THE REFORM AND MODERNIZATION OF CENTRAL STATE ADMINISTRATION IN THE CZECH REPUBLIC

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Abstract

The central state administration reform and modernization in the Czech Republic has started many years after the public administration reform on local and regional tiers has been completed. That is why the author explains in the introduction the public administration reform launched in 1990 to enable understanding the relations of reforms on individual tiers in the framework of public administration as a whole.

The second part gives a brief survey of the present state of central state administration of the Czech Republic and presents the concept of the central state administration reform and modernization declared in 2004 including the description of the five main directions of the reform and the individual projects in their framework.

The third part describes the successive implementation of the concept of central state administration reform and modernization. The description explains the methods of implementation of individual projects and the substantiation of the changes incurred in some projects in the process of their implementation.

The last, fourth part is concerned with the evaluation of central state administration reform and modernization. The explanation reveals that the reform processes and goals are not due to the admission of the Czech Republic to the European Union only, although they take into account the methods and techniques applied in EU member states and recommended by EU organs; it is benchmarking, which can be used to the good of the Czech public administration and population. Central state administration reform affords particular attention to the needs arising within the Czech Republic, both the needs of individual citizens and of civil society and those of various organizations and business environment. That is why the conclusion points to the importance of not only improvement of the effectiveness of management, economic and managerial requirements, but also and primarily the significance of accountable and ethical behaviour of officials of central state administration and the ethics of central state administration as such.

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1. Introduction
The reform of public administration in the Czech Republic started immediately after the velvet revolution of November 1989. The distinct priority of its first phase was decentralization, i.e. the restoration of communal territorial self-government units which were created already in November 1990, when the first free democratic elections to local councils took place after more than 40 years of the communist centralized totalitarian regime. The second phase of decentralization entailed the creation of higher territorial units – the regions. The first elections to regional councils took place in November 2000 and the regions started their activity on 1 January 2001. During the 1990s the public administration reform both in its conceptual and actual form concerned solely territorial self-government and territorial state administration. Although the structure of the government and central state administration also changed several times during the 1990s, either by the creation of new ministries and/or by the cancellation of some existing ministries, these reforms were not systematic and were made ad hoc in accordance with the origin of needs or the formulation and implementation of needs by the individual members of the government.
In mid-nineties the work on the draft civil service law started, its main goal being the depoliticization of civil servants, the stabilization of state apparatus, the improvement of its efficiency and the elimination of its dependence on short-time political pressures. It took several years before the Civil Service Bill was submitted by the then Prime Minister of the coalition government to the Parliament in December 2000. The Civil Service Act was adopted by the Parliament in April 2002, but it is still not in force, except for a few provisions and even these have not been fully implemented. The whole Act has 254 articles and three annexes and only 15 articles and one annex have been in force since its promulgation. The Act has been amended already seven times and by the last amendment the entering into force of most of its articles has been postponed until 2007.
The Czech Republic became member of the European Union by the last EU enlargement in May 2004; this event was of great importance for the emergence of central state administration reform and modernization.

2. Main trends of the reform and modernization of central state administration.
2.1. Actual situation in state administration

Currently the Government consists of the Office of the Government, 15 ministries and 11 central state administration authorities (e.g. Czech Statistical Office, Geodetic and Cadastral Office, Industrial Property Office, Czech Mining Office, Office for Nuclear Safety, Energy Regulatory Office, and others). Moreover, every ministry has some deconcentrated offices in the territory and also most of the central state administration authorities have their deconcentrated territorial offices. Altogether there are 606 administrative offices, comprising 28 central authorities and 578 subordinated offices in regions, districts and some towns. The state administration numbers altogether 96 207 employees (on 1 January 2006).

2.2 Current concept of the reform and modernization of central state administration

Just before the Czech Republic became member of the EU the Government issued on 17 March 2004 the resolution No.237 by which it approved the first conceptual document “The progress and main directions of the reform and modernization of central state administration comprising the solution of the management and organisational support”. Its vision is “a flexible and better functioning of central state administration, capable of well reacting to cross-sectoral and global problems”. It may be considered as an attempt of the government to promote good governance with professional and impartial civil servants. The organ responsible for the co-ordination and management of the reform is the Office of the Government, where a special department for regulatory reform and reform of central state administration was established.

