**CONTEXT**

LEGISLATURE: **Bicameral**
- Upper house: elected
- Lower house: elected using Proportional Representation

SYSTEM OF GOVERNMENT: **Parliamentary**
- No. of ministries: 17 (2008)
- No. of ministers: 18 (2008)

STATE STRUCTURE: **Unitary**

REVENUES AND EXPENDITURES

Revenues and expenditures have varied greatly over the past decade. Budget deficits have been common, although in recent years rising revenues and decreasing expenditures have brought budgets more closely in balance. GDP growth has been robust. Total production costs as a share of GDP stayed at roughly the same level between 1995 and 2007, with only a slightly decrease in the amount of capital used. Compared to the OECD average, the share of capital used to produce goods and services is high.
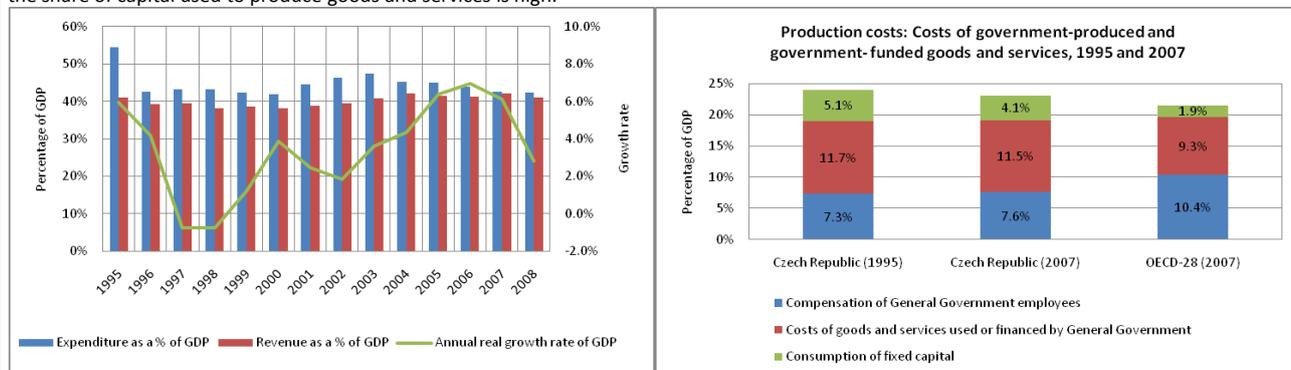
Source: OECD National Accounts. [Revenues] [Expenditures] [Production costs]

The central government collects almost 70% of revenues and represents just over 60% of total expenditures, reflecting a rather centralised approach to government operations. Local governments' share of total expenditures is similar to the OECD average, and local governments collected almost half of their total revenues from their own sources. The role of social security funds is minor as share of GDP compared to other countries; the central government receives the majority of income related to social contributions.
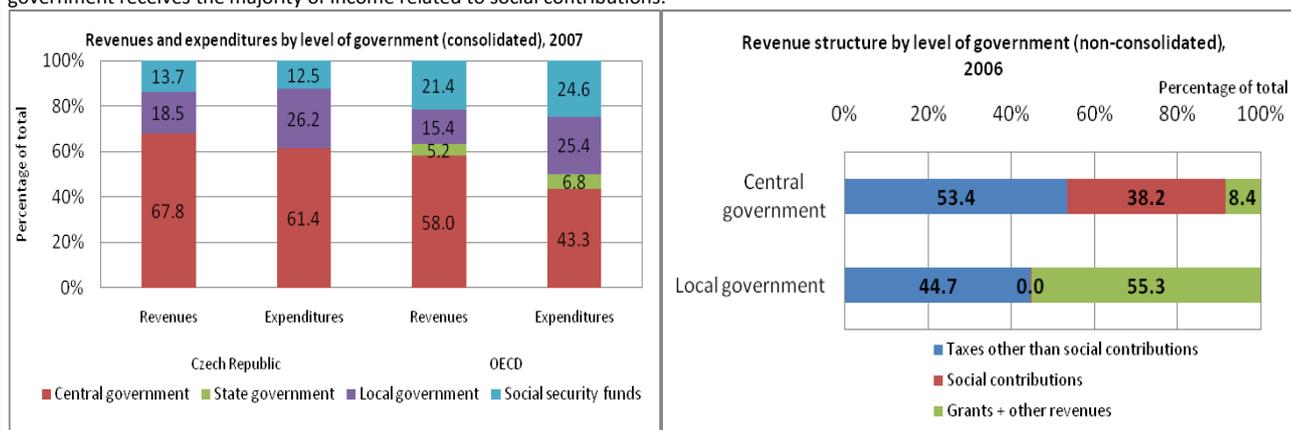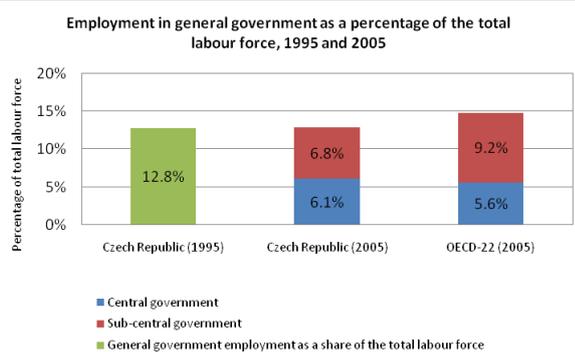

