



# Czech Republic Report

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Sustainable Governance  
Indicators 2018

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## Executive Summary

From January 2014 to the parliamentary elections in October 2017, the Czech Republic was governed by a coalition government led by Prime Minister Bohuslav Sobotka of the Czech Social Democratic Party (ČSSD). Junior coalition partners included the Movement of Dissatisfied Citizens (ANO), led by billionaire Andrej Babiš, and the Christian Democrats (KDU-ČSL). Babiš served as deputy prime minister and minister of finance. Tensions in the coalition grew as ANO began to outperform ČSSD in opinion polls and won the 2016 regional elections. Following a fraud investigation by the European Anti-Fraud Office and the Czech police and the publication of evidence he used his media businesses against political rivals, Babiš was dismissed in May 2017. The public perception of Babiš's dismissal was generally ambivalent. Public support for the prime minister's ČSSD continued to slump, leading to Sobotka's resignation as party chair. Elections in October 2017 left the political left seriously weakened – with only 7% of the votes for ČSSD compared with 20% in 2013 – and Babiš's ANO emerged as the biggest party with 30% of the votes.

Despite the tensions in the governing coalition, the Sobotka government was able to fulfill a number of popular campaign promises. These achievements include the lowering of the fiscal deficit, raising of public sector salaries (particularly in health and education), increases in pensions and in the minimum wage, more police personnel and accelerated drawing of EU funds. However, the government failed to successfully implement an education reform. While it succeeded in expanding public R&D funding, it has only taken initial steps toward realizing a newly announced strategy on economic development. Despite accelerating economic growth in 2017, weaknesses will remain for the long term. Much of public investment is funded by EU structural funds; their extension beyond the end of the current funding period in 2020 is increasingly questionable. The increasing volume of R&D funding, mostly redirected into applied research, fails to generate competitive and innovative output, while underfunded primary research is undergoing an increasing brain drain. A shortage of skilled labor hampers the transition to a more innovative economy, but Czech society remains opposed to integrating migrants. Though the number of refugees remained small, mainstream politicians, including President Zeman, Deputy Prime Minister Babiš, Minister of Interior Chovanec, and the radical right leader Okamura, aroused fears of a

threat to national security, values, and identity posed by migrants (including Muslims) and a unified Europe. Amplified by the media, this discourse undermined any discussion about the country's international responsibility. Notwithstanding, the Czech Republic continued to comply with the Dublin III framework and resumed accepting refugees.

The 2017 parliamentary elections were the first held under the new party and campaign finance rules. To run for office, Babiš was required to divest his property and media, which he transferred into two blind funds, albeit controlled by long-term Agrofert employees, his wife and adult children. These measures aimed at strengthening media independence and pluralism as well as reducing corruption. Their effectiveness will be tested by what occurs after Babiš's victory in the elections.

Since the shift from indirect to direct presidential elections in January 2013, the institutional structures of governing in the Czech Republic have undergone no major changes. The Sobotka government sought to improve its strategic capacity by bringing in more expert advice and increasing public consultation. There remains very little interministerial cooperation, especially across party lines. The Czech parliament has the means to exercise substantial control over the government. It has a separate audit office that monitors public bodies and the implementation of its recommendations. An ombuds office investigates complaints against public institutions but has no powers beyond publishing its findings. The internal structures of the main political parties allow for both the election of leaders and members of principal bodies, but the internal debate is limited and divisions became evident in 2017. The appearance of new political forces – such as Okamura's Freedom and Direct Democracy and the Czech Pirate Party, which both took 11% of the vote in 2017 – make it even less clear what real power ordinary members may have.

## Key Challenges

The parliamentary elections in October 2017 have made the formation of a new and stable government difficult. While Babiš's ANO secured by far the highest share of votes, it has lacked coalition partners as most other parties committed in their campaigns to not build a coalition with ANO. The large fragmentation of the Czech parliament – where the second strongest party, the right-wing Civic Democratic Party (ODS) obtained a mere 11% of seats – has further complicated the forging of a new coalition. Given the Czech

president's substantial role in the appointment of governments, the uncertain outcome of the presidential elections in January 2018 has further added to the challenges.

Babiš's vision of populist technocratic efficiency – limiting parliamentary deliberation, abolishing the Senate and strategic demobilization – will not provide a basis for solving the country's economic and social problems. A government led by Babiš would risk progress on anti-corruption and strengthening media freedom and pluralism.

The long-term sustainability of economic growth remains problematic. With inward FDI declining, an increasingly important source of growth has been EU structural funds. Multinationals have continued to locate lower value-added activities in the Czech Republic, but there is already a significant shift underway of activities that rely on less-skilled labor to even lower wage countries. Without innovation and structural change, this pattern of growth will not bring income levels up to those in wealthier EU member states and leaves the Czech Republic vulnerable to economic downturns.

Diversification and support for startups in ICT and higher added-value sectors could improve the chances for future growth (wage growth as well as overall economic growth). A secure economic future also depends on raising the quality of R&D output and sustainable financial support from both domestic firms and foreign investors. Despite increasing financial support for R&D, technological advances still depend overwhelmingly on what foreign companies choose to bring into the country. The volume of funding for applied research is not reflected in the innovative output.

The country's educational system requires further reform and investment, including financial incentives to attract and retain top graduates and strengthen teacher training and retention. There is also a need for increased support in the development of a highly skilled labor force, including on enabling a harmonious balance between work and family life and creating a more welcoming atmosphere for immigrants. This latter aim has become more difficult as reactions to the refugee crisis have strengthened those groups, represented across the political spectrum, opposed to the idea of a multicultural society.

Government spending as a share of GDP is below levels seen in other, richer EU member countries. A major difference in the Czech Republic is the low level of direct taxation, particularly personal income tax. This limits the financial support for policy areas such as education, R&D and environmental protection after 2020, when EU structural funding will end.

The Czech Republic's aging population will pose a challenge for the pension and health systems in the future. Attempts by previous governments to increase charges and the reliance on private providers have failed to win public trust. An open discussion is needed to reach some degree of consensus on how to finance higher pension spending, raise the pension age and cover higher health care spending.

In respect to European integration, the country risks remaining marginalized on the periphery, alongside its increasingly illiberal peers Hungary and Poland. Populist calls for "defending the national interests against Brussels" (including calls for "Czexit") are counterproductive domestically and internationally. Internally, they present a distorted vision of the future relationship between the Czech Republic and European Union. Internationally, the Czech Republic does not present itself as a reliable partner to the EU, which jeopardizes foreign investment on which the country depends.

Bustikova, L., Guasti, P. , forthcoming: The State as a Firm: Understanding the Autocratic Roots of Technocratic Populism, in: East European Politics and Societies.

# Policy Performance

## I. Economic Policies

### Economy

Economic Policy  
Score: 7

The Czech economy is among the fastest growing in Europe, with real GDP up by more than 4% in 2017 relative to 2016. This acceleration was due to strong export performance, especially for motor vehicles, and high consumer spending driven by higher earnings. This partly reflects labor market conditions and partly a policy shift away from an emphasis on holding down pay increases. In the past, economic policy in the Czech Republic largely focused on balancing the budget and attracting incoming FDI through low wages. As the limits to this strategy have increasingly become visible, the focus of the Sobotka government shifted away from wage restraint and toward investment in education and R&D and the development of an environment for innovative activities within the domestic economy. In practice, however, improvements in these areas appear inadequate and have depended on EU funding. The latter has overtaken inward private investment as a major stimulus to growth, accounting for almost half of recent GDP growth. A further important change in the economic policy framework has stemmed from the Czech National Bank's decision in April 2017 to end the commitment made in November 2013 to keep a low exchange rate of 27 Kc to the euro. The aim had been to counter the perceived threat of deflation by increasing import prices. Free to find its own level, the Kc floated upwards, holding back the level of inflation which rose slightly above the central bank's target level of 2% per annum in 2017.

