OVERALL PERFORMANCE AND MAJOR REFORM INITIATIVES

Overall, Czechia ranks in the bottom-third in EU-27 comparisons on government effectiveness(1). While citizens’ tendency to trust in government was lower in recent years (down to 22% in 2017) relative to the levels of the financial crisis (32% in 2010), it has improved (40% in 2019), placing Czechia in the middle-third in the EU(2).

The overarching reform of public administration is currently governed by the Strategic Framework of Public Administration Development for the period 2014-2020.(3) A new reform strategy for the 2021-2030, ‘Client-centred public administration 2030’, was being discussed since 2018 and was finally approved by the Government in May 2020.(4) Czechia benefits from its 2014-2020 Operational Programme (OP) on Employment(5) with two relevant priority axes, including ‘efficient public administration’, and four recent projects under the Structural Reform Support Programme (SRSP).

The Ministry of Interior (MoI) takes the lead in coordinating public administration and its reform (including e-government), except for financial matters which are the domain of the Ministry of Finance (MoF).

The Government has been developing a national framework for monitoring and evaluation of public administration performance since 2016 with the intention to fully implement a new system by end 2020.

STRUCTURES AND ORGANISATION

Czechia has among the smallest shares of public expenditure relative to GDP (41%), placing it in the EU’s bottom-third, but its public sector is also one of the least indebted (31.5%), in part due to recent surpluses. Spending is largely centralised (around 72% by national government) - in the middle-third of Member States.

The Czech administration operates at the central, regional, and local levels. Based on available data, at least 500,000 people work in the public sector. Central authorities and their organisations (CAOs) constitute almost 85% of employment, with a further 2% at the regional level and 14% in local self-government (LSG). There are around 79,000 employees in central authorities. Most of the remainder of CAO staff work in more than two hundred ‘deconcentrates’ - special agencies under the ministries and 18 other central authorities. These ‘deconcentrates’ operate at regional, (old) district and local levels.

Regional administrations have self-government status, but as state administrations, they also exert certain control over LSG, providing advice and guidance, regulating certain services, and channelling transfers from central authorities.

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(1) World Bank, Worldwide Governance Indicators (WGI)
(2) European Commission, Standard Eurobarometer 92
(3) The evaluation of the current strategy is fragmented into annual or biannual reports that are available here in Czech only.
(5) European Commission, Summary of Operational Programmes supporting institutional capacity building 2014-2020
Local self-government (LSG) is highly fragmented, with over 6 250 municipalities, towns, cities, and their parts/districts. More than 80% have fewer than 1 000 inhabitants (ČSÚ, 2019).\(^6\)

Czechia is characterised by a relatively high level of decentralisation. However, many LSG responsibilities are delegated from state administration, rather than devolved to local decision-making. The extent of delegation depends on legal categorisation, with the 205 municipalities with extended responsibilities (‘ORPs’) performing the most functions. This differentiation has created some discrepancies in access to administrative services that may be confusing for citizens.

The inefficiencies of small scale are partly addressed through voluntary associations of municipalities, of which there are around 700.

In cooperation with other ministries (e.g. Ministry for Regional Development), the MoI has attempted to clean up this situation since 2016 (some initiatives were discussed even earlier), particularly by proposing to ‘re-centralise’ responsibilities to ORPs, but this has been resisted by municipal associations and municipalities, and necessary legislative changes have not been fully approved yet. Effective since 2020, changes were made to incorporate performance-related funding of delegated functions from the central administration to LSGs, rather than to ‘centralise’ these responsibilities only to one category of municipalities.

With ESF support, the Government has been facilitating the creation of ‘centres of intercommunal services’ (CSS) to establish long-term and systematic support for inter-municipal collaboration within the territories of the ORPs. The project was being implemented by the Union of Towns and Municipalities.\(^7\) Mainly since 2019, the MoI has discussed legislative changes that would help to use the potential of voluntary associations of municipalities. The changes are supposed to make it possible for municipalities to use a new form of inter-municipal cooperation – the so-called community of municipalities (‘společenství obcí’) – which is expected in the territories of ORPs. The new amendments are supposed to come into force from 2021.

The Government (GO) is the main coordination body at the centre, but is relatively small and has little sectoral policy expertise. Informal coordination mechanisms have featured prominently in the Czech political culture.\(^8\)

In EU-27 comparisons, Czechia ranks in the middle-third for strategic capacity\(^9\) and implementation capacity\(^10\), but in the bottom-third for inter-ministerial coordination\(^11\).

### Civil Service Systems and HRM

Under the Czech law, public employment falls largely into four categories: civil servants of the central authorities, civil servants of self-governments, public servants (e.g. teachers); public employees that are regulated by specific, more complex legislation (e.g. police and armed forces); and other employees regulated only by the Labour Code.

The MoI is responsible for systematisation and coordination of the state civil service, but not civil servants of self-governments and other employment categories. In case of civil servants of self-governments, the MoI coordinates their education and examination. While recruitment and selection of state civil servants is relatively centralised, other core HRM functions such as salaries, appraisals, promotion, training, and development are decentralised within the legal framework to individual institutions. Still, their HRM practices have to cope with regulation by the Deputy Minister for the State Civil Service.