There are five main directions of the reform:

A) Rationalization of processes in central state administration;
B) Improvement of central state administration management;
C) Quality improvement of central state administration;
D) Implementation and improvement of civil service in central administrative authorities;
E) Rationalization of central state administration financing.

Within the framework of each of these five directions several concrete projects have been designed.

Ad A) The first direction includes four projects:

- Identification of the goals of central state administration;
- Description and analysis of processes in central state administration;
• Working out the rules for functioning of agencies for central state administration;
• Reorganisation of central state administration.

Ad B) The second direction includes also four projects:
• Efficient horizontal communication and support of drafting state-wide strategies;
• Modern managerial techniques in central administration authorities;
• Better co-ordination of central state administration approach to territorial public administration;
• Knowledge management.

Ad C) The third direction includes three projects:
• Introduction and development of quality management in central state administration;
• Regulatory reform in central state administration;
• E-government

Ad D) The fourth direction includes one project:
• The implementation of the Civil Service Act.

Ad E) The fifth direction includes two projects:
• The use of private resources for public investments;
• The unification and deepening of control in central state administration.

3. Implementation of the concept of the reform and modernization of central state administration

3.1. General description

In the Governmental Resolution No.237 of 17 March 2004 on “The progress and main directions of the reform and modernization of central state administration comprising the solution of the management and organisational support” every project is defined by the following parameters: goal (description) – manager – realization progress – outputs – planned deadline. The project manager is mostly the Office of the Government or a ministry. For every project the manager appoints a leader who must be an expert and will be responsible for the project’s realization process. The process of the reform and modernization of central state administration has been planned for the period from 2004 until 2010 which means that it is a long-time process. The realization of the reform is to be managed by project managerial techniques. The Office of the Government has to submit annual reports on reform progress to the Government.
In August 2004 the Government issued a Program declaration in which it undertook to proceed with the reform in order to optimise and rationalize the central state administration. The Office of the Government reacted by submitting to the Government in March 2005 a proposal for further realization progress of the reform and modernization of central state administration in the period 2005-2010, in which also the outputs of the several parts of the projects which had been finished by that time were evaluated. So far this proposal has not been adopted by the Government in the form of a Government Resolution; it has been postponed till September 2006 because Parliamentary elections will take place at the beginning of June 2006 and the political situation is not stable enough for the current Government.

3.2. Current principal outputs of individual reform projects

With increasing requirements imposed on the performance of state administration also the demands for the quality and efficiency of its functioning have increased. Those demands do not result only from EU membership; they are due also especially to the needs of citizens, various indigenous organisations, enterprises and local self-government. Therefore accent has been put on the improvement of the quality of central state administration services, on the ways by which the state administration encroaches on the rights and duties of citizens, and especially on the guarantee of high quality regulation.

3.2.1. Regulatory reform in central state administration

In April 2005 the Government issued two Resolutions prepared by the Office of the Government, one concerning the draft progress of the inclusion of the evaluation method of the impact on entrepreneurial environment into the process of the regulation preparation (Regulatory Impact Assessment - RIA) and one concerning the Action Plan for the reduction of the administrative burden of entrepreneurs. Legal regulation is one of the fundamental tools with which the Government promotes its goals. This is the reason why the assurance of the regulation quality is one of the basic prerequisites for the quality of functioning of state administration. The Government Resolution No.420/2005 contains guidelines proposal for RIA implementation which is divided into two phases: the first phase is the pilot phase which should last two years. In this
phase the method called learning by doing will be used by which several selected draft acts and secondary regulations will be prepared with the evaluation of regulatory impact assessment and the practical experience gained by this pilot project will help to complete the guidelines. After the end of the pilot phase the second phase will start in which the evaluation of the impact of the drafted regulation by the RIA method will be obligatory for each draft law and according to it the legislative rules of the government will be modified. The introduction of the RIA method into the legislative process calls also for the inclusion of this method into the educational courses which will be obligatory for responsible officials and will start shortly.