### Labor Markets

Labor Market  
Policy  
Score: 7

The labor market situation in the Czech Republic has improved considerably since 2014. According to Eurostat, the unemployment rate was the lowest in the EU in 2016 and 2017 (and the lowest in the Czech Republic since 1998). Skilled labor shortages are felt across much of the economy and are a

constraint on the manufacturing industry, discouraging inward investors from moving more demanding activities into the Czech Republic. Even routine motor-vehicle assembly faces difficulties to such an extent that the Volkswagen Group considered moving part of the Skoda car production to Germany, where labor costs are almost three times the level of the Czech Republic by the official exchange rate, but production would still be profitable.

The tight labor market is a factor behind wage increases which averaged 7.6% year-on-year for the first half of 2017. They are also driven by a more aggressive bargaining approach from trade unions, around the slogan “an end to cheap labor,” and the government responding to such pressure by raising public sector pay and minimum wage levels. As a consequence, the wage increase averaged 7.5% in health and social care and 5.0% in education. The minimum wage, decided by the government after consultation with trade unions and employers, rose by 11% in 2017, behind the level of Slovakia and only 37.5% of the national average wage in October of that year.

While the decline in unemployment has gone hand-in-hand with a decrease in long-term unemployment and youth unemployment, groups such as parents with small children, low-skilled workers, people with disabilities and Roma remain disadvantaged on the labor market. Female employment remains negatively affected by motherhood. However, conditions for parents with small children and single parents slightly improved thanks to an improved offer of affordable childcare service for children older than three years of age.

### Taxes

Tax Policy  
Score: 7

The Czech tax-to-GDP ratio is low from a comparative perspective. While revenues have been sufficient to generate a small fiscal surplus in 2016 and 2017, it will be challenging to ensure sustained financial support for areas such as education, R&D, and environmental protection after 2020, when EU structural funding terminates. The Czech tax system broadly ensures horizontal equity. One exception is the blanket tax allowance given to the self-employed to cover operating expenditure with no checks on what is actually spent. This leads to a lower tax rate on the self-employed rather than employed and an incentive to convert employment contracts into contracts for individual services. While revenues from direct taxes are low and there is a flat personal income tax, a degree of vertical equity is achieved by a tax allowance on personal income taxes, a solidarity surcharge on higher incomes and some differences in VAT rates. Tax rates for enterprises are modest, but tax compliance costs relatively high. During the period of review, the most controversial tax reform has been the gradual implementation of a 2016 law on

the electronic registration of sales. This had been pressed for especially by the Social Democrats since the 1990s, claiming that it would prevent widespread evasion of VAT by retailers, but had been opposed by small businesses, claiming it to be an annoying and unnecessary bureaucratic burden.

### Budgets

Budgetary Policy  
Score: 7

Improved economic performance has enabled the Czech government to retain its objective of reducing the general government budget deficit and thereby limit the growth in public debt while allowing some expansion of domestic demand. For the first time since 1994, and despite original plans for a deficit, the Czech Republic ran a fiscal surplus in 2016. Largely due to the strong showing of tax revenues, this surplus has further increased in 2017. After years of controversy, the government won approval for the Act on Budgetary Accountability in January 2017. This act sets debt limits for all tiers of government, introduces a central government expenditure ceiling and envisages the creation of an independent National Budgetary Council. The appointment of the latter's members has progressed slowly. Public debt has fallen from about 45% of GDP in 2013 to about 35% in 2017, lower than in most EU countries and well below the debt limits of 55% and 60% defined in the fiscal responsibility law.

### Research and Innovation

R&I Policy  
Score: 6

R&D spending in the Czech Republic has grown strongly under the Sobotka government and is expected to reach the EU average (relative to GDP) in 2017 and the EU's spending target of 2.5% in 2020. European structural funds have been the primary drivers of growth. Public R&D spending has suffered from a strong bias toward capital rather than current expenditure, meaning constructing research facilities rather than conducting research activities. Private R&D spending has also risen but remains dominated by foreign-owned companies, particularly in the automotive industry, which remain poorly integrated in the national innovation system. More recently, R&D spending in ICT services and programming has been growing. In February 2016, the government approved a new medium-term strategy for research, development, and innovation, which puts more emphasis on support for applied research and the strengthening of public-private linkages. This reform has led to some changes during the period of review. In order to improve the allocation of research funding, a new evaluation methodology was introduced in 2017. The Technological Agency (TA ČR) established new competence centers aimed at fostering both research excellence and the application of research results. Finally, tax concessions have been extended to the purchase of R&D services



from research organizations. However, this measure has mainly benefited large companies and not been complemented by specific measures for SMEs.

Citation:

Srholec, M., M. Sanchez-Martinez (2018): RIO Country Report: Czech Republic 2017. Luxembourg: European Union (<https://rio.jrc.ec.europa.eu/en/country-analysis/Czech%20Republic/country-report>).

### Global Financial System

Stabilizing  
Global Financial  
Markets  
Score: 5

The Czech Republic is not a major player in international financial affairs. Its main banks are foreign-owned and their independent international involvement is very limited. Nor did it participate in reforming the international financial system, preferring to see itself as a follower of initiatives developed elsewhere. While the Sobotka government made a turn from the euroskeptic policy of previous governments toward a more mainstream view of EU economic policy, neither the Ministry of Finance nor the Czech National Bank (the central bank) have come out in favor of an accession to the EU Banking Union. Both fear that such an accession would restrict national competencies and lead foreign-owned banks to take deposits from their Czech branches to cover losses elsewhere. The Sobotka government also avoided formulating an explicit deadline for entering the European Monetary Union – opinion polls show a large proportion of the population opposed – but referred to 2020 or 2021 as possibilities. According to the governor of the Czech National Bank, the Czech Republic is generally ready to adopt the euro. There remains a significant gap between the Czech Republic and the euro zone in terms of nominal price and income levels. One step that may help to slowly reduce this gap is a decision by the Czech National Bank in April 2017 to remove the upper limit of the euro exchange rate after three and a half years.

## II. Social Policies

### Education

Education Policy  
Score: 6

Public expenditure on education relative to GDP has increased since the economic crisis and is slightly above the EU average. Educational outcomes and the employability of school and higher education graduates are good. One problem, however, is the low tertiary education attainment rate. A particularly vulnerable group are Roma. Around 40% of Roma children are educated in “special schools” (populated almost exclusively by Roma), before being placed in practical schools with lower learning standards. The early school

leaving rate remains among the lowest in the EU, but regional disparities are significant and the rate has been increasing steadily since 2010. It currently exceeds the 5.5% national target for 2020. The tertiary education attainment rate continues to rise; the 32% national target will be likely attained by 2020. Tertiary education significantly improves earning (adults with tertiary education earn 92% more than those with secondary education). Higher education reform was adopted in 2016, aimed at providing more autonomy to tertiary institutions and to raise the standards of accreditation and internal quality assurance. A further reform in 2017 focused on the development of a new career system for teachers and pedagogical staff to increase the attractiveness of the profession, but faced significant protests by teachers and a lack of support by two parties of the governing coalition (ANO and Christian Democrats) unwilling to face a divisive issue during the electoral campaign.