Source: OECD National Accounts [Revenues] [Expenditures]

The structure of expenditures in the Czech Republic is only slightly different from the OECD average, with a slightly higher percentage of expenditures on health, economic affairs and environmental protection balanced by a little less on general public services and education. The distinctive difference is a smaller emphasis on social protection than average in OECD countries. Local governments are mainly responsible for education and economic affairs. The central government is responsible for social protection whereas health is mainly financed by social security funds.

Expenditure structure by function of government (non-consolidated), 2006 *Share of total*	Czech Republic			OECD-26	EU-19
	Central government	Local government	General government	General government	General government
General public services	14.8%	13.3%	11.2%	13.8%	13.9%
Defence	4.0%	0.1%	2.8%	3.4%	3%
Public order and safety	6.4%	1.7%	4.9%	3.8%	3.7%
Economic affairs	14.3%	22.5%	15.9%	10.6%	10.1%
Environment protection	1.1%	7.7%	2.6%	1.7%	1.5%
Housing and community amenities	2.7%	5.2%	2.8%	2%	1.9%
Health	5.2%	1.8%	16.4%	15.1%	14.1%
Recreation, culture and religion	1.4%	8.0%	3.0%	2.6%	2.5%
Education	12.0%	29.9%	11.3%	12.9%	11.6%
Social protection	37.9%	9.9%	29.0%	34.2%	37.7%

Source: OECD National Accounts [General government] [Central, state and local]

GOVERNMENT EMPLOYMENT

Employment in general government as a percentage of the total labour force, 1995 and 2005

- Central government
- Sub-central government
- General government employment as a share of the total labour force

Government employment represents 12.9% of the total labour force in the Czech Republic, slightly below the OECD average. Government employment is somewhat decentralised, with more than half of government employees working at the local level in 2005. The share of the labour force employed by government remained stable between 1995 and 2005 in the Czech Republic.
Source: OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey
[General government employment] [Distribution by level]

## COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES

Composite indicators on HRM practices in central government, 2005

◆ OECD average
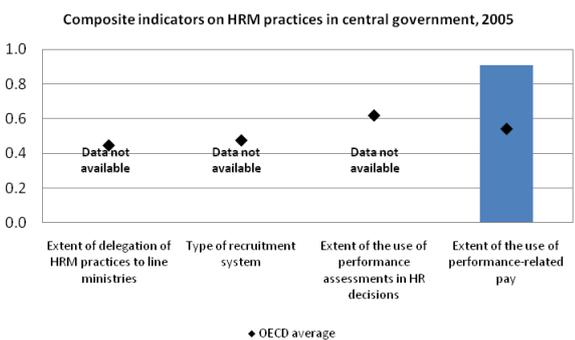
The HRM system is highly delegated in the Czech Republic. The hiring process is completely open to both external and internal candidates and line ministries and line managers have complete authority in the HRM process. The use of performance-related pay in government employment is much more prevalent in the Czech Republic than in most OECD member countries. The Czech civil service does not follow the concept of seniority. All central government employees are employed on the basis of the Labour Code like any other employee in the country with the exception of the officials in territorial self-governing bodies.
Source: OECD Strategic HRM Survey
[Delegation] [Recruitment] [Performance management]

Composite indicators on budget practices in central government, 2007


◆ OECD average
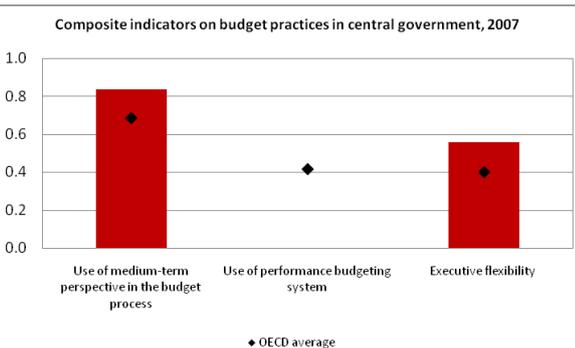
The Czech central government introduced a medium-term expenditure framework in 2004 comprising nominal, three-year rolling spending ceilings. The Czech Republic has not implemented a system of performance budgeting. Ministries have a comparatively high level of flexibility to allocate and reallocate resources. For example, Ministries can carry over funds with few restrictions.
Source: OECD International Budget Practices and Procedures Database
[Medium-term] [Performance budgeting] [Executive flexibility]
OECD Journal on Budgeting: www.oecd.org/gov/budget/journal