Another tool for increasing the regulation quality is the simplification of the regulation. An example is the Dutch method “Standard cost model” which may be used as good benchmarking. The Government Resolution No.421/2005 approved the Action Plan of reducing the administrative burden of entrepreneurs and the method of determination of the size and origin of administrative burden of entrepreneurs. The analysis of existing laws and secondary legislation from the viewpoint of administrative burden has to be completed by April 2006, a proposal of changes of laws and secondary legislation resulting from this analysis shall be drafted by the end of 2006 and the evaluation of the practice of this project by the end of 2008.

3.2.2. Introduction and development of quality management in central state administration
The first phase of this project concerns the training in quality management of state administration employees. The courses were launched in 2005 by the Institute of State Administration of the Office of the Government and concentrate on the explanation and practical cases of the CAF model. The Office of the Government prepared an application handbook of the Common Assessment Framework (CAF)Model for central administration authorities which was published in 2005. The second phase of the project consists in the pilot project of introduction quality into central state administration with the deadline of 2007; currently it is practised in the Ministry of Finance and in the Office of the Government. The Institute of State Administration, which is subordinated to the Department for regulatory reform and reform of central state administration of the Office of the Government, prepared the courses on the
Project management in state administration, Management by results, Methods of analyses of state budget expenditures for middle management, Quality management in administrative offices, Process audit in central state administration and Evaluation of regulatory impact. The term for the application of the CAF model and the method of benchmarking into central state administration has been fixed for 2008 – 2010.

3.2.3. The unification and deepening of control in central state administration
This project deals with the control in the framework of central state administration from the system viewpoint. The goal is to unify the control in a broader framework and to support the control relation to the effectiveness and the performance of central administrative authorities with reference to their mission and intermediate goals. In 2005 the Ministry of Finance worked out the concept of control system in the Czech Republic concentrated on financial control. The concept is motivated by the transparency, openness, economy, effectiveness and efficiency of the use of public resources in providing public services with the exploitation of international standards. The concept is focussed on the introduction, maintenance and further development of an effective and efficient system of internal management and control in public service. The system comprises three basic elements, namely the system of financial management and control, the system of internal audit and the central harmonization of both of these systems; it is the so-called PIFC (Public Internal Financial Control).

The Concept drafted by the Ministry of Finance was approved by the Government Resolution in which the Government instructed the Minister of Finance to submit to the Government the schedule of steps to the reorganization of responsibilities in the system of financial management and control and in the system of internal audit on the individual levels of public administration for the first phase of the Concept and further to submit a feasibility study for the second phase of the Concept in the context of forthcoming changes of the secondary legislation for the shared administration of resources from the EU funds and of other international resources. Other ministers and leaders of other central administration authorities were instructed to collaborate with the Minister of Finance and the deadline for submitting those documents as well as the
further development of the PIFC system and its implementation were postponed to the period of 2007 – 2013.

3.2.4. Rationalization of processes in central state administration

The first project of this main direction concerns the new definition and description of all central administration authorities and the determination of their accountability for the values in society. It is a key project for the subsequent reform continuation towards the rationalization of processes in central state administration. The Office of the Government performed this project and proposed the mission and medium-term goals of central administration authorities. So far the government has not approved this project proposal and postponed it till September 2006 after parliamentary elections. The second project, the goal of which is the realization of process audits in all central administration authorities, was completed in the Ministry of Finance, is in progress in the Ministry of Agriculture and is being prepared in the Ministry of Transportation and the Ministry of Defence, but further general progress has been postponed till September 2006, as well. Also the third project of this main direction concerning the working out the rules for functioning of agencies for central state administration has been postponed. The fourth project concerning the reorganization of central state administration has not started yet, because it is dependent on the outputs of the preceding two projects.