### Social Inclusion

Social Inclusion  
Policy  
Score: 6

Due to a favorable employment picture and a still rather redistributive social policy, income inequality and poverty in the Czech Republic remain among the lowest in the OECD and the European Union. However, there are substantial differences between regions and ethnic groups that have not been sufficiently addressed by government. Between 2006 and 2014, the number of areas of social exclusion (defined as those where more than 20% of inhabitants live in inadequate conditions) has doubled to about 600, now covering more than 115,000 people in 297 municipalities. In more than half of these areas, Roma form a majority. In these areas, about 75% of residents are low-skilled and the average unemployment rate is between 80% and 85%. A further pressing problem of social inclusion is the lack of cheap housing and the growing number of homeless people. In March 2017, the government proposed legislation that would extend social housing rights to people with disabilities, pensioners, young families with children and young people. It faced parliamentary opposition for being too broad in coverage and was not approved before the end of that parliament's term.

### Health

Health Policy  
Score: 7

The Czech Republic spends slightly less on health care than the more advanced European countries. Relative to GDP, health care spending has fallen in recent years. The health care system, based on universal compulsory insurance, ensures a wide range of choice for both providers and consumers of health care and provides a level of service which is high by international standards. Life expectancy slightly increased in the review period. Public health insurance in the Czech Republic is provided through seven health insurance companies, the largest being the General Health Insurance Company

(Všeobecná zdravotní pojišťovna). Indicators of inpatient and outpatient care utilization point to unnecessary consumption of goods and services, and inefficiencies persist in the allocation of resources in the hospital sector. The Sobotka government has done little to address these issues. As for health care policy, the government's focus rested on the abolition of unpopular health care fees introduced in 2008 under the center-right government of Mirek Topolánek, a campaign promise that was implemented early in the term. In December 2016, parliament adopted a law limiting smoking in restaurants, pubs, bars and other facilities, putting an end to the Czech Republic's status as one of the last havens for tobacco smokers in Europe.

### Families

Family Policy  
Score: 6

The employment rate for women in the Czech Republic is the highest among the post-socialist member states of the OECD, but below the OECD average. The level of childcare provision declined significantly during the 1990s, and there has been only a slight improvement since, even though the growing number of single mothers – 49% of children were born outside of wedlock in 2017 – has further increased the demand for childcare. While the enrollment rate in formal child care for children three to five years of age is within the third quartile of OECD countries, childcare provision for children up to two years of age is the third lowest among OECD countries, and affordable after-hours care offered by pre-schools and schools is insufficient. However, public support for alternative forms of child care, most notably so-called children's groups, has expanded, with a financial contribution to these alternative forms of childcare from the state. Since 2017, attending kindergarten in the last pre-school year is mandatory.

### Pensions

Pension Policy  
Score: 8

The Czech pension system has developed through a gradual and partial reform of the pay-as-you-go system that existed before 1989. The pension system is currently in surplus and the medium-term sustainability gap associated with the aging population is relatively limited. Pensioner poverty remains relatively low, partly reflecting the levels of pension afforded by the old system. The current average pension is about €460. Two-thirds of pensioners have a pension below this level and women receive 18% less than men. The pension reform that came into force in January 2013 under the Nečas government aimed at diversifying funding within a two-pillar scheme. The second pillar included a voluntary private element which could channel part of the compulsory contributions paid to the pension system to newly established private companies. However, interest in participating in the new scheme was low and – following criticism from social partners and a pledge by the Czech

Social Democratic Party (ČSSD) – it was abolished in 2016. The Sobotka government also set a cap on the retirement age of 65 from around 2030, cancelling the previous approach of continuously increasing the retirement age with no upper limit, but still requiring a review every five years of financial sustainability such that the cap could be increased if judged necessary. It also allowed ad hoc pension increases to a maximum of 2.7% annually, if the system of pension indexation foresees a lower increase.

### Integration

Integration Policy  
Score: 4

Compared with other East-Central European countries, the Czech Republic has experienced relatively high levels of immigration since EU accession, with the number continuing to slowly rise. From December 2016 to June 2017, the number of foreigners increased from 496,413 to 509,963 foreigners. The largest immigrant group consists of Ukrainians, followed by Vietnamese and Russians. Asylum applications are low, at 1,478 in 2016 with 148 asylum cases granted and 302 cases of supplementary protection.

The Ministry of Interior annually submits a report to the cabinet on the migration and integration of foreigners. Integration centers exist in all regions of the Czech Republic. Some immigrant support has been provided over the years by municipal authorities and NGOs, with recent emphasis on language courses, social events, and employment. However, the processing of residential applications of immigrants remains slow and the acquisition of Czech citizenship remains complicated. Many foreign workers are employed in the shadow economy or by temp agencies, offering temporary and often unstable work with pay levels significantly below those of Czech employees. Even with the current labor force shortage, the situation is not improving.

Although the Czech Republic is not located on one of the major routes used by refugees for coming to Western Europe, the European refugee crisis has stirred a strong and highly polarized debate on migration and integration. The right-wing extremist camp has shifted its focus from anti-Roma to anti-Islam and anti-refugee agendas, and President Zeman and the media have also nurtured the discourse against refugees. These attitudes contributed to the significant electoral success of parties exploiting the migration issue in the October 2017 parliamentary elections.

Beger, P. (2018): Europäisierungsprodukt oder eigene Handschrift? Entstehung und Entwicklung der tschechischen Migrationspolitik, in: A. Lorenz, H. Formánková (Hrsg.), *Das politische System Tschechiens*. Wiesbaden: Springer VS, 201-222.

### Safe Living

Safe Living  
Conditions  
Score: 7

Confidence in the police is currently the highest in the last 25 years. Public opinion polls in June 2017 showed that 65% of respondents trust the police. Czech citizens are largely satisfied with the performance of the police and feel secure. Crime figures are unremarkable. However, there are increasing regional differences as well as tension in regions with a concentration of marginalized groups. Partly as a result of anti-Muslim campaigning, fears of terrorist attacks have grown recently. Protection against security risks is favored by well-functioning, cross-border cooperation. Czech police officers cooperate with other police officers from across the European Union to protect the borders of countries on major migration routes.

### Global Inequalities

Global Social  
Policy  
Score: 7

The Czech Republic is not a major player in international development and devotes a relatively low share of GDP to development aid. As a percentage of gross national income, official development assistance has stagnated in recent years. However, the Czech Republic has pursued a relatively coherent strategy of development cooperation with a clear focus on countries where its own experience of transition can be helpful. The Transition Promotion Program, a centerpiece of Czech development cooperation, puts strong emphasis on the promotion of democracy, human rights and civil society. While the Ministry of Foreign Affairs is the main coordinator of bilateral and multilateral development cooperation, a large number of public and non-governmental actors are extensively involved in the selection of program countries and the identification of priority sectors as well as in on-the-ground activities in partner countries. In addition to long-term programs, there is also humanitarian aid for current crisis areas. Also, the Ministry of Foreign Affairs has long striven to effectively involve the Czech private sector in development activities.

