

SYSTEM OF GOVERNMENT: Parliamentary

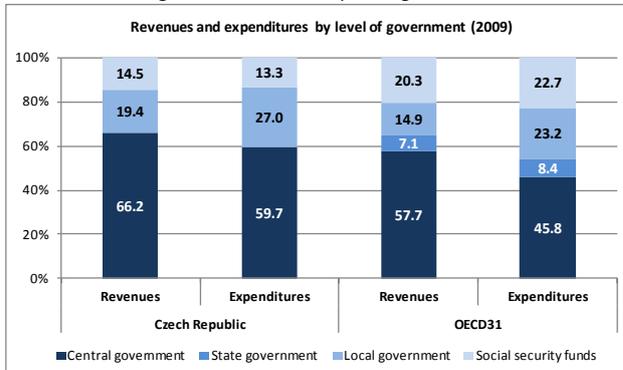
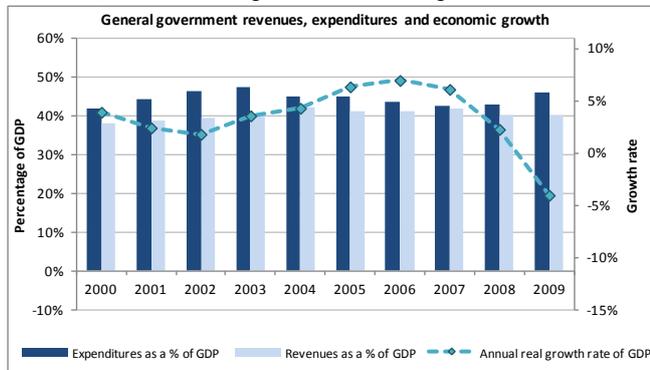
- No. of ministries: 14 (2010)
- No. of governments over last 20 years: 11
- No. of coalitions over last 20 years: 9

STATE STRUCTURE: Unitary

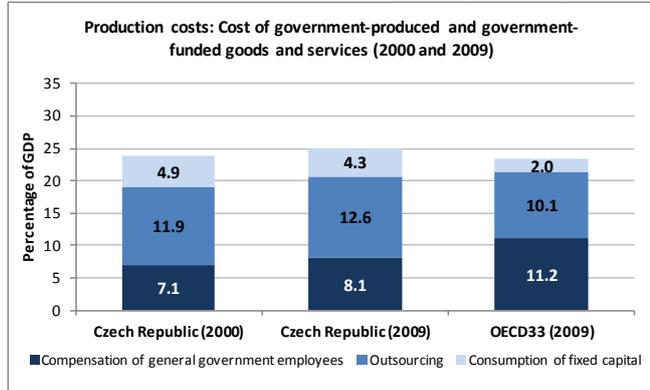
LEGISLATURE: Bicameral

- Upper house: elected
- Lower house: elected using Proportional Representation

After incurring larger deficits in the early part of the decade, climbing revenues and falling expenditures brought the budget closer in balance in 2007. However, the crisis saw government expenditures rise to about 46% of GDP in 2009, while revenues fell to around 40% of GDP. After several years of growth averaging close to 6% per annum, the economy slowed markedly in 2008, entering a sharp recession. The Czech government is relatively centralised, with the central government collecting over two-thirds of revenues and accounting for almost 60% of spending.

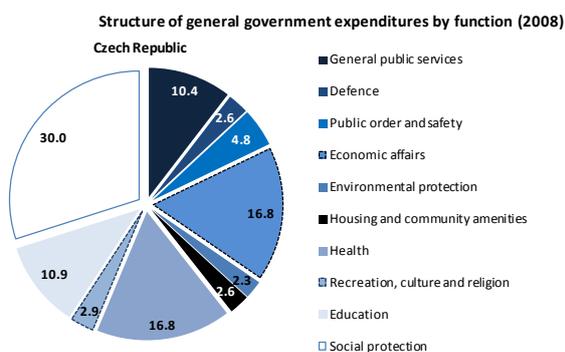


Source: OECD National Accounts and Economic Outlook 89. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Revenues by level of government\]](#) [\[Expenditures by level of government\]](#)



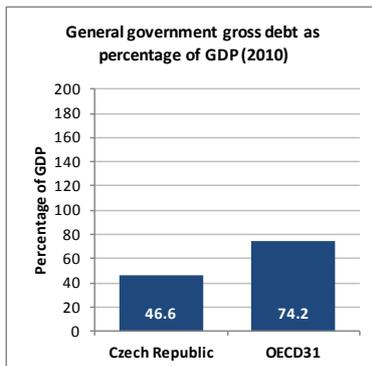
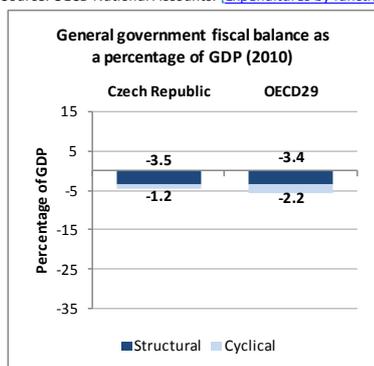
Source: OECD National Accounts. [\[Production costs\]](#)

