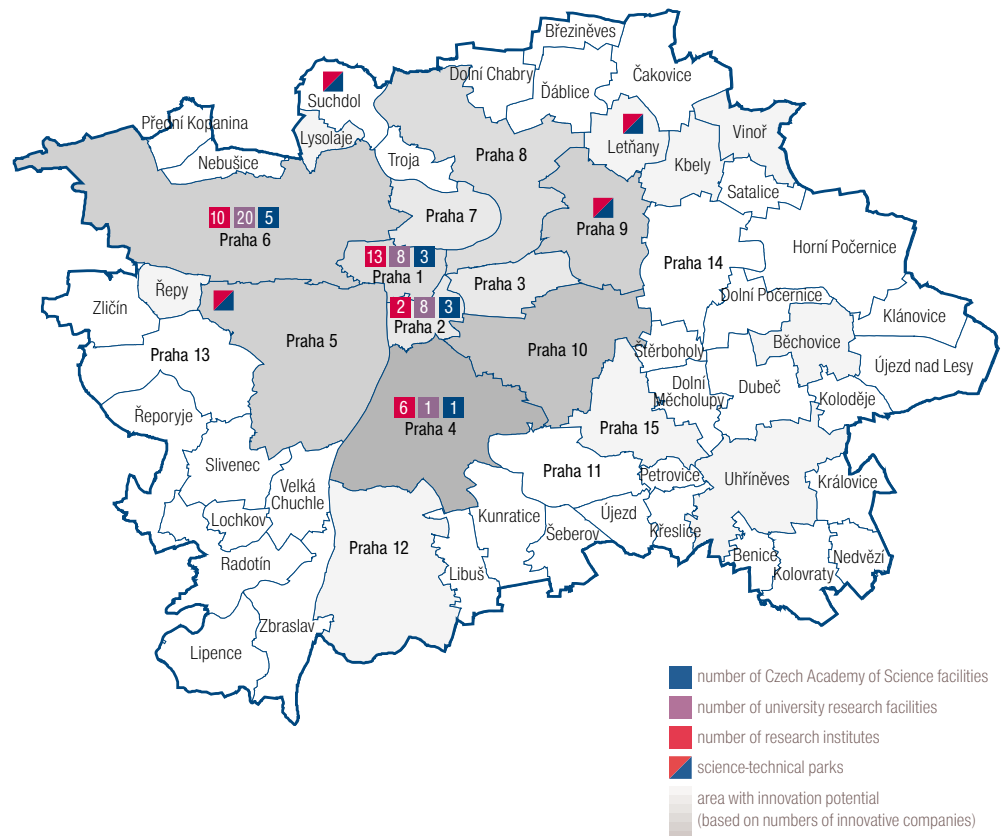
opportunities on offer and enhance Prague's good name via the "Prague – a city of open doors" program.

- Use Prague's prestige and excellent location in Europe underpinned by the appropriate investment in service industries and infrastructure. Push Prague as a suitable headquarters for international institutions and host city of important international events.
- Face up to the reality of the illusion that Prague will always have long-term and automatic attraction to visitors and investors alike.

E 3 Utilizing the city's potential to secure its competitive economy and prosperity

The strategic goal is based on the assumption that a rapid completion of the restructuring process is the main factor in increasing the city's economic efficiency and performance. Prague should gradually complete its task to make itself the innovative centre of the country and in doing so make use of the human potential it has (the above-average qualified labour force, ample scientific and research resource centres). With the aid of public support for the private sector it is necessary to secure without delay the conditions that will encourage hi-tech productivity, development capacity and the production of competitive products.

Overview of scientific, research and innovation facilities



Source: Association of Innovative Entrepreneurship CR

Moreover, it is also important to further improve Prague's reputation as a good economic partner and to secure a favourable business environment that motivates established entrepreneurs and creates conditions that attract new investors and business interests. Prague has to become a city that operates to the European norms of the free flow of people, capital, workforce, goods and information. To be able to carry out such development programs it will be absolutely necessary to set up the appropriate institutional structures (i.e. A Regional Development Agency).