E-GOVERNMENT

E-governement uptake and readiness, 2008

◆ OECD average
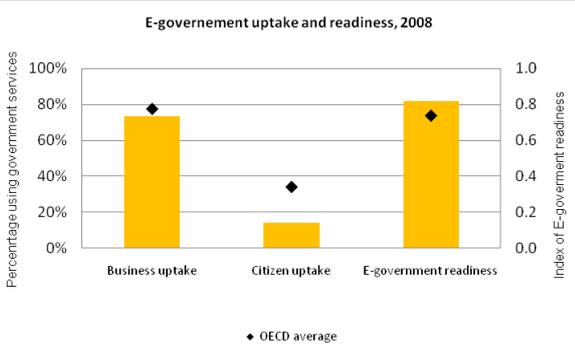
Overall, the Czech Republic exhibits a high-degree of e-government readiness. A high number of services are accessible via the national portal. In addition, the Czech Republic exhibits a high level of broadband penetration compared to other Central European OECD countries.
Source: United Nations E-Government Readiness Knowledge Base, Eurostat.
[Readiness] [Uptake]
[OECD E-Government Publications]

INTEGRITY

Types of information central government decision makers are required to disclose and level of transparency, 2009

Requirements for disclosure	Prime Minister	Minister	Lower House Legislators	Upper House Legislators
Assets and liabilities	D	D	D	D
Loans	ND	ND	ND	ND
Sources and level of income	DP	DP	DP	DP
Outside positions	DP	DP	DP	DP
Gifts	ND	ND	ND	ND
Previous employment	ND	ND	ND	ND

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

In 2006, the Czech Republic passed a new act that modernised its system of conflict-of-interest disclosures. The Czech Republic requires key elected officials from the executive and legislative branches in the central government to disclose and make publicly available their income and any outside positions that they may hold. However, unlike other countries, officials do not have to disclose gifts or information on loans. Although information on assets and liabilities is not automatically made available to the public, the media or individuals can request access to the files.
Source: OECD Survey on Integrity
[Disclosures]

Government at a Glance 2009 is a new, OECD biennial publication that provides indicators on over 30 elements underlying government performance. *Released 22 October 2009.* ISBN 978-92-64-06164- 4 © OECD 2009. Available at www.oecd.org/gov/indicators/govataglance.

REGULATORY MANAGEMENT

Requirements for Regulatory Impact Analysis (RIA) processes used by central governments

	2005	2008
Quality reviewed by body external to Ministry preparing rules	Yes	Yes
Required for draft primary laws	In selected cases	Always
Required for draft subordinate regulations	No	Always
Required to quantify costs	In selected cases	In selected cases
Required to quantify benefits	No	In selected cases
Required to publicly release results	No	Always

Extent of programs for reducing administrative burdens at the central level of government

	1998	2005	2008
Explicit programme exists	No	Yes	Yes
Includes quantitative targets	No	Yes	Yes

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

The Czech Republic implemented several regulatory reforms in between 2005 and 2008. For example, it significantly increased the types of required impact assessments. In addition, it intensified their efforts in the area of formal consultation in connection with the implementation of RIA. Impact assessments have been obligatory for all legislative documents since November 2007 and include consultations with interested parties. Adherence to the consultation guidelines is checked by the same inter-ministerial body that is also responsible for quality control of RIAs. A programme on adminsitrative burden reduction is underway with the goal of 20% reduction by 2010. In addition, the Czech Republic recently implemented a strategy for using Information and Communication technologies in regulatory administration.

Source: OECD Survey on Regulatory Management.

[RIA] [Administrative simplification]
Regulatory Management Indicators: www.oecd.org/regreform/indicators
EU 15 reviews on Regulatory Reform: www.oecd.org/gov/regref/eu15
Background reports on Regulatory Reform: www.oecd.org/regreform/backgroundreports

DEFINITIONS AND METHODOLOGY

Production costs are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, the costs of goods and services produced by private entities funded by government (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

Structure of government expenditures: Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2009*.

Employment characteristics: The OECD averages refer to the following number of countries:
- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

HRM Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: www.oecd.org/gov/indicators/govataglance.
- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- **Type of recruitment system index i**ncludes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.

Budget Composites: The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: www.oecd.org/gov/indicators/govataglance.
- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

E-Government:
- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.