About 25% of the economy was devoted to producing public goods and services in 2000 and 2009, slightly lower than the OECD33 average of 23.3%. Compared with other OECD countries, the Czech government relies slightly more on private and non-profit actors to produce public goods and services (outsourcing accounts for 50% production costs in the Czech Republic compared to 43% on average in the OECD). The Czech government has decreased its use of capital in the production process since 2000, although it still uses more than other OECD countries on average.



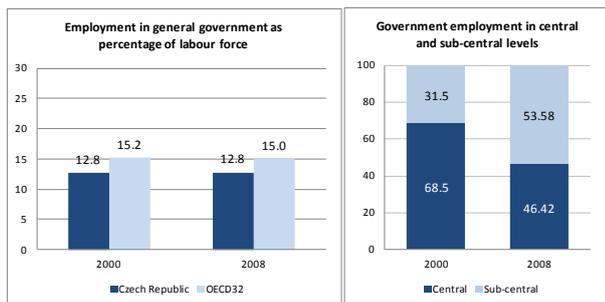
Source: OECD National Accounts. [\[Expenditures by function\]](#)

Compared with other OECD countries, the Czech Republic spends a larger proportion of resources on health and economic affairs programmes (mostly expenditures on transport, such as infrastructure expenditures on roads) and a smaller proportion on education, general public services and social protection programmes.



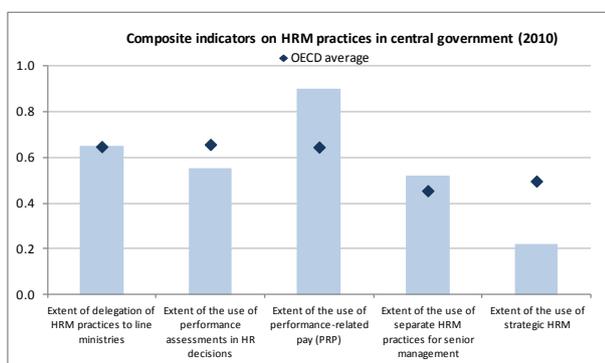
Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [\[Fiscal balance\]](#) [\[Debt\]](#)

The Czech budget deficit deteriorated sharply in recent years as revenues fell and stimulus measures were implemented. The 2010 budget deficit was about 4.7% of GDP, better than the OECD average. However, gross debt remains significantly below the OECD average at 46.6% (OECD definitions differ from Maastricht criteria). Beginning in 2010, the Czech government has embarked on a multi-year consolidation efforts aimed at balancing the budget by 2016 by raising VAT and excise taxes and cutting operation expenditures.



In 2008, the public employment rate in the Czech Republic remained unchanged from 2000, with the government employing 12.8% of the labour force. This is slightly below the OECD average of 15%, and towards the lower end of the OECD range of 6.7%-29.3%. There are plans to further decrease the share of government employment through a 10% reduction in appropriations for civil service wages in the 2011 budget. This will be accomplished in part by not replacing some retiring staff. While overall public employment remained stable, it has become significantly more decentralised, with well over half of staff (54%) working at the sub-central level in 2008, up from less than one third in 2000. This reflects the implementation of the 2000/2001 reform of the Czech public administration, which established 13 regions and the city of Prague as territorial self-governing bodies and delegated a significant amount of competencies to them from the central government.

Source: International Labour Organisation. [General government employment] [Distribution by level]



The HRM decision making in the government of the Czech Republic is highly delegated and decentralised, except for pay setting and the allocation of the budget envelope which are established by a central body, indicating a strong central cost control. It is governed by the Labour Code, as the Civil Service Act never fully entered into force. The current government is preparing a new regulation for both civil servants and officials in the territorial self-governing units. While performance assessments are applied slightly less than on average in the OECD area, performance-related pay is utilised more extensively. The senior civil service is managed separately from other government employees with its own HRM rules.