Selected activities and policies

E 3.1 Speeding up the restructuring process and improving economic efficiency and performance

- Make full use of the positive effects of globalization while limiting the less favourable aspects of this process.
- Simplify city economic policy (the co-ordination of investment, land and property policies) and strengthen and boost the development of those branches of the city's economy that have current and future growth potential.
- Put together the "Complete Economic Development Strategy" that has mid-term horizons.
- Place special emphasis on the tourism industry as the linchpin of economic development. City participation, as co-ordinator, in a definitive mid-term program aimed at activating tourism and bringing about a new concept in offered events (e.g. "The City for All Generations" project, etc.).

E 3.2 Promoting Prague as an innovative and enterprising centre for the whole country

- Make fuller use of the intellectual, flexible and qualified workforce available in Prague, namely with the assistance of university centres, academies and further scientific resources as a beneficial factor in the city's economy and also as a creative backup in the search for solutions to local and national needs (for example the "Science and Research As a Way to Help Our City" project).
- Set up and develop a scientific-technological institute (e.g. the Prague Technical Park, the Bio-technological Park in Krč and ČVUT in Dejvice) with national scientific and university technical branches, as well as other Prague-based centres of scientific research.
- Pay special attention to small and medium-sized businesses.

E 3.3 Improving Prague's profile as a good business partner, and securing a favourable business environment

- Engage in business openly and professionally with all potential investors and businessmen (Prague Development Agency, "Single Door" project).
- By maintaining or improving Prague's rating, strengthen Prague's pulling power to businesses. Make use of this rating in ensuring the quality of city marketing and advertising (e.g. "Prague – An Attractive Address for Business" program).
- Aid the creation of suitable conditions for the development of small and medium-sized business operations (business incubators, advice and consultancy centres, etc.).
- Formulate a reliable and comprehensive citywide integrated trade fair and exhibition policy ("Prague – Congress City" and "Prague Trade Fair" programs).

E 3.4 Establishing a new quality of partnerships with the public and private sectors

- Work on providing a transparent system of communication between public and private sectors along with an effective information system concerning city development, territorial and technical regulations ("The City is Searching for a Partner" program, etc.).
- Increase the quality of competition in city investment projects, including international participation ("Catalogue of City Projects", etc.).
- Prepare and implement a program of partnership between the city administration and institutions that represent the business sector (the Chamber of Commerce, Business Councils and Unions, etc.).

E 3.5 Securing the emergence of a functioning, open and well-structured labour market

- Encourage the creation of new job opportunities linked to the market with the help of the state administration, self-government, private and non-state sectors (active pro-employment policies). Influence the schemes to help citizens prepare for professional performance.
- Aid employment schemes to encourage job opportunities in those areas of the city with low employment opportunities, i.e., within the large housing estates and surroundings. The support of small and medium-sized firms is related to this.
- Pay extra attention to the establishment and maintenance of job opportunities for problem groups in high risk categories of unemployment (youth, school leavers, physically handicapped and those living on the fringes of society, etc.).





- Adapt to cope with the extent and make-up of foreign workers in the job market while maintaining good international relations.

E 4 Securing economic activity according to the needs and potential of the city; supporting Prague's distinct character and the principle of sustainability

Development of economic activity must become a component of programs aimed at influencing the city's future. It is essential to find the most suitable balance between urban, ecological and economic matters from the point of view of locality and the running of these programs. The city will do what it can to set up favourable and mutually beneficial relations between business activity, the populace and the environment. Alongside the material benefits of economic development, another welcome side effect will be to reach a harmonious and considerate development process as judged on social grounds and the respective principles of sustainability. The Prague city administration will pay particular attention to the problem of urban dereliction, brought about by lack of use or misuse of extensive derelict industrial areas and former production lines.