## III. Environmental Policies

### Environment

Environmental  
Policy  
Score: 6

The Czech Republic continues to battle both a historical legacy of environmental damage and other ongoing environmental issues. There has been a long-term trend of decline in emissions of acidifying substances, ozone precursors, primary particles, secondary particulate precursors, greenhouse gas

emissions from the manufacturing industry. Surface and groundwater pollution have also diminished over time. The main priorities of the State Environmental Policy of the Czech Republic 2012-2020 are the sustainable use of resources, climate and air protection, nature and landscape protection and safe environment. In October 2015, the Czech government adopted the Strategy on Adaptation to Climate Change in the Czech Republic, setting specific tasks and deadlines across all fields in which negative impacts of climate change are expected (e.g., agriculture, water and forest management, transport and human health). In 2016, it was complemented by a National Action Plan on Adaptation to Climate Change and a climate protection strategy for the period until 2030 with a long-term outlook until 2050. The stipulated goals are based on the Czech Republic's international commitments regarding the reduction of greenhouse gas emissions, and the relevant EU documents and strategies (e.g., the climate and energy package until 2020, and the new climate and energy framework until 2030). However, in February 2017, the European Commission released the first Environmental Implementation Review to monitor and improve the implementation of the 2030 Agenda for Sustainable Development. This report highlighted mixed performance in the implementation effectiveness of environmental policies and pointed to continuing problems of a slow shift toward a circular economy, poor air quality, rising water scarcity, and inadequate nature protection.

Citation:

European Commission (2017): The EU Environmental Implementation Review – Country Report Czech Republic. SWD(2017) 37 final. Brussels ([http://ec.europa.eu/environment/eir/pdf/report\\_cz\\_en.pdf](http://ec.europa.eu/environment/eir/pdf/report_cz_en.pdf)).

### Global Environmental Protection

Global  
Environmental  
Policy  
Score: 5

Environmental policy in the Czech Republic is significantly shaped by the country's obligations to implement EU legislation. In June 2016, together with other EU countries, the Czech Republic agreed to a 20% greenhouse gas reduction target by 2020 (baseline is 1990). This is in line with Agenda 2020. The Czech Republic remains a passive and ambivalent recipient of EU and international agendas. Together with other East-Central European member states, the Czech Republic has opposed more ambitious goals. However, on 5 October 2017, the Czech Republic ratified the 2015 Paris climate agreement, which entered into force on 4 November 2016.

# Quality of Democracy

## Electoral Processes

Candidacy  
Procedures  
Score: 10

Electoral registration procedures are fair and transparent. To establish a political party, three citizens aged 18 or over need to submit the new party's statutes to authorities, backed by 1,000 signatures. The 1991 law on political parties and movements establishes conditions to exclude parties lacking democratically elected organs or that aim to remove the democratic foundations of the state, restrict the freedoms of other parties, or threaten morality and public order. Calls to ban the Communist party have not faded, but no legal steps have been taken and there is no consensus that such measures are necessary. As of November 2017, there were 211 active political parties and political movements. Candidate lists of 31 political parties and movements were registered for the parliamentary elections in October 2017. Since 2012, the president of the Czech Republic is elected by citizens in a direct election. Any citizen with the right to vote who has reached 40 years of age is eligible to stand in the election for a maximum of two consecutive five-year terms.

### Citation:

OSCE/ OHDIR (2018): The Czech Republic: Parliamentary Elections, October 20-21, 2017. Election Assessment Mission Final Report. Warsaw (<https://www.osce.org/odihr/elections/czech-republic/375073?download=true>).

Media Access  
Score: 6

The electoral law guarantees parties access to state radio and television, with a total of 14 hours set aside for all parties to express their views with equal allocation irrespective of the party's size or previous electoral performance. Thus, all parties do have access to the public media, although presentations are often tedious and unlikely to hold viewers' and listeners' attention. Space is also provided by municipalities for billboards, and political advertisements are carried in newspapers. There is a distinct coverage bias toward the larger parties, due to more significant resources and a perception of importance. Moreover, coverage by private media is less balanced than that of public media. Especially the dailies of the MAFRA media group, owned by Andrej Babiš, founder of ANO and minister of finance and deputy prime minister (until May 2017), have been criticized for their political bias. A controversial amendment to the law on conflict of interest in April 2017 (14/2017 Col., also

Voting and  
Registrations  
Rights  
Score: 9

known as Lex Babiš) forced Babiš to transfer all his property, including MAFRA, to a blind trust that includes his close family members.

All adult citizens, including convicted prisoners, can participate in national elections, and voter registration is relatively straightforward. However, while special provisions for a mobile ballot box facilitate voting for the disabled and seriously ill, there is no general ability to vote by mail. Czech citizens residing abroad can vote at Czech embassies and consulates. For them, participation in elections is complicated by a special deadline for registration and the limited number of embassies and consulates. No cases of vote-buying were reported in the 2017 parliamentary elections. Errors in vote counting in central Bohemia led to the first recount in the history of the Czech Republic. In November 2017, the Supreme Administrative Court ordered a recount in 915 electoral districts.

Party Financing  
Score: 7

The rules for party and campaign financing and their enforcement have been a major political issue for some time. In April 2015, the Ministry of Interior eventually submitted an amendment to the law on political parties to parliament. The proposal was based on the Group of States against Corruption of the Council of Europe (GRECO) recommendations to the Czech Republic issued in 2011 and came into force in January 2017. President Zeman named the first president of the Office for the Oversight of the Political Parties and Political Movements (Úřad pro dohled nad hospodařením politických stran a politických hnutí, ÚHHPSH), an independent regulatory authority for monitoring and oversight of party and campaign finance. The first campaign scrutinized by the ÚHHPSH was the October 2017 parliamentary elections; its first annual report will be published in 2018. The law also introduces financial limits for party financing and electoral campaigns, the mandatory establishment of transparent accounts, and greater revenue regulation of political parties and movements. The website of the ÚHHPSH includes direct links to transparent accounts of all parties (at their respective banks), where all transactions can be viewed in real time. In 2017, two cases of party finance irregularities emerged. First, it became public that ANO owes a large debt to its chairman. The second case involved now-defunct party Dawn of Direct Democracy, which imploded after it was discovered that the party chairman, Tomio Okamura, was receiving a monthly payment for consultancy services (CZK 1 million, €40,000). The party disintegrated over this issue, but Okamura founded a new party, Freedom and Direct Democracy, and entered the parliament in a stronger position than in 2013.

Popular Decision-  
Making  
Score: 5

In the Czech Republic, there is no legal framework for referendums at the national level. On the municipal and regional level, referendums exist and are held on issues such as mining, the construction of nuclear fuel/waste plants, stricter regulations on lotteries and gaming, and the use of public space and municipal property. Initially, a minimum participation of at least 25% of registered voters was stipulated (298/1992 Col.), which was later increased to



50% (22/2004 Col.) and finally was settled at 35% of registered voters (169/2008 Col.) being required to ensure the validity of a referendum. In the period under review, no regional referendum took place, but there were 13 local referendums. The introduction of referendums at the national level was an important issue in the 2017 election campaign and is likely to remain on the political agenda. Two protest parties which each received about 10% of votes, the Pirate Party and Okamura's radical-right Party of Freedom and Direct Democracy (SPD), campaigned for more direct democracy. Moreover, the euroskeptic parties hope for a "Czexit" referendum.

### Access to Information

Media Freedom  
Score: 6

The Czech Republic has traditionally been characterized by a high degree of media freedom, partly because of the independence of public media but also because prevalent foreign ownership did not exercise any visible influence over the content and coverage of private media. In recent years, media freedom has been threatened by ownership transfers from foreign to Czech owners. The main concerns are found in print media. The main player on the Czech media market, the owner of MAFRA and Radio Impulse, Andrej Babiš, has used his media power to strengthen his political power. This was confirmed in May 2017 by five secret recordings leaked on Twitter by an anonymous account (the "Julius Šuman Group," named after the former officer of the communist secret police who had handled the alleged informer Babiš before 1989). In these recordings, Babiš is heard discussing means to use the media to compromise political opponents, including the prime minister and several non-ANO ministers. The recordings, the authenticity of which was denied by Babiš, played a major role in Babiš's removal from the cabinet at the end of May.