Source: OECD 2010 Strategic HRM Survey. [Delegation] [Performance assessment] [PRP] [Senior management] [Strategic HRM]

Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	No	Yes	Yes	No	97%
Selection & evaluation criteria	No	Yes	No	No	97%
Tender documents	No	Yes	No	No	82%
Contract award	No	Yes	No	No	100%
Justification for award	No	Yes	No	No	59%
Tracking procurement spending	No	Yes	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

Achieving greater transparency in public procurement is important; especially given that the Czech Republic spent an estimated 17% of GDP in 2008 in public procurement. Like 12% of OECD member countries, the Czech Republic does not currently have a central procurement website. Instead, most public procurement information is published on the contracting entity website as is done by nearly half of OECD countries. Public procurement laws and policies, information for potential bidders, specific guidance on application procedures such as templates and forms are also published in the domestic printed/electronic journal (e.g. special bulletin). However, the new government is in the process of developing a central eProcurement portal "www.portal-vz.cz" with electronic tools and amendments to the e-procurement law. In the Czech Republic, there are web applications for tenders searches "e-market place" and "The Central Address". Almost 70% of public authorities are working with eProcurement. Currently, the Czech Republic is one of the countries that publishes information justifying the award of a contract to a selected contractor and allows for tracking public procurement spending on line. This is done by 59% and 32% OECD member countries, respectively. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by the concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [Transparency in public procurement]

REGULATORY GOVERNANCE

Regulatory governance mechanisms, 2008

Functions of the oversight body	Year	Percentage of OECD countries responding "yes"	CZECH REPUBLIC
Consulted as part of process of developing new regulation	2005	73%	Yes
	2008	82%	Yes
Reports on progress made on reform by individual ministries	2005	43%	No
	2008	56%	No
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	43%	Yes
	2008	50%	Yes
Conducts its own regulatory impact analysis	2005	43%	No
	2008	47%	No
Anticipating compliance and enforcement			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	57%	No
	2008	70%	Yes
Guidance for regulators on compliance and enforcement	2005	37%	No
	2008	47%	No
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	30%	No

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

As the vast majority of OECD member countries, the government of the Czech Republic has set up institutional structures for regulatory management. In 2006 the Czech government established a central unit for managing regulatory policy and the reform of the public administration.

Located in the Ministry of Interior, the Department of Public Administration provides support to the government in the preparation of regulatory reforms, coordinates the implementation of these reforms, and promotes regulatory impact assessment as well as administrative simplification. Administrative simplification is now within the Ministry of Industry and Trade, which coordinates the programme for the reduction of administrative burdens re-launched in 2008 in the aftermath of the full baseline measurement done in 2005. The Czech government has set up an interdepartmental body, which gives its opinion on all draft legislation. The Board for Regulatory Reform and Effective Public Administration consists of representatives from ministries and other state administrative bodies, regions, municipalities and the Chamber of Commerce. One of its missions is to examine impact assessments; it can recommend the government to return the draft in case of an inadequate impact assessment.

The Czech government has not developed an explicit risk-based policy on enforcement.

Source: OECD 2008 Survey on Regulatory Management. [\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

OPEN GOVERNMENT

Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	Czech Republic	OECD32	Publication channels
Budget documents	●	94%	CP, MA
Audit reports	○	72%	Not published
List of public servants and their salaries	○	28%	Not published
Sharing of administrative data			
Administrative data sets	○	66%	Not published
Requirements on publishing in open data formats	No	53%	-
<ul style="list-style-type: none"> ● Required to be proactively published by FOI laws ⊙ Not required by FOI laws, but routinely proactively published ○ Neither required nor routinely published <p>CP= central portal; MA= ministry or agency website; OW=other website OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.</p>			

Similarly to most OECD countries, the Czech Republic publishes budget documents, usually on a central portal website or on ministry or agency websites. This is required by legislation which includes, among other provisions, the Freedom of Information Law (Nr. 123/1998). Contrary to the majority of OECD countries, however, the government does not publish audit reports or administrative data sets, nor are their requirements for publishing administrative data sets in open data formats.

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

E-GOVERNMENT

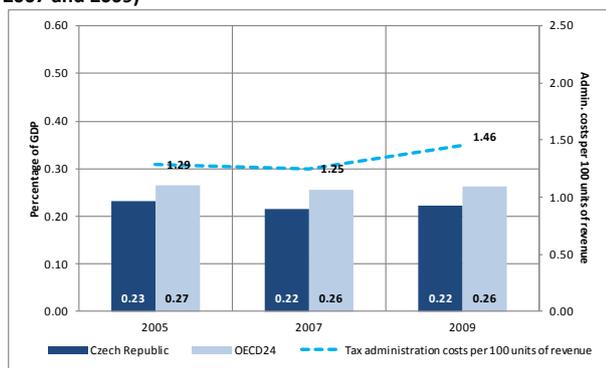
E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	Czech Republic	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	○	64%
Services offered on single-entry procurement website		
Tender searches	No single-entry site	62%
Tracking of outcomes of contracts	No single-entry site	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