During 2018, the Government amended Act 234/2014 a few times. More flexible recruitment procedures were introduced, including when a candidate is not selected during the first round, simplifying internal recruitment, softening some requirements on past experience and providing more specificity on performance appraisal.

Based on available data, average monthly salaries in the state civil service and wider public sector are both higher than the private sector.

Czechia is seen as accessible for job opportunities, being in the EU’s bottom-third for ‘closedness’ of the labour market\(^12\).

The senior civil service (SCS) has special provisions under the law regarding recruitment, selection, appointment, tenure, and reasons for dismissal, although changes in the SCS can happen after elections. There are also other mechanisms to remove staff, including organisational changes and results of performance appraisals.


\(^{(*)}\) https://www.smocr.cz/cs/projekty/centra-spolecnych-sluzeb

\(^{(*)}\) Bertelsmann Stiftung, Sustainable Governance Indicators

\(^{(*)}\) QOGI, op.cit.
The March 2018 amendments tightened the reasons for dismissal to **reduce the risk of politicisation** in the state civil service, although this remains a concern. Further amendments in January 2019 extended the periods between performance appraisals where the finding is ‘unsatisfactory performance’, but also allow more flexible recalling of state secretaries. The risks of politicisation and issues of the State Civil Service Act were discussed across political parties in January 2020 also. In December 2019, the ex-post RIA(17) of the State Civil Service Act was eventually finalised by KPMG for the MoI and published(18). It evaluates the version of the Act as of the end of 2018 and points to negative impacts on recruitment, performance appraisals and HRM practices.

Some patronage can still be seen in the regions and municipalities, where the potential level of politicisation is higher also because the civil service is here governed by different legislation (Act 312/2002).

The Czech public administration is ranked in the EU’s bottom-third for both professionalism and impartiality(14).

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**POLICY-MAKING, COORDINATION, AND IMPLEMENTATION**

Line ministries are the main policy-making institutions that are also responsible for their implementation, based on regulation, inspection, coordination of subordinate organisations etc.

Since the first PAR strategy in 1999, governments have recognised the strategic need for better policy coordination to overcome ‘silos’, without addressing it satisfactorily. The main formal mechanisms are: the process of commenting on draft legislation; specific fields of public administration, such as e-Government development, public procurement and accounting, where there are designated bodies responsible for coordination; and strategies and projects co-financed by the EU, where managing authorities cooperate with other bodies.

The GO provides policy advice, but is responsible neither for strategic planning nor performance monitoring, which falls to individual ministries. There is no single centre of government body responsible for strategic foresight. Strategic documents are often not evidence-informed, or their strategic analyses are rather weak.

In April 2017, the government adopted a strategy ‘The Czech Republic 2030’, setting out **long-term priorities** for sustainable development of state administration.(16) This strategy is an update of the sustainable development strategy approved in 2010. With regards to public administration, the strategy anticipates innovativeness of public administration, improvement of governance (emphasising participation), data sharing, improving territorial planning, intermunicipal collaboration and various aims related to social security and protection of environment.

Quality of policy-making is guided to some extent by the Government’s legislative rules and the general guidelines for regulatory impact assessment (RIA). The use of RIAs was recognised as well-developed by the OECD(17), but is not obligatory for all legislative initiatives, including those proposed by Members of Parliament (around 40 % of legislative proposals). The OECD also recommended standardising the public consultation process and stimulate stakeholders to contribute to consultations.

The well-established and elaborated RIA processes explain Czechia’s ranking in the top-third of the EU-27 for use of evidence-based instruments(19), with a score of 7.3 out of 10. Czechia ranks, however, in the middle-third for regulatory quality(19) and consulting with social and economic actors during policy preparation(20).

**TRANSPARENCY AND ACCOUNTABILITY**

Czechia adopted its first formal code of ethics in 2001, and subsequently in 2012, both which were binding for state authorities, but not for regional and local government. The code forms part of the internal rules of central authorities that should not be violated by employees, and as a general rule, compliance falls to hierarchical superiors to evaluate their subordinates. As HRM functions are largely decentralised, there is no central authority that monitors whether the code of ethics is followed across the public administration.

Czechia ranks in the EU’s middle-third for perceptions of corruption(21), control of corruption(22) and public integrity(23). The European Semester has previously highlighted the high proportion of tender procedures attracting only one bid, which can indicate corruption in public tendering.


16 OECD (2018), **Regulatory Policy Outlook 2018**
17 Bertelsmann Stiftung, **Sustainable Governance Indicators**
18 World Bank, WGI op. cit.
19 Bertelsmann Stiftung, **Sustainable Governance Indicators**
20 Transparency International, **Corruption Perceptions Index**
21 World Bank, WGI, op. cit.
22 European Research Centre for Anti-Corruption and State-Building (ER-CAS), **Index of Public Integrity**

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(17) [The Quality of Government Institute (QoG), University of Gothenburg](https://www.qoig.politicalinstitutions.org/)
(19) [European Research Centre for Anti-Corruption and State-Building](https://www.cas.cz/en/)
(20) [World Bank, WGI](https://www.worldbank.org/en/publications/)
(21) [World Bank, WGI](https://www.worldbank.org/en/)
(22) [Bertelsmann Stiftung, Sustainable Governance Indicators](http://www.bertelsmann-stiftung.de/en/sustainable-governance-indicators/)
(23) [World Bank, WGI](https://www.worldbank.org/en/)
(24) [European Research Centre for Anti-Corruption and State-Building](https://www.cas.cz/en/)
Also, the PM has attracted attention regarding a potential conflict of interest in the use of ESIF funds (24).