Media Pluralism  
Score: 7

The private media market in the Czech Republic has changed significantly in recent years. The most critical tendencies are the concentration of media ownership, the departure of several international owners and the broadening of the scope of media holdings (print, online, radio and television). Measured by print circulation, the most influential media group in the Czech Republic during the review period was the Czech News Center (owned by entrepreneurs Daniel Křetínský and Patrik Tkáč) followed by MAFRA (owned by Andrej Babiš, since February 2017 in a blind trust which includes his close family members). The former was initially held by a Swiss group and the latter by German groups. The concentration of ownership is not as evident in the TV sector. Here the strongest private owners are the U.S. owned Central European Media Enterprises (CME) and Czech-owned FTV Prima. In the period under review, no significant changes in media ownership took place. However, CME announced its intention to sell as a single block its TV channels in the Czech

Republic, Slovakia, Bulgaria and Romania. This would exclude potential local media magnates.

Citation:

Cichowlas, O., A. Foxall (2015): Now the Czechs have an oligarch problem, too, in: Foreign Policy.com (<http://foreignpolicy.com/2015/04/10/now-the-czechs-have-an-oligarch-problem-too-andrej-babis/>).

Access to  
Government  
Information  
Score: 8

The Czech constitution and the 1999 Law on Free Access to Information, substantially amended in 2006, provide for extensive access to government information. Public bodies have gradually learned what can and cannot be kept secret. There are still difficulties with regard to access within many municipalities, but municipalities can also be taken to court if officials refuse to respond to requests for information. Some smaller municipalities have faced stiff financial penalties following a failure to disclose information as requested. As a result, the actions of municipalities are becoming more transparent, through streaming municipal board meetings online and allowing citizens to participate in municipal activities in other interactive ways. An increasing number of NGO initiatives support better access to public administration information and the public's right to accessing it. These initiatives, together with the pro-active approach of the ombudsman's office, have contributed to an improvement in the quality of online portals for public administration and thus have further improved access to government information. One example of important new initiatives is the "Right to Information" program started in 2017 by the NGO Open Society (Otevrena Spolecnost) and co-funded by the Ministry of Interior. It has praised some public offices for openness and criticized, among others, the Chamber of Deputies and the Office of the President.

### Civil Rights and Political Liberties

Civil Rights  
Score: 7

The government and administration of the Czech Republic respect and protect its citizens' basic civil rights. As complaints lodged with the European Court of Human Rights and the Office of the Public Defender of Rights (ombudsman) have indicated, the main problem is the length of legal proceedings. The relatively high number of complaints compared to other East-Central European countries shows that Czech citizens are increasingly aware of their civil rights and have the resources (financial, cultural and social) to pursue these rights.

Political Liberties  
Score: 9

Political liberties are respected by state institutions, and their observance is supervised by the courts. In the review period, several demonstrations against the introduction of electronic cash registers and in favor of the resignation of then-Minister of Finance Andrej Babiš and President Zeman took place. Civil

Non-discrimination  
Score: 6

society is vibrant. As domestic philanthropy continues to improve, the dependence on foreign donors has decreased.

The Czech legal system guarantees equality of access to work, education and social services before the law. The implementation of EU directives has underpinned such guarantees. Compared to other developed countries, however, gender discrimination remains relatively high, especially in the labor market. The World Economic Forum's 2017 Global Gender Gap Report ranked the Czech Republic 88th out of 144 countries due primarily to challenges facing women in the areas of economic participation and political empowerment (ranking 91st and 92nd respectively in these categories). The discrimination of Roma remains a grave issue. The ratio of Roma pupils in so-called special schools that serve individuals with learning disabilities is about 30%, significantly higher than the actual proportion of Roma living in the Czech Republic. Such tracking means that many Roma children have a reduced chance of moving on to higher education and better work opportunities. As low-income Roma families have moved out of cities into rural areas in response to rising housing prices, territorial segregation has increased. The governmental response included a plan to move 6,000 low income (mainly Roma) families from temporary housing into permanent housing by 2020.

Citation:

World Economic Forum (2017): The Global Gender Gap Report 2017. Geneva ([http://www3.weforum.org/docs/WEF\\_GGGR\\_2017.pdf](http://www3.weforum.org/docs/WEF_GGGR_2017.pdf)).

### Rule of Law

Legal Certainty  
Score: 8

Executive actions are predictable and undertaken in accordance with the law. Problems arise because of the incompleteness or ambiguity of some laws with general declarations, notably the Charter of Fundamental Rights and Freedoms, requiring backing from detailed specific laws. However, points are gradually being clarified as case law builds up on freedom of information and general discrimination. Government bodies then learn to comply with established practices.

Judicial Review  
Score: 8

Czech courts operate independently of the executive branch of government. The most active control on executive actions is the Constitutional Court, a body that has triggered much controversy with its judgments across the political spectrum. During the period under review, the Constitutional Court deliberated on 30 cases, of which 15 were proposed by a group of senators. In its most important decision in 2017, the court upheld an amendment of the law on conflict of interest, against a constitutional complaint by President Zeman. In other high-profile decisions, the court declared the treatment of refugees in the detention facility in Bela unconstitutional and nullified provisions in the adoption law that discriminate against individuals living in same-sex

registered partnership. Debates on the reform of the judiciary, as initiated by Minister of Justice Robert Pelikan in 2016, have largely focused on the training of candidates for judges. The justice minister announced his intention to change the rules on the selection of judges, so as to prevent candidates without trial experience from entering regional courts.

Pospíšil, I. (2018): Ein aktivistisches Verfassungsgericht als Korrektiv der Politik: Struktur, Besetzung und Rechtsprechung, in: A. Lorenz, H. Formánková (Hrsg.), *Das politische System Tschechiens*. Wiesbaden: Springer VS, 131-152.

Appointment of  
Justices  
Score: 8

The justices of the Constitutional Court, the Supreme Court and the Supreme Administrative Court are appointed by the Senate, the second chamber of the Czech parliament, on the basis of proposals made by the president. Within the Senate, no special majority requirement applies. The process of appointing judges is transparent and adequately covered by public media. The involvement of both the president and the Senate increases the likelihood of balance in judges' political views and other characteristics. President Zeman's proposals have continued to be uncontroversial.

Corruption  
Prevention  
Score: 6

In the Czech Republic, corruption has remained widespread. Subsequent governments have emphasized their commitment to fight corruption but have done little to adequately address the issue. Two significant changes were implemented in 2017: amendments to the law on party finance and law on conflict of interest. In addition to making media ownership and governmental positions incompatible, the latter law prevents companies in which members of government hold more than 25% of shares from participating in public procurement processes and from receiving public subsidies. The key test of the law relates to Andrej Babiš. To comply, he transferred all his property into two blind trusts, although there is some doubt over their blindness as there are family members among the trustees. In August 2017, the Chamber of Deputies received a request from the police to lift the immunity of two ANO members of parliament – Andrej Babiš (ANO chairman) and Jaroslav Faltýnek (head of the ANO parliamentary faction) – for prosecution in connection with possible embezzlement of EU funds. Their parliamentary immunity was lifted in September 2017 but regained on their reelection in October 2017. The Czech police are awaiting the findings of the European Anti-Fraud Office (OLAF). In October 2017, prosecutors also charged Babiš's wife, brother-in-law, adult children and several other persons (11 in total) for their part in the fraud.

Citation:

Gotev, Georgi (2017): Czech police charge leading candidate with EU funding fraud, in: Euractiv.com, October 10, 2017 (<https://www.euractiv.com/section/elections/news/czech-police-charge-leading-candidate-with-eu-funding-fraud/>).

# Governance

## I. Executive Capacity

### Strategic Capacity

Strategic  
Planning  
Score: 5

While the institutional infrastructure for strategic planning in the Czech Republic remains relatively weak, a number of strategic frameworks exist, partly resulting from EU pressure. In April 2017, the government approved the strategic framework Czech Republic 2030, setting long-term priorities for the development of the country. The document sets out the direction of development for the next decade in order to improve the quality of life of the Czech population in all regions. It also aims to help the country achieve development which is socially, economically and environmentally sustainable. The drafting of the document could be attended by all advisory bodies of the government and a network of non-profit organizations.

A medium-term perspective is provided by the government's policy manifesto, which is presented to the Chamber of Deputies for a vote of confidence. In addition, the government prepares action plans for individual policy fields in cooperation with interest groups and academic and other experts. Such action plans include detailed schedules, name performance indicators and have a coordinator within government. However, in a number of fields, including transport infrastructure and energy policy, no long-term strategy exists.

Scholarly Advice  
Score: 6

In the Czech Republic, there are several permanent or temporary advisory bodies and a number of public research institutions that are closely linked to certain ministries and the Government Office and partly depend on state funding. Within the cabinet, there is a unit consisting of consultants and advisers to the prime minister, whose task is to evaluate the substantive content of legislative materials and to prepare a strategic agenda for the government. Under Prime Minister Sobotka, the number of official advisers has more than doubled and prominent academics, researchers, and former ministers are among them. In particular cases, the government tends to follow external expert recommendations.

### Interministerial Coordination

GO Expertise Score: 5	The Government Office is relatively small and has little sectoral policy expertise. To partially compensate for this weakness, it also uses the services of consultants on the basis of commercial contracts.
GO Gatekeeping Score: 6	The Government Office has primarily administrative functions. It supports the work of the various expert bodies attached to the government, including the Government Legislative Council, as well as the work of ministers without their own department. The government office takes part in the interministerial coordination process, but has no formal authority beyond that of any other participant in the discussion.
Line Ministries Score: 6	The legislative plan of the government divides tasks among the ministries and other central bodies of the state administration and sets deadlines for the submission of bills to the cabinet. The line ministry has to involve, and take comments from, a range of institutions, including the Government Office and the Government Legislative Council. This consultation process primarily focuses on technical issues and the harmonization of legal norms.
Cabinet Committees Score: 5	There are about 20 committees whose activities are organized by the Government Office. In addition, there are a further 13 working and advisory bodies managed by individual ministries. Depending on the set of issues they are tasked to address, some are established on a temporary basis while others are permanent. The most important permanent committees include the Council for National Security, Legislative Committee and the Committee for the European Union. The committees discuss and approve policy documents, thereby filtering out issues and saving time in cabinet meetings, but they do so in an ad hoc fashion and are not systematically involved in the preparation of cabinet meetings
Ministerial Bureaucracy Score: 5	As part of the interministerial coordination process, some coordination among line-ministry civil servants takes place. Senior ministry officials are generally a crucial link in collecting and discussing comments on proposed legislation. The definition of their roles and responsibilities should be improved through the new civil service law, which went into effect at the beginning of 2015 and regulates the legal status of state employees in administrative offices and represents a significant step toward establishing a stable and professional public administration.
Informal Coordination Score: 6	Informal coordination mechanisms have featured prominently in Czech political culture. Under the Sobotka government, the principles of coordination and problem solving within the government are described in the coalition agreement. Fundamental problems are solved by so-called coalition troika, consisting of the chairpersons of the governing parties. The most important body is the coalition council. It consists of the chairpersons of the coalition

parties and a maximum of three other representatives of the respective coalition parties. Coordination mechanisms at the level of parliamentary and senatorial clubs are also important. The functioning of these mechanisms has been influenced by personal animosities over the period under review. The six ANO ministries were coordinating their agendas. This included participation in the Supervisor project – increasing transparency on spending. However, no ministries are controlled by Social Democrats or Christian Democrats.

### Evidence-based Instruments

RIA Application  
Score: 8

According to the government legislative rules and partly based on the implementation of EU law, regulatory impact assessments (RIA) are in principle applied to all generally binding regulations prepared by the ministries and other central administrative authorities. However, constitutional amendments and transpositions of EU law that do not go beyond EU requirements are exempt from RIA, and the government can exempt further legislation upon recommendation by the Working Committee of the Legislative Council for RIA, an interministerial body, or the chairman of the Government Legislative Council. There is a common RIA methodology, which has been refined over time. The committee checks the completeness and accuracy of the impact assessment of the legislative proposals submitted to the government in accordance with government-approved guidelines for RIA.

Quality of RIA  
Process  
Score: 9

Consultation with stakeholders is an essential part of the RIA process. In principle, all those who are affected by new legislation are able to express their views in advance. The parties concerned may include, among others, public authorities, professional organizations, nongovernmental organizations or business entities. However, the intensity and form of consultation varies from case to case. Since 2011, quality control has rested with the RIA board, an independent commission affiliated with the Government Legislative Council. This body a) coordinates and methodically manages the RIA process; b) processes the material documents for the working commission; and c) on the basis of an opinion of the working committee, if available, drafts the draft opinion of the Legislative Council of the Government or the Chairman of the Legislative Council of the Government for the RIA area (this opinion is an independent part of the Draft Opinion).

Sustainability  
Check  
Score: 6

Sustainability checks are an integral part of every RIA assessment but are not very comprehensive. The checklist requires a response to the question of whether there are effects on social, economic and environmental issues and for an indication of what those effects are. The 2016 amendments to the RIA guidelines have specified how to assess or quantify these effects. Criteria are continuously refined.

### Societal Consultation

Negotiating  
Public Support  
Score: 6

The policy process in the Czech Republic is relatively open. In the course of the legislative process, a broad spectrum of social and economic actors are consulted. The digital publication of laws and regulations has improved public access to information. The main formal means of consultation is a tripartite council including government, trade unions and employers' organizations. This is an arena for consultation on economic and social policy measures, and the council members are also automatically consulted during the process of preparing legislation. Various other forms of dialog with citizens in preparing important decisions are spreading at national, regional and local levels.

### Policy Communication

Coherent  
Communication  
Score: 4

The Sobotka government has largely failed to coordinate communication among different ministries, especially across the party lines. Coalition partners, especially ČSSD and ANO have been more than willing to express their different preferences and priorities, sharing these through the media. On a number of occasions, the general acceptance of government measures by the public has suffered as a result of contradictory statements about legislation or governmental position from coalition partners.

### Implementation

Government  
Efficiency  
Score: 5

The Sobotka government has tried to reconcile conflicting objectives and interests of coalition partners, but only with partial success. The growing tensions between the coalition partners, which culminated in an amendment to the conflict of interest law, against the will of ANO, and the (forced) resignation of Andrej Babiš in May 2017 further antagonized ANO and the Social Democrats. Notwithstanding this situation, the Sobotka government was able to implement a number of popular campaign promises, including the lowering of the fiscal deficit, raising of salaries in the public sector (in particular in health and education), increases in pensions and in the minimum wage, increase in police personnel, and an accelerated drawing of EU funds. However, the government failed to implement the initiated education reform. While it succeeded in expanding public R&D funding, it has only taken the first steps toward a new strategy of economic development. The effectiveness of the government's anti-corruption legislation will be tested by what occurs after Babiš's victory in the 2017 parliamentary elections.

Ministerial  
Compliance  
Score: 6

Governments have tried to ensure ministerial compliance largely through the use of well-defined government programs and coalition agreements. Differences between individual ministers and the government take the form of



disagreements between parties and are played out by threats of resignation. Under the Sobotka government, ministers from all coalition partners were removed for different reasons by various coalition partners. Following the October 2016 elections, in which the Czech Social Democratic Party lost significant power in the regional governments to its junior coalition partner ANO, Prime Minister Sobotka orchestrated a substantial overhaul of social democratic ministers. While the prime minister has the formal power to remove ministers from other coalition parties, the coalition agreement stipulated that this is only possible in agreement with the respective coalition partners. And when in November 2016, Prime Minister Sobotka called on the junior coalition partners to also replace ministers, no other party did so. In May 2017, Andrej Babiš was replaced by Ivan Pilny as minister of finance. However, in 2017 the prime minister's position continued to weaken, resulting in Sobotka's resignation from the position of party chairperson and party leader in the 2017 election campaign.

Monitoring  
Ministries  
Score: 5

In the Czech Republic, the government office formally monitors the activities of the line ministries. Under the Sobotka government, the effectiveness of monitoring was complicated by the nature of the coalition government and the competition between Prime Minister Sobotka and Vice Prime Minister Babiš for the control of critical ministries. The adoption of the conflict of interest law and the success of Babiš' ANO party in the regional elections in October 2016 further worsened cooperation. Under Andrej Babiš, the Ministry of Finance developed a system called Supervisor for collecting and publishing data on the financial management of ministries and authorities. As of November 2017, data are available for 2015 and 2016 for six ANO ministries and three agencies; the information includes overall budget items, allocation for individual categories, and detailed information on purchases.

Monitoring  
Agencies,  
Bureaucracies  
Score: 5

There is not much delegation of responsibility away from the government in the Czech Republic. Agencies take diverse organizational forms and are monitored in different ways. Most of them enjoy little autonomy and are monitored relatively tightly. In many cases, both the government and parliament are directly involved in supervision. The oversight of financial management and spending improved with the introduction of the Supervisors program, which increased transparency.

Task Funding  
Score: 7

The regional tier within the Czech system of governance has taken on greater importance following a process of consolidation of various administrative functions. The budgetary allocation of taxes, tax autonomy, and financial decentralization have enabled regional governments to exhibit more independence in fulfilling governing duties and managing necessary infrastructure. European structural funds constitute an important resource for regional development. All negotiations over regional budgets remain complicated by opposing political majorities on the central, regional and municipal level. This problem has been aggravated by the 2016 regional

Constitutional  
Discretion  
Score: 7

elections, in which new governing coalitions emerged, sometimes bringing the parties of the current governing coalition into opposition.

The discretion of local and regional governments over exactly how resources should be spent does not face formal limitations. Effective discretion is limited by budget limitations, but money can be transferred between uses. More significantly, regional governments are effectively constrained by the need to meet the standards set for key services, notably education, which limits the scope for transferring funds between uses. Irregularities in public procurement, against which NGOs campaigned, have been somewhat addressed due to EU pressure and strong oversight with respect to EU structural funding. The involvement of the EU anti-fraud body OLAF in the irregularities of Andrej Babiš's receipt of EU funds for one of his businesses led to his dismissal from the Ministry of Finance and a governmental crisis.

National  
Standards  
Score: 6

A department within the Ministry of the Interior is responsible for overseeing subnational self-government. Its concern is compliance with existing laws and not the assessment of efficiency; laws cover such issues as regular financial accounting, the fair conduct of elections, the avoidance of conflict of interest, the compliance with rules on the disposal of waste materials and freedom of information. Its annual reports show regular monitoring of all levels of self-government, as well as substantial efforts to inform councils of existing legal constraints. The number of breaches of the law, following consultation and advice from the ministry, continues to decline. However, a gap still exists between national and EU standards; there remains a strong tradition of non-implementation. The effectiveness of drawing up EU funds improved significantly during the term of the Sobotka government.

### Adaptability

Domestic  
Adaptability  
Score: 5

Since the mid-1990s, government activities have adapted to, and are strongly influenced by, the EU's legislative framework. The main structures of government and methods of functioning have improved over time. The disjuncture between domestic structures and EU provisions and requirements was demonstrated by recurrent issues accompanying the use of EU structural funds on the national and regional level, but this has significantly improved over the last several years. The control over the use of funds also improved, but the sustainability of EU-funded infrastructures and measures will remain a crucial issue, especially after 2020, when the current funding period concludes.

International  
Coordination  
Score: 4

For a long time, the Czech government acted not as a leader, but as a trustworthy and reliable partner of the international community. Vis-à-vis the European Union, this changed in the summer of 2015 in the context of the refugee crisis. Together with other Visegrad countries, the Czech Republic

opposed EU quotas for the relocation of refugees, a position with strong public support and encouraged by growing anti-Islamic rhetoric, notably from President Zeman. In May 2017, the Czech government did not join the Hungarian and Slovak governments in questioning the EU refugee quotas in front of the European Court of Justice (ECJ). In July 2017, the ECJ upheld the mandatory refugee relocation quotas and the European Commission sent a formal request to the Czech Republic, Hungary, and Poland – the three countries currently in breach of their legal obligations – to begin complying with the quotas. The Czech Republic and Slovakia (unlike Poland and Hungary) have taken some refugees, but continue to cite security concerns. The lack of a credible plan to implement the euro, inconsistent attitudes toward the European integration process and numerous scandals associated with the use of EU funds, as well as the unwillingness of government ministers to attend high-level EU meetings, have resulted in the country's marginalization in European structures.

### Organizational Reform

Self-monitoring  
Score: 4

There is no systematic monitoring of the institutional arrangements of governing. Governments must issue annual reports and a final report at the end of their term in office, as Prime Minister Sobotka did in November 2017. However, these reports tend to focus on policies rather than institutions and are normally self-congratulatory. Also, there are sporadic audits within particular ministries. In 2017, six ministries joined the Supervisor monitoring program. Given the tensions within the governing coalition, however, the Supervisor project only included ANO controlled ministries and focused on presenting the successes of ANO.

Institutional  
Reform  
Score: 6

After the shift from indirect to direct presidential elections in January 2013, the institutional structures of governing have undergone no major changes. However, the Sobotka government sought to improve its strategic capacity by bringing in more expert advice and increasing public consultation.

## II. Executive Accountability

### Citizens' Participatory Competence

Policy  
Knowledge  
Score: 6

With the increasing accessibility of online information, information on government policies is increasingly available to all Czech citizens. However, exacerbated by the deteriorating state of the Czech media landscape and its increasing populist tendency, citizens are often poorly informed regarding

important policy issues and have a limited ability to come to informed decisions. In 2017, this tendency strengthened, as particularly the MAFRA media presented a much-distorted picture of governmental policies – usually praising the ANO ministers and criticizing the prime minister and non-ANO ministers. According to surveys, about half of Czechs have a general interest in politics, a more or less stable level over the last ten years.

### Legislative Actors' Resources

Parliamentary  
Resources  
Score: 9

In the Czech Republic, members of parliament can draw on a set of resources for monitoring government activity. Members of parliament have a budget for assistants and expertise; parliamentary committees have an office staff of two to three persons and a secretary; and there is a parliamentary library and a parliamentary institute. The Parliamentary Institute acts as a scientific, information and training center for members of both chambers of parliament. The institute also holds a European Affairs Department, which handles a document database for information coming from EU institutions and other matters related to the European Union.

Obtaining  
Documents  
Score: 10

As specified in legislation regarding the rules of procedure of the Chamber of Deputies, Czech parliamentary committees may ask for almost all government documents. Governments usually respect committee requests and tend to deliver the documents on time.

Summoning  
Ministers  
Score: 10

Ministers and the top personnel of major state institutions are obliged to attend committee meetings and answer questions when asked. According to the rules, ministers are also required to present draft bills to appropriate committees. If the ministers send officials below the rank of deputy minister, committees may, and often do, refuse to discuss a legislative proposal. If the Chamber of Deputies believes that there has been serious misconduct and a minister's explanation is regarded as insufficient, it may establish a parliamentary inquiry committee. Three such committees were established during the period of review.

Summoning  
Experts  
Score: 10  
Task Area  
Congruence  
Score: 9

In the Czech Republic, parliamentary committees may and often do summon experts.

The parliamentary rules of procedure do not prescribe a particular distribution of subject areas among committees. Instead, distribution is based on custom, tradition and ad hoc decisions by the Chamber of Deputies and its organizational committee. In the current term, there are 14 ministries and 18 parliamentary committees. Fourteen of the 18 parliamentary committees "shadow" governmental ministries. Four additional committees fulfill specific parliamentary roles (organization, mandate and immunity, petitions, control). However, there is not an exact match between the task areas of parliamentary committees and ministries. The Economic Committee covers the agendas of

two ministries, the Ministry of Industry and Trade and the Ministry of Transportation. The Committee for European Affairs is dedicated to EU affairs and to the oversight of EU legislation, part of the agenda of the Ministry of Foreign Affairs and of the Legislative Council, and cooperates with the European Parliament and the parliaments of other EU member states. The fact that there is not an exact match between the portfolio of ministries and parliamentary committees has not infringed on parliamentary oversight. If necessary, parliamentary committees may establish subcommittees and their number is not limited. In the period under review, there were 48 subcommittees in the Chamber of Deputies. The number of subcommittees per committee varied from zero to seven; the average number was 2.66.

Audit Office  
Score: 8

The Supreme Audit Office (SAO) is an independent agency which audits the management and performance of state property, institutions and the national budget. In doing so, it has also paid special attention to examining the financial resources provided to the Czech Republic from the EU budget. The functioning of the SAO is regulated by the constitution, whereby the president and vice-president of the SAO are appointed for the period of nine years by the president of the Czech Republic, based on proposals from the lower house of parliament. In addition, the SAO prepares at the request of the Chamber of Deputies, the government and individual ministries, comments and opinions on proposed legal regulations, especially those concerning the budget, accounting, statistics, auditing, tax and inspection activities. On the basis of the identified shortcomings, the SAO regularly analyzes the weaknesses of the budgetary process and formulates recommendations. In 2017, the SAO performed an audit at the Ministry of Education, Youth and Sport focused on funds used to support sports from 2013 to 2015. It found an opaque allocation of funds and serious misconduct in their use, leading to the resignation of a minister and the arrest of a deputy minister.

Ombuds Office  
Score: 9

The Office of the Public Defender of Rights serves as a vital protector of civil rights. It delivers quarterly reports and annual reports on its activities to the Chamber of Deputies, including recommendations on where laws could be changed. The office also annually evaluates the extent to which these recommendations were followed. It produces detailed reports on cases it investigates, indicating when laws have been transgressed to the extent that the damaged parties have a solid basis for seeking redress. Since 2015, it is possible to find the full opinions of the office on the internet. In the review period, the office received about 2,000 complaints, of which 68% were within its competence under the law. Most complaints were related to social security, followed by construction permits and spatial planning, the prison system, the police and the army.

## Media

Media Reporting  
Score: 5

The main TV and radio stations provide daily news programs and some deeper discussion and analysis programs on a weekly basis. However, much of the commentary is superficial, and debates are usually structured to represent the views of the main political parties. The quality of information on government decisions has improved with the digitalization process. Czech TV established CT24, a channel dedicated to news, which also broadcasts online and offers continual analysis of domestic and international events. The Czech Republic's commercial media sector tends to eschew in-depth analysis of current affairs and instead follows an infotainment or scandal-driven news agenda. The ownership changes have further reduced the quality of the commercial media and increased the influence of private media owners on media content. The media coverage of the electoral campaign in 2017 focused on personal animosities between the party leaders, rather than on policy differences. For the first time, social media (especially Facebook) played an important role in the election campaign.

## Parties and Interest Associations

Intra-party  
Democracy  
Score: 4

Since the 2013 parliamentary elections, two political parties dominate Czech politics: the Czech Social Democratic Party (Česká strana sociálně demokratická, ČSSD) and the Movement of Dissatisfied Citizens (ANO party). The Communist Party (Komunistická strana Čech a Moravy, KSČM) has remained consistently in opposition, joined in 2013 by the vocal TOP09 (Tradice Odpovědnost Prosperita 09, TOP09). The Civic Democratic Party (Občanská demokratická strana, ODS) struggled to find a new face after its massive electoral loss of power. The radical right party Freedom and Direct Democracy was very vocal, especially in its anti-refugee agenda. It does not report on internal democratic structures or discussions. Apart from this and ANO, each of the party's internal party structure, both formally and in practice, are remarkably similar. Each has a structure of local and regional committees with supreme authority in a congress, organized at regular intervals or when demanded by representatives of a set proportion of the membership. A member has the right to stand for any position and to vote for delegates to the next level in the hierarchy. The national congress elects the party leaders. That is the practical means for the expression of political differences. Ordinary members can raise their voice by commenting on party blogs and leadership usually establish some advisory committees with broader membership, but direct involvement from rank-and-file members is typically limited. ANO differs in that it is dominated by one person. The billionaire founder Andrej Babiš was reelected chair at the party's congress in February

2017 (by 95% votes) and has dominated the party in a similar way to his control over businesses that he owns. Babiš lent the ANO party a large sum of money and his company Agrofert provides ANO accounting and PR services. In 2017, ANO changed its internal party rules and further strengthened the role of Babiš by giving him the right to intervene in the selection and ranking of party candidates.

Bustikova, L., Guasti, P. , forthcoming: The State as a Firm: Understanding the Autocratic Roots of Technocratic Populism, in: East European Politics and Societies.

Association  
Competence  
(Business)  
Score: 7

The main employers' unions and trade unions both have considerable resources and expertise with which to develop coherent policies. Trade unions have a significant competence with regard to labor relations and economic policy more generally; they can lobby ministries and parliament and influence government directly through tripartite consultation structures. In the aftermath of the economic crisis, the generational change and new European patterns of conduct by trade unions contributed to their growing public support. Employers also have access to considerable resources, but have a different agenda, favoring a less regulated labor market and lower business taxes. To strengthen their position, the trade unions align their position with European legislation.

Association  
Competence  
(Others)  
Score: 7

Interest associations have grown considerably in the Czech Republic since 1990. As of April 2017, there are over 129,947 autonomous, self-organized groups, associations, foundations and organizations registered in the country, although not all of them are active. Between 2011 and 2017, new NGOs emerged focusing on areas such as corruption, city planning, LGBT rights, food safety and participatory budgeting on the local level. Many of them have the resources and expertise to formulate relevant policy proposals.

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