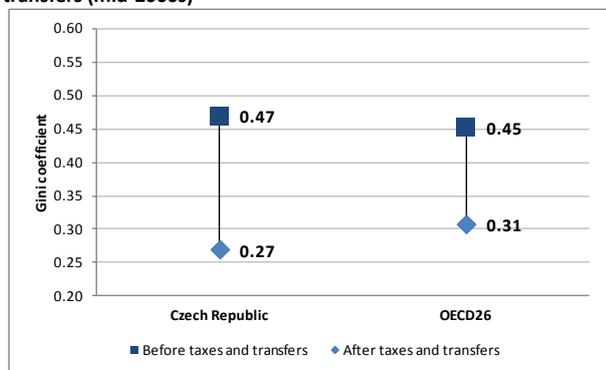
The Czech Republic does not have a singly-entry procurement website but rather publishes most procurement information (such as general information for potential bidders, specific guidance on application procedures, procurement plans, tender documents, selection and evaluation criteria and contract awards) on contracting entity websites and domestic journals. Furthermore, the new Strategy for e-Procurement 2011-2015 is currently being drafted. The Government has put laws and or/policies in place to promote the use of digital signatures and e-filing with the public sector. For example, e-signature is widely used in the Czech Republic and the number of active qualified certificates issued by three Certification Authorities reached in 2010 almost 220 000.

Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

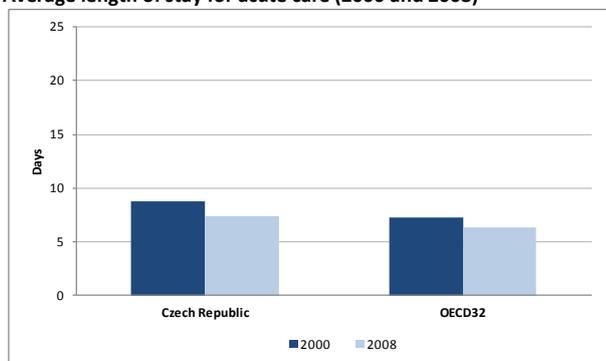
Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)



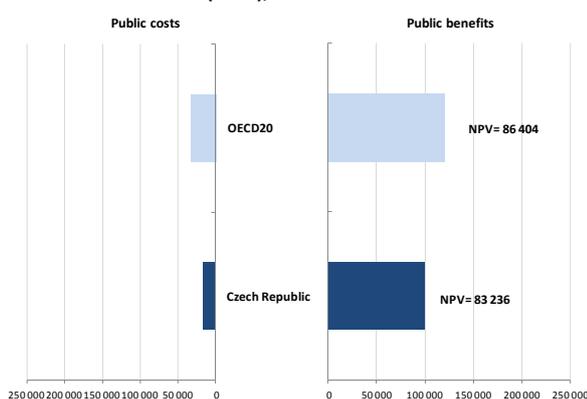
Differences in income inequality pre- and post-tax and government transfers (mid-2000s)



Average length of stay for acute care (2000 and 2008)



Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio” is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In the Czech Republic, the administration costs of collecting 100 units of revenue have increased, particularly from 2007 to 2009. Total revenue body expenditure has remained stable during this period, suggesting this change in the ratio could partly be due to macroeconomic conditions such as a drop in tax revenues following the crisis. Officials reported that their government was planning the creation of a new revenue collection agency (i.e. the General Financial Directorate) that would commence operating from 2011. The GFD will be responsible for the collection of all revenue collection functions, including social security and health insurance in 2013 and consolidate its office network (currently 8 regional and 199 local offices) by abolishing its smallest offices. These measures are all aimed at reducing administrative costs and improving efficiency. *Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [Total revenue body expenditures] [Tax administration costs per 100 units of revenue]*

One method of assessing the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on income inequality is considerably higher in the Czech Republic than the OECD average. The Czech Republic achieved a 0.20 point reduction in its Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries. *Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [Differences in inequality]*

The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in hospital for curative care. Similar to other OECD countries, the ALOS decreased from 8.7 days in 2000 to 7.4 days in 2008 in the Czech Republic. This decrease is slightly higher than that of the OECD average, where the reduction was about one day over the same period. Over time, reductions in the ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilizing less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes. *Source: OECD Health Data 2010. [ALOS for acute care]*

Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 83 200, the Czech Republic’s public net present value (NPV) for a man obtaining tertiary education is slightly lower than the OECD average. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of the Czech Republic, the NPV is over five times the net public investment in tertiary education, providing a strong incentive to expand higher education. *Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [Public NPV of education]*

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, outsourcing (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 2011*.

“Gross general government debt” refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

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 in Annex E at: www.oecd.org/gov/indicators/govataglance.

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, 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.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are 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 (PRP) 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.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

Regulatory governance: The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

Tax efficiency: Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

Differences in income inequality pre- and post-tax and government transfers: The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

Public net present value for male obtaining tertiary education: Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.