Anti-corruption is now addressed mainly through the Strategy for Fighting Corruption for the period 2018-2022, which sets out priorities as: a performing and independent executive; transparency and open access to information; economical use of State property; and development of civil society. Goals and measures are specified in annual action plans, which indicate that implementation of measures was slower than anticipated. (25) Nevertheless, Czechia’s ranking in the TI corruption perception index worsened in the 2019 score (the country dropped from 38th place in 2018 to 44th).

Czechia ranks in the EU’s top-half for access to government information (26) with a score of 8 out of 10, but in the bottom-third for open data (27).

While there is longstanding freedom of information legislation, Transparency International (TI) has criticised secrecy in Czechia, as public authorities use exemptions from making information available on request extensively, or even ignore the legislation entirely. TI has also highlighted the price of public information, and insufficient assistance to applicants. There is no compliance monitoring, a lack of formal controls to ensure deadlines are met, and no implemented sanctions.

Czechia has sought to become more transparent by publishing registers in recent years, introducing a Contracts Register in 2016 and a Central Register for Asset Declarations in 2017.

Czechia ranks in the EU’s middle-third for voice and accountability (28) and transparency of government (29) with a score of 62.3 out of 100. E-participation is under-developed, experimental, and ad hoc – just a few cities and regions use ICT to obtain feedback from citizens via e-discussions on their web pages or special web interface. Social media are used mainly to advertise sporting and cultural events.

In terms of oversight, the Supreme Audit Office is responsible for financial audit (not performance audit) of central government only, while the Public Defender of Rights (Ombudsman) can investigate complaints regarding the conduct of authorities covered by the law establishing it, but with no direct enforcement mechanisms. The Office for Supervision of Economy of Political Parties and Movements was established in 2017.

SERVICE DELIVERY AND DIGITALISATION

Across the EU-27, Czechia ranks in the top-third for quality of public services (30), with 69 % of surveyed citizens rating them positively, which is higher than the previous two years, but in the middle-third for ease of doing business (31).

The administrative burden on businesses have been measured and reported on regularly, as the basis for burden reduction. Based on 2017 data, 40 new measures are being implemented until end 2020. The next assessment will take place in 2021.

Since the first PAR strategy of 1999, improving service delivery has been among the top priorities in all reform programmes and the role of quality management has been emphasised.

The Government is preparing a new strategy: Client-centred public administration 2030. This strategy anticipates centralisation of some public services to larger municipalities, further improvement of intermunicipal collaboration, better quality management in public administration, improved availability of public services (emphasising the role of e-government) and, also, facilitation of citizen participation.

Central governments have placed significant emphasis on quality management (QM). No instrument is obligatory, but central authorities are subjected to the methodological order for quality management in state civil service authorities. Larger self-governments have been more prevalent in using QM tools compared to CAOs. A 2018 situation analysis was positive, but emphasised that clear criteria for improvement were often missing.

E-government has been a priority in the last two PAR strategies, supplemented by dedicated strategies for development of e-Services. In November 2016, the Government approved a Strategic Framework for National Cloud Computing which aims at the consolidation of data centres in public administration up to 2022. Also, new contact points for citizens and businesses (within the Czech POINT projects) and new communication tools channels have been established since 2016 together with special coordination mechanisms (including the Chief e-Government Architect Office).

To date, e-Services have been mainly developed for businesses, especially high-impact services which show a higher degree of online sophistication. Progress has been seen, however, with the launch of a new citizen’s portal.

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(25) All the anticorruption strategies are available here: https://korupce.cz/protikorupce-dokumenty-vlady/
(26) Bertelsmann Stiftung, Sustainable Governance Indicators
(27) European Commission, Digital Economy and Society Index (DESI)
(28) World Bank, WGI, op. cit.
(29) European Commission eGovernment Benchmark
(30) European Commission, Standard Eurobarometer 92, op. cit., 58 % rated ‘good’, 11 % ‘very good’
(31) World Bank, Ease of Doing Business Report
(Portál občana) in August 2018. To date, functionalities of the portal are still limited, but have been developing.

Across the EU-27, Czechia ranks in the bottom-third for digital public services, including e-government users (52 %) and online service completion, although slightly better for pre-filled forms and e-services for businesses, where it ranks in the middle-third (32).

The new position of Government Commissioner for IT and Digitalisation was created in 2018, presiding over the Government Council for the Information Society, which also acts as central coordinating and managing body of the ‘Digital Czechia’ programme. (33)

(32) European Commission, DESI, op. cit.
(33) See https://www.digitalnicesko.cz/.