Selected activities and policies

E 4.1 Respecting Prague's urban and historical heritage, the capacity of local environments and the intended long-term city development

- In implementing policies and programs not to allow further misuses of the land or any further irreparable damage. Make appropriate land reserves available for investment.
- Monitor the efficiency of land use. Make clear the relationship between land ownership and rights without further delay.
- Put together a step-by-step land use guide to large areas and zones with a view to time, land and material issues related to their construction, investment demands and returns and possible effects on the municipal budget (with particular attention to the draft program for the whole of Prague "Regeneration of Housing Estates").
- Not to get taken away by "gigantism" in arranging events which are out of proportion to the city's capacity.

E 4.2 Finding a balance between the development of the tourism industry and its effects on the city and its environment

- Expand tourism activity into the wider Prague as a whole. Limit the commercialization of the historical centre of the city and the destruction of the genius loci. Link up with the "Cultural Historical Protection Scheme" to find solutions to the issues.
- Utilize the city's image and traditions (e.g. "Magical and Mystical Prague").

E 5 Procurement of sufficient financial resources to secure the realization of the city's strategic aims

The city and its budget are decisive in ensuring Prague's development. This budget also indirectly subsidizes several nationwide programs without receiving appropriate compensation. It is vital to resolve the relationship between public budgets on individual levels. The city administration and boroughs will aim to raise transparency and efficiency in the use of city finances and property while improving public control. This is absolutely vital in relation to the use of external funds that are required to secure large-scale investment and the effort to keep the municipal debt within reasonable limits. City property and finance shall be used as the basic instruments for supporting joint investment ventures with both city and private sector and finally as a base for receiving financial aid from external sources (The World Bank, European Investment Bank, European bank for Renewal and Regeneration and EU funds).

Selected activities and policies

E 5.1 Optimum use of current and newly acquired city property and existing financial resources

- Continually update the city property inventory which, apart from securing public serv-



ices, is actively needed to bring greater income. Set aside permanent funds for the acquisition of real estate assets, particularly land for the further development of the city.

- Remove or at the very least reduce municipal enterprise losses and reappraise which city budgetary and contributory organizations would be better off transformed into business organizations with capital investment from the city and in certain cases complete privatization of selected public services. Such reorganization should be measured on its economic and social merits.

- Secure the handover of the state property, which is required for the proper functioning of the city into Prague hands including the supervision of Prague's historical properties.

E 5.2 Balancing the city's economy in the mid-term (4–6 years) via optimal utilization of external sources for large investment programs

- Regulate and check up on debt norms of the city based on an approved system of credit policy and approved debt services concept.

- Produce a long-term plan of the city's decisive investment activity and according to priority allocate investment. Improve development project evaluation procedures (particularly finance and capacity) and create a universal investment evaluation system including supervision of the implementation process.

- Create a mid-term ("sliding") budget and capital project for municipal finances.

E 5.3 Clarification of the relationship between municipal and state budget allocations and other public funds to the city's specific requirements, the attainment of greater autonomy in taxation

- Resolve the inter-relation between the municipal and the state budget in connection with nationwide activities and Prague's representative role. Implement financial compensation for the lost property taxes incurred while such properties were under state ownership.

- Give preference to using municipal funds to partly finance public projects where the financial participation of the city is a condition for receiving EU and other external support.

- Initiate legislative changes to raise municipal income from local fees – their integration into the tax system and extension of their possibilities. Ensure greater income from tourism for the municipal budget.

E 5.4 Strengthening of the city's financial means derived from private sources through the principles of partnership

- Use city funds (operational and investment) to attract investment from other areas of the public sector, from NGOs and the private sector to secure public services and other projects.

- Give preference to those projects offering multiple benefits and effects when finding resources.

- Speedily complete finance investment project approval, formulate appropriate regulations and initiate implementation.

- Work out a set of stable and supportive financial and non-financial measures to secure new investors and partners for the city.