3.2.5. Improvement of central state administration management

The projects of this main direction have also been postponed, mostly until 2007. This concerns the first project of efficient horizontal communication and support of drafting state-wide strategies and the second project of modern managerial techniques in central administrative authorities. Even if the final goals of these projects have been postponed, the managerial training in the management by result has already started so that the officials will be at least prepared for the future implementation of management by performance, strategic management, human resource management and budgeting by objectives. The project concerning better co-ordination of central state administration approach to territorial public administration is in charge of the Ministry of the Interior which already has started working on it; however, it has been also postponed by the
Government and therefore no Government Resolution has been issued. The last project of this main direction, the knowledge management, has not started yet; it has to wait for the governmental approval of the project of the implementation of process audits in all central state administration authorities (which has been postponed until September 2006), because its goal is the creation of the system of disseminating such knowledge among all these authorities.

3.2.6. E-government

Within the framework of this project some tasks have been already finished, e.g. the definition and operation of the second phase of the Public Administration Portal, the creation of the basic exchange format for the communication among public administration authorities and the implementation of basic electronic on-line public service through the Public Administration Portal. These tasks have been prepared by the Ministry of Informatics, some of them in co-operation with the Ministry of the Interior. The deadline for the implementation of these formats for communication among public administration offices and for communication between citizens and public administration offices has been set till 2007.

3.2.7. Implementation of the Civil Service Act

Human resource management in central state administration has not been unified so far. In the framework of this project the full implementation of the Civil Service Act No.28/2002 Coll. shall be solved. The project will proceed in compliance with this Act and with elected priorities before the Act will enter into full force. According to the Legislation plan of the Government for 2006 which has been approved by the Government Resolution the Head of the Office of the Government in co-operation with the Minister of Labour and Social Affairs shall submit the amendment of the Civil Service Act to the Government in June 2006 and the amendment of the Act shall enter into force in January 2007 provided the Parliament will adopt it.

3.2.8. The use of private resources for public investments
There is a number of projects which are in the interest of both private and public sectors. The problem is to define the rules for the application of both financial sources, the public and the private ones, which would initiate and motivate businessmen to the participation in public finances and guarantee that the funds of the public sector will not be misused. In April 2005 the Minister for Regional Development submitted to the Government the draft law on public-private partnership (the Concession Act) which the Government adopted after it had been discussed by its Legislative Council and submitted it to the Parliament on 29 July 2005. After prolonged discussions the Bill was adopted by the Chamber of Deputies at the end of December 2005 and forwarded to the other chamber of the Parliament- the Senate- at the beginning of January 2006. The Senate, however, returned the Bill with comments to the Chamber of Deputies for revision; it revised the Bill on 14 March 2006 and the approved Concession Act was published in the Collection of Laws on 19 April 2006 (No.139).

4. Final evaluation of central state administration reform and modernization

The Government declared central state administration reform and modernization in March 2004. The Government Resolution on this reform defined the main directions of the reform and the projects assuring their achievement together with terms providing for the fast launching of the projects and their continuous progress assuring the termination of the reform between 2007 and 2010 at the latest. So far the process has focussed chiefly on the improvement of the quality of central state administration, regulatory reform and financial control in central state administration, where the respective projects have been completed. They were based on the idea that the fundamental prerequisite for the improvement of the quality and effectiveness of the performance and management of central state administration authorities consisted in the application of modern methods of management and instruments of quality measurement. Appropriate training courses focussed particularly on the application of the Common Assessment Framework (CAF) model which became the object of EU challenge for the implementation of changes in the management of the whole field of public administration. With reference to central state administration the Office of the Government of the Czech Republic recommended it from the viewpoint of internal
needs as an instrument of quality management within the activities of this reform. As early as the second half of 2005, i.e. a year and a half since the declaration of central state administration reform by the Government of the Republic the project concerned with the implementation of the CAF model in the Czech Commercial Inspection was completed. Also the project forming part of the organizational, financial, procedural and information audit of the Ministry of Finance was completed; its purpose was to verify the methodology of the CAF model. On the basis of experience and knowledge acquired the Application handbook of the CAF model for central state administration bodies was prepared by the Office of the Government.

It should be noted that the improvement of the quality of central state administration as well as of the whole public administration involves particularly the improvement of ethical behaviour of all officials. Since the mid-90s the Czech Republic as an OECD member state has been participating in the survey concerning ethics in public administration. In the framework of this survey it was ascertained that the governments should provide instruments and processes supporting ethical behaviour of officials both on central and regional and local tiers of public administration. The Government of the Czech Republic adopted the Code of Ethics for public administration employees as early as March 2001. Apart from this Code, formulated in relatively general terms and merely as a recommendation, further Acts supporting ethical behaviour of civil servants and other public administration officials were adopted, such as the Ombudsman Act, the Act on the Conflict of Interests, the Public Procurement Act and others. The adoption of Acts is important, but not sufficient in itself; even more important is the consistent implementation of Acts. In her work of 1999 Professor K. Denhardt of the Delaware University emphasized that the existence of the laws which are not complied with and enforced undermines the confidence in the rule of law which is dangerous for society. Therefore, she recommended consistent and correct compliance with and enforcement of law as the primary strategy of enforcement of ethics and maintenance of the foundations of civil society (Denhardt, 1999). Therefore, the purpose of the reform of central state administration must not consist merely in the improvement of management effectiveness and fulfilment of economic and managerial requirements. Of equal, if not greater importance is also the endeavour to improve the ethical standard of civil service.
It is necessary to combine both principal approaches to the improvement of ethics in public service comprising, on the one hand, the orientation on the strict compliance with descriptive administrative procedures, control mechanisms and detailed rules defining what public servants should avoid and what they should do and how they should do it (so-called compliance-based ethics management), and on the other hand the orientation on aspiration, motivation and encouragement of good behaviour of public servants rather than policing and punishing errors and wrongdoings (so-called integrity-based ethics management). These approaches were described in detail in the OECD ethics survey (OECD, 2000). The former involves effective implementation of legal norms, co-ordinated continuous, not only ad-hoc internal and external control, the latter particularly ethics-oriented training concerning ethics and other civil service values.

In the Czech Republic ethical problems are afforded adequate attention in the training courses for central state administration officials. However, various surveys have shown that Czech society has no great confidence in the improvement of the standard of ethics and other values in public administration. That is why it is necessary not to stop persuading the public about the positive trend by the issue of reports, by greater transparency and openness of public administration, also in connection with the described reform of central state administration, by the use of Internet, etc. This is supported also by the fact that in the last year’s Corruption Perception Index (CPI) issued by Transparency International in October 2005, covering 159 countries, the Czech Republic with the rating of 4,3 shares the 47th-50th place with Greece, Namibia and Slovakia. From the number of 25 EU member states these three countries (Czech Republic, Greece and Slovakia) occupy the 21st – 23rd place, i.e. third from the end, with only Latvia with the rating of 4,2 and Poland with the rating of 3,4 below them.

It was assumed that the central state administration reform and modernization as declared in March 2004 by the aforementioned Government Resolution would be completed by 2010 at the latest. This term was due to the complexity of the reform, as most projects were considerably exacting, particularly those parts of the projects which concerned the implementation of proposed processes. It is no wonder, therefore, that at present, 4,5 years from the assumed termination of the reform, the terms of some projects or their parts have been postponed. The catch is the reasons of this
postponement: it is not a problem of content, but a political matter – the coming parliamentary elections. It appears that the political structure of the future government may be different from that of the present government and that this change may result also in the change of the proposed central state administration reform and modernization. This involves the possibility of politicisation of central state administration which would be neither adequate nor correct for its reform and further progress.

References


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Notes:
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2) Government Resolution of 13 April 2005 No.421
3) Government Resolution of 7 December 2005 No.1570
4) Government Resolution of 21 December 2005 